

REGULATORY INFORMATION DISTRIBUTION SYSTEM (RIDS)

ACCESSION NBR:8006190522 DOC.DATE: 80/06/16 NOTARIZED: NO DOCKET #
 FACIL:50-361 San Onofre Nuclear Station, Unit 2, Southern Californ 05000361
 50-362 San Onofre Nuclear Station, Unit 3, Southern Californ 05000362
 AUTH.NAME AUTHOR AFFILIATION
 BASKIN,K,P. Southern California Edison Co.
 RECIP.NAME RECIPIENT AFFILIATION
 SCHWENCER,A. Licensing Branch 3

SUBJECT: Forwards responses to Questions 1 through 9 re financial analysis contained in NRC 791221 ltr, financial statements & Annual Financial Repts 1979 for Cities of Anaheim & Riverside, CA.

(see financial reports - listed below)

DISTRIBUTION CODE: B0085 COPIES RECEIVED: LTR 1 ENCL 7 SIZE: 183 + 170
 TITLE: License Application AMDTS (General Info)

NOTES: -----

ACTION:	RECIPIENT ID CODE/NAME	COPIES		RECIPIENT ID CODE/NAME	COPIES	
		LTTR	ENCL		LTTR	ENCL
ACTION:	AD LICENSING	1	0	BC SCHWENCER 16	1	1
	LA LEE, J. 17	1	1	PM ROOD, H. 05	1	1
INTERNAL:	A/D CORE & CS	1	0	CORE PERF BR	1	0
	EMERG PREP BR	1	0	HYD/GEO BR 19	1	1
	I&E 09	2	2	NRC PDR 02	1	1
	OELD 11	1	1	PETERSEN, J. 06	1	1
	RAD ASSESS BR	1	1	REG FILE 01	1	1
	RUTBERG 08	1	1	SALTZMAN 07	1	1
	UT. FIN BR 07	1	1			
EXTERNAL:	ACRS 13	3	3	LPDR 03	1	1
	NSIC 04	1	1			

ENCL TO: FILES

PDR

LPDR

P.M.

J. PETERSEN

J. SALTZMAN

JUN 20 1980

1. City of Anaheim, Ca. Electric Revenue Bonds
2. City of Riverside, Ca. Electric Revenue Bonds
3. City of Anaheim, Ann. Fin. Rpt 6/30/79...8006190525
4. "Riverside, Annual Fin. Rpt 6/30/79...8006190538
5. Anaheim Pub-Util Dpt. Annual Rpt. Yr. Ended 6/30/79...8006190532

App
3

60

Southern California Edison Company



P. O. BOX 800
2244 WALNUT GROVE AVENUE
ROSEMEAD, CALIFORNIA 91770

K. P. BASKIN
MANAGER, NUCLEAR ENGINEERING
AND LICENSING

TELEPHONE
(213) 572-1401

June 16, 1980

Director of Nuclear Reactor Regulation
Attention: Mr. Albert Schwencer, Acting Branch Chief
Licensing Projects Branch 3, DPM
U. S. Nuclear Regulatory Commission
Washington, D. C. 20555

Gentlemen:

Subject: Docket Nos. 50-361 and 50-362
San Onofre Nuclear Generating Station
Units 2 and 3

Enclosed are seven copies of Responses to Financial Analysis Staff Questions 1 through 9, asked in the December 21, 1979 NRC letter to SCE, for the San Onofre Nuclear Generating Station, Units 2 and 3 Operating License Applications.

Due to the volume of the references in response to these NRC Financial Analysis Staff questions only seven copies of these references are provided. FSAR Section 1.8 will be revised in Amendment 19 to reflect this seven-copy information; however, no additional copies of the references will be provided with Amendment 19.

Direct distribution of these responses will be made in accordance with the service list provided by SCE's letter of October 29, 1979 to the Commission. An affidavit attesting to the fact that distribution has been completed will be provided within ten days of docketing.

If you have any questions or comments concerning this information, please contact me.

Very truly yours,

K P Baskin

Enclosure

8006190522

I

Boos
5/17
EXC TO:
FILES
PDR
LPDR
P.M.
J. PETERSEN
J. SALTZMAN

SAN ONOFRE
UNIT NOS. 2 AND 3

The following financial information is required for each municipal applicant:

1. Provide a detailed statement of the projected sources of funds for each municipal applicant's capital contribution to the subject project showing both the timing and amounts that will be financed and advanced to Southern California Edison Company for the acquisition of the respective ownership interest of the facility. State in detail all other construction expenditures that are projected to be incurred during the acquisition period, including other capital requirements such as sinking fund requirements and redemptions of maturing bond issues. Indicate the expected breakdown between internally-generated funds and external financing during the acquisition period in the meeting of total capital requirements. Provide a detailed explanation of the assumptions upon which the projected sources of funds statement is based.

Answer No. 1: It is expected that all necessary funds for acquisition of San Onofre Nuclear Generating Station (SONGS) by the Cities (Anaheim and Riverside) will be funded from revenue bonds. The following was assumed for calculating the costs to the Cities:

Buy-in Date:	6/30/80
Bond Coupon Rate:	8%
Bond Discount:	3%
Reinvestment Rate:	8%
Commercial Operation Dates:	SONGS 2 - 10/01/81 SONGS 3 - 01/01/83

The Project cash flow used was provided by SCE as of 02/05/80. The Project ownership shares are 1.66% and 1.79% for Anaheim and Riverside, respectively.

Utilizing the above assumptions and "buy-in" costs as provided by SCE, the single bond issue amount for the City of Anaheim is \$70,000,000 and \$76,000,000 for Riverside.

All capital improvements for the Cities are to be financed from revenues as are existing debt service requirements. Principal payments on existing debt and capital improvements schedules are shown on Table 1 for each of the Cities.

TABLE 1

		(\$000)				
Year Ending June 30		<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>
		<u>Anaheim</u>				
Principal Payments on						
Existing Debt		\$4,000	\$2,650	\$ 450	\$ 475	\$ 500
Projected Capital Improvements		<u>3,672</u>	<u>5,415</u>	<u>5,790</u>	<u>5,844</u>	<u>5,187</u>
Amount Paid from Revenues (100%)		\$7,672	\$8,065	\$6,240	\$6,319	\$5,687
		<u>Riverside</u>				
Principal Payments on						
Existing Debt		\$1,300	\$ 900	\$ 450	\$ 450	\$ 455
Projected Capital Improvements		<u>3,728</u>	<u>3,183</u>	<u>3,814</u>	<u>3,596</u>	<u>4,069</u>
Amount Paid from Revenues (100%)		\$5,028	\$4,083	\$4,264	\$4,046	\$4,524

2. If any municipal applicant is to finance its ownership share with bonds, indicate the source of funds for payment of interest charges and principal. Indicate the legal authority by which each municipal applicant can issue bonds to provide financial support for the subject project. Show the effect of any restrictions to both project and total financing ability stating the amount of financing that may be presently performed under such restrictions.

Answer No. 2:

Anaheim intends to finance its ownership share with bonds. The source of payment for interest charges and principal will be the Electric Revenue Fund of the City. Anaheim issues revenue bonds pursuant to Section 1210 of its Charter, a copy of which is attached hereto for your information. Anaheim has two restrictions pertaining to its total financing ability. Section 1210 of the Charter of Anaheim provides that no revenue bonds shall be issued without the assent of the majority of the voters voting upon the proposition for issuing such revenue bonds at an election. In 1975, the voters in Anaheim authorized the issuance of \$150,000,000 of Electric Revenue Bonds. At the present time, \$18,500,000 of the \$150,000,000 issue have been issued, leaving an amount of \$131,500,000 of Electric Revenue Bonds authorized but unissued. Anaheim would need approval of its electorate to issue Electric Revenue Bonds in excess of \$131,500,000. The second restriction to Anaheim's total financing ability is contained in its Bond Covenants on Electric Revenue Bonds heretofore issued by Anaheim. In order for Anaheim to issue parity bonds (i.e., those additional bonds which are on a parity with respect to revenues as outstanding bonds) the net revenues of the electric utility for the last two fiscal years prior to the issuance of such additional bonds shall amount to at least 1.25 times the maximum annual debt service in any fiscal year thereafter on all indebtedness to be outstanding immediately subsequent to the incurring of such additional indebtedness. For the purpose of calculating the net revenues of the electric utility, the revenues may be increased for earnings arising from any increase in charges made for service which have become effective prior to the incurring of the additional indebtedness in an amount equal to 95% of the amount by which the gross revenues would have

Answer No. 2:
(Continued)

been increased if such increase in charges had been in effect during all of the two completed fiscal years. The effect of this coverage covenant upon the ability of Anaheim to issue additional Electric Revenue Bonds is to prohibit Anaheim from issuing Electric Revenue Bonds in excess of the sum of \$390,000,000 if such Electric Revenue Bonds were to be issued as of February 1, 1980.

Riverside intends to finance its ownership share with bonds. The source of payment for interest charges and principal will be the Electric Revenue Fund of the City. Riverside issues revenue bonds pursuant to Section 1306 of its Charter, a copy of which is attached hereto for your information. Riverside has three restrictions pertaining to its total financing ability. Section 1306 of the Charter of Riverside provides that after the City Council has adopted a Resolution authorizing the issuance of bonds, such Resolution is subject to a referendum by the qualified electors of the City, if a petition requesting submission of the Resolution to a vote is filed within 30 days after adoption of the Resolution. Section 1306 also provides that no bonds may be issued unless the amount of the equity of the electric utility as of the end of the fiscal year, derived from operation of the electric utility, equals at least 12% of the aggregate of the bonds to be issued and the amount of bonds outstanding. The third restriction to Riverside's total financing ability is contained in its Bond Covenants on Electric Revenue Bonds heretofore issued by Riverside. In order for Riverside to issue parity bonds (i.e., those additional bonds which are on a parity with respect to revenues as outstanding bonds), the net operating revenues of the electric utility for the last 12 months prior to the issuance of such additional bonds shall amount to at least 1.50 times the maximum annual debt service in any fiscal year thereafter on all indebtedness to be outstanding, immediately subsequent to the incurring of such additional indebtedness. For the purpose of calculating the net revenues of the electric utility, the net revenues of the electric utility may be increased for earnings arising from any increase in charges

Answer No. 2:
(Continued)

made for service which have become effective prior to the incurring of the additional indebtedness in an amount equal to 90% of the amount by which the gross revenues would have been increased if such increase in charges had been in effect during all of the 12-month period. The net operating revenues may also be increased from revenue-producing additions and improvements to the electric system equal to 90% of the amount estimated to be produced by such additions and improvements for the first 36-month period in which such addition or improvement was in service. The effect of this coverage covenant upon the ability of Riverside to issue additional Electric Revenue Bonds is to prohibit Riverside from issuing Electric Revenue Bonds in excess of the sum of \$130,000,000, if such Electric Revenue Bonds were to be issued as of February 1, 1980.

References

- a. Anaheim City Charter, Section 1210, "Revenue Bonds".
- b. Riverside City Charter, Section 1306, "Creation and refunding of bonded indebtedness of the city pertaining to public utilities owned and operated by the city."

3. Describe the nature, amount, ratings and success of each municipal applicant's most recent Revenue and General Obligation Bond sales. Indicate the current total outstanding indebtedness in each category for each entity.

Answer No. 3: In response to Question 5, we have attached copies of the Annual Reports of the Public Utilities Department of the City of Anaheim and of the City of Anaheim as a whole, including the Public Utilities Department. Insofar as the most recent Electric Revenue Bonds are concerned, the information requested with respect to the nature, amount, ratings and success of those bond sales is contained on page 24 of the Annual Report of the Public Utilities Department of the City. With respect to the General Obligation Bonds of the City, a description of the general long-term debt of the City is provided on page 46 of the Annual Financial Report of the City for the period ending June 30, 1979.

In response to Question 5, we have attached a copy of Riverside's Annual Financial Report for the period ending June 30, 1979. At pages 24 through 30 of that Annual Financial Report, there is information concerning the nature, amount, ratings and success of Riverside's most recent Revenue and General Obligation Bond sales.

References

- a. City of Anaheim Public Utilities Department, Annual Report, Year Ended June 30, 1979.
- b. City of Anaheim, Annual Financial Report, June 30, 1979.
- c. City of Riverside, California, Annual Financial Report, For Fiscal Year Ended June 30, 1979.

4. Provide copies of the Official Statement for the most recent bond issue. Provide copies of the Preliminary Statement for any pending security issue.

Answer No. 4: Attached hereto is a copy of the Official Statement pertaining to a subordinated bond issue of \$12.5 million which is the most recent issue of Electric Revenue Bonds sold by the City of Anaheim. In connection with its proposed financing of San Onofre Nuclear Generating Station Units No. 2 and 3, Anaheim did propose a \$42 million issue which was not sold because of a question concerning Investment Tax Credit which has now been resolved. A copy of the Official Statement pertaining to that proposed bond issue is attached as Appendix H to the Application for Permission to Transfer an Ownership Interest to Anaheim and Riverside. There are no pending security issues.

Attached hereto is a copy of the Official Statement pertaining to a subordinated issue of \$2.5 million which is the most recent issue of Electric Revenue Bonds sold by the City of Riverside. In connection with its proposed financing of San Onofre Nuclear Generating Station Units No. 2 and 3, Riverside did propose a \$43 million issue which was not sold because of a question concerning Investment Tax Credit which has now been resolved. A copy of the Official Statement pertaining to that proposed bond issue is attached as Appendix C to the Application for Permission to Transfer an Ownership Interest to Anaheim and Riverside. There are no pending security issues.

References

- a. \$12,500,000 Electric Revenue Bonds, Second Issue (Subordinated) of 1976, Sale date June 8, 1976
- b. Official Statement, \$2,500,000 Electric Revenue Bonds Issue (Subordinated) of 1977, Sale Date - April 12, 1977

5. Provide copies of the most recent annual financial report and the most recent interim financial statements for each municipal applicant. Continue to submit copies of the annual financial report for each year thereafter as required by 10 CFR Part 50.71 (b).

Answer No.5: Attached hereto are copies of the Annual Report of the City of Anaheim for the period ending June 30, 1979 for both the Public Utilities Department in the City and a separate Annual Report for all of the departments in the City, including the Public Utilities Department. In addition, a copy of a Financial Report for the period ending April 30, 1980 (Unaudited) is also attached.

Attached hereto is a copy of the Annual Financial Report for the City of Riverside for the period ending June 30, 1979. There are no Interim Financial Reports which have been prepared by the City of Riverside for the period after June 30, 1979.

References

- a. City of Anaheim Public Utilities Department, Annual Report Year Ended June 30, 1979.
- b. City of Anaheim, Annual Financial Report, June 30, 1979.
- c. City of Anaheim Electric Utility Fund Balance Sheet-Ten Months Ended April 30, 1980 (Unaudited)
- d. City of Riverside, California, Annual Financial Report, For Fiscal Year Ended June 30, 1979.

6. Is each Participant's percentage ownership share in the facility equal to its percentage entitlement in the electrical capacity and output of the plant? If not, explain the difference(s) and any resultant effect on any Participant's obligation to provide its share of design, construction and operating costs.

Answer No. 6: Anaheim's percentage ownership share in Units 2 and 3 in San Onofre Nuclear Generating Station is 1.66%. Riverside's ownership share in Units 2 and 3 in San Onofre Nuclear Generating Station is 1.79%. Their entitlement to electrical capacity in output of those two units is equal to their percentage ownership share. Units 2 and 3 will, however, share certain facilities (common facilities) with Unit 1 at San Onofre Nuclear Generating Station, in which Anaheim and Riverside will have no ownership interest. The parties have dealt with this problem by reducing Anaheim's and Riverside's ownership shares in common facilities to reflect that their rights and obligations with respect to common facilities are reduced in percentage ownership. The fact that Anaheim and Riverside own different percentages of the common facilities than they own of Units 2 and 3 of San Onofre Nuclear Generating Station should have no effect upon Anaheim's and Riverside's obligation to provide their share of design, construction and operating costs.

7. (Part I) Describe the rate-setting authority of each municipal applicant and how that authority may be used to insure the satisfaction of financial obligations related to both capital and operating costs of the facility. Describe any restrictions on such rate-setting authority and how this may affect the applicant's ability to satisfy its obligations to the Project.

Answer No. 7:
(Part I)

Section 1221 of the Charter of the City of Anaheim provides that the City Council shall establish rates, rules and regulations for the water and electric utilities. This Section further provides that the rates shall be based upon cost of service and shall be sufficient to pay: (a) for operations and maintenance of the system; (b) for payment of principal and interest on debt; (c) for creation and maintenance of financial reserves adequate to assure debt service on bonds outstanding; (d) for capital construction for new facilities and improvement of existing facilities, or maintenance of a reserve fund for that purpose. The Charter of the City of Anaheim requires rates to be established in amounts adequate to pay for both capital and operating costs of any facilities which are part of Anaheim's electric utility. Anaheim's ownership share in San Onofre Nuclear Generating Station Units 2 and 3 would be a part of the Anaheim electrical utility. Thus, Anaheim believes that its financial position with respect to payment for the capital and operating costs of San Onofre Nuclear Generating Station Units 2 and 3 is sound and that the financial obligations of the City with respect to those matters may be met. Anaheim is not aware of any restrictions on its rate-setting authority which might interfere with its ability to satisfy its obligations to pay its costs associated with San Onofre Nuclear Generating Station Units 2 and 3.

Section 1302(e) of the Charter of the City of Riverside provides that the Public Utilities Board of the City of Riverside has the power to establish rates for the electric utility owned and operated by the City subject to approval of the City Council. Section 1304 of the Charter of the City of Riverside provides that the

Answer No. 7:
(Part I)
(Continued)

revenues of the electrical utility shall be kept separate and apart from all other monies of the City in the appropriate revenue fund and shall be used for the purposes of paying operating and maintenance expenses of the utility, for the payment of principal and interest on revenue bonds issued by the City of Riverside to finance additions to its electric utility and for capital expenditures of the electric utility. The Public Utilities Board thus is empowered to set electric rates to recover capital and operating costs in its electric rates sufficient to pay for its obligations incurred in acquisition of its ownership interest in San Onofre Nuclear Generating Station Units 2 and 3. Riverside is not aware of any restriction on its ability to satisfy its obligations to acquire its ownership interest in San Onofre Nuclear Generating Station Units 2 and 3.

7. (Part II) Describe the nature and amount of each municipal applicant's most recent rate relief action and the anticipated effects in revenues. Indicate the nature and amount of any pending rate relief action(s).

Answer No. 7:
(Part II)

The City of Anaheim's most recent rate relief action was a decrease to both the lifeline and non-lifeline energy cost adjustment billing factor (ECABF) on May 1, 1980, due to a decrease in the wholesale fuel cost adjustment amount paid by Anaheim to Edison for power sold to Anaheim. The amount of the decrease was from .02506 cents per KWH to .01485 cents per KWH.

The City of Riverside's latest electric rate relief became effective on August 7, 1979. An increase was necessary to offset a 4.7% (\$1,500,000) rate increase by Southern California Edison Company to the City. The rate increase varied between the different rate classes, and within rate classes, depending upon demand and usage. The overall increase is anticipated to generate sufficient revenue to offset the \$1,500,000 increase from Edison. The commercial rates increased between 2.2% and 4.2%, depending upon usage. Industrial rates increased about 2.4%, again depending upon demand and usage. The rates for street lights, outdoor lighting and agricultural pumping were all increased by about 4%. The traffic control rate was increased by 6.5% and wind machines by .3%.

8. Indicate the total estimated cost of the units including nuclear production plant costs; transmission, distribution and general plant costs; and the nuclear fuel inventory cost for the first core.

Answer No. 8: The estimated capital cost of the Project is \$48,140,000 for Anaheim and \$51,910,000 for Riverside, excluding any nuclear fuel costs.

The nuclear fuel inventory costs are tabulated below for the first cores of Units 2 and 3. Future inventory costs were calculated using an annual interest rate of 8%.

	<u>Anaheim</u>	<u>Riverside</u>
Inventory Cost to 01/01/80	\$177,387	\$191,279
Estimated Inventory Cost to C.O.D.	<u>68,904</u>	<u>74,299</u>
Total Estimated Inventory Cost	\$246,291	\$265,578

9. What is the estimated dollar amount that will be payable by the applicant at the date of closing the sale? What is the total estimated dollar amount that the applicant will pay to Southern California Edison after closing the sale and through completion of the unit?

Answer No. 9: Assuming a closing of the sale of 06/30/80, the following estimated amounts will be paid:

	<u>Anaheim</u> (\$000)	<u>Riverside</u> (\$000)
Plant Construction Costs	\$31,261	\$33,706
Nuclear Fuel Under Lease	2,971	3,203
Interest	4,979	5,368
Total (\$000)	\$39,211	\$42,277

The remaining construction and nuclear fuel costs to be paid by the Cities, excluding any associated interest, are \$9,929,000 by Anaheim and \$10,706,000 by Riverside.

REFERENCES

TO RESPONSES TO FINANCIAL ANALYSIS STAFF QUESTIONS ONE THROUGH NINE

CITY OF ANAHEIM

1. "City Charter, Section 1210. Revenue Bonds"
2. Official Statement, \$12,500,000 Electric Revenue Bonds,
Second Issue (Subordinated) of 1976, Sale Date June 8, 1976
3. Annual Financial Report, June 30, 1976
4. Public Utilities Department, Annual Report, Year Ended June 30, 1979
5. Electric Utility Fund Balance Sheet - Ten Months Ended
April 30, 1980 (Unaudited)

CITY OF RIVERSIDE

1. "City Charter, Section 1306. Creation and Refunding of Bonded Indebtedness of the City Pertaining to Public Utilities Owned and Operated by the City."
2. Official Statement, \$2,500,000 Electric Revenue Bonds Issue
(Subordinated) of 1977, Sale Date - April 12, 1977
3. Annual Financial Report, For Fiscal Year Ended June 30, 1979

CITY OF ANAHEIM
CITY CHARTER

Section 1210. REVENUE BONDS

Bonds which are payable only out of such revenues as may be specified in such bonds may be issued when the City Council by ordinance shall have established a procedure for the issuance of such bonds. Such bonds, payable only out of revenues, shall not constitute an indebtedness or general obligation of the City. No such bonds payable out of revenues shall be issued without the assent of a majority of the voters voting upon the proposition for issuing the same at an election at which such proposition shall have been duly submitted to the qualified electors of the City.

It shall be competent for the City to make contracts and covenants for the benefit of the holders of any such bonds payable only from revenues and which shall not constitute a general obligation of the City for the establishment of a fund or funds, for the maintaining of adequate rates or charges, for restrictions upon further indebtedness payable out of the same fund or revenues, for restrictions upon transfer out of such fund, and other appropriate covenants. Money placed in any such special fund for the payment of principal and/or interest on any issue of such bonds or to assure the application thereof to a specific purpose shall not be expended for any other purpose whatever except for the purpose for which such special fund was established and shall be deemed segregated from all other funds of the City and reserved exclusively for the purpose for which such special fund was established until the purpose of its establishment shall have been fully accomplished.

CITY OF RIVERSIDE
CITY CHARTER

(Pages C47 through C48-7)

Sec. 1306. Creation and refunding of bonded indebtedness of the city pertaining to public utilities owned and operated by the city.

(a) From and after the effective date of this section 1306 no general obligation bonds of the city for which the city is obligated to levy ad valorem taxes upon all taxable property within the city subject to taxation, nor any bonds of the city other than bonds issued under this section 1306, shall be issued or sold for the purposes of the utilities of the city under the management and control of the department of public utilities. Bonds issued by the city under the provisions of this section 1306 shall not constitute or evidence indebtedness of the city but shall constitute and evidence only indebtedness of the utility payable in the manner provided in this section 1306, but not otherwise.

(b) The city shall have the power to borrow money from time to time for the purpose of acquiring, constructing, reconstructing, replacing, expending or improving works for supplying the city and its inhabitants with utility services, and to issue and to sell revenue bonds to evidence the indebtedness created by such borrowing. The city shall also have the power to refund from time to time, whether at or prior to maturity, any outstanding indebtedness evidenced by such revenue bonds and to issue, and to sell or exchange bonds to refund such indebtedness. Refunding bonds which are to be sold may be issued and sold at such time in advance of the time at which the bonds to be redeemed or paid out of the proceeds of such refunding bonds which are to be so redeemed or paid as the city may determine.

(c) All bonds issued by the city pursuant to this section 1306 shall be, and shall recite upon their face that they are payable both as to principal and interest and as to any premiums upon the redemption of any thereof prior to maturity out of the revenue fund pertaining to the municipal utility on account of which the indebtedness evidenced by such bonds was created, and not out of any other fund or moneys of the city. This shall not, however, preclude payment of principal, interest or premiums through appropriate reserve funds or special trust accounts, or out of sums received as premiums or accrued interest on the sale of refunding bonds issued for that purpose, or the payment out of the proceeds of any bonds of the whole or a part of the interest accruing on said bonds during the period of the performance of work to be paid for out of the

proceeds, and for the first six months thereafter, or the payment by the purchasers of any such bonds, or by an entity, public or private, other than the city, in any case where any such purchaser or entity may be guaranteed such payment.

(d) Whenever the board shall propose that the city exercise its power to borrow money or refund indebtedness, pursuant to this section 1306, it shall recommend to the council the authorization of the issuance of bonds for such purpose, which recommendation shall specify:

- (1) The purpose for which the proposed bonds are to be issued;
- (2) The maximum principal amount of the bonds to be issued;
- (3) The maximum term, not to exceed forty (40) years, for which any of said bonds are to run;
- (4) The maximum interest rate on such bonds;
- (5) The maximum premium, if any, to be payable on the redemption of any such bonds to maturity;
- (6) The limits within which, in connection with the issuance of such bonds, restrictions may be imposed upon the incurring of additional indebtedness payable out of the revenue fund from which such bonds are to be payable.

Certified copies of such recommendations shall be transmitted to the offices of the mayor, of the city manager, and of the city clerk, and the city clerk shall forthwith present the said recommendation to the council. At any time within such period as may be specified in such recommendation, which shall be not less than thirty (30) days from and after the receipt of such certified copies at such offices, respectively, the council, by majority vote, shall approve or disapprove such recommendation. Concurrent with the approval of such recommendation, the council shall adopt a resolution authorizing the issuance of revenue bonds in accordance with the recommendations of the Board of Public Utilities. Anything in this subsection of section 1306 notwithstanding, in the cases of refunding bonds, the resolution of the council pursuant to this subsection shall take effect upon its adoption by the council, subject only to the right of referendum herein provided.

Upon any such resolution taking effect subject to the right of referendum, the city clerk shall cause the same to be published by at least one insertion in some daily newspaper published and of general circulation in the City of Riverside. At any time within thirty (30) days of such application, a referendary petition, demanding the submission of such resolution to a vote of the qualified electors of the city for their assent to the issuance of the proposed bonds, may be filed with the city clerk. Except as in this section 1306 otherwise expressly provided, all of the provisions

of this Charter related to referendum with respect to ordinances shall apply to any referendum under the provisions of this subsection. If no such referendary petition is presented within the aforesaid period of thirty (30) days, then upon the expiration of said period, or if the proposition of issuing the bonds specified in the resolution shall be assented to by the voters, the said resolution shall take full and final effect, and the city may proceed in accordance with the provisions of this section 1306 and issue bonds within the terms of said resolution.

(e) Whenever the city shall exercise the power to borrow money, or to refund indebtedness, the board shall determine the amount or amounts required for the purposes for which the money is to be borrowed or required for such refunding. The city council, upon recommendation of the board, may authorize the issuance of bonds in the amount determined provided that no bonds so authorized shall be issued unless (1) the amount of the equity (including surplus arising from contributions in aid of construction) of the water utility for the purpose of which such bonds are to be issued, as of the end of the last fiscal year, which ended not less than four months prior to the authorization of the issuance of such bonds derived from the operation of the water utility to which pertains the revenue fund out of which the bonds are to be payable, equals at least $66\frac{2}{3}\%$ of the aggregate of the amount of bonds to be so issued and the amount of revenue bonds outstanding or (2) the amount of the equity (including surplus arising from contributions in aid of construction) of the electric utility for the purpose of which such bonds are to be issued, as of the end of the last fiscal year, which ended not less than four months prior to the authorization of the issuance of such bonds derived from the operation of the electric utility to which pertains the revenue fund out of which the bonds are to be payable, equals at least 12% of the aggregate of the amount of bonds to be so issued and the amount of revenue bonds outstanding.

The limitation described above shall not be applicable to the issuance of any refunding bonds, and the amount of any issue of such refunding bonds may equal, but shall not exceed, the amount required for the payment for redemption of the bonds to be refunded thereby, including the premiums, if any, due upon such redemption, but excluding any interest due upon such redemption.

Any bond for the payment and discharge of which, upon maturity or upon redemption prior to maturity, provision has been made through the setting apart in a reserve fund or special trust account to insure the payment thereof of moneys sufficient for the purpose, or through the irrevocable segregation for the purpose, in some

sinking fund or other fund or trust account of moneys sufficient therefor, shall be deemed to be no longer outstanding within the meaning of any provision of this section 1306.

(f) Each issue of bonds issued pursuant to this section 1306 other than refunding bonds, shall conform to the following requirements:

(1) Such bonds shall be serial bonds or sinking fund bonds, or a combination of serial and sinking fund bonds;

(2) Provision shall be made for the retirement of such bonds through annual payments on principal, and such payments shall begin not more than five (5) years, and end not more than forty (40) years after the date of such bonds;

(3) The amounts of such annual payments of principal shall be such that no such annual payment which shall become due five (5) years or more, after the date of such bonds, shall be less than 50% of any subsequent such annual payment;

(4) All bonds maturing after ten (10) years from their date shall be subject to redemption prior to maturity;

(5) Said bonds shall be sold only by competitive bidding at public sale following such notice as the council by resolution or order may prescribe; provided, however, that if no bid or no satisfactory bid is received pursuant to such notice, the council may reject all bids received, if any, and may, within sixty days thereafter, sell such bonds at public or private sale; provided, further, that the provisions of this subsection shall not apply to the exchange of any refunding bonds for outstanding bonds. Any such revenue bonds may be sold at a fixed rate of interest or the bidders may be invited to state the rate or rates of interest at which they will purchase said bonds, but no rate of interest on any of the bonds shall exceed the maximum rate stated in the recommendation of the board. If the bidders are invited to state the interest rate or rates, then upon the acceptance of a bid the council shall by resolution or order, which shall not be subject to referendum, fix such interest rate or rates as have been bid by the successful bidder as the rate or rates of interest on the bonds sold.

(6) Said bonds shall be sold for not less than par and accrued interest to date of delivery. The proceeds from the sale (except premium and accrued interest which shall be paid into the bond service or other fund designated or established for the payment of principal and interest of the bonds) shall be paid into the construction fund designated by the resolution providing for issuance of such bonds and shall be applied exclusively to the objects and purposes set forth in such resolution; provided, however,

(a) that the revenue fund of the utility involved from which the bonds are payable may be reimbursed from such proceeds for expenditures for purposes for which the bonds were issued made from such fund after the issuance of the bonds had been recommended by the board;

(b) that said proceeds may be used for the payment of interest on said bonds during the period of acquisition and construction and for the first six months thereafter; and

(c) that when the objects and purposes for which the bonds are issued have been accomplished any remaining unexpended funds derived from the sale of said bonds shall be used for the payment of principal and interest of said revenue bonds or for the redemption of any callable bonds thereof.

(g) The city shall have the power, limited by the express provisions of this section 1306, in its discretion, to provide, in connection with any issue of such bonds:

(1) The denomination or denominations of the bonds, the medium of payment thereof, the place or places of payment thereof, which may be within or without the State of California, the form of said bonds (including recitals of regularity) and of interest coupons pertaining thereto, the form, denomination and conditions of any temporary bonds or interim certificates, and the manual (one signature must be manual) and facsimile signatures to be affixed to said bonds (definitive or temporary) or interim certificates, and the facsimile signature to be affixed to interest coupons.

The recitals of regularity of proceedings in any revenue bond issued and sold under this section shall be conclusive evidence of compliance with the provisions of this section and of the validity of such bonds, and no bona fide purchaser of any such bond containing the recital permitted by this section shall be required to see to the existence of any fact or to the performance of any condition or to the taking of any proceeding required.

(2) Being negotiable or non-negotiable.

(3) Being payable to bearer or only to the registered holder, either as to principal alone, or as to both principal and interest, or being fully registered non-coupon bonds;

(4) In any resolution providing for the issuance of revenue bonds under this section, the council may fix the terms and conditions thereof (including covenants) and may in any article, section, sentence or clause thereof make such provision (including covenant) as it may deem necessary or desirable to facilitate the issuance and sale of the bonds or for the protection or security of the holders thereof, including without affecting the generality of the foregoing, any or all of the following:

(a) The terms and conditions under which said bonds or any part thereof may be paid and redeemed before maturity (including the premiums, if any, payable upon bonds redeemed prior to maturity), exchanged, registered, transferred or negotiated;

(b) Covenants or provisions relating to rates;

(c) The collection, deposit and safekeeping of the revenues and the permissible uses thereof;

(d) The special fund or funds to be established and maintained for the payment of principal and interest of the bonds; including reserve, sinking, bond service, redemption and trust funds; the permissible investments of moneys in said funds, or any thereof; the accounts and records to be kept, audits thereof and examination thereof by bondholders and others;

(e) Prohibition against or limitations upon the sale, lease or other disposition or transfer of the utility involved or any substantial part thereof, and the use of any funds derived from any sale, lease or other disposition or transfer permitted under the terms of said resolution;

(f) Limitations upon the issuance of any additional bonds payable out of the revenue fund involved, but no bond shall be issued pursuant to this section or under any other provisions of this Charter or any other law having any priority in payment of principal or interest out of such fund or out of any revenues payable into such fund over any revenue bonds theretofore issued and payable out of said fund;

(g) Any other provision (including covenant) valid under the Constitution of the State of California and the United States of America.

Any resolution providing for the issuance of any revenue bonds under this section and all other resolutions or orders in the proceedings for the issuance of said bonds shall constitute a contract with the holders of the bonds and may be enforced by any holder by mandamus, injunction or any applicable legal action, suit, proceeding or other remedy.

(h) The city shall also have the power to borrow money from time to time, on a short-term basis for any or all of the purposes specified in this section 1306. The board shall recommend to the city council the amount or amounts required for such purposes and upon approval, the council shall find and determine that the public interest and necessity require the exercise of this power of short-term borrowing.

All bonds, notes or other evidences of indebtedness issued under the authority of this subsection shall contain upon their face a recital that they are so issued and shall be payable not to exceed five (5) years from their date.

No amount borrowed under the authority of this subsection which when added to the amount of all other bonds, notes or evidences of indebtedness issued under this subsection and then outstanding, shall exceed 50% of the gross operating revenues from the utility on account of which it is borrowed during the preceding fiscal year.

All of the provisions of this subsection, not inconsistent with the terms of this section 1306 and not specifically made inapplicable thereto, shall apply to all notes or other evidences of indebtedness issued under the provisions of this subsection.

(i) The term 'bonds' as used in this section 1306 shall include notes and other evidences of indebtedness.

No bond shall be deemed to be outstanding and unpaid within the meaning of this section 1306 if moneys for the purpose of paying the same or redeeming the same prior to maturity and sufficient therefor have been irrevocably set aside in a bond service fund, sinking fund, redemption fund, or other trust fund created to insure the payment or redemption thereof.

Unless otherwise clearly indicated by the context, all of the provisions of this section 1306 shall be understood as relating only to bonds issued under this section 1306.

This section 1306 is complete authority for the issuance of bonds thereunder, and no action or proceeding not required by this section shall be necessary for the valid authorization and issuance of such bonds. To the extent that any provision of any resolution authorizing the issuance of revenue bonds pursuant to this section 1306 or any provision of any resolution or order pertaining to such revenue bonds adopted pursuant to this section is inconsistent with any of the provisions of any other section of this Charter the provisions of such resolution or order shall control so long as any of the bonds or coupons to which the same pertain are outstanding and unpaid.

The validity of bonds reciting that they have been issued pursuant to this section 1306 shall not be affected by any provision or limitation contained in any other section or sections of this Charter.

The Council is authorized to take any and all steps necessary or convenient for the issuance and sale of revenue bonds under this section and for the payment or redemption thereof.

This section and every part thereof shall be liberally construed to promote the objects thereof and to carry out its intents and purposes.

If the application of any subsection, subdivision, paragraph, sentence, clause or word of this section to any person or circumstance is held invalid, the application of such subsection, subdivision, paragraph, sentence, clause or word to any other person or in any other circumstance shall not be affected thereby. If any part of this section is held invalid the remainder of the section shall remain in full force and effect. (As amended July 2, 1974 and July 16, 1968, and as added February 21, 1966).

City of Anaheim

Electric Utility Fund

Balance Sheet - TEN MONTHS ENDED APRIL 30, 1980
(UNAUDITED)

ASSETS

Utility plant:

Transmission 11,058

Distribution 37,231

General 1,708

Construction work in progress 4,718

54,715

Less — accumulated depreciation < 15,945 >

38,770

Restricted cash and investments

5,850

Current assets:

Cash and investments 13,671

Customer and other accounts receivable, less allowance for doubtful accounts 5,429

Accrued interest receivable 228

Materials and supplies, at average cost 984

Prepayments 7

20,319

Other assets:

Prepaid electric power -

Unamortized project costs 2,327

Unamortized debt expenses 48

2,375

Total assets 67,314

EQUITY, LIABILITIES AND OTHER CREDITS

Equity:

Fund balance transferred 14,629

Retained earnings 21,742

Total equity 36,371

Revenue bonds, less current portion 13,875

Total capitalization 50,246

Current liabilities (payable from restricted assets):

Current portion of revenue bonds 325

Accrued interest on bonds 504

829

Current liabilities (payable from current assets):

Current portion of revenue bonds 1,800

Accounts payable and accrued expenses 12,009

Customer deposits 489

14,298

Total current liabilities 15,127

Contributions in aid of construction 1,941

Total equity, liabilities and other credits 67,314

City of Anaheim

Electric Utility Fund

Statement of Income - TEN MONTHS ENDED APRIL 30, 1980. (UNAUDITED)

Operating revenues:

Sales of electric energy	74,599
Other operating revenues	<u>227</u>
Total operating revenues	74,826

Operating expenses:

Cost of purchased power	59,307
Other operations	3,865
Maintenance	1,402
Depreciation	1,165
Amortization of project costs	<u>268</u>
Total operating expenses	66,007
Operating income	<u>8,819</u>

Other income (expense):

Interest income	1,132
Interest expense, including amortization of debt expenses	<u>< 549 ></u>
	583

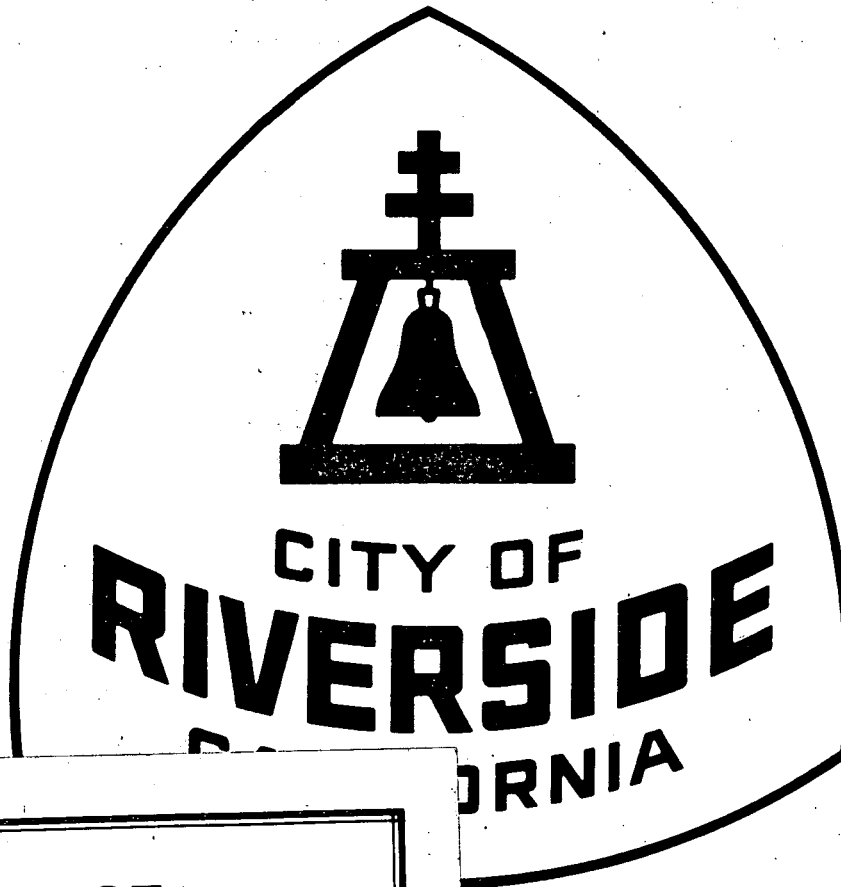
Net income 9,402

Statement of Changes in Retained Earnings

Balance at beginning of year	14,845
Net income for the year	<u>9,402</u>
	24,247
Transfer to the general fund of the City	<u>< 2,505 ></u>
Balance at end of year	21,742

Enclosure 2

OFFICIAL STATEMENT



— NOTICE —

THE ATTACHED FILES ARE OFFICIAL RECORDS OF THE DIVISION OF DOCUMENT CONTROL. THEY HAVE BEEN CHARGED TO YOU FOR A LIMITED TIME PERIOD AND MUST BE RETURNED TO THE RECORDS FACILITY BRANCH 016. PLEASE DO NOT SEND DOCUMENTS CHARGED OUT THROUGH THE MAIL. REMOVAL OF ANY PAGE(S) FROM DOCUMENT FOR REPRODUCTION MUST BE REFERRED TO FILE PERSONNEL.

DEADLINE RETURN DATE

50-361

RETURN TO REACTOR DOCKET

FILES

W/17-6/16/80

8006190522

RECORDS FACILITY BRANCH

\$2,500,000

Electric Revenue Bonds
Issue (Subordinated) of 1977

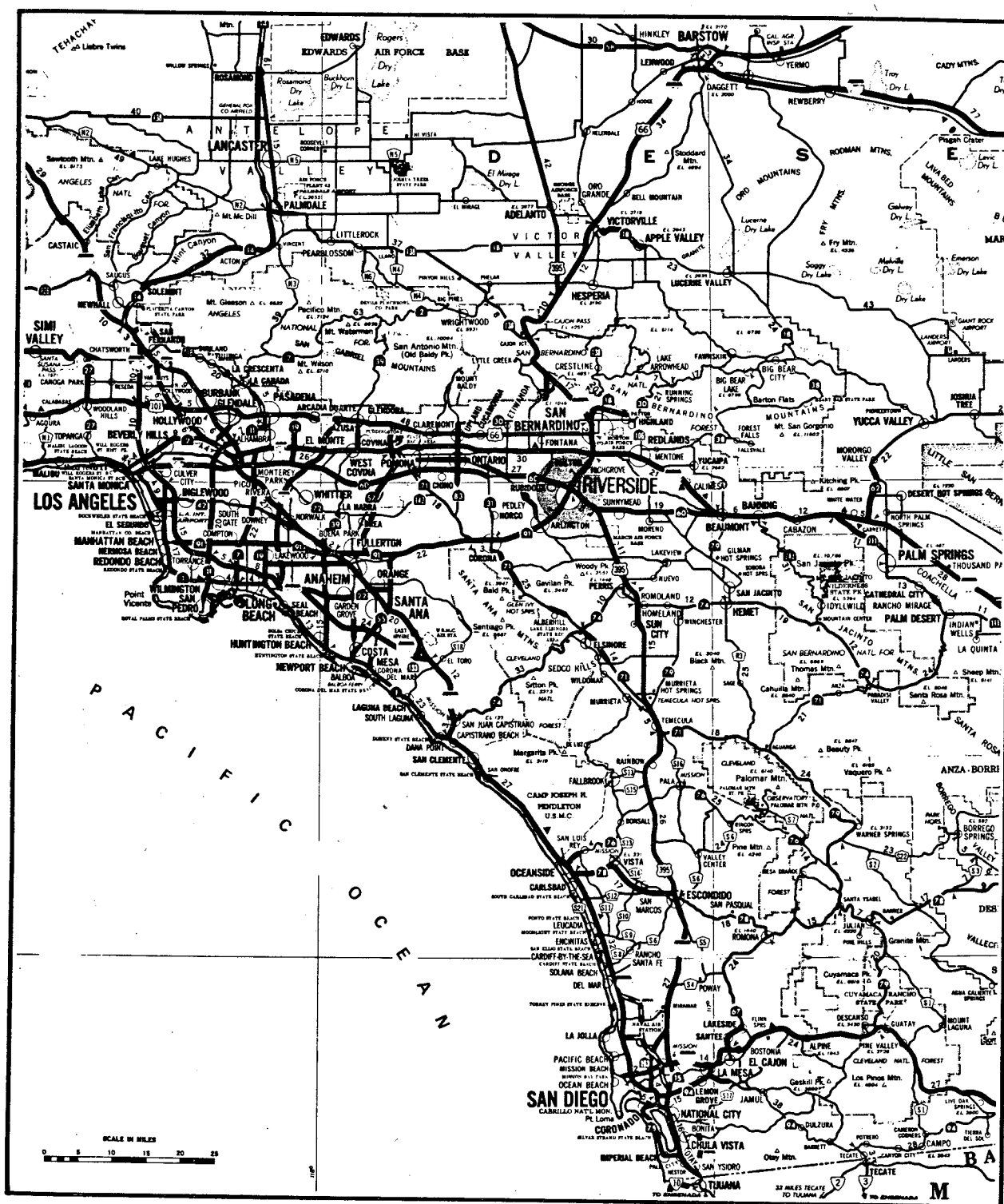
Sale Date - April 12, 1977



WAINWRIGHT & RAMSEY INC.

Consultants on Municipal Finance

New York San Francisco Miami



Basic map reproduced by permission of the Automobile Club of Southern California, copyright owner.

Front cover:

The bell and cross has become the symbol of Riverside, appearing on the City flag. The bell is a replica of Father Serra's Mass Bell, and the cross is an ancient symbol prayed to for rain by the Navajo and Central American Indians, hence it is often entitled the "Indian Raincross." The cross also appears in tombs of Egypt, medieval heraldic design, and oriental religions.

CITY OF RIVERSIDE, CALIFORNIA

CITY COUNCIL

BEN H. LEWIS, Mayor

ARDEN ANDERSON

DON LORENZI

SAM DIGATI

JIM MANNING

ERIC HALEY

ERNEST PINTOR

ROSANNA SCOTT

BOARD OF PUBLIC UTILITIES

LESTER G. HEUSTIS, Chairman

EDWARD J. CAMPBELL

WILLIAM C. EVANS

TONY M. ESQUIBEL

CHARLES M. ROSS

CITY OFFICIALS

WILLIAM F. CORNETT, JR., City Manager

ALICE HARE, City Clerk

DANIEL R. O'CONNOR, Finance Director

HAROLD E. BREWER, City Treasurer

JOHN WOODHEAD, City Attorney

EVERETT C. ROSS, Public Utilities Director

BOND COUNSEL

O'MELVENY & MYERS, Los Angeles, California

FINANCIAL CONSULTANTS

WAINWRIGHT & RAMSEY INC.

7325 Woodrow Wilson Drive, Los Angeles, California 90046

58 Sutter Street, San Francisco, California 94104

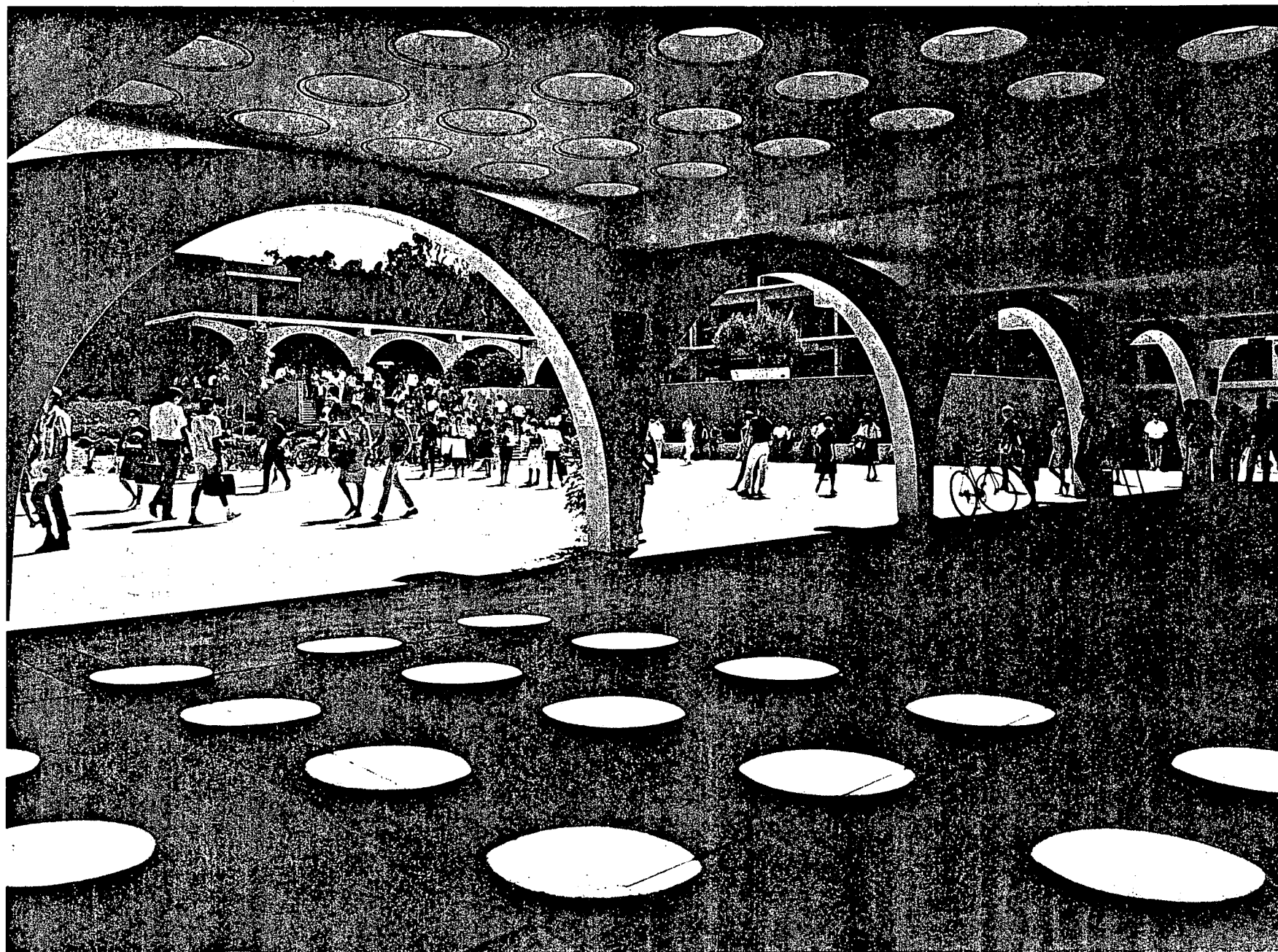
70 Pine Street, New York, New York 10005

The date of this Official Statement is March 22, 1977

TABLE OF CONTENTS

	<u>Page</u>
OFFICIAL STATEMENT.....	5
 THE BONDS	
Amounts and Maturities.....	6
Authorization.....	6
Purpose of the Bonds.....	6
Bond Security.....	6
Flow of Funds.....	7
Rate Covenant.....	7
Limits on Additional Debt.....	8
Fiscal Year.....	8
Tax Exemption.....	8
Legal Opinion.....	9
Legality for Investments.....	9
Additional Sales.....	9
 THE PUBLIC UTILITIES DEPARTMENT	
History of the Department.....	9
Jurisdiction of the Department.....	9
Administration of the Department.....	9
The Board of Public Utilities.....	10
 MEMBERS OF THE BOARD OF PUBLIC UTILITIES	
Public Utilities Director.....	10
 THE SYSTEM	
Inception of the System.....	11
Service Area.....	11
Source of Power.....	11
Existing Facilities.....	12
 ELECTRIC RATES	
Area Rate Comparisons.....	14
City of Riverside Rate Schedules.....	14
Billing and Collecting Procedures.....	15
 OPERATIONS	
Sales and Revenue.....	15
Comparative Statement of Actual Revenues and Expenses, Operating Ratios and Debt Service Coverage 1961/62 - 1975/76.....	16
Electric System Growth Statistics.....	17
Top Ten Electric Customers.....	18
 DEBT.....	
Debt Service Schedule for Outstanding and Issue of 1977 Bonds.....	20

	<u>Page</u>
CAPITAL PLANNING	
Capital Improvements 1961/62 - 1975/76.....	21
Capital Improvement Program 1976/77 - 1981/82.....	22
FORMAL FINANCIAL STATEMENTS OF THE ELECTRIC DIVISION	
Condensed Comparative Statement of Revenue and Expense for the years ended June 30, 1971 through 1976.....	23
Comparative Statement of Revenue and Expense for the Six Months Ending December 31, 1976.....	24
Statement of Revenue and Expense for the Year Ended June 30, 1976.....	25
Balance Sheet, June 30, 1976.....	26
Analysis of Changes in Retained Earnings for the Year Ended June 30, 1976.....	28
Statement of Changes in Assets Restricted for Debt Service for Year Ended June 30, 1976.....	28
CITY OF RIVERSIDE — ECONOMIC AND FINANCIAL DATA	
Location and General Background.....	29
Climate.....	29
Area and Population.....	29
Government.....	30
Housing and Income.....	31
Commercial.....	32
Industry.....	32
Transportation.....	32
Municipal Services and Facilities.....	33
Non-Municipal Utilities.....	34
Community Facilities.....	34
Education.....	35
Higher Education.....	35
Primary and Secondary Schools.....	35
Direct and Overlapping Debt.....	36
Assessed Value, Tax Collections and Tax Rates.....	38
Capital Improvements.....	38
General Revenues and Expenditures.....	39
Riverside County.....	40
THE BOND RESOLUTION.....	App. III, p. 1



Humanities Building Court — University of California Riverside



EVERETT C. ROSS
PUBLIC UTILITIES DIRECTOR

March 22, 1977

OFFICIAL STATEMENT

The City of Riverside, California (herein sometimes referred to as the "City") will offer for sale \$2,500,000 Electric Revenue Bonds, Issue of 1977 (Subordinated) (herein sometimes referred to as the "Bonds"), at 10 a.m., P.S.T., on April 12, 1977. The Bonds were authorized by a resolution of the City Council adopted on February 15, 1977, in accordance with the provisions of the City Charter.

The Bonds were authorized for the purchase of economy electric energy from the Nevada Power Company, in accordance with the agreement included herein as Appendix I.

The Bonds will be obligations of the City payable from the surplus revenues of the electric system owned, controlled and operated by the City. The Issue of 1977 Bonds will be subordinated to the \$10,760,000 outstanding Electric Revenue Bonds, Issue of 1966, Electric Revenue Bonds Issue of 1969, Electric Revenue Bonds Issue of 1971, and Electric Revenue Bonds Issue of 1973.

The City of Riverside, located approximately 50 miles east of Los Angeles and 90 miles north of San Diego is an important residential, commercial, educational and industrial center in Riverside County. The City's population was 140,089, according to the 1970 U.S. Census. The 1976 current City population estimate is 160,000.

The City's sub-transmission and distribution system has 56,902 customers who used 895.1 million kilowatt-hours in the 1975/76 fiscal year. Power is purchased wholesale from the Southern California Edison Company and the Nevada Power Company.

Debt service coverage on the outstanding Bonds is estimated as follows: maximum future debt service of \$994,985 would be covered by the last fiscal year's gross operating revenues 33.4 times and by net operating revenues 5.01 times.

The material contained in this Official Statement is presented in advance of the sale of the Bonds in order that those interested in their purchase may have available information with which to judge their merit.

Included in this Official Statement is certain information describing the Bonds, the Electric Division of the Public Utilities Department of the City, as well as general data concerning the City of Riverside, its location, population, economic and financial background.

Copies of this Official Statement together with the "Notice of Sale" and bid form may be obtained from Wainright & Ramsey Inc., 70 Pine Street, New York, N. Y. 10005, and 7325 Woodrow Wilson Drive, Los Angeles, California 90046, and 58 Sutter Street, San Francisco, California 94104 or from Everett C. Ross, Public Utilities Director, 3900 Main St., Riverside, California 92522.

THE BONDS
\$2,500,000
CITY OF RIVERSIDE, CALIFORNIA
(RIVERSIDE COUNTY)

ELECTRIC REVENUE BONDS, ISSUE OF 1977 (SUBORDINATED)
(Payable solely from the Electric Surplus Revenue Fund)

Dated April 1, 1977

Due January 1, 1978-July 1, 1980

The Bonds will be coupon Bonds, in the denomination of \$5,000 each, registrable as to principal only, or as to both principal and interest (and reconvertible). Principal and interest (due semi-annually January 1 and July 1, beginning January 1, 1978) shall be payable in lawful money of the United States of America at the office of the City Treasurer of the City of Riverside in said City or at the option of the holder at any fiscal agency of the City in Los Angeles, California, or in San Francisco, California, or in Chicago, Illinois, or in New York, New York.

Amounts and Maturities

	<u>Principal Amount</u>		<u>Principal Amount</u>
January 1, 1978.....	\$400,000	July 1, 1979.....	\$425,000
July 1, 1978.....	400,000	January 1, 1980.....	425,000
January 1, 1979.....	400,000	July 1, 1980.....	450,000

Authorization

The \$2,500,000 Electric Revenue Bonds, Issue of 1977 (Subordinated) constitutes the entire amount of Electric Revenue Bonds recommended by the City of Riverside Board of Public Utilities to the City Council on January 7, 1977. The Bonds will be issued in accordance with the provisions of a resolution of the City Council of the City of Riverside, adopted February 15, 1977 (herein sometimes referred to as the "Bond Resolution").

Purpose of the Bonds

The payment for the delivery of electric energy to the City from Nevada Power Co., for a period starting May 20, 1976 and lasting to June 30, 1980, as provided for in the agreement included herein as Appendix I, will be funded from the proceeds of the Electric Revenue Bonds, Issue of 1977 (Subordinated). The energy will be transmitted by Southern California Edison Company in accordance with the Agreement included herein as Appendix II.

All necessary environmental impact reports or negative declarations with respect to the purchase of electric energy from Nevada Power Co. have been prepared, hearings held, and a notice of determination will be filed with the County Clerk of the County of Riverside in accordance with the California Environmental Quality Act of 1970.

Bond Security

The Electric Revenue Bonds, Issue of 1977, are subordinated to the outstanding Electric Revenue Bonds, Issue of 1966, Issue of 1969, Issue of 1971 and Issue of 1973.

Said Electric Revenue Bonds, Issue of 1977 (Subordinated), are issued under and pursuant to Section 1306 of the City Charter of the City and the Bond Resolution adopted pursuant thereto. In accordance with said Section 1306 and said Resolution, the Bonds shall not constitute or evidence

indebtedness of the City, but shall constitute and evidence only indebtedness of the Electric System thereof payable in the manner provided in said Section 1306 and said Resolution and not otherwise, to wit: the Bonds are payable both as to principal and interest only out of the Electric Surplus Revenue Fund and not out of any other fund or moneys of the City; provided, however, that this shall not preclude payment of principal or interest through certain other sources as enumerated in said Resolution. The Electric Surplus Revenue Fund is established under and pursuant to said City Charter, and, under the provisions of said Resolution, the surplus revenues (as defined in the Resolution) of the Electric System of the City are required to be deposited in the City Treasury in the Electric Surplus Revenue Fund and used only for the purposes authorized by said Section 1306 and said Resolution, including the payment of principal and interest of the Bonds.

Of the \$4,700,000 Issue of 1966 Bonds, \$3,240,000 are presently outstanding, maturing annually April 1, 1973 through 1996, both inclusive, and, of the \$2,100,000 Issue of 1969, \$1,680,000 are presently outstanding, maturing annually December 1, 1973 through 1999, both inclusive, and of the \$3,000,000 Issue of 1971 Bonds, \$2,500,000 are presently outstanding, maturing annually June 1, 1973 through 2001, both inclusive, and of the \$3,700,000 Issue of 1973, \$3,340,000 are presently outstanding, maturing annually April 1, 1974 through 2003, both inclusive.

Flow of Funds

Surplus Revenue Fund. The surplus revenues shall be deposited in the Electric Surplus Revenue Fund, and payments from said fund shall be made only as provided by law and the Bond Resolution, or any other resolution relating to revenue bonds payable out of the Electric Surplus Revenue Fund.

Debt Service Account. On or before the twentieth day of each calendar month, there shall be set aside and transferred within the Electric Surplus Revenue Fund to the Debt Service Account at least one-sixth (1/6th) of the interest which will become due and payable on the outstanding Bonds within the next ensuing six months, except that for the first interest payment due after the issuance of the Bonds the monthly sum allocated shall be the interest which will become due and payable less the amount of any accrued interest placed in the Debt Service Account divided by the number of months remaining in said period, and also at least one-sixth (1/6th) of the principal amount of such Bonds which will mature and be payable within the next ensuing six months, except that for the first principal payment due after the issuance of the Bonds the monthly sum allocated shall be the principal amount which will be due and payable divided by the number of months remaining in said period, so that at least the full amount required to pay, as it becomes due, the interest on and principal of such Bonds shall be set aside in the Debt Service Account at least five days prior to the date the interest and/or principal becomes due.

Rate Covenant

The City shall prescribe, revise and collect such charges for the services, facilities and electricity of the Electric System which, after making allowances for contingencies and error in the estimates, shall be at least sufficient to pay the following amounts in the order set forth:

- (a) The interest on and principal payments of outstanding Electric Revenue Bonds, Issue of 1966, Issue of 1969, Issue of 1971 and Issue of 1973 as they become due and payable;
- (b) All payments required for compliance with any resolution providing for the issuance of the bonds described in (a) above;
- (c) All operating and maintenance expenses;
- (d) All payments required for compliance with the Bond Resolution and any resolution providing for the issuance of parity subordinated bonds; and

(e) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the revenues of the enterprise;

and the charges shall be so fixed that the Net Operating Revenues (as defined in the Bond Resolution) shall at least equal 1.25 times the amounts payable under (a) and (b) above and 1 times the amounts payable under (c) above; provided that so long as any of the Electric Revenue Bonds, Issue of 1966, remain outstanding said charges shall be so fixed that the net revenues shall at least equal 1.50 times the amounts payable under (a) and (b) above.

Limits on Additional Debt

Except for bonds issued to refund the Bonds, no additional indebtedness payable out of the revenues of the Electric System and ranking on a parity with the Bonds shall be created or incurred unless:

(1) The City is not in default under the terms of the Bond Resolution.

(2) The Net Operating Revenues for the latest fiscal year or the last completed twelve (12) month period ended prior to the incurring of such additional indebtedness as shown by an audit certificate or opinion of an independent certified public accountant, plus, at the option of the City, either or all of the items hereinafter in this covenant designated (a) and (b), shall have amounted to at least 1.25* times the maximum amount of annual debt service in any fiscal year thereafter on all indebtedness to be outstanding immediately subsequent to the incurring of such additional indebtedness.

The items either or all of which may be added to such Net Operating Revenues for the purpose of applying the restriction contained in this covenant are the following:

(a) An allowance for net revenues from any revenue producing additions to and extensions and improvements of the Electric System to be made with the proceeds of such additional indebtedness or with the proceeds of bonds previously issued, and also for net revenues from any such additions, extensions or improvements which have been made from moneys from any source but which, during all or any part of such fiscal year or last completed twelve (12) month period, were not in service, all in an amount equal to 90% of the estimated additional average annual net revenues to be derived from such additions, extensions and improvements for the first thirty-six (36) month period in which each addition, extension or improvement is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by the City.

(b) An allowance for earnings arising from any increase in the charges made for the use of the Electric System which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such fiscal year or last completed twelve (12) month period, was not in effect, in an amount equal to 90% of the amount by which the net revenues would have been increased if such increase in charges had been in effect during the whole of such fiscal year or last completed twelve (12) month period, as shown by the certificate or opinion of a qualified independent engineer employed by the City.

Fiscal Year: The fiscal year of the Electric Division of the Public Utilities Department of the City refers to the year period beginning each July 1 and ending on the next following June 30th.

Tax Exemption: In the opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel for the City of Riverside, interest on the Bonds is exempt from income taxes of the United States of

* The figures in the covenant for Limits on Additional Debt were 1.50 for the previously issued Electric Revenue Bonds, Issue of 1966 of the City and will remain 1.50 as long as the same are outstanding, unless changed in accordance with the procedure applicable thereto.

America under present Federal income tax laws and, such interest is also exempt from personal income taxes of the State of California, under present state income tax laws.

Legal Opinion: The opinion of O'Melveny & Myers, Bond Counsel, approving the validity of said bonds, will be furnished the successful bidder at or prior to the time of delivery of the Bonds, at the expense of the City. A copy of such opinion, certified by an officer of the City by his facsimile signature, will be printed on the back of each Bond. No charge will be made to the purchaser for such printing or certification.

The statements of law and legal conclusions set forth herein under the caption "The Bonds" have been reviewed by Bond Counsel. Bond Counsel's employment is limited to the review of the legal proceedings required for the authorization of the Bonds and to rendering an opinion as to the validity of the Bonds and the exemption of interest on the Bonds from income taxation. The opinion of Bond Counsel will not consider or extend to any documents, agreements, representations, offering circulars or other material of any kind concerning the Bonds not mentioned in this paragraph.

Legality for Investments by Savings Banks in California: It is believed that the Bonds fulfill the requirements of Sections 1350, 1362 and 1371 of the Financial Code of the State of California. The Bonds are payable out of revenues from a revenue producing property (electric system) owned, controlled, and operated by the City of Riverside, and are secured by such revenues: net income from the last fiscal year has exceeded the maximum annual debt service for any future fiscal year on all such securities which will be outstanding after the issue of the Bonds; and said electric system had a gross income of at least \$1,000,000 in the latest fiscal year. An application has been made by the City for a certificate from the Superintendent of Banks of the State of California certifying that the specific bond issue presently offered will, when issued, comply with the requirements of the code for eligibility for investment by savings banks in California.

Additional Sales: No additional electric revenue bonds, ranking on a parity with the Issue of 1966, Issue of 1969, Issue of 1971, Issue of 1973, and the currently offered Issue of 1977 Bonds (Subordinated), will be offered for sale for at least ninety days following the sale.

THE PUBLIC UTILITIES DEPARTMENT

History of the Department

The Public Utilities Department was created in 1928 to exercise jurisdiction over the municipal electric and water systems of the City of Riverside. Prior to this, each had been operated as a separate department of the City since the inception of the electric system in 1895 and of the water system in 1913. The funds of each system have always been segregated from each other and from the City's other monies.

The Public Utilities Department, as presently constituted, was created by Article XIII of the City Charter which was adopted in April 1953 and modified by Charter election in June 1968.

Jurisdiction of the Department

The Department exercises jurisdiction over all public utilities owned, controlled, or operated by the City, specifically the electric and water utilities. (The City's sanitary sewer system is operated by the Public Works Department of the City.)

Administration of the Department

The Department is under the management and control of the City Manager, subject to the powers and duties vested in the Board of Public Utilities, described below.

The Department is supervised by the Director of Public Utilities who is a professional engineer.

The Department is organized into three divisions:

1. Water Division
2. Electric Division
3. Administrative and Commercial Division

The Board of Public Utilities

The Board of Public Utilities, created by Article XIII, Section 1301 of the City Charter, consists of five members appointed by the City Council. As set forth in Section 1302 of Article XIII, the Board of Public Utilities, among other things, has the power and obligation to:

- (1) Consider the annual budget for the Department of Public Utilities during the process of its preparation and make recommendations with respect thereto to the City Council and the City Manager.
- (2) Within the limits of the budget of the Department of Public Utilities, authorize any purchase of equipment, materials or supplies exceeding the sum of \$2,000, and authorize the acquisition, construction, improvement, extension, enlargement, diminution, or curtailment of all or any part of any public utility system. No such purchase, acquisition, construction, improvement, extension, enlargement, diminution or curtailment shall be made without such authorization.
- (3) Within the limits of the budget of the Department of Public Utilities, make appropriations from the contingency reserve fund for capital expenditures directly related to the appropriate utility function.
- (4) Require of the City Manager monthly reports of receipts and expenditures of the Department of Public Utilities, segregated as to each separate utility, and monthly statements of the general condition of the Department and its facilities.
- (5) Establish rates for water and electric revenue producing utilities owned, controlled or operated by the City, but subject to the approval of the City Council.
- (6) Approve or disapprove the appointment of the Director of Public Utilities, who shall be the Department head.
- (7) Designate its own secretary.
- (8) Make such reports and recommendations to the City Council regarding the Department of Public Utilities as it shall deem advisable.
- (9) Exercise such other powers and perform such other duties as may be prescribed by ordinance not inconsistent with any of the provisions of the City Charter.

MEMBERS OF THE BOARD OF PUBLIC UTILITIES

LESTER G. HEUSTIS — Chairman of the Board of Public Utilities, appointed as a Board member in 1968. Registered Mechanical Engineer in State of California. Chief Engineer, Alcan Western Products, Division of Alcan Aluminum Corporation, in Riverside.

WILLIAM C. EVANS — A Board member for 31 years: January 1937 - December 1940, and continuously since January 1949. A civic leader and Base Engineer. Active in property management and investments.

CHARLES M. ROSS — Appointed as a Board member in July 1967. Certified Public Accountant. Retired principal partner and founder of the firm of Ross, Landis and Pauw, Certified Public Accountants.

EDWARD J. CAMPBELL — Appointed as a Board member in March 1972. Businessman. Owner of Preston and Simons Mortuary.

TONY M. ESQUIBEL — Appointed as a Board member in July 1972. Owner and Chairman of Board of Bonita Enterprises, Inc., builder. Past commissioner, Riverside County Flood Control & Water Conservation District, Zone 1.

PUBLIC UTILITIES DIRECTOR

EVERETT C. ROSS — Appointed Director of Public Utilities Department of Riverside in 1958, following two years' service as Assistant Manager of the Department. Received a Bachelor of Science in electrical engineering in 1947 from Stanford University. Registered electrical engineer in the State

of California. Senior member of the Institute of Electrical and Electronic Engineers. Member of the American Water Works Association. Past Chairman of California Regional Water Quality Control Board, Santa Ana Region. Past President, California Municipal Utilities Association.

THE SYSTEM

Inception of the System

The City of Riverside was a pioneer in the long-distance transmission and distribution of electric power. The municipal electric system which was constructed in 1895, was among the first eight such municipally owned systems in the State of California prior to the turn of the century. It has been fundamentally a sub-transmission and distribution system, though the City did generate part of its own power from 1900 to 1924. Power has been purchased exclusively from the Southern California Edison Company from 1950 to May of 1976. At that time, Riverside began receiving non-firm energy purchased from the Nevada Power Company and delivered to the City by the Southern California Edison Company.

The municipal electric system was created in response to public demand for more light at lower rates; the initial construction was financed by a \$40,000 bond issue voted in June 1895, and another of like amount in 1900. (Prior to this a small private company had furnished power for lights in a few stores and homes and for a few street lights.) As the initial source of power for the municipal system was located 20 miles from Riverside, the City contracted for construction of the first 10,000-volt transmission line of that length in the United States. The original, specially designed transformers which stepped the power up to 10,000 volts at the power plant and then down to 2,200 volts in Riverside for distribution, thereby making possible Riverside's long distance line, are still preserved and were exhibited at the Panama Pacific International Exposition in San Francisco in 1915 as "the pioneer high voltage transformers of the world."

Service Area

The Electric Division of the Public Utilities Department, through its electric distribution system, provides service throughout all parts of the City to domestic, commercial, industrial, agricultural, municipal and other customers.

The City commenced service on April 13, 1966 to the Arlanza area annexed November 17, 1961 and to the La Sierra area annexed May 7, 1963; prior to this both areas had been served by the Southern California Edison Company. Part of the proceeds of the electric revenue bonds sold March 1966, was to finance the consolidation of these areas into the existing municipal system.

Prior to mid-1950, the Electric Division sold power to approximately 328 customers outside the City limits. The City sold these distribution facilities to the Southern California Edison Company and the California Electric Power Company for \$74,876 on June 30, 1950, in order to comply with the provisions of a wholesale-resale basis service agreement for the purchase of electric energy solely from the Southern California Edison Company; the City agreed not to sell any electric energy outside the City in the Company's service area now or in the future.

Source of Power

1896-1900 — During the first five years of the municipal electric system's existence, all power was purchased from a small (250 kw) hydroelectric plant built in 1892 in Mill Creek Canyon primarily to serve the City of Redlands by the old Redlands Power Company, a predecessor of the Southern California Edison Company; the plant was the first of its kind in the United States.

1900-1913 — The growth in demand for lighting and local street cars prompted the City to supplement its source of purchased power with its own steam-generating plant. This 450 kw plant was financed by a \$40,000 bond issue voted in 1900.

1913-1924 — Power was generated by the City and also purchased from the Southern California Edison Company and the Southern Sierras Power Company, which later became the California Electric Power Company. Operation of the City's steam plant was discontinued in 1924 due to its obsolescence relative to the service rendered by the modern interconnected power systems.

1924-1950 — All power was purchased from the same two companies selling power to the City from 1913 to 1950. The City ceased to purchase power from the California Electric Power Company on February 1, 1950 and since that date has purchased exclusively from the Southern California Edison Company. Briefly, this change came about following a request for a rate increase by Cal.-Electric to the State Public Utilities Commission; both companies had been charging the same rate prior to this. In essence the Commission determined that the best interests of the City of Riverside would be served by its purchasing power solely from Edison. (In exchange for ceasing service to Riverside, Cal.-Electric acquired some of Edison's customers elsewhere.)

1950-1976 — All the power requirements of the municipal electric system have been purchased wholesale from the Southern California Edison Company.

The City has alternated between short-and long-term contracts with the Company: a five-year contract was in effect from 1949 to 1954; year-to-year contracts prevailed from 1954 to 1963; a ten-year contract was entered into on July 18, 1963 as the Company offered the City approximately a 5% rate reduction. The power purchase contract provides in general that the Southern California Edison Company shall furnish and the City shall take from the Company all electric energy resold or used by the City during the ten-year period. The present contract is one of many that have been in effect for many years and the Company must continue to serve the complete requirements of the City's electric system, and has no right of termination. The City has the right, however, to terminate the contract on not less than thirty months' notice to the Company in the event that the net bill for electric energy to the City is increased during the term of the contract as a result of changes in the Company's rate schedule number R-2. The terms and conditions of the power purchase contract are subject to approval by the Federal Power Commission.

In line with its continuing desire to lower the cost of power, the City of Riverside jointly with the City of Anaheim is studying the feasibility of participating in a joint venture in new electric generating plants in the region with the Southern California Edison Company and possibly other municipal and privately-owned utilities, if feasible arrangements can be worked out.

In May of 1976, the City of Riverside began receiving non-firm energy purchased from the Nevada Power Company and delivered (wheeled) to the City by the Southern California Edison Company. The Transmission Agreement between the City and Edison allows for a deduction, by Edison, of 3.3% to account for average transmission losses. Charges for transmission, dispatching and scheduling services are billed to Riverside by Edison under separate billing. Transmission charges initially, as stated in the agreement, are 1.29 mills per kilowatthour. Initial charges for scheduling and dispatching services to Riverside are \$420 per month.

Existing Facilities

The municipal electric system is fundamentally a sub-transmission and distribution system providing service to all electric customers within the City limits.

Power is purchased wholesale from Southern California Edison Company at 66,000 volts and is supplied to the City limits through five separate 66,000-volt transmission lines owned and operated by Southern California Edison Company. These lines are used for the sole purpose of delivering electric energy from the Company's Vista Substation to the northerly limits of the City of Riverside, at which points connections are made to the City-owned and operated 66,000-volt transmission system. Under plans presently being formalized between the City and Southern California Edison Company, it is

anticipated that all future deliveries will be made through a 220,000-volt substation which should result in lower power costs. It is not expected that this new delivery facility can be in operation before 1980.

Including street lights, the City has 1,041 circuit miles of sub-transmission and distribution lines. The 416 circuit miles of underground lines are primarily in commercial and new residential areas. Newly constructed substations and recent additions to existing stations provide ample distribution capacity for most any type of industrial or commercial load. There are now 18 substations, with a combined capacity of 434 MVA (million volt-amperes).

SUB-TRANSMISSION AND DISTRIBUTION LINES, INCLUDING STREET LIGHTS

Fiscal Year Ended June 30	Circuit Miles		
	Overhead Lines	Underground Lines	Total Lines
1960.....	458.19	152.48	610.67
1961.....	472.63	153.22	625.85
1962.....	505.41	153.83	659.24
1963.....	512.71	154.74	667.45
1964.....	530.85	156.30	687.15
1965.....	549.51	160.50	710.01
1966.....	584.63	164.36	748.99
1967.....	614.00	167.99	781.99
1968.....	609.99	178.71	788.70
1969.....	627.49	188.40	815.89
1970.....	629.85	209.79	839.64
1971.....	625.11	230.08	855.19
1972.....	623.22	327.03	950.25
1973.....	624.44	353.70	978.14
1974.....	622.66	388.53	1,011.19
1975.....	625.81	406.73	1,032.54
1976.....	625.13	415.93	1,041.06

Source: Riverside Public Utilities Department.

ELECTRIC RATES

Area Rate Comparisons

Because of the current "Schedule R-2 — Resale Service Large" of Southern California Edison Company approved by the Federal Power Commission the electric rates now in effect in the City of Riverside are generally higher than comparable rates charged by the Company to Domestic and Commercial Customers in nearby cities.

The industrial rates charged by Riverside are equal to, or lower than, the comparable rates charged by Southern California Edison Company in nearby cities.

ELECTRIC RATE COMPARISONS BY MONTHLY BILL

February 1977

	Domestic			Commercial		
	150 Kwh (small)	500 Kwh (average)	1,500 Kwh (large)	500 Kwh (small)	200 Kwh (average)	5,000 Kwh (small power)
*Anaheim.....	\$8.19	\$20.17	\$50.47	\$31.24	\$ 99.08	\$206.80
Corona.....	8.93	21.64	53.53	33.99	105.39	218.78
*Los Angeles.....	8.84	21.48	54.36	30.63	105.30	229.72
Ontario.....	8.93	21.64	53.53	33.99	105.39	218.78
Palm Springs.....	8.93	21.64	53.53	33.99	105.39	218.78
Pomona.....	8.63	21.23	53.12	32.89	104.29	217.68
*Riverside.....	9.45	23.81	60.39	40.44	119.63	281.66
San Bernardino.....	8.63	21.23	53.12	32.89	104.29	217.68
Santa Ana.....	8.63	21.23	53.12	32.89	104.29	217.68

* Municipal system.

Source: Riverside Public Utilities Department.

City of Riverside Rate Schedules

The Public Utilities Department of the City of Riverside at present has in effect nine electric power rate schedules.

- Schedule D — Domestic Service — described in detail on the following page.
- Schedule A — General Service — applicable to service for all types of users, including lighting, power and heating, alone or combined.
- Schedule TC — Traffic Control Service — for service to all traffic signals.
- Schedule C — Industrial Service — Applicable to service for industrial and processing establishments, where one or more products are manufactured or processed.
- Schedule PA — Power — Agricultural and Pumping — applicable to power service for general agriculture or for general water or sewage pumping; energy charge per kwh is based on the horsepower of the connected load.
- Schedule PW-1 — Wind Machines for Frost Protection — applicable only for service to wind machines for frost protection; energy charge per kwh is based on the horsepower of the connected load.
- Schedule LS-1 — Street Lighting Service — Department Financed — energy charged by flat rates per Lamp per year.

Schedule LS-2 — Street Lighting Service — Customer Financed — energy charged by flat rates per Lamp per year.

Schedule OL — Outdoor Lighting — Other than Street Lights — Department owned and maintained — energy charged by flat rates per lamp per month.

The following is a summary of selected portions of the Schedule D for Domestic Service now in effect.

Monthly Rate:

Customer Charge.....	\$1.12
	Per kwh
Energy Charge Per Kwh (to be added to customer charge)	
First 60 kwh.....	5.92¢
Next 240 kwh.....	3.78¢
Additional kwh*.....	2.74¢

* The rate of 2.60¢ per kwh is billed for (a) customers with Department-approved electric water heaters for monthly usage between 300 kwh and 750 kwh; (b) customers with electric space heating engineered to heat the entire family accommodation for all monthly usage over 300 kwh during the months November through April; and, (c) customers with all-electric homes for all monthly usage over 300 kwh. These rates are subject to a fuel cost surcharge.

Billing and Collecting Procedure

Residential, commercial and industrial customers are billed monthly. Bills are due and payable on presentation and become delinquent fifteen days after mailing. After a bill is delinquent, the Department may discontinue electric service and turn off the electricity after giving appropriate written notice. Charges for connection or reconnection of service, payments for deposits or to reinstate deposits, and the entire delinquent bill shall all be paid in full before service shall be connected or reconnected.

OPERATIONS

Sales and Revenue

Rapid growth in power usage, revenues and number of customers has characterized the past 14 years. The municipal electric system now serves 56,902 customers (77% greater than in 1961/62), who used 895.1 million kwh in the 1975/76 fiscal year (225% above 1961/62), generating revenues of \$33,235,382 this past fiscal year (528% higher than in 1961/62).

Domestic, commercial and industrial customers account for 95.9% of operating revenues, 95.7% of kilowatt hour usage, and for 99.7% of the number of customers for the fiscal year ended June 30, 1976. Other types of customers include municipal and agricultural. The source of revenues and usage of power are concentrated neither in a single or small group of customers nor in a certain type of customer — a healthy diversification exists, as exhibited in the following tables.

COMPARATIVE STATEMENT OF ACTUAL REVENUES AND EXPENSES
OPERATING RATIOS AND DEBT SERVICE COVERAGE

Fiscal Year Ended June 30	Operating Revenues	Operating Expense	Net Operating Revenues	Other Income (Net)	Total Income Available For Debt Service	Debt Service	Balance	Transfer to General Fund	Balance	Per Cent Of Operating Revenue		Debt Service Coverage by Net Operating Revenues
										Operating Expenses	Debt Service	
1962.....	\$ 5,294,428	\$ 3,241,206	\$2,053,222	\$ —	\$2,053,222	\$ —	\$2,053,222	\$ 705,963	\$1,347,259	61.2%	—%	—
1963.....	5,894,436	3,734,143	2,160,293	—	2,160,293	—	2,160,293	694,288	1,466,005	63.4	—	—
1964.....	6,533,639	4,116,363	2,417,276	—	2,417,276	—	2,417,276	740,000	1,677,276	63.0	—	—
1965.....	7,046,765	4,473,089	2,573,676	57,980	2,631,656	—	2,631,656	699,000	1,932,656	63.5	—	—
1966(a).....	7,775,202	5,243,837	2,531,365	122,993	2,654,358	—	2,654,358	808,681	1,845,677	67.4	—	—
1967.....	9,394,393	6,543,016	2,851,377	134,220	2,985,597	229,907	2,755,690	1,186,324	1,569,366	69.6	2.4	12.4x
1968.....	10,132,508	6,883,778	3,248,730	79,255	3,327,985	332,407	2,995,578	1,011,163	1,984,415	67.9	3.3	9.8
1969(b).....	10,122,939	7,343,703	2,779,236	80,483	2,859,719	324,658	2,535,061	1,165,238	1,369,823	72.5	3.2	8.6
1970.....	10,841,019	8,084,527	2,756,492	286,034	3,042,526	362,408	2,680,118	1,164,138	1,515,980	74.6	3.3	7.6
1971.....	11,744,099	8,723,722	3,020,777	142,189	3,162,966	523,112	2,639,854	1,246,717	1,393,137	74.3	4.5	5.8
1972.....	13,290,601	10,206,116	3,084,485	256,163	3,340,648	782,512	2,558,136	1,350,571	1,207,565	76.8	5.9	3.9
1973.....	14,758,609	10,815,967	3,942,642	213,010	4,155,652	762,550	3,393,102	1,528,419	1,864,683	73.3	5.2	5.2
1974.....	18,259,934	13,809,172	4,450,762	507,217	4,957,979	1,072,985	3,884,994	1,697,240	2,187,754	75.6	5.9	4.1
1975.....	29,119,048	23,458,179	5,660,869	539,677	6,200,546	1,046,986	5,153,560	2,085,407	3,068,153	80.6	3.6	5.4
1976.....	33,235,382	28,249,146	4,986,236	465,673	5,451,909	963,717	4,488,192	2,679,665	1,808,527	85.0	2.9	5.2

(a) City commenced electric service April 13, 1966 to the Arlanza and La Sierra areas annexed in 1961 and 1963, respectively.

(b) Rate reduction of 5% effective July 1, 1968.

Source: Riverside Public Utilities Department.

ELECTRIC SYSTEM GROWTH STATISTICS

ELECTRIC OPERATING REVENUES, BY TYPE OF CUSTOMER (000's omitted)

Fiscal Year Ended June 30	Domestic	Commercial	Industrial	Other	Total	By Per Cent of Total		
						Domestic	Commercial	Industrial
1962.....	\$2,249	\$1,680	\$1,098	267	\$ 5,294	42.5%	31.7%	20.7%
1963.....	2,460	1,883	1,257	294	5,894	41.7	31.9	21.3
1964.....	2,670	2,098	1,424	342	6,534	40.9	32.1	21.8
1965.....	2,875	2,242	1,548	382	7,047	40.8	31.8	22.0
1966.....	3,109	2,478	1,751	437	7,775	40.0	31.9	22.5
1967.....	3,908	2,876	2,111	499	9,394	41.6	30.6	22.5
1968.....	4,187	2,976	2,413	557	10,133	41.3	29.4	23.8
1969.....	4,179	3,047	2,381	516	10,123	41.3	30.1	23.5
1970.....	4,533	3,083	2,649	576	10,841	41.8	28.4	24.4
1971.....	4,758	2,955	3,349	609	11,671	40.8	25.3	28.7
1972.....	5,294	3,362	3,814	821	13,291	39.8	25.3	28.7
1973.....	5,851	3,810	4,323	775	14,759	39.6	25.8	29.3
1974(a).....	7,331	4,696	5,327	906	18,260	40.1	25.7	29.2
1975.....	12,026	7,473	8,477	1,143	29,119	41.3	25.7	29.1
1976.....	12,876	8,911	10,110	1,338	33,235	38.7	26.8	30.4

Source: Riverside Public Utilities Department.

KILOWATT HOUR USAGE BY TYPE OF CUSTOMER (000's omitted)

Fiscal Year Ended June 30	Domestic	Commercial	Industrial	Other	Total	By Per Cent of Total		
						Domestic	Commercial	Industrial
1962.....	90,847	81,525	83,826	18,963	275,161	33.0%	29.6%	30.5%
1963.....	101,376	94,587	100,180	20,161	316,304	32.1	29.9	31.7
1964.....	114,133	108,510	118,321	20,669	361,633	31.6	30.0	32.7
1965.....	128,925	114,436	131,333	23,306	398,000	32.4	28.8	33.0
1966.....	144,496	126,644	152,348	30,555	454,043	31.8	27.9	33.6
1967.....	203,598	155,778	198,845	28,044	586,265	34.7	26.6	33.9
1968.....	212,137	158,380	226,983	34,158	631,658	33.6	25.1	35.9
1969.....	220,229	179,630	240,688	35,325	675,872	32.6	26.6	35.6
1970.....	245,220	178,142	261,035	39,497	723,894	33.9	24.6	36.1
1971.....	265,086	152,281	353,082	28,511	798,960	33.2	19.1	44.2
1972.....	286,160	164,381	381,152	30,784	862,477	33.2	19.0	44.2
1973.....	330,000	168,810	362,213	39,841	900,864	36.6	18.7	40.2
1974(a).....	298,173	172,892	371,460	39,372	881,897	33.8	19.6	42.1
1975.....	309,089	170,408	354,256	41,567	875,320	35.3	19.5	40.5
1976.....	318,376	179,575	357,978	39,213	895,142	35.6	20.1	40.0

Source: Riverside Public Utilities Department.

NUMBER OF ELECTRIC SYSTEM CUSTOMERS BY TYPE

As of June 30						By Per Cent of Total		
	Domestic	Commercial	Industrial	Other	Total	Domestic	Commercial	Industrial
1962.....	28,061	2,865	529	607	32,062	87.5%	8.9%	1.6%
1963.....	29,999	2,991	548	671	34,209	87.7	8.7	1.6
1964.....	31,402	3,103	546	706	35,757	87.8	8.7	1.5
1965.....	32,884	3,230	555	707	37,376	88.0	8.6	1.5
1966.....	42,101	3,309	563	762	46,735	90.1	7.1	1.2
1967.....	42,422	3,367	569	689	47,047	90.2	7.2	1.2
1968.....	42,559	3,327	572	686	47,144	90.3	7.1	1.2
1969.....	43,214	3,366	580	603	47,763	90.5	7.0	1.2
1970.....	43,729	3,429	583	599	48,340	90.4	7.1	1.2
1971.....	43,023	4,181	181	206	47,591	90.4	8.8	0.4
1972.....	43,883	4,355	149	156	48,543	90.4	9.0	0.3
1973.....	47,923	4,351	153	199	52,626	91.1	8.3	0.3
1974(a).....	50,070	4,312	156	198	54,736	91.5	7.9	0.3
1975.....	51,285	4,253	144	211	55,893	91.8	7.6	0.3
1976.....	52,239	4,304	143	216	56,902	91.8	7.6	0.3

(a) Beginning in May of 1974, reflected in electric revenue, is revenue derived from the fuel cost surcharge, which basically is a flow thru of increased fuel expense related to electric generation.

Source: Riverside Public Utilities Department.

TOP TEN CUSTOMERS OF THE MUNICIPAL ELECTRIC SYSTEM (Calendar Year 1976)

Customer	Type of Business	Annual KWH Purchased	Total Annual Bill
1. University of California Riverside	State University	45,825,000	\$1,391,760
2. American Metal Climax, Inc.	Mill products; aluminum sheet & tubing; mobile home exterior, siding & roofing	23,667,000	660,370
3. Rohr, Inc.	Aerospace components	16,634,000	497,220
4. Alcan Aluminum Corp.	Aluminum Mill Products	11,818,000	338,290
5. Bourns, Inc.	Precision electro-mechanical instruments	10,156,000	290,910
6. La Sierra College	Private college	8,035,000	273,420
7. Riverside County Hospital	Hospital	6,880,000	219,330
8. City Sewage Treatment Plant	Sewage treatment plant	6,728,000	206,850
9. Riverside Community Hospital	Hospital	6,542,000	198,490
10. City of Riverside	City Hall	6,392,000	206,960
Percentage of Total Sales		142,677,000	\$4,283,600
		15.7%	12.0%

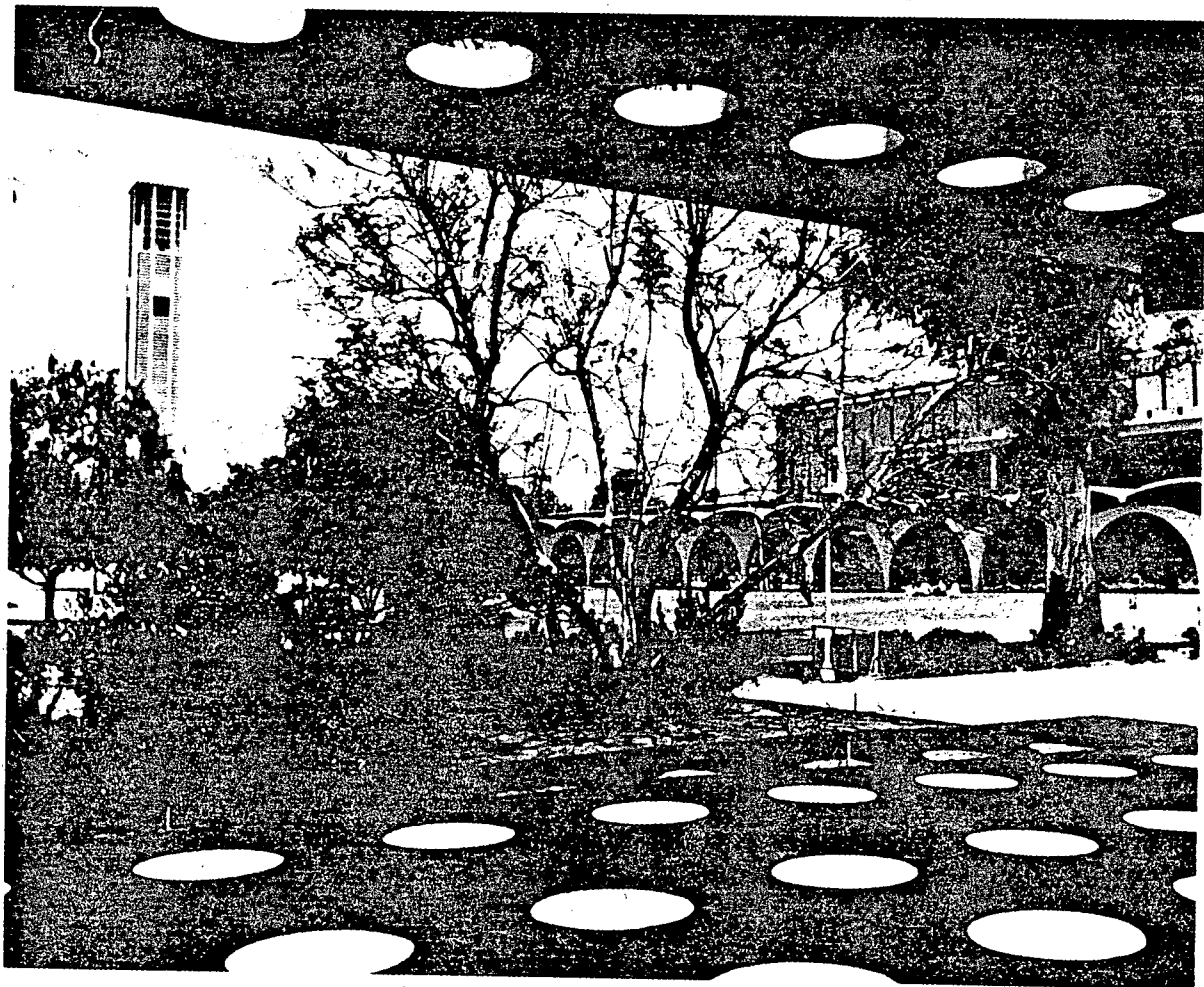
Source: Riverside Public Utilities Department.

DEBT

The municipal electric system was debt free from 1940 until March 29, 1966. Since that time, there have been four issues totalling \$13,500,000. The two bond issues which financed the original municipal system, sold in 1895 and 1900, were each for \$40,000 and had 40-year maturities; although they were general obligation bonds, the City's General Fund was reimbursed for their debt service from electric system revenues. The City of Riverside has never defaulted on any general obligation or revenue bond issue.

Debt service coverage on the \$10,760,000 outstanding electric revenue bonds is unusually good on both a net operating revenue basis as well as a gross revenue basis — the bonds, except for the subordinated issue, carry a pledge of gross revenues. /

Fiscal Year Ended June 30, 1976	Revenue Coverage of Debt Service on Outstanding Bonds
	Maximum Future Debt Service (1977: \$994,985)
Total Operating Revenues: \$33,235,382.....	33.4 times
Total Net Revenues: \$5,451,909.....	5.48 "
Total Net Operating Revenues: \$4,986,236.....	5.01 "



Quad and carillon on 1200-acre campus of the University of California, Riverside.

CITY OF RIVERSIDE
ELECTRIC REVENUE BONDS
ANNUAL DEBT SERVICE REQUIREMENTS

Fiscal Year Ending June 30	Presently Outstanding Electric Revenue Bonds — Issues of 1966, 1969, 1971 and 1973			Current Issue Electric Revenue Bonds Issue of 1977 (Subordinated)		
	Principal	Interest	Total	Principal	Interest Estimated @ 5%	Total
1977.....	\$ 450,000	\$ 544,985	\$ 994,985	\$ —	\$ —	\$ —
1978.....	450,000	519,615	969,615	400,000	93,750	493,750
1979.....	450,000	494,840	944,840	800,000	95,000	895,000
1980.....	450,000	469,995	919,995	850,000	21,875	871,875
1981.....	450,000	444,955	894,955	450,000	11,250	461,250
1982.....	450,000	419,880	869,880	—	—	—
1983.....	450,000	396,270	846,270			
1984.....	455,000	374,415	829,415			
1985.....	455,000	352,910	807,910			
1986.....	455,000	331,370	786,370			
1987.....	455,000	309,670	764,670			
1988.....	455,000	287,845	742,845			
1989.....	460,000	266,020	726,020			
1990.....	460,000	243,873	703,873			
1991.....	460,000	221,627	681,627			
1992.....	460,000	199,365	659,365			
1993.....	460,000	177,014	637,014			
1994.....	460,000	154,471	614,471			
1995.....	460,000	131,929	591,929			
1996.....	460,000	109,386	569,386			
1997.....	295,000	86,844	381,844			
1998.....	295,000	70,281	365,281			
1999.....	295,000	53,719	348,719			
2000.....	295,000	37,156	332,156			
2001.....	225,000	23,000	248,000			
2002.....	125,000	11,250	136,250			
2003.....	125,000	5,625	130,625			
TOTAL.....	\$10,760,000	\$6,738,310	\$17,498,310	\$2,500,000	\$ 221,875	\$2,721,875

CAPITAL PLANNING

Introduction

The Electric Division of the Department of Public Utilities follows a systematic and comprehensive program of capital planning, the fundamentals for which were established in the Joint Edison-Riverside Study completed in February 1966 by the Southern California Edison Company and the City of Riverside. The Study in general sets forth the procedures to provide service needed through 1985.

The City annually reviews and extends by one year its six-year Capital Improvement Program. This Program which embraces all municipal facilities and services of the City (including the Public Utilities Department) is the product of continuous planning by the staff of each department and division.

Tribute to the effectiveness of capital planning for the municipal electric system is the ample supply and reliability of service. There have been no power shortages or rationing of electricity in the City of Riverside.

Capital Improvements 1961/62 - 1981/82

The development of Riverside's municipal electric system over the past 15 years has been characterized by rapid growth, largely due to two factors: (1) the number of customers has increased by 77% since 1961/62 as a result of population expansion due to both internal growth and annexation; the effect of the latter occurred primarily in 1966 when the Electric Division began serving the Arlanza and La Sierra areas which had been annexed in 1961 and 1963, respectively; and (2) the greatly expanded electricity usage per customer. Kilowatt hours used has increased by 225% since 1961/62, due to a combination of greater use of appliances, particularly air conditioners, and commercial and industrial expansion.

As the municipal electric system is fundamentally a sub-transmission and distribution system, the capital improvements constructed in the decade of the sixties were of that nature.

Financial conservatism has characterized the municipal electric system for more than half a century. The \$4,700,000 Issue of 1966 was the first bonding since 1900. Over the past 15 years 64.1% of the \$36,459,319 of capital improvements was financed from current revenues; such contributions average almost \$1.6 million annually.

**Financing of Electric System Capital Improvements
1961/62 - 1975/76**

Fiscal Year Ended June 30	Current Revenues	Revenue Bonds(a)	Total	Current Revenues as a % of Total
1962.....	\$ 2,137,474	\$ -0-	\$ 2,137,474	100.0%
1963.....	1,339,299	-0-	1,339,299	100.0
1964.....	1,440,499	-0-	1,440,499	100.0
1965.....	1,681,284	-0-	1,681,284	100.0
1966.....	1,336,169	3,491,473	4,827,642	27.7
1967.....	1,479,773	909,158	2,388,931	61.9
1968.....	1,797,034	198,399	1,995,433	90.1
1969.....	1,593,142	-0-	1,593,142	100.0
1970.....	1,846,517	343,607	2,190,124	84.3
1971.....	1,659,862	1,647,052	3,306,914	50.2
1972.....	1,596,792	1,875,150	3,471,942	46.0
1973.....	1,869,207	1,399,496	3,268,703	57.2
1974.....	1,468,785	1,191,524	2,660,309	55.2
1975.....	1,046,172	1,516,894	2,563,066	40.8
1976.....	1,077,567	516,990	1,594,557	67.6
	<u>\$23,369,576</u>	<u>\$13,089,743</u>	<u>\$36,459,319</u>	<u>64.1%</u>

(a) Indicates rates of expenditure of proceeds of \$4,700,000 Issue of 1966 Bonds, \$2,100,000 Issue of 1969 Bonds, \$3,000,000 Issue of 1971 Bonds and \$3,700,000 Issue of 1973 Bonds, and not the fiscal year in which the bonds were sold.

Capital Improvement Program 1976/77 — 1981/82

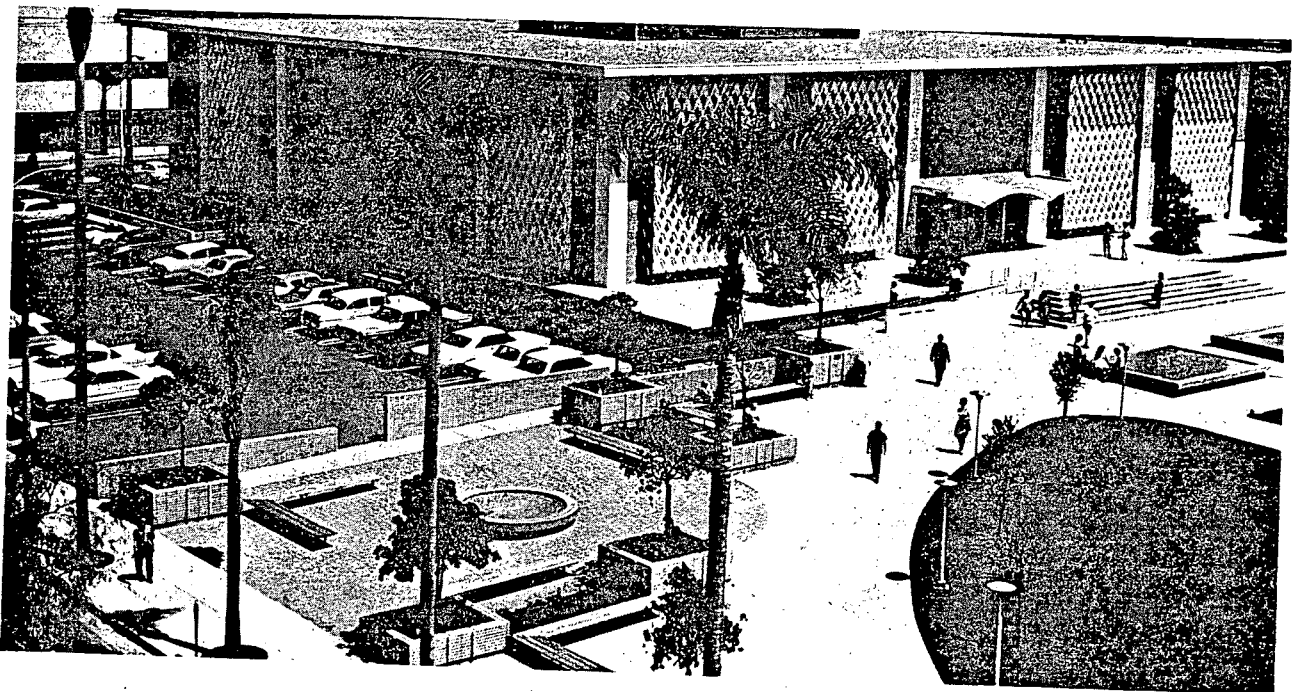
The projects scheduled for the six-year period covered by the Capital Improvement Program 1976/77 — 1981/82 are necessary to provide a high level of service for the growing electric power requirements of industry, commerce and homes. The following is a summary of projects for the current and next five fiscal years:

1. Generation.....	\$43,699,000
2. Underground Facilities.....	9,758,000
3. Overhead Facilities.....	5,766,000
4. Substation Facilities.....	10,464,000
5. Streetlighting Facilities.....	420,000
6. Other Facilities.....	1,324,000
Total.....	<u>\$71,431,000</u>

The timing of these \$71,431,000 of capital improvements has been planned as follows:

<u>Fiscal Year</u> <u>Ending June 30</u>	
1977.....	\$ 3,818,000
1978.....	20,158,000
1979.....	11,138,000
1980.....	6,163,000
1981.....	13,677,000
1982.....	16,477,000
Total.....	<u>\$71,431,000</u>

Note: Except for generating facilities, the policy is to pay 50% or more of capital improvements from revenues.



New Main Public Library.

**CITY OF RIVERSIDE
ELECTRIC FUND**

**CONDENSED COMPARATIVE STATEMENT OF REVENUES AND
EXPENSES FOR THE YEARS ENDED JUNE 30, 1971 THROUGH 1976**

	Fiscal Year Ended June 30					
	1976	1975	1974	1973	1972	1971
Operating Revenues...	\$33,235,382	\$29,119,048	\$18,259,934	\$14,758,609	\$13,290,601	\$11,744,099
Operating Expenses....	28,249,146	23,458,719	13,809,172	10,815,967	10,206,116	8,723,722
Depreciation..	1,548,756	1,486,275	1,441,578	1,325,321	1,196,437	1,074,906
Total.....	29,797,902	24,944,994	15,250,750	12,141,288	11,402,553	9,798,628
Net Operating Income.....	3,437,480	4,174,054	3,009,184	2,617,321	1,888,048	1,945,471
Other Income.	465,673	539,677	507,217	213,010	256,163	142,189
Total.....	3,903,153	4,713,731	3,516,401	2,830,331	2,144,211	2,087,660
Other Deduction..	570,985	596,985	622,985	463,812	465,915	315,674
Net Income....	\$ 3,332,168	\$ 4,116,746	\$ 2,893,416	\$ 2,366,519	\$ 1,678,296	\$ 1,771,986
Contribution to General Fund.....	\$ 2,679,665	\$ 2,085,407	\$ 1,697,240	\$ 1,528,419	\$ 1,350,571	\$ 1,246,717

Source: Riverside Public Utilities Department.

CITY OF RIVERSIDE

ELECTRIC FUND

COMPARATIVE STATEMENT OF REVENUE AND EXPENSE

Fiscal Year to Date 6 Months Ending 12/31/76

	Fiscal Years	
	1975-76	1976-77
OPERATING REVENUES:		
Electric Sales		
Residential — Base.....	\$ 5,154,639	\$ 6,558,662
Residential — Fuel Adjustment.....	1,256,583	682,829
Residential Totals.....	6,411,222	7,241,491
Commercial.....	5,324,676	7,531,808
Industrial.....	1,008,575	1,331,725
Municipal and Agriculture.....	757,613	1,063,172
Commercial, Industrial Fuel Adjustment.....	2,183,230	1,154,575
Total Electric Sales.....	15,685,316	18,322,771
Other Operating Income.....	50,109	132,956
Total Operating Income.....	15,735,425	18,455,727
LESS OPERATING EXPENSES:		
Production.....	11,414,308	13,757,032
Transmission and Distribution.....	917,309	896,823
Commercial.....	572,693	512,656
Administrative and General.....	360,879	382,757
Total Operating Expenses.....	13,265,189	15,549,268
NET OPERATING INCOME BEFORE DEPRECIATION.....	2,470,236	2,906,459
Less Estimated Depreciation.....	816,000	807,000
Net Operating Income.....	1,654,236	2,099,459
ADD NON-OPERATING INCOME:		
Interest Income.....	125,000	98,000
Other Income.....	91,769	248,627
Total Non-Operating Income.....	216,769	346,627
TOTAL INCOME.....	1,871,005	2,446,086
LESS NON-OPERATING EXPENSES:		
Interest Expense.....	296,000	273,000
NET INCOME.....	1,585,005	2,173,086
Less Contribution to General Fund.....	1,417,000	1,616,000
NET INCOME TO RETAINED EARNINGS.....	\$ 168,005	\$ 557,086
DEBT SERVICE.....	511,000	498,000
DEBT SERVICE COVERAGE.....	4.83	5.84
DEBT SERVICE COVERAGE (Including Interest Income).....	5.08	6.03

Source: Riverside Public Utilities Department.

CITY OF RIVERSIDE

ELECTRIC FUNDS

STATEMENT OF REVENUE AND EXPENSE

Year Ended June 30, 1976

OPERATING REVENUES:

Electric Sales:

Domestic Sales.....	\$12,875,919
Commercial and Industrial Sales.....	19,021,370
Municipal Sales.....	<u>1,198,133</u>

Total Electric Sales.....

\$33,095,422

Other Operating Revenues:

Miscellaneous Service.....

139,960

Total Operating Revenues.....

33,235,382

LESS: OPERATING REVENUE DEDUCTIONS BEFORE DEPRECIATION:

Operating Expenses.....

28,249,146

NET OPERATING INCOME BEFORE DEPRECIATION.....

4,986,236

LESS DEPRECIATION.....

1,548,756

NET OPERATING INCOME.....

3,437,480

ADD: NON-OPERATING INCOME:

Interest Revenue.....

313,315

Sundry Revenue.....

152,358

Total Non-Operating Income.....

465,673

TOTAL INCOME.....

3,903,153

LESS: NON-OPERATING EXPENSES:

Interest Expense — Revenue Bonds.....

570,985

NET INCOME TO RETAINED EARNINGS.....

\$ 3,332,168

Source: Riverside Annual Audited Financial Statement.

CITY OF RIVERSIDE

ELECTRIC FUND

BALANCE SHEET

June 30, 1976

ASSETS

CURRENT ASSETS

Cash.....	\$ 2,653,565	
Petty Cash.....	300	
Accounts Receivable.....	49,119	
Less: Estimated Uncollectible Accounts.....	19,132	
Net Accounts Receivable.....	<u>29,987</u>	
Due from Other Funds:		
Utilities Accounts Receivable.....	3,444,484	
Less: Estimated Uncollectible Accounts.....	35,134	
Due from Other Governmental Agencies:		
Riverside County.....	977	
Net Utilities Accounts Receivable.....	<u>3,409,350</u>	
Total Current Assets.....		\$ 6,094,179

RESTRICTED ASSETS

Cash with Fiscal Agent.....	43,405	
Revenue Bond Service:		
Cash.....	214,298	
Revenue Bond Reserve:		
Cash.....	888,932	
Revenue Bond Construction:		
Cash.....	217,041	
Edison Settlement:		
Cash.....	<u>1,399,817</u>	
Total Restricted Assets.....		2,763,493

OTHER ASSETS

Advance to Central Stores Fund.....	505,063	
Total Other Assets.....		505,063

UTILITY PLANT IN SERVICE

Utility Plant.....	45,301,568	
Less: Allowance for Depreciation.....	<u>13,075,211</u>	
Total Utility Plant in Service.....		32,226,357
Construction Work in Process:		
Electric Revenue Fund.....	660,342	
Bond Construction Fund.....	<u>848,075</u>	
TOTAL ASSETS.....		<u>1,508,417</u>
		<u>\$43,097,509</u>

Source: Riverside Annual Audited Financial Statement.

CITY OF RIVERSIDE

ELECTRIC FUND

BALANCE SHEET

June 30, 1976

LIABILITIES, RESERVES, CONTRIBUTIONS AND RETAINED EARNINGS

**CURRENT LIABILITIES (Payable from
Current Assets)**

Accounts Payable.....	\$ 2,614,547	
Long-Term Debt Due Within One Year.....	450,000	
Accrued Payroll.....	41,720	
		\$ 3,106,267

**CURRENT LIABILITIES (Payable from
Restricted Assets)**

Accounts Payable.....	5,734	
Matured Bond Interest Payable.....	43,405	49,139
Total Current Liabilities.....		3,155,406

OTHER LIABILITIES

Revenue Bonds Payable.....		10,310,000
TOTAL LIABILITIES.....		13,465,406

CONTRIBUTIONS

Contributions in Aid of Construction.....		3,279,448
---	--	-----------

RETAINED EARNINGS.....		26,352,655
TOTAL LIABILITIES, CONTRIBUTIONS AND RETAINED EARNINGS.....		\$43,097,509

CITY OF RIVERSIDE

ELECTRIC FUND

ANALYSIS OF CHANGES IN RETAINED EARNINGS

Year Ended June 30, 1976

BALANCE OF RETAINED EARNINGS, July 1, 1975.....		\$25,885,002
Add:		
Net Income for Fiscal Year 1975-76.....		652,503
Total Balance and Additions.....		<u>26,537,505</u>
Deduct:		
Transfers to Special Capital Improvement Fund.....	155,200	
Loss on Retirement of Utility Plant.....	9,857	
Adjustments to Retained Earnings.....	<u>19,793</u>	
Total Deductions.....		184,850
BALANCE OF RETAINED EARNINGS, June 30, 1976.....		<u><u>\$26,352,655</u></u>

ELECTRIC FUND

STATEMENT OF CHANGES IN ASSETS RESTRICTED FOR DEBT SERVICE

Year Ended June 30, 1976

	Cash With Fiscal Agent	Debt Service	Reserves	Total
CASH BALANCE, July 1, 1975.....	\$ 100,673	\$ 218,710	\$805,270	\$1,124,653
CASH RECEIPTS:				
Transfer from Operating Fund.....		959,305	83,662	1,042,967
Transfer from Revenue Bond Service..	963,717			963,717
TOTAL CASH AVAILABLE.....	<u>1,064,390</u>	<u>1,178,015</u>	<u>888,932</u>	<u>3,131,337</u>
CASH DISBURSEMENTS:				
Principal Payments.....	450,000			450,000
Interest Payments.....	570,985			570,985
Transfer to Fiscal Agent.....		963,717		963,717
Total Disbursements.....	<u>1,020,985</u>	<u>963,717</u>		<u>1,984,702</u>
CASH BALANCE, June 30, 1976.....	<u>\$ 43,405</u>	<u>\$ 214,298</u>	<u>\$888,932</u>	<u>\$1,146,635</u>

Source: Riverside Annual Audited Financial Statement.

THE CITY OF RIVERSIDE

ECONOMIC AND FINANCIAL DATA

Location and General Background

The City of Riverside, founded in 1870 and incorporated in 1883, is situated at the center of the Riverside-San Bernardino Metropolitan Area. It is an important residential, commercial, educational and industrial center located in the northwest corner of Riverside County, approximately 50 miles east of Los Angeles and 90 miles north of San Diego. Elevations within the City range from 700 to 1,600 feet.

As county seat of Riverside County as well as the County's largest City, Riverside contains many local, County, State and Federal offices. The University of California, Riverside, a major general campus of the University of California, has an enrollment of over 5,000 full-time students and provides employment for approximately 2,500 persons. Nearby March Air Force Base, employs about 1,300 civilians.

Riverside has become the principal retail, wholesale and cultural center of Riverside County. The community is situated in the heart of rich agricultural lands and is nationally known as the home of the naval orange industry. Citrus continues to be a major crop of the Riverside area.

Industry is playing an increasingly important role in the City's economy, many of the plants having been built in the nineteen fifties and sixties.

Climate

Riverside's climate is warm, dry and not excessively hot, with infrequent fogs and frosts; it is considered to be a moderate climate. The City enjoys abundant sunshine throughout the year. Total clear days are 225 to 250 days per year. The average rainfall is 11.04 inches. For the ten-year period, 1960-70, the summer mean temperature was 75.9° and the annual mean minimum temperature was 57.6°. The prevailing winds are from the northwest with a mean hourly speed of 10 to 12 m.p.h.

Area and Population

From the original "mile square" incorporated in 1883 with some 2,000 inhabitants, the City of Riverside has expanded to 71.6 square miles in 1976, and a population estimated at 160,000.

The substantial growth of the last 20 years has been due primarily to in-migration during the nineteen fifties, annexation in the early sixties (29 square miles containing approximately 29,000 people were annexed), and since 1965 due to natural increase and in-migration.

POPULATION, AREA AND POPULATION DENSITY OF THE CITY OF RIVERSIDE

Year	Population	Area (Sq. Mi.)	Density Per Acre	Year	Population	Area (Sq. Mi.)	Density Per Acre
1976 (est.)..	158,000	71.57	3.45	1960.....	83,714	43.59	3.00
1975 (est.)..	151,400	71.33	3.32	1950.....	46,399	39.20	1.85
1974 (est.)..	151,621	71.33	3.38	1940.....	34,696	39.20	1.38
1973 (est.)..	150,700	71.82	3.25	1930.....	30,645	39.20	1.22
1972.....	146,400	71.57	3.21	1920.....	19,341	39.20	0.77
1971.....	144,300	71.54	3.15	1910.....	15,212	39.20	0.61
1970.....	140,089	71.52	3.06				

Source: Riverside Planning Department.

POPULATION OF RIVERSIDE CITY AND COUNTY

<u>U.S. Census</u>	<u>City</u>	<u>County</u>	<u>City as a % of the County</u>
1940.....	34,696	105,524	32.9%
1950.....	46,399	170,046	27.3
1960.....	83,714	306,191	27.3
1970.....	140,089	459,074	30.5
 <u>Projections</u>			
1976.....	158,000(a)	539,946(c)	29.3
1980.....	170,000(b)	610,460(d)	27.8

(a) State Department of Finance.

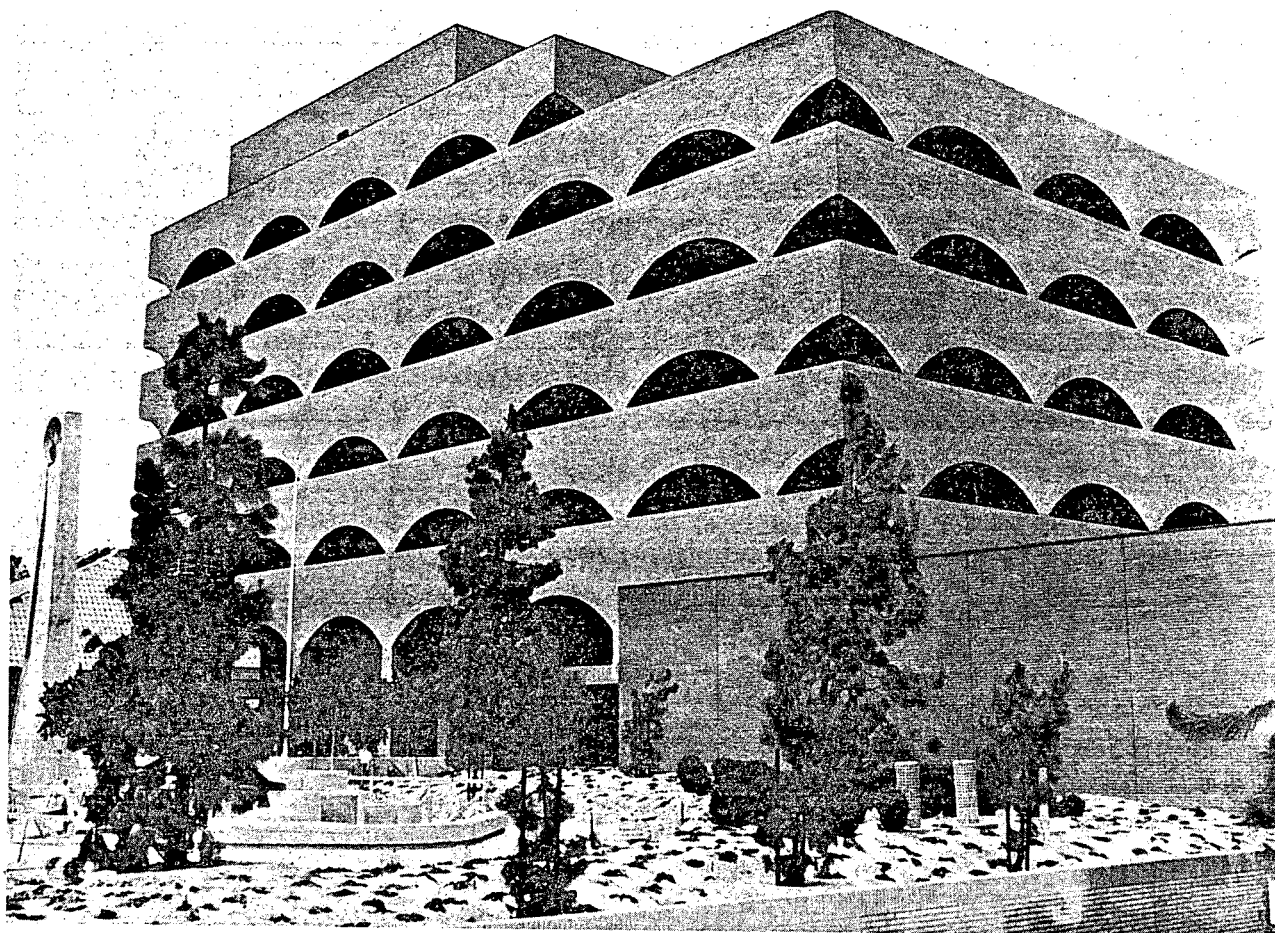
(b) City of Riverside Planning Department.

(c) Riverside County Department of Development.

(d) Urbanomics Research Associates — Mid Range Projection (low range — 572,250).

Government

Riverside is a Home Rule Charter City and has operated under the Council-Manager form of government since 1953. The City Council is composed of seven members elected for four-year terms from the seven wards of the City. The Mayor is elected at large for a four-year term and is presiding officer for the Council, but does not have a vote. The Council appoints a City Manager, City Attorney, City Clerk, and members of various advisory boards and commissions.



City Hall

CITY OF RIVERSIDE

BUILDING CONSTRUCTION AND TAXABLE RETAIL SALES

<u>Year</u>	<u>Taxable Retail Sales (a)</u>	<u>Building Construction</u>	
		<u>Permits Issued</u>	<u>Estimated Value</u>
1975.....	\$506,560,000	2,135	\$38,736,715
1974.....	462,346,000	3,245	35,745,482
1973.....	436,677,000	3,565	59,875,118
1972.....	394,940,000	3,386	48,738,431
1971.....	349,816,000	1,903	28,105,983
1970.....	307,378,000	2,865	28,647,329
1960.....	137,326,000	2,314	17,515,358
1950.....	N/A	2,033	10,753,102

(a) Source: Trade Outlets and Taxable Retail Sales in California, published by the State Board of Equalization.

RIVERSIDE INDUSTRIAL BASE

There are 96 manufacturing plants in the City of Riverside, and the City has over 2,900 acres zoned for light, medium, and heavy industry. Riverside has excellent industrial properties because most of its industrially-zoned properties are served by at least one, if not two or three railroads, and by major freeways, and because most of the properties are on level, well drained terrain with utilities and streets already in.

Among the top 15 manufacturing employers in Riverside are firms producing aerospace and aircraft components, electronic equipment, aluminum products, food processing equipment, food and food container products, and mobile homes and recreation vehicles. Riverside is considered to be a center for mobile home manufacturers.

Among the top 15 manufacturing employers in Riverside are well-known, national companies:

LARGEST 15 MANUFACTURING EMPLOYERS CITY OF RIVERSIDE, 1977

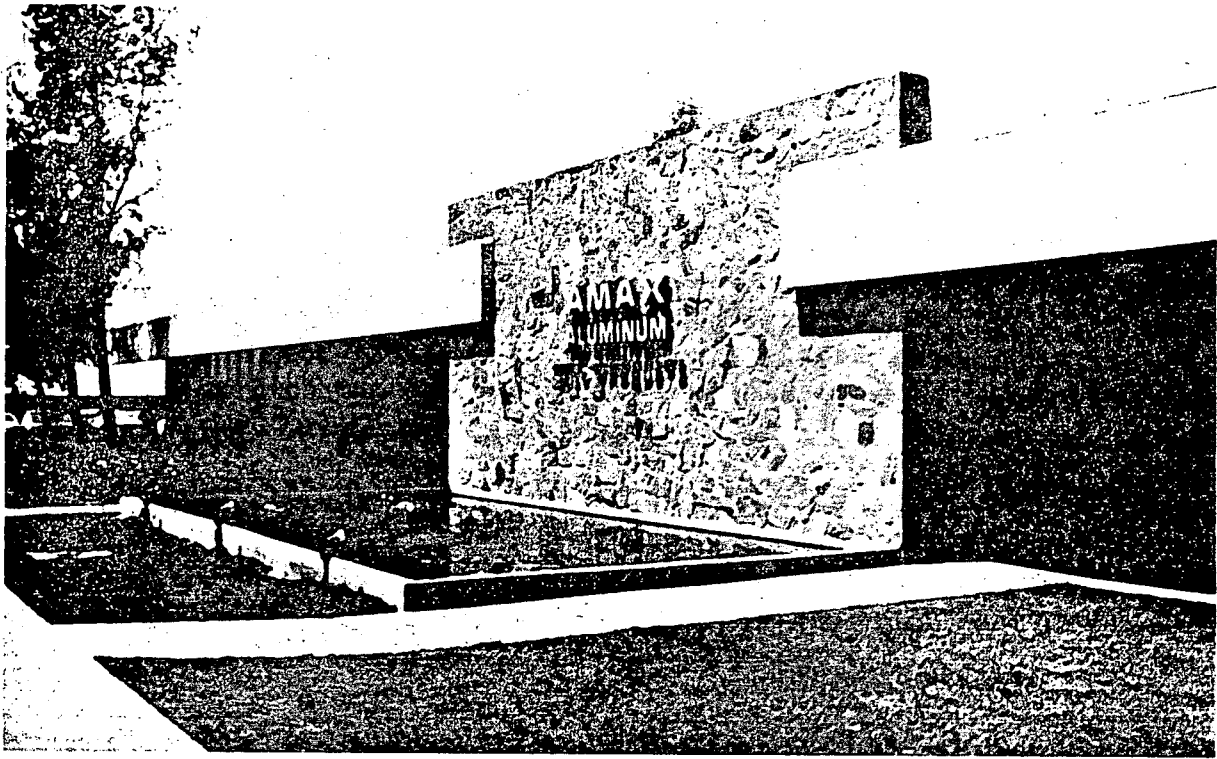
<u>Rank</u>	<u>Name of Firm</u>	<u>Approx. Employees</u>	<u>Products</u>
1.	Bourns, Inc.	1,325	Electric Components
2.	Fleetwood Homes, Inc.	1,325	Mobile homes
3.	Alfred M. Lewis, Inc.	1,200	Food Distributors
4.	Rohr Industries, Inc.	950	Aerospace and aircraft components
5.	Riverside Daily Press	700	Newspaper and rotary press products
6.	American Metal Climax-Amax	450	Aluminum sheet, foil, plate, rod, bar and fabricated products
7.	Owens-Illinois — Lily-Tulip, Div.	415	Paper and plastic cups, containers
8.	Toro Company (Irrig. Div.)	400	Automatic irrigation systems
9.	Hunter Engineering Company, Inc.	300	Aluminum rolling mills, stretch-levellers-line, print lines
10.	Riverside Cement Co.	285	Cement products
11.	Loma Linda Foods	250	Vegetable products, foods, cereals and gravies
12.	Cal-Togs of California — BR & BR Sportswear	150	Ladies sportswear
13.	E. T. Wall	150	Orange grower/shipper
14.	Broadmore Mobile Homes, Inc.	85	Mobile homes
15.	FMC Corporation	75	Food processing equipment

Source: Riverside Chamber of Commerce.

Transportation

Air: Riverside Municipal Airport, located in the City, has air freight and passenger service by Golden West Air Lines with flights to Los Angeles.

Ontario International Airport, situated 18 miles northwest of Riverside, provides transcontinental and international service. Carriers include American, Continental, PSA, United, Western, Eastern and Hughes Air West.



Amax Aluminum, the largest aluminum mill in California.

Service for executive, company and private aircraft is available at the Riverside Municipal Airport which has a 5,400-foot main runway, and at Flabob Airport which is a private airfield located near Riverside.

Rail: Main lines of the Union Pacific Railroad and the Atchison, Topeka & Santa Fe Railroad, and a branch line of the Southern Pacific Railroad all serve Riverside; reciprocal switching agreements are in effect. Passenger transportation by Amtrack trains is provided from nearby San Bernardino.

Trucking: Riverside is served by 73 motor carriers, of which 22 provide regular service.

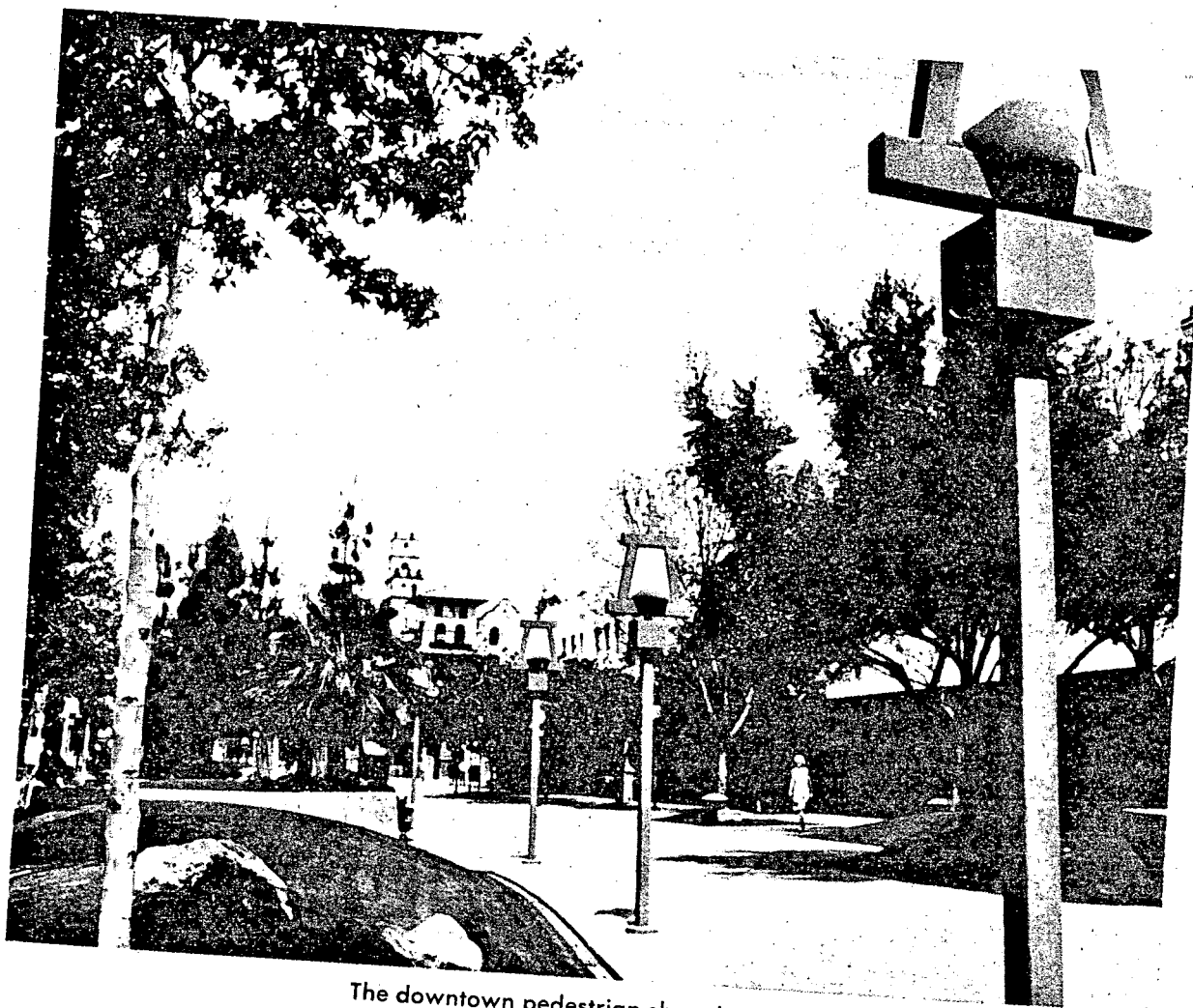
Bus: Interstate: Greyhound Lines and Continental Trailways have a modern depot in downtown Riverside. Inter-City service is provided by buses of the Riverside Transit Authority, and the Southern California Rapid Transit District.

Highways: U.S. 60 east-west freeway connecting to Los Angeles, Indio-Palm Springs and Phoenix. California 91 north-south connects Riverside to Orange County and Pacific Ocean Beach cities and to San Bernardino and Las Vegas. U.S. 395 connects Riverside to Reno to the north and San Diego to the south.

Municipal Services and Facilities

The City of Riverside maintains high standards in its provision of a wide range of municipal services and facilities. These include recreational and cultural facilities; refuse collection and disposal; street and storm sewer maintenance; traffic engineering; on-and off-street parking; a municipal airport; and various forms of engineering.

There are 645 miles of streets, 625 miles of street lights, 9 fire stations with a staff of 191, and a police force of 297. The number of budgeted City employees is 1,464, of which 279 are in the Public Utilities Department.



The downtown pedestrian shopping mall.

Water: The municipal water system, operated as a separate self-supporting enterprise, serves 44,966 (including 378 irrigation) customers. The system serves all the area of Riverside, and some customers outside the City limits. The quality of the water and the service is high. Deep wells owned by the City are the chief source of water.

Sanitary Sewer: The City's Public Works Department operates a sewage collection, treatment and disposal system, with 900 miles of sewer lines.

Non-Municipal Utilities

Natural gas service to the City is provided by the Southern California Gas Company.

Telephone service to the City is provided by the Pacific Telephone Company.

Community Facilities

Medical: Riverside has four general hospitals with a bed capacity of 1,000; 210 physicians and surgeons, and 104 dentists.

Recreational: Recreational facilities include 23 public parks totalling more than 550 acres, 11 playgrounds, 15 public swimming pools; 8 Community Center Halls; two private and two municipal

golf courses in the City (one 18-hole and one 9-hole) and five other golf courses nearby. The Riverside International Raceway draws crowds of over 80,000 to major car races. Within one hour's drive is Lake Arrowhead, Big Bear Lake mountain resorts, Idyllwild mountain resorts, Palm Springs and the Coachella Valley, Disneyland, Los Angeles and the beach cities.

Cultural: There are numerous cultural organizations in the City, prominent among which are the Riverside Opera Association (the only opera company in Southern California outside the Los Angeles area), the semi-professional Riverside Symphony Orchestra, the Riverside Concert Band, the Riverside Chorale, the Riverside Community Players (an amateur theatrical group claiming to have the longest continuous existence — since 1925 — in the U.S.), and the Riverside Art Association.

There are also 106 churches, five newspapers, three radio stations seven television channels received direct and a cable system, nine theatres and five libraries.

EDUCATIONAL FACILITIES

The City of Riverside is a major educational center with both public, private and parochial institutions providing instruction at all levels.

Higher Education: Within the City of Riverside are five well-established institutions of higher education. All of these institutions are projecting substantial increases in enrollment in the years ahead and several have already purchased acreage for future expansion.

INSTITUTIONS OF HIGHER LEARNING IN RIVERSIDE, 1976

<u>Name of Institution (Founded)</u>	<u>1976 Enrollment</u>	<u>Campus Acreage</u>	<u>Degrees Awarded</u>
University of California (1954).....	5,071	2,200	Bachelor's, Master's, Doctorate
Riverside City College (1916).....	13,571	82	Associate in Arts
Loma Linda University (1920).....	2,185	460	Bachelor's and Master's
Pepperdine University (1937).....	300	—	Bachelor's
California Baptist College (1950).....	822	75	Bachelor's

Public Primary and Secondary Schools: The City of Riverside is included in and is served primarily by the Riverside Unified School District. The District has 22 elementary schools serving 11,959 pupils in kindergarten through sixth grade, five middle schools (Grades 6-8) with a total of 3,926 pupils, and four senior high schools (Grades 9-12) with 8,297 pupils in the fall of 1976.

Part of Riverside is within the Alvord Unified School District which also serves the Country area southwest of the City. This District has 8 elementary schools (K-5) with 4,309 pupils, 2 intermediate schools (Grades 6-8) with 1,729 pupils, and 2 senior high schools (Grades 9-12) with 2,931 pupils.

There are 17 parochial and private schools serving the City of Riverside and environs. Riverside is also the home of the California State School for the Deaf (elementary through high school) and the Sherman Indian High School, a Federal school for Indian children (elementary through high school) with emphasis on occupational training.

Private Primary and Secondary Schools: Riverside has some 17 private and parochial schools serving the school age population from kindergarten through grade 12.

**STATEMENT OF DIRECT AND OVERLAPPING DEBT
CITY OF RIVERSIDE AS OF JUNE 30, 1976**

<u>Governmental Agency</u>	<u>Percentage Applicable to City of Riverside(1)</u>	<u>City of Riverside's Share of Debt</u>
City of Riverside.....	100.000 %	\$ 5,435,000
County of Riverside.....	21.713	191,077
School Districts:		
Riverside Unified.....	89.9291 - 91.4922	17,931,140
Riverside Community College.....	66.6133	1,685,316
Alvord Unified.....	90.0162 - 93.9206	4,251,404
Highgrove School.....	33.8828	33,529
Jurupa Unified.....	.0051	155
Moreno Valley Unified.....	2.0378	27,543
Other Special Districts:		
Flood Zone #1.....	75.7994	12,999,597
La Sierra Community Services.....	100.000	345,000
Metropolitan Water District (General Issues).....	50.2151	173,242
Metropolitan Water District (Series W).....	.2386 - .9682	5,271,800
All Other Districts.....	.0001 - 2.6629	9,547
Total Overlapping Debt.....		42,919,350
Total Direct and Overlapping Debt.....		<u>\$48,354,350</u>

(1) Determined by ratio of assessed valuation of property subject to taxation in overlapping agency to valuation of property subject to taxation in the City of Riverside.

(2)

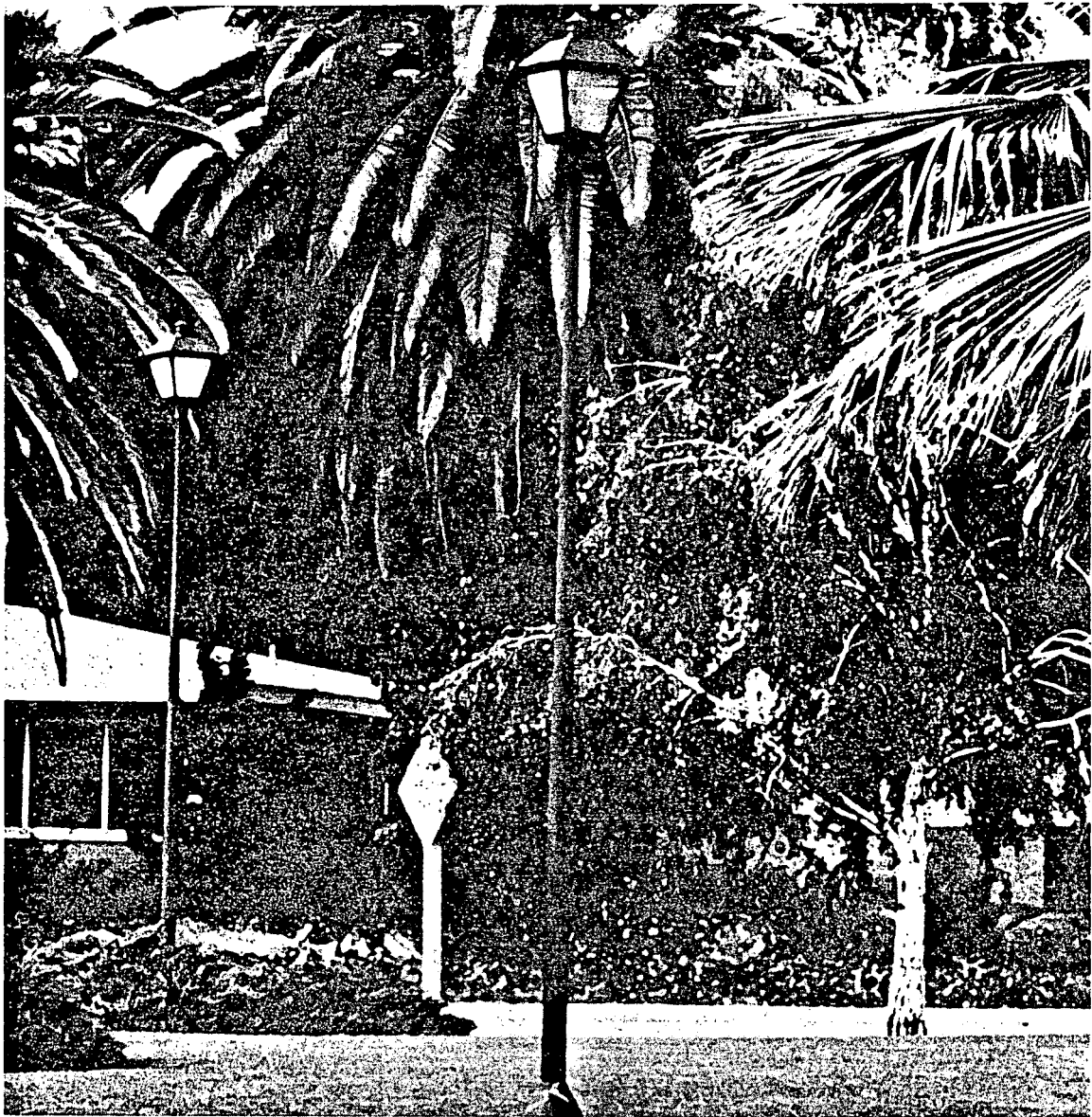
Source: Riverside Finance Department.

Debt Ratios

Direct Debt:	\$ 5,435,000	Assessed Value (1975-76):	\$ 442,448,526
Overall Debt:	\$48,354,350	Estim. Basis of Assessment:	25%
Population (1976 estimate):	158,000	Estim. Market Value:	\$1,770,000,000

	<u>Direct Debt</u>	<u>Overall Debt</u>
Per Capita.....	\$35.18	\$312.97
As a % of Assessed Value.....	1.23%	10.93%
As a % of Market Value.....	.31%	2.73%

Source: Riverside Finance Department.



Town and Country residential area street lights installed as part of a 4-year street light modernization program.

CITY OF RIVERSIDE
ASSESSED VALUATION, TAX COLLECTIONS AND TAX RATES

Fiscal Year Ended June 30	Net Total Assessed Valuation (1)	Total Property Tax Collections — Current Levy	Per Cent of Current Year's Taxes Received During Current Year	Ratio of Total Collections to Tax Levy	TAX RATES		
					City of Riverside	Overlapping Agencies	Grand Total
1960.....	\$135,374,610	\$1,301,539	98.2%	99.7%	\$.9800	\$5.9480	\$ 6.9280
1961.....	141,284,070	1,356,192	98.0	99.8	.9800	5.9340	6.9140
1962.....	151,974,890	1,484,533	98.2	99.7	.9800	6.2820	7.2620
1963.....	168,784,740	1,874,818	98.0	99.0	1.1300	6.5541	7.6841
1964.....	174,159,558	1,988,663	99.1	100.8	1.1300	7.1633	8.2933
1965.....	208,212,010	2,367,185	97.9	100.6	1.1300	7.1822	8.3122
1966.....	229,864,720	2,551,313	95.5	98.2	1.1300	7.5756	8.7056
1967.....	245,304,650	2,733,801	95.3	98.6	1.1300	7.8343	8.9643
1968.....	258,300,630	2,929,107	96.8	100.4	1.1300	7.8639	8.9939
1969.....	266,816,310	3,034,217	97.3	100.6	1.1300	8.3294	9.4594
1970.....	279,265,432	2,955,321	95.9	99.9	1.1300	8.9250	10.0550
1971.....	296,740,661	3,105,231	96.7	99.8	1.1300	9.3000	10.4300
1972.....	322,768,084	3,381,875	95.4	99.2	1.1300	9.5780	10.7080
1973.....	336,823,772	3,571,253	95.6	100.2	1.1300	9.6150	10.7450
1974.....	355,837,058	3,371,122	95.4	99.1	1.1300	9.3010	10.4310
1975.....	385,907,138	3,584,477	93.6	97.2	1.1300	8.9400	10.0700
1976.....	416,491,631	3,926,906	94.2	98.8	1.1300	9.8760	11.0060

Source: Annual Financial Reports of the City of Riverside.

(1) Total of Secured, Unsecured and Public Utilities Rolls, less Exemptions, except for the homeowners and business inventory exemptions. Basis of Assessment approximates 25%.

CITY OF RIVERSIDE
CAPITAL IMPROVEMENTS
(Excluding Electric and Water Utilities)

Fiscal Year Ended June 30	Amount (1)	Per Cent Financed From Bond Issues
1960.....		
1961.....	\$ 1,806,238	28.5%
1962.....	2,360,203	45.9
1963.....	2,051,375	43.3
1964.....	1,669,897	20.8
1965.....	2,582,224	50.1
1966.....	2,573,535	49.4
1967.....	3,054,197	32.5
1968.....	2,064,428	8.5
1969.....	3,881,394	40.4
1970.....	2,346,348	17.0
1971.....	2,223,000	25.5
1972.....	3,863,000	29.3
1973.....	3,456,000	0.0
1974.....	3,331,000	0.0
1975.....	3,581,270	33.8
1976.....	4,235,310	0.0
	4,567,297	10.0
Total since 1959.....	\$49,646,716	

(1) The sources of funds for these non-water and electric utility capital improvements include current City revenues, State, County, and Federal funds, in addition to bond proceeds.

CITY OF RIVERSIDE

GENERAL CITY REVENUES BY SOURCE

Fiscal Year Ended June 30	Total Property Tax Collections	Taxes (Other than Property Taxes)	Revenue From Other Agencies (a)	Charges for Current Services	Utility Funds Contrib.	Fines and Forfeitures	Licenses and Permits	Interest and Rents	Miscellaneous	Total
1960.....	\$1,321,623	\$1,430,805	\$ 982,054	\$1,194,410	\$ 635,068	\$274,617	\$ 489,754	\$194,562	\$ 80,693	\$ 6,603,586
1961.....	1,380,339	1,333,131	1,202,004	1,225,966	686,439	266,015	325,874	214,178	218,720	6,852,666
1962.....	1,484,533	1,422,784	1,011,718	1,401,968	705,963	276,761	283,617	247,620	44,801	6,879,765
1963.....	1,874,818	1,670,223	1,304,412	1,717,636	800,288	306,477	347,746	283,232	106,252	8,411,084
1964.....	1,988,663	1,796,379	1,627,142	1,943,119	848,000	328,808	456,712	297,781	272,727	9,559,331
1965.....	2,367,185	2,168,571	2,027,957	2,123,569	910,000	352,967	428,483	338,604	133,718	10,851,054
1966.....	2,551,313	2,284,707	2,306,480	2,006,619	1,036,817	401,973	388,276	312,609	86,007	11,374,801
1967.....	2,733,801	2,625,920	3,184,525	1,969,271	1,196,824	439,219	373,593	324,226	131,934	12,979,313
1968.....	2,929,107	3,156,534	3,002,174	2,337,270	1,286,137	558,759	445,033	390,919	167,459	14,273,392
1969.....	3,034,217	3,387,657	3,097,471	2,981,145	1,482,447	741,036	491,477	417,422	197,197	15,830,069
1970.....	2,955,321	3,175,562	4,112,746	3,300,559	1,474,905	815,520	516,138	502,561	629,071(b)	17,482,383
1971.....	3,105,231	4,467,556	4,989,054	3,718,821	1,593,686	767,014	678,236	414,178	1,437,992(e)	21,171,768
1972.....	3,381,375	5,399,837	4,810,909	4,472,785	1,727,061	788,031	901,053	373,878	1,160,446	22,015,375
1973.....	3,571,252	5,982,700	7,791,766	4,767,735	1,952,776	812,524	942,327	295,228	441,527	26,557,835
1974.....	3,381,226	6,590,475	8,515,837	4,135,233	2,125,460	680,328	1,541,745	625,335	201,351	27,796,990
1975.....	3,601,056	7,830,169	9,090,317	4,194,194	2,573,130	684,006	1,402,388	643,510	205,943	30,224,713
1976.....	3,943,790	8,778,902	12,355,684	4,498,495	3,246,193	681,166	1,887,338	454,657	263,568	36,109,793

GENERAL GOVERNMENT EXPENDITURES BY FUNCTIONS

Fiscal Year Ended June 30	Public Works and Service (Including Sewage Disposal)	Public Safety	Parks and Recreation	Libraries	General Government (c)	Health (d)	Retirement (e)	Redevelopment Agency	Debt Service	Total
1960.....	\$3,013,589	\$1,746,545	\$ 869,598	\$ 404,808	\$ 465,617	\$ 15,066	\$ 390,960	\$ —	\$ 293,156	\$ 7,199,339
1961.....	3,227,983	1,925,317	758,057	404,386	487,189	11,066	348,046	—	248,337	7,410,381
1962.....	2,956,048	2,189,649	716,344	418,254	502,313	11,066	335,304	—	309,571	7,438,549
1963.....	3,032,818	2,202,288	733,152	458,816	511,563	11,066	327,004	—	529,405	7,806,112
1964.....	3,307,723	2,358,968	804,838	504,835	576,964	12,432	326,079	—	524,406	8,416,245
1965.....	4,081,383	2,814,873	1,230,355	608,743	673,469	12,432	404,185	—	539,064	10,364,504
1966.....	4,759,591	3,219,482	1,387,824	815,402	892,615	15,984	453,067	—	662,871	12,206,836
1967.....	4,357,472	3,487,800	1,365,567	960,366	981,776	16,416	496,210	—	662,765	12,328,372
1968.....	6,772,085	4,547,188	1,648,669	1,103,744	807,162	16,416	—	—	775,290	15,670,554
1969.....	5,798,871	5,055,347	2,062,683	1,239,968	859,543	16,606	—	—	759,840	15,792,858
1970.....	6,203,020	5,772,856	1,959,148	1,361,634	987,883	17,243	—	—	851,960	17,153,744
1971.....	8,020,349	7,221,463	2,183,272	1,433,876	1,046,909	17,000	—	—	871,810	20,794,679
1972.....	6,924,613	7,607,995	2,919,621	1,604,443	1,274,562	17,810	—	—	924,783	21,273,827
1973.....	8,803,160	8,460,121	2,638,544	1,693,745	1,574,117	20,508	—	—	911,476	24,101,671
1974.....	8,325,255	9,700,741	3,361,623	1,943,630	1,679,739	62,004	—	—	881,059	25,954,051
1975.....	10,533,995	10,589,169	4,627,649	2,193,857	2,023,538	56,140	—	—	849,761	30,874,109
1976.....	10,798,432	11,670,440	5,152,543	2,817,985	2,007,313	24,084	—	690,424	837,928	33,999,149

(a) Includes State-collected locally shared taxes.

(b) Includes \$500,000 from sale of Sewer Revenue Bonds.

(c) Net after deduction of portion chargeable to functions paid from Special Revenue and Self-Supporting Funds. Beginning with 1967-68, General Government expenditures for insurance relating to employee benefits and Retirement expenditures are included with the expenditures shown for the various functions.

(d) Under State law, the County is required to provide basic health services in the City of Riverside. These expenditures represented only the cost of additional services contracted for by the City.

(e) Includes \$987,750 from sale of sewer bonds.

ANNUAL TAXABLE SALES OF ALL OUTLETS

RIVERSIDE AND SIX ADJACENT CITIES AND FOUR COUNTY REGION

CALENDAR YEARS 1963 THRU 1975

(\$ thousand current)

Location	1975	1974	1973	1972(g)	1971	1970	1969	1968	1967	1966	1965	1964	1963
Colton(S).....	68,704	65,765	57,414	47,678	39,987	37,411	34,572	29,758	31,226	29,989	30,951	29,754	28,285
Corona(R).....	94,736	87,223	77,662	68,123	59,762	53,114	50,656	46,909	38,550	35,404	34,838	30,855	27,517
Norco(R).....	14,132	11,316	9,889	7,601	5,101	4,539	4,031	3,362	2,695	2,448	2,249	n	n
Redlands(S).....	84,060	79,235	77,559	70,506	62,787	61,420	59,781	53,746	52,181	50,829	48,787	44,841	39,048
Rialto(S).....	57,040	60,327	51,796	45,689	39,883	36,651	35,966	28,211	26,424	24,590	24,673	22,633	20,193
Riverside(R).....	506,560	462,346	436,677	394,940	349,816	307,068	296,378	264,213	207,064	236,882	218,693	208,714	178,279
San Bernardino(S).....	546,717	504,399	498,886	449,472	398,836	370,781	342,537	316,243	282,807	261,936	255,475	263,239	246,898
Total — Seven Cities.....	1,371,949	1,270,611	1,209,883	1,084,009	956,172	870,984	823,921	742,442	640,987	642,078	615,666	600,036	540,220
Los Angeles County.....	24,662,095	23,285,926	21,220,440	18,780,882	16,537,703	15,839,730	15,953,701	14,783,389	13,575,243	13,397,815	12,393,267	12,178,719	11,411,081
Orange County.....	5,751,433	5,210,519	4,701,633	3,931,107	3,263,344	2,876,776	2,732,289	2,391,968	2,006,977	1,829,456	1,657,952	1,566,955	1,367,460
Riverside County.....	1,502,113	1,369,029	1,274,508	1,119,295	943,452	828,578	783,598	700,738	598,735	588,297	563,744	538,802	480,236
San Bernardino County.....	1,977,173	1,823,841	1,686,423	1,472,978	1,258,663	1,171,515	1,113,188	1,011,146	877,687	861,623	815,926	803,663	719,867
Total — Four Counties...	33,892,817	31,689,315	28,883,004	25,304,262	22,003,162	20,716,599	20,582,776	18,887,241	17,058,642	16,677,191	15,430,889	15,088,139	13,978,644
INDICATORS													
Riverside													
(% 7 Cities).....	36.9%	36.4%	36.1%	36.4%	36.6%	35.3%	36.0%	35.6%	32.9%	36.9%	35.5%	34.8%	33.0%
Riverside													
(% 4 Counties).....	1.5%	1.5%	1.5%	1.6%	1.6%	1.5%	1.7%	1.4%	1.2%	1.4%	1.4%	1.4%	1.3%
7 Cities													
(% 4 Counties).....	4.0%	4.0%	4.2%	4.3%	4.3%	4.2%	4.0%	3.9%	3.8%	3.9%	4.0%	4.0%	3.9%

Source: Board of Equalization, State of California: TRADE OUTLETS AND TAXABLE SALES (misc. fiscal year summaries).

Note — Due to differences in collection and estimation techniques by the State, figures from year to year are not exactly comparable.

Note n — Refers to the fact that no data were reported for Norco prior to 1965 due to the fact that it had not been incorporated.

Note g — Refers to fact that 6 months of the Fiscal 1972 taxable sales includes gasoline which is now taxed by the State.

General

The City of Riverside is the County seat of Riverside County and located in the western portion of the County about 57 miles east of downtown Los Angeles, about 39 miles east of Santa Ana and about 87 miles north of San Diego. Within 10 miles of Riverside are found other major cities: San Bernardino, Corona, Norco, Fontana, Rialto, Colton, and Redlands. These cities fall into the two Counties of Riverside and San Bernardino which, due to the concentration of economic activities in close proximity, is referred to as the Riverside-San Bernardino-Ontario Standard Metropolitan Statistical Area (SMSA). The Eight Cities, including Riverside, represent an important economic area of the state and of Southern California. These cities lie to the west of the strategic San Geronimo Pass and to the south of the strategic Cajon Pass. Through these pass the major rail, interstate highways, water, and other networks which converge to connect the Los Angeles area with other areas of the County. Riverside is in a unique location at the crossroads of such commerce and in close proximity to economic centers in Los Angeles and Orange Counties.

The valley near Riverside is also highly developed agriculturally, however, to the east and north are some of the largest expanses of desert found in the United States. The valley area comprising the Eight Cities is relatively small geographically in comparison to the area of both Counties, yet most of the population is located here.

Both Counties make up a land area (27.4 thousand square miles), larger than the State of Virginia; Riverside County alone is larger than the State of New Jersey.

Local Government and Services

The City of Riverside was incorporated October 11, 1883, and has been a Home Rule Charter City under a Council-Manager form of government since 1953. The City Council is made up of seven members elected for four year terms from the seven wards of the City. The Mayor is elected at-large to a four year term to preside over the Council but not to vote.

The City provides a broad range of services including water, sewer, power, and refuse disposal. The City had about 1,464 budgeted positions in 1976, operating in six service areas: Environmental Services (sewerage, solid waste, planning, urban beautification); Recreation, Social and Cultural Services (recreation, libraries, museums, health, social, cultural, and employment programs); Safety Services (Police, Fire, building and zoning regulation, street lighting, animal regulation, and civil defense); Transportation Services (public transportation, streets, parking, and airports); Utility Services (electric and water distribution and production); and Management and Support Services (administration, finance, engineering, public works, public services).

Employees of the City are participants in the State of California Public Employees' Retirement System to which contributions are made by both the City and the employee. The City's contributions and amounts withheld from employees are in accordance with directives of the Retirement System and such funds are remitted to the system monthly.

The City purchases power from Southern California Edison and from Nevada Power Company and services about 58,000 customers. The water system operates from City-owned wells and water rights, supplemented as appropriate by sales from the Metropolitan Water District of Southern California. The water system serves over 44,000 customers. Private investor-owned utilities provide gas and telephone service to the City.

The Riverside Unified School District with 22 elementary schools, 5 middle schools, and 4 senior high schools, serves most of the City's residents. The 1976 combined enrollment was about 24,182. Alvord Unified School District serves the southwestern portion of the City. The City also has 17 parochial and private schools, the California School for the Deaf, and the federal Sherman Indian High School.

Among the institutions of higher learning located in Riverside are the University of California and four other institutions.

Population

Riverside has experienced a continuous growth since 1950 of nearly 4,000 per year. The 1950 Census estimated the population at 47,764; the 1960 Census at 84,332; the 1970 Census at 140,089; the California Department of Finance estimated the population of the City to be about 154,500 in January, 1976. The City has grown from a size of about 39.2 square miles to about 71.6 square miles over the period. While the rate of growth from 1970 to 1976 was less than that of the period since 1950, the City has grown at a rate faster than the State, the Four Southern California Counties, and the Counties of Riverside and San Bernardino. Since 1950, only one neighboring city, Rialto, has exceeded the City's rate of growth. While the City's geographic area increased by over 80% since 1950, most of the areas were developed since annexation.

The City of Riverside is the largest city in Riverside County, and is the largest city in the Riverside-San Bernardino-Ontario Statistical Metropolitan Area (SMSA), comprising the Counties of Riverside and San Bernardino. Relative to the Four Southern California Counties, the City represented about 1.00% of the population in 1950, yet by 1976 represented about 1.56% of such population.

COMPARATIVE POPULATION

CITY OF RIVERSIDE, EIGHT CITIES, RIVERSIDE-SAN BERNARDINO-ONTARIO SMSA 1950, 1960, 1970, and Estimated on January 1976

	April 1950	April 1960	April 1970	January 1976	Average Annual Rate of Growth	
					Long-Term 1950-76	Recent 1970-76
Colton.....	14,465	18,666	20,016	18,900	1.04%	(0.99%)
Corona.....	10,223	13,336	27,519	31,250	4.43	2.24
Fontana.....	— (1)	14,659	20,673	23,850	n.a.	2.52
Norco.....	— (1)	— (1)	14,511	17,400	n.a.	3.21
Redlands.....	18,429	26,829	36,355	35,450	2.57	(0.44)
Rialto.....	3,156	18,567	28,370	31,150	9.30	1.64
RIVERSIDE.....	46,764	84,332	140,089	154,500	4.75	1.72
San Bernardino.....	63,058	91,922	106,869	102,300	1.90	(0.76)
Eight Cities.....	156,095(1)	268,311(1)	394,402	414,800	1.76	0.88
Other Areas, Cities.....	295,593(1)	541,471(1)	746,905	821,100	4.05	1.66
Riverside-San Bernardino SMSA.....	451,688	809,782	1,141,307	1,235,900	3.99	1.39
Four Southern California Counties.....	4,819,599	7,552,478	9,602,318	9,921,500	2.84	0.57
California.....	10,586,223	15,717,204	19,953,134	21,240,000	2.74	1.09

(1) Norco and Fontana were unincorporated at the time of the 1950 Census; Norco was also unincorporated during the 1960 Census and the Eight City total in 1950 and 1960 is only for the respective incorporated cities; difference is applied in those years to Other Areas, Cities.

SOURCE: Bureau of the Census, U.S. Department of Commerce: CENSUS OF POPULATION (1950, 1960, 1970, and through the publication of document PC (V1)-6); January 1976 estimates are those of the Population Research Unit, California Department of Finance in Report 76E-1, dated May 14, 1976.

Housing

The City of Riverside realized substantial and continuous growth of its housing stock from 1960 to 1975, mainly from new construction and, to a limited extent, from annexation.

The total housing stock of the City at the time of the 1960 Census was about 28,600 units; by the time of the 1970 Census, the stock was estimated at about 45,312 units, an increase of 16,712 units (58%). During those 10 years, 9,414 new units were authorized for construction, as indicated by building permits. The difference between the stock increase and the building permit figures was due to annexations, conversions, replacements, and construction in progress. In the five years 1970 through 1974, about 7,794 dwelling units were authorized by building permits, which would indicate a 17.2% expansion, noting that the land area has remained the same over the period. The Riverside County Planning Department estimated the January, 1975 housing stock of the City at 54,031 units, the January, 1976 stock at 54,609 units and the January, 1977 stock at 56,246 units.

Over the fifteen years 1960 through 1974, about 32% of the units authorized by building permits in the Eight Cities were authorized in the City of Riverside. About 43% of the units authorized in the City were for single family units, however, there has been a trend to relatively more multi-family units.

Number of Dwelling Units for which Building Permits Were Issued

CITY OF RIVERSIDE, EIGHT CITIES, RIVERSIDE-SAN BERNARDINO-ONTARIO SMSA

Five Year Periods 1960 through 1974

	Five Year Permit Periods			Fifteen Years	Average Per Year
	1960-64	1965-69	1970-74		
Colton.....	803	343	463	1,609	107
Corona.....	2,971	950	1,870	5,791	386
Fontana.....	1,036	591	1,036	2,819	386
Norco.....	N.A.	420	881	1,301	N.A.
Redlands.....	2,968	374	1,221	4,563	304
Rialto.....	1,795	747	1,115	3,657	244
RIVERSIDE.....	5,993	3,421	7,794	17,208	1,147
San Bernardino.....	12,139	1,539	3,145	16,823	1,122
Eight Cities.....	27,705	8,385	17,525	53,771	3,585
Other Areas, Cities.....	63,132	25,995	50,797	139,768	9,318
Riverside-San Bernardino SMSA.....	90,837	34,380	68,322	193,539	12,903
Four Southern California Counties.....	640,605	304,372	412,079	1,357,056	90,470
California.....	1,212,316	730,899	1,079,237	3,022,452	201,497

SOURCE: Derived from data published by Bureau of the Census, U.S. Department of Commerce, "Construction Reports" (Series C40, annual, Washington, D.C.).

Income and Commerce

The City of Riverside's relative wealth is reflected in the Table below, based upon family income distributions in 1970. The distribution of income was more closely like that of the state as a whole for families. The average family income was second only to Redlands in the Eight Cities, and was above that of Riverside-San Bernardino-Ontario SMSA; the relative number of families characterized as poverty level in 1970 represented 8.3% of families; this was close to that of the state as a whole (8.4%), that of the Four Southern California Counties (8.0%), but well below that for the SMSA (10.3%). The City's income distribution, as indicated by 1970 Census data, was characterized as equitable.

Total personal income of the SMSA increased about 40.5% from 1970 through 1974 (the most recent date available) due both to increases in population as well as to increased per capita income. The SMSA per capita personal income increased about 33% from \$3,650 in 1970 to \$4,851 in 1974. The total personal income of the SMSA represented about 4.7% of the state's total personal income. Assuming per capita incomes in the City of Riverside increased at the same rate as that of the SMSA, the City's total resident personal income in 1974 would be about 47% above that in 1970.

Due both to location and to a large resident market, the City of Riverside is the major commercial center in the SMSA. The City's commercial activities, as indicated by total taxable retail sales, make up about 16% of those in the SMSA, and about 0.84% of those in the state. By comparison, the City's population represented about 12.4% of the SMSA and about 0.72% of the state population respectively, indicating a concentration of commercial activities.

Comparative Family Income Characteristics

CITY OF RIVERSIDE, EIGHT CITIES, RIVERSIDE-SAN BERNARDINO-ONTARIO SMSA

1969 Family Incomes Reported in 1970

	Per Cent of Families By Group				Family Income Indicators		
	Under \$5,000	\$5,000- \$7,999	\$8,000- \$14,999	\$15,000 and over	Number of Families	Mean Income	Per Cent Poverty
Colton.....	28.0%	19.4%	42.2%	10.4%	4,975	\$ 8,846	15.4%
Corona.....	15.5	17.6	44.5	22.4	6,770	11,366	7.4
Fontana.....	19.8	16.0	45.1	19.1	5,313	10,462	9.4
Norco.....	12.7	16.1	51.5	19.7	3,557	11,449	7.5
Redlands.....	15.1	17.1	36.1	31.7	9,001	12,850	7.7
Rialto.....	13.2	15.2	49.9	21.7	7,228	11,259	7.0
RIVERSIDE.....	17.0	15.8	41.5	25.7	34,838	11,914	8.3
San Bernardino.....	24.2	21.0	38.1	16.7	25,852	10,003	12.8
Eight Cities.....	18.9%	17.6%	41.5%	22.0%	97,534	\$11,155	9.7%
Other Cities, Areas.....	23.8	19.7	38.9	17.6	194,039	10,138	10.6
Riverside-San Bernardino SMSA (1).....	22.2%	19.0%	39.8%	19.0%	291,573	\$10,478	10.3%
Four Southern California Counties (2).....	16.0%	15.6%	40.4%	28.0%	2,421,966	\$12,639	8.0%
California.....	16.8	16.0	40.5	26.7	5,001,255	12,227	8.4

(1) Riverside-San Bernardino-Ontario SMSA is the Standard Metropolitan Statistical Area composed of the Counties of Riverside and San Bernardino.

(2) Four Southern California Counties are those of Los Angeles, Orange, Riverside, and San Bernardino.

SOURCE: Social and Economic Statistics Administration, Bureau of the Census, U.S. Department of Commerce: "General Social and Economic Characteristics California" (Series PC(1)-C6, April, 1972).

Resident Total Personal Income
RIVERSIDE-SAN BERNARDINO-ONTARIO SMSA
1970 Through 1974

	1970	1971	1972	1973	1974
Net Labor and Proprietor's Income(1).....	\$ 2,743,335	\$ 2,876,728	\$ 3,119,245	\$ 3,405,329	\$ 3,687,310
Residence Adjustment(1).....	234,521	240,016	262,039	288,257	315,433
Dividends, Interest, Rent.....	604,698	634,265	665,003	737,049	831,995
Transfer Payments.....	608,622	701,633	767,440	866,320	1,053,133
Total Resident Personal Income.....	\$ 4,191,176	\$ 4,452,642	\$ 4,813,727	\$ 5,296,955	\$ 5,887,871
(Per Capita).....	(3,650)	(3,827)	(4,091)	(4,441)	(4,851)
Four Southern California Counties.....	\$43,997,225	\$46,049,914	\$ 49,491,980	\$ 54,510,917	\$ 60,133,435
(Per Capita).....	(4,576)	(4,749)	(5,113)	(5,601)	(6,136)
California.....	\$89,892,445	\$95,335,942	\$102,946,979	\$113,403,958	\$126,116,710
(Per Capita).....	(4,493)	(4,711)	(5,044)	(5,491)	(6,032)

(1) Net labor and proprietor's income by place of work includes wage and salary and proprietor's income by place of employment (Riverside and San Bernardino Counties) less personal contributions for social insurance. The residence adjustment when added to net labor and proprietor's income by place of work provides the net labor and proprietor's income by place of residence (Riverside and San Bernardino Counties).

SOURCE: Derived from data published by Bureau of Economic Analysis, U.S. Department of Commerce: "Regional Economics Information System", Table 5.00.

EMPLOYMENT

While no annual information is available on employment in the City of Riverside, information for the SMSA indicates that since 1970 employment has increased about 20%, from 379,000 in 1970 to about 453,400 in December, 1976; the labor force expanded relatively more, reflecting increases in population, changes in population composition, and increased labor force participation rates, notably by women. While the population growth of the SMSA averaged about 1.4% annually over the period, the labor force grew at an average of 3.1% annually and total employment at the rate of 2.8% annually. The rate of unemployment varied over the period with 7.4% in 1970 and 9.8% in 1975; this compares with that of the State as a whole with 7.3% in 1970 and 9.9% in 1975.

The most important wage and salary employment sectors are trade and services which now make up almost 45% of all such employment. Government makes up about 26% of all such employment. The County government centers in Riverside and in San Bernardino as well as the presence of two major Air Force bases, March Air Force Base south of Riverside and Norton Air Force Base near San Bernardino explain the importance of this sector.

The City of Riverside is located near the center of the growing industrial, commercial, and transportation center east of Los Angeles. As the largest city in Riverside County and as County seat, local, County, State, and Federal government offices are located here. The City is an important industrial center for the manufacture of aluminum, transportation equipment, recreation vehicles, mobile homes, electronics and aircraft components. The City has over 2,900 acres zoned for industrial use and there are 96 manufacturing plants in the City. Many industrial properties are served by two, if not three transcontinental railroads: Union Pacific, Southern Pacific, and Santa Fe. There are nine local freight trains daily for the City which together with 73 common carrier trucking firms provide ideal regional, intrastate, and inter-state transportation for the benefit of local industry.

While the area has been undergoing strong urbanization for many years, vast tracts of citrus groves remain in and adjacent to the City, providing for an important agricultural industry. As well, there are grapes, truck crops, deciduous orchard crops, live stock, poultry, eggs, and dairy activities.

Non-Agricultural Wage and Salary Employment RIVERSIDE-SAN BERNARDINO-ONTARIO SMSA

By Sector, Annual Averages 1970 through 1975
(thousands)

<u>Sector</u>	<u>1970</u>	<u>1974</u>	<u>1975</u>
Mining.....	2.4	2.6	2.4
Contract Construction.....	14.2	14.9	12.4
Durables — Manufacturing.....	13.3	14.8	14.0
Non-Durables — Manufacturing.....	39.4	41.5	37.1
Transport/Communications/Utilities.....	17.4	19.1	18.6
Wholesale Trade.....	10.3	12.5	13.0
Retail Trade.....	55.7	65.8	67.9
Finance/Insurance/Real Estate.....	9.9	12.0	12.1
Services.....	55.4	66.9	68.7
Government.....	75.7	83.5	88.2
Total.....	293.7	333.6	334.4

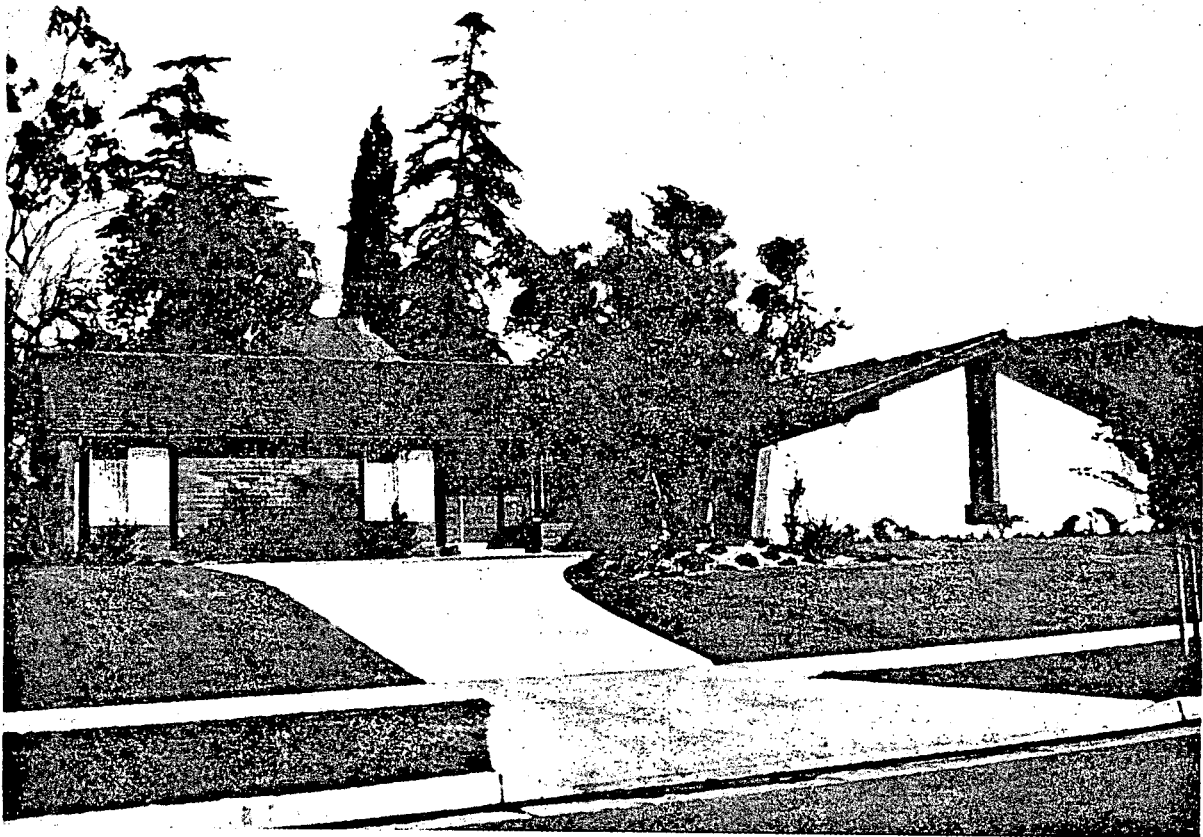
SOURCE: Employment Development Department, State of California, "Wage and Salary Workers in Non-Agricultural Establishments, By Industry, Riverside-San Bernardino-Ontario Metropolitan Area" (Part A: 1966-1975).

Labor Force, Employment, and Rate of Unemployment
RIVERSIDE-SAN BERNARDINO-ONTARIO SMSA
1970 through 1975, December, 1976
(thousands)

	<u>Employment</u>	<u>Labor Force</u>	<u>Rate of Unemployment</u>	<u>(State Rate)</u>
1970.....	379.0	409.0	7.4%	(7.3%)
1971.....	388.0	428.0	9.4	(8.8%)
1972.....	409.0	441.0	7.3	(7.6%)
1973.....	427.0	458.0	6.4	(7.0%)
1974.....	444.0	486.0	8.6	(7.3%)
1975.....	440.0	488.0	9.8	(9.9%)
Dec. 1976.....	453.4	497.4	9.4 adj.*	(9.1%) adj.*

* "adj." means the monthly rate adjusted for seasonal variation.

SOURCE: Employment Data and Research, State of California.



A typical home in the City of Riverside.

ECONOMY ENERGY AGREEMENT

between

NEVADA POWER COMPANY

and

CITY OF RIVERSIDE, CALIFORNIA

THIS AGREEMENT, entered into this 1st day of June, 1976, hereinafter referred to as "Agreement", by and between NEVADA POWER COMPANY, a corporation, hereinafter referred to as "Nevada", and CITY OF RIVERSIDE, a California municipal corporation, hereinafter referred to as "Riverside", both of which are hereinafter referred to individually as "Party" and collectively as "Parties";

WITNESSETH:

WHEREAS, Nevada is engaged in the generation, distribution, and sale of electric power and energy in the State of Nevada and is interconnected with the transmission system of the Southern California Edison Company (Edison) at Eldorado Substation in Southern Nevada; and

WHEREAS, Riverside is engaged in the purchase, distribution, and sale of electric power and energy in the State of California and has contracted with Edison for transmission service; and

WHEREAS, Riverside and Nevada desire to interchange energy in order to achieve greater generating efficiency and reduce the dependence on oil-fired electric generation;

NOW, THEREFORE, it is hereby agreed as follows:

1. This Agreement will take effect on July 1, 1976, and shall continue in effect until June 30, 1980, and thereafter, if necessary, until Nevada's obligations pursuant to this Agreement have been fulfilled. A Contract Year shall be any twelve (12) month period beginning July 1 of any calendar year and ending June 30 of the succeeding calendar year.
2. While the Parties contemplate that approximately 65,000,000 kilowatt-hours will be delivered each Contract Year, Nevada shall be obligated to supply and Riverside shall be obligated to receive not less than two hundred million (200,000,000) kilowatt-hours over the term of this Agreement at rates of delivery between zero and Riverside's total system requirements at the time. Nevada shall supply such economy energy to Riverside in accordance with hourly schedules to be agreed upon between the schedulers or load dispatchers of Edison, acting on behalf of Riverside and Nevada.
3. The Point of Delivery for the energy supplied hereunder will be at the 500 Kv transmission system of Edison at the Eldorado Substation near Las Vegas, Nevada. Riverside will be responsible for transmission arrangements with Edison.
4. Power transactions hereunder shall be accounted for on the basis of scheduled hourly quantities. The dispatcher involved in the transactions shall maintain records of hourly load schedules for accounting and operating purposes.
5. (a) The charge per kilowatt-hour for economy energy scheduled for delivery at the Point of Delivery shall be Incremental Generating Cost of Nevada plus the following percentages of the difference between such cost and the Decremental Value to Riverside in displacing other purchases:
 - (1) fifteen percent (15%) for the Contract Year beginning July 1, 1976;
 - (2) twenty-five percent (25%) for the Contract Year beginning July 1, 1977;

- (3) thirty-five percent (35%) for the Contract Year beginning July 1, 1978; and
- (4) forty-five percent (45%) beginning July 1, 1979, and during the remaining term of this Agreement.

(b) The Incremental Generating Cost shall be the sum of:

- (1) The estimated cost of incremental fuel consumed in generating such energy; and
- (2) The incremental cost of operating (other than fuel) and maintaining such generating unit(s), which shall be deemed to be 1.0 mill per kilowatt-hour.

(c) The Decremental Value shall mean the expense per kilowatt-hour as determined by the following formula:

$$A = \frac{B - C}{D}$$

where: A = Decremental value.

B = cost per kilowatt-hour that would have been incurred in purchasing such energy from others.

C = the cost per kilowatt-hour for transmission service paid by Riverside to Edison for energy delivered to Riverside.

D = 1.0000 plus the percent loss on deliveries over Edison's system expressed as a decimal.

(d) Each Party shall make available its basis, including calculations and work papers, for determining Incremental Cost or Decremental Value upon request of the other Party.

6. On or before July 1, 1976, Riverside will pay Nevada two million five-hundred thousand dollars (\$2,500,000.00) as a partial payment for energy to be supplied hereunder. It is understood that such payment is a condition precedent to this agreement and if the condition is not met neither Party shall be obligated to the other. Beginning July 1, 1977, charges as determined pursuant to Article 5 shall be debited to Riverside until such partial payment has been utilized in full.

7. Nevada shall send a statement to Riverside for energy delivered in each month not later than the 15th day of the following month. Riverside shall pay to Nevada any amounts due by placing payments in the mail within twenty (20) days after the receipt of each bill. Amounts billed by Nevada and not so paid on or before the due date shall be payable with interest accrued at the rate of one percent (1%) per month of the unpaid balance prorated by days from due date to date of such payment.

8. (a) Nevada hereby guarantees that the difference between the costs that would have been incurred by Riverside in purchasing such energy from its present supplier and the total of: (i) the sum of the payments to Nevada pursuant to Article 7 and the debits to Riverside pursuant to Article 6; and (ii) the sum of the payments by Riverside to its present supplier for the transmission of energy supplied by Nevada shall not be less than the following amounts:

- (1) \$300,000.00 for the period beginning July 1, 1976 and ending June 30, 1977;
- (2) \$590,000.00 for the period beginning July 1, 1976 and ending June 30, 1978;
- (3) \$840,000.00 for the period beginning July 1, 1976 and ending June 30, 1979; and
- (4) \$1,100,000.00 for the period beginning July 1, 1976 and ending June 30, 1980.

(b) The above amounts shall be reduced by the difference between (i) the Decremental Value multiplied by the kilowatt-hour deliveries by Nevada to Riverside pursuant to the letter-agreement dated April 2, 1976 and (ii) the payments to Nevada pursuant to such letter-agreement

(c) If at the end of any Contract Year, insufficient economy energy has been scheduled and delivered to Riverside to produce the guaranteed cost difference set forth in this Article 8, then Riverside at its option may either (i) bill Nevada for the amount of the deficiency and Nevada shall make payment using the same terms as Article 7 or (ii) elect to treat such deficiency as an additional partial payment under Article 6.

9. If, on June 30, 1980, the debits specified in Article 6 have not equalled the \$2,500,000.00 partial payment (adjusted if necessary in accordance with Article 8(c)), Nevada shall supply additional energy prior to December 31, 1980, priced in accordance with Article 5(a)(4) to meet such obligations.

10. The Parties hereby establish "Operating Representatives" to secure effective cooperation and system planning and to deal on a prompt and orderly basis with the various operating problems which may arise in connection with delivery of energy under this Agreement. The Operating Representatives shall consist of four (4) representatives, two designated by each Party, and each such representative shall be authorized on behalf of the Party designating him to act with respect to operating matters.

11. A waiver at any time by a Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter.

12. (a) Each Party shall be excused from performance of any obligation contained herein, if, but only to the extent and during the time that, performance thereof by such Party shall be prevented by the existence of Uncontrollable Forces. A Party rendered unable to fulfill any obligation by reason of an Uncontrollable Force shall exercise due diligence to remove such inability with all reasonable dispatch and keep the other Party fully informed of changes in conditions as far in advance as possible. An Uncontrollable Force means any cause which a Party could not reasonably be expected to avoid by the exercise of reasonable diligence and foresight, including, but not limited to, storm, flood, drought, freeze-ups, icing conditions, lightning, earthquake, landslide, fire, explosion, failure or unavailability of facilities not due to lack of proper care or maintenance, civil disturbance, labor disturbance, sabotage, war, national emergency, and restraint by court or public authority, or inability to obtain or ship materials, supplies, or equipment because of the effect of similar causes on suppliers or carriers. If such Uncontrollable Force makes the continued performance of this Agreement unfeasible, either Party may terminate this Agreement by giving the other Party at least 90 days' written notice.

(b) Notwithstanding any other provision of this Agreement, Riverside shall have the right to terminate this Agreement upon 90 days' written notice if Nevada fails to supply 50,000,000 kilowatt-hours in any Contract Year, provided that, if Nevada delivers more than 50,000,000 kilowatt-hours in either the second or third Contract Year, such excess kilowatt-hours may be applied to reduce the number of kilowatt-hours otherwise deliverable pursuant to this Article 12(b) in the subsequent Contract Year.

(c) In the event of a termination of the Agreement pursuant to Article 12(a) or 12(b), Nevada shall be obligated to pay Riverside on the date of such termination (but not sooner than July 31, 1977) the amount of any unutilized partial payments plus any unrealized guaranteed savings for the year of termination on a prorata basis. Unless there is a termination pursuant to Article 12(a) or 12(b) or by mutual agreement, Nevada shall not be relieved of its obligations pursuant to Article 9.

13. The several provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any persons, corporations or associations other than the Parties. Any undertaking by one Party to another Party under any provision of this Agreement shall not constitute the dedication of the electric system or any portion thereof by any Party to

the public or to the other Party, and it is understood and agreed that any such undertaking shall cease upon the termination of such Party's participation in this Agreement.

14. Any written notice, demand, or request provided for in this Agreement, or given or made in connection with this Agreement, shall be deemed to be properly given or made if personally delivered or telegraphed or sent by registered mail, postage prepaid, to the person specified:

To or upon Nevada — The Secretary
Nevada Power Company
Post Office Box 230
Las Vegas, Nevada 89151

To or upon Riverside — Public Utility Director
City of Riverside
Post Office Box 826
Riverside, California 92502

A Party may at any time, by written notice, change the designation or the address or the person so specified. This Article does not apply to notices and requests of a routine character in connection with delivery or receipt of power or in connection with operation of facilities. Such notices and requests shall be given in such manner as the Operating Representatives from time to time shall arrange.

15. This Agreement shall be filed with the Federal Power Commission but shall not be subject to unilateral application to the Federal Power Commission by either Party for changes in methods of determining costs or benefits to The Parties.

16. This Agreement shall be binding upon and inure to the benefits of the respective successors and assigns of The Parties.

IN WITNESS WHEREOF, The Parties have caused this Agreement to be executed by their duly authorized officers and their corporate seal to be affixed, as of the day and year first herein written.

NEVADA POWER COMPANY

By A. E. PEARSON
President

ATTEST:

N. GENE MATTEUCCI

CITY OF RIVERSIDE

By BEN LEWIS
Mayor

ATTEST:

ALICE HARE
City Clerk

APPROVED AS TO FORM

EDWARD DUDDY
ASST. CITY ATTORNEY

NEVADA POWER COMPANY
FOURTH STREET AND STEWART AVENUE
P.O. BOX 230 • LAS VEGAS, NEVADA • 89151

September 15, 1976

Mr. Everett C. Ross
Public Utilities Director
City of Riverside
Post Office Box 826
Riverside, California 92502

Dear Mr. Ross:

On June 1, 1976, Nevada Power Company (Nevada) and City of Riverside, California (Riverside) entered into the Economy Energy Agreement. Nevada and Riverside now desire to provide for additional economy energy deliveries during the Contract Year beginning July 1, 1976 under the following terms and conditions:

- 1) Additional economy energy may be supplied in accordance with hourly schedules to be agreed upon.
- 2) Additional economy energy shall be energy delivered in excess of the greater of: (i) the first 50,000,000 kilowatt-hours delivered in Contract Year beginning July 1, 1976; or (ii) the energy delivered to realize the guaranteed cost difference set forth in Article 8(a)(1) as reduced pursuant to Article 8(b).
- 3) The hourly charge for such additional economy energy scheduled for delivery at the Point of Delivery shall be Incremental Generating Cost of Nevada plus fifty percent (50%) of the difference between such cost and the Decremental Value to Riverside in displacing other purchases.
- 4) Savings to Riverside resulting from such additional economy energy delivered shall not be credited against guaranteed savings as provided for in Article 8.

Except as provided above, the provisions of the Economy Energy Agreement dated June 1, 1976 shall apply.

This letter agreement is sent to you in duplicate. If the above terms and conditions are satisfactory to Riverside, please execute and return one copy to me.

Sincerely yours,

NEVADA POWER COMPANY

JOHN C. GIBBS
John C. Gibbs
Executive Vice President

APPROVED:

CITY OF RIVERSIDE

By BEN LEWIS
Title Mayor

Date September 28, 1976

APPROVED AS TO FORM
EDWARD DUDDY
Asst. City Attorney

/ ef
In Duplicate

Attest: ALICE A. HARE
City Clerk

**AGREEMENT FOR INTEGRATION AND
TRANSMISSION OF NON-FIRM ENERGY PURCHASED,
PURSUANT TO AN ECONOMY ENERGY AGREEMENT,
BY RIVERSIDE FROM NEVADA POWER COMPANY**

BETWEEN

SOUTHERN CALIFORNIA EDISON COMPANY

AND

THE CITY OF RIVERSIDE

**AGREEMENT FOR INTEGRATION AND
TRANSMISSION OF NON-FIRM ENERGY PURCHASED,
PURSUANT TO AN ECONOMY ENERGY AGREEMENT,
BY RIVERSIDE FROM NEVADA POWER COMPANY**

TABLE OF CONTENTS

<u>Section</u>		<u>Page</u>
1	Parties.....	55
2	Recitals.....	55
3	Agreement.....	55
4	Term.....	55
5	Definitions.....	55
6	Integration of and Scheduling Non-Firm Energy.....	56
7	Transmission Service.....	57
8	Transmission Losses.....	58
9	Billing and Payment.....	58
10	Release.....	58
11	Liability.....	58
12	Regulatory Authority.....	59
13	No Dedication of Facilities.....	59
14	Governing Law.....	60
15	Notices.....	60
16	Uncontrollable Forces.....	60
17	Signature Clause.....	61

**AGREEMENT FOR INTEGRATION AND
TRANSMISSION OF NON-FIRM ENERGY PURCHASED,
PURSUANT TO AN ECONOMY ENERGY AGREEMENT,
BY RIVERSIDE FROM NEVADA POWER COMPANY**

1. **Parties:** The Parties to this Agreement are: The City of Riverside ("Riverside"), a municipal corporation of the State of California, and the Southern California Edison Company ("Edison"), a California corporation.

2. **Recitals:** This Agreement is made with reference to the following facts, among others:

2.1 The Parties and others have entered into the Settlement Agreement.

2.2 The Parties are currently in the process of negotiating a definitive integrated operations agreement, but do not expect to complete such negotiations, execute and make effective such agreement prior to the time Riverside will require integration of and transmission service for Non-Firm Energy which it proposes to purchase from Nevada.

2.3 Riverside now desires to purchase Non-Firm Energy from Nevada for operational integration into the Edison system, and has entered into the Economy Energy Agreement with Nevada.

2.4 Riverside desires to obtain from Edison, and Edison is willing to provide to Riverside, interruptible transmission service for such Non-Firm Energy over Edison's electrical transmission facilities between the Point of Attachment and the Point of Delivery.

2.5 Nevada has a capacity entitlement in certain transmission facilities connected to the Point of Attachment. Nevada has notified the Parties in writing that Nevada will deliver such Non-Firm Energy over such capacity entitlement to the Point of Attachment.

3. **Agreement:** In consideration of the mutual covenants contained herein, the Parties agree as follows:

4. **Term:** This Agreement shall become effective when executed by the Parties and accepted for filing by the regulatory agency having jurisdiction, and shall continue in force and effect until December 31, 1980, unless terminated earlier by (i) either Party upon 90 days advance written notice, (ii) final execution and acceptance for filing by the regulatory agency having jurisdiction of a definitive integrated operations agreement and the appropriate supplemental and transmission service agreements which cover the subject matter of this Agreement, or (iii) mutual agreement of the Parties.

5. **Definitions:** The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meaning specified:

5.1 *Agreement:* This Agreement.

5.2 *Economy Energy Agreement:* Economy Energy Agreement between Nevada Power Company and the City of Riverside, California, dated June 1, 1976, under which Riverside shall purchase Non-Firm Energy from Nevada, a copy of which is attached hereto and made a part hereof.

5.3 *Edison:* Southern California Edison Company.

5.4 *Nevada:* Nevada Power Company.

5.5 *Non-Firm Energy:* Energy purchased by Riverside from Nevada pursuant to the Economy Energy Agreement.

5.6 *Party:* Riverside or Edison.

5.7 *Point of Attachment:* The 500 kV bus at Eldorado Substation where Nevada is deemed to deliver Non-Firm Energy to Edison for the account of Riverside.

5.8 *Point of Delivery:* The point where the electrical conductors of Edison connect with the 66 kV facilities of Riverside at the city limits of Riverside, and where the delivery of Non-Firm Energy takes place between Edison and Riverside.

5.9 *Point of Interconnection:* The 230 kV bus at Mead Substation where the electrical systems of Edison and Nevada are electrically interconnected and where the scheduling of Non-Firm Energy between Edison and Nevada is deemed to take place.

5.10 *Riverside:* The City of Riverside.

5.11 *Settlement Agreement:* The agreement between the Parties and others entered into on August 4, 1972, which was accepted by the Federal Power Commission, as set forth in Opinion No. 654, issued March 19, 1973, in Docket No. E-7618.

6. Integration of and Scheduling Non-Firm Energy:

6.1 Edison agrees to integrate operationally Non-Firm Energy with Edison's own resources so long as conditions on Edison's system permit.

6.2 The following procedures shall be used for scheduling such Non-Firm Energy.

6.2.1 Riverside and Nevada shall arrange for mutually agreeable quantities of Non-Firm Energy and times when such Non-Firm Energy is to be available to be delivered. Schedules of Non-Firm Energy at the Point of Interconnection shall not in any hour exceed a rate of delivery in excess of Riverside's load (as estimated by Riverside for that hour and rounded to the nearest lower megawatt) plus losses to the Point of Delivery.

6.2.2 Nevada's dispatcher shall advise Edison's dispatcher, at least one-half hour in advance of the hour during which Non-Firm Energy is to be scheduled, of the arrangements proposed by Nevada and Riverside. Edison shall determine the amount of transmission capability, if any, which is available between the Point of Attachment and the Point of Delivery.

6.2.3 Upon agreement of the dispatchers of Edison and Nevada, hourly schedules for the delivery of Non-Firm Energy shall be made in accordance with procedures agreed upon in advance by the Edison and Nevada dispatchers. Such procedures shall conform to good electric utility practice.

6.2.4 If sufficient transmission capacity over and above Edison's own requirements to transmit firm or interruptible energy for sale to its customers is not available to accommodate all requests made to Edison for interruptible transmission service, all those making such requests shall agree upon a reasonable and practical method for allocating the service available to others. If agreement cannot be reached, Edison shall make such allocation.

6.3 Amounts of Non-Firm Energy shall be scheduled by Edison from Nevada at the Point of Interconnection and such amounts shall be deemed to be delivered by Nevada to Edison at the Point of Attachment.

6.4 Non-Firm Energy delivered by Edison to Riverside at the Point of Delivery in any hour shall be used to offset energy which otherwise would have been purchased by Riverside under Edison's partial requirements rate during that hour. Riverside shall be credited on its monthly bill for such Non-Firm Energy so delivered by Edison.

6.5 Riverside and Edison, solely for the purposes of and during the term of this Agreement, shall operate their systems in accordance with Exhibit A of the Settlement Agreement, which Exhibit A shall be deemed to be the integrated operations agreement for the purpose of implementing

the partial requirements rate, Schedule R-2, as set forth in the applicability clause of said Schedule; provided, that Riverside and Edison, for such purpose and term, waive the obligation contained in the second sentence of Section 4.11 of said Exhibit A which states, "Edison shall purchase from City all energy which is excess to City's requirements at City's cost which cost shall include charges made by Edison and others to City for transmission service, plus 15 percent of such cost provided, that such energy is economically usable by Edison."

6.6 If Riverside's actual load in any hour is less than that estimated by Riverside for that hour, and if the scheduled energy from Nevada during that hour is at a rate equal to the estimated load, Riverside shall receive credit for only that energy required to meet its actual load for such hour. Edison may, at its sole discretion, purchase all or part of the energy which is in excess of Riverside's actual load. If Edison chooses to purchase such excess energy, Edison shall pay for such excess energy at a rate per kilowatthour which is the lesser of (i) the rate paid per kilowatthour by Riverside to Nevada during that hour for energy purchased under the Economy Energy Agreement as such rate is determined pursuant to Section 5 of said Economy Energy Agreement, (ii) Edison's decremental energy value per kilowatthour for that hour, as established by Edison's dispatcher, or (iii) the average price per kilowatthour paid by Edison for economy energy purchased from Arizona Public Service Company, Tucson Gas & Electric Company, Nevada Power Company and Salt River Project Agricultural Improvement and Power District during the preceding month. Such energy shall be deemed to be delivered by Nevada to Edison at the Point of Attachment.

6.7 For scheduling and dispatching services provided in any month by Edison pursuant to this Agreement, Riverside shall pay to Edison the sum of \$420 per month, regardless of whether Non-Firm Energy is scheduled during that month or not; provided, that such monthly charge shall be waived in the case of a month during which no communication pertaining to schedules under this Agreement is made between Nevada and Edison dispatchers. Such sum shall be redetermined by Edison prior to January 1 of each year based on Edison's budgeted amounts of money for load dispatching and production section function expenses for that year. Any change in such sum, if required by the Federal Power Commission (FPC) to be filed as a rate change with the FPC, shall be made 30 days in advance of January 1, and Riverside agrees that such change may become effective without hearing. Such redetermined sum shall become effective on January 1 of that year and shall remain in effect until changed pursuant to the foregoing or changed pursuant to Section 12.3.

7. Transmission Service:

7.1 Subject to Sections 7.2 and 7.3, Edison shall provide interruptible transmission service to Riverside in accordance with schedules developed pursuant to Sections 6.2.3 and 6.2.4 over Edison's electrical transmission facilities between the Point of Attachment and the Point of Delivery.

7.2 The availability of interruptible transmission service hereunder shall be determined at the sole discretion of Edison, and Edison reserves the right to interrupt or curtail such service hereunder at any time and for any reason under notice given by Edison's dispatcher to Nevada's dispatcher.

7.3 Interruptible transmission service provided by Edison hereunder to Riverside shall not in any hour exceed a rate of delivery at the Point of Attachment in excess of Riverside's load (as estimated by Riverside for that hour and rounded to the nearest lower megawatt) plus losses to the Point of Delivery.

7.4 As payment for interruptible transmission service provided hereunder, Riverside shall pay Edison at the initial rate of 1.29 mills for each Kilowatthour delivered by Nevada to Edison at

the Point of Attachment for transmission by Edison to the Point of Delivery. Such initial rate shall be subject to change pursuant to Section 12.

8. Transmission Losses: Prior to determining Riverside's credit for the Non-Firm Energy delivered to Riverside by Edison, such Non-Firm Energy delivered to Edison by Nevada at the Point of Attachment shall be reduced by 3.3 percent to reflect transmission losses from the Point of Attachment to the Point of Delivery.

9. Billing and Payment:

9.1 Edison shall render monthly bills for services provided hereunder during the preceding month. Such bills shall be due and payable by Riverside within twenty-five calendar days after receipt thereof.

9.2 Bills which are not paid in full by Riverside by said due date, by placing in the mail payment within twenty-five days, shall thereafter bear interest of 1 percent per month of the unpaid balance prorated by days until payment is so made; provided, that in no event shall such interest rate exceed the maximum rate permitted by law applicable to this Agreement.

10. Release:

10.1 The Parties recognize that the transmission service provided by Edison under this Agreement may be interrupted or curtailed by Edison, at any time and for any reason, at Edison's sole discretion. Edison shall not be liable to Riverside, and Riverside hereby releases and indemnifies Edison for any claim, demand, liability, loss or damage, whether consequential, direct or indirect, suffered by Riverside, Nevada or others which results from such interruption of transmission service under this Agreement.

11. Liability:

11.1 Except for any loss, damage, claim, cost, charge or expense resulting from willful action, no Party (First Party), its directors, governing bodies, officers or employees shall be liable to the other Party (Second Party) for any loss, damage, claim, cost, charge or expense of any kind or nature incurred by the Second Party (including direct, indirect, or consequential loss, damage, claim, cost, charge or expense; and whether or not resulting from the negligence of any Party, its directors, governing bodies, officers, employees or any person or entity whose negligence would be imputed to such Party) from (i) engineering, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use or ownership of the First Party's electric system, or (ii) the performance or non-performance of the obligations of any Party under this Agreement. Except for any loss, damage, claim, cost, charge or expense resulting from willful action, the Second Party releases the First Party, its directors, governing bodies, officers and employees from any such liability.

11.2 Except for liability resulting from willful action, any Party whose electric customer shall make a claim or bring an action for any death, injury, loss or damage arising out of electric service to such customer shall indemnify and hold harmless the other Party, its directors, governing bodies, officers and employees from and against any liability for such death, injury, loss or damage. The term "electric customer" shall mean an electric consumer, except an electric utility system to whom power is delivered for resale.

11.3 For the purpose of this Section 11, willful action shall be defined as:

11.3.1 Action taken or not taken by a Party at the direction of its directors, governing bodies, officers or employees having management or administrative responsibility affecting its performance under this Agreement, which action is knowingly or intentionally taken or failed

to be taken with conscious indifference to the consequences thereof or with intent that injury or damage would result or would probably result therefrom.

11.3.2 Action taken or not taken by a Party at the direction of its directors, governing bodies, officers or employees having management or administrative responsibility affecting its performance under this Agreement, which action has been determined by final judgment or judicial decree to be a material default under this Agreement and which occurs or continues beyond the time specified in such judgment or judicial decree for curing such default or, if no time to cure is specified therein, occurs or continues thereafter beyond a reasonable time to cure such default.

11.3.3 Action taken or not taken by a Party at the direction of its directors, governing bodies, officers or employees having management or administrative responsibility affecting its performance under this Agreement, which action is knowingly or intentionally taken or failed to be taken with the knowledge that such action taken or failed to be taken is a material default under this Agreement.

11.3.4 Willful action does not include any act or failure to act which is merely involuntary, accidental or negligent.

11.3.5 The phrase "employees having management or administrative responsibility", as used in this Section 11.3, means the employees of a Party who are responsible for one or more of the executive functions of planning, organizing, coordinating, directing, controlling and supervising such Party's performance under this Agreement with responsibility for results.

12. Regulatory Authority:

12.1 This Agreement shall be subject to filing with competent regulatory authority, and to such changes or modifications as may from time to time be directed by such authority in the exercise of its jurisdiction.

12.2 It is understood that the initial rate for transmission service set forth in Section 7.4 is based on a rate of return of 8.69 percent, which is the rate of return authorized for Edison by the California Public Utilities Commission (CPUC) as of the date of execution of this Agreement. Whenever, during the term of this Agreement, the CPUC finds a new overall rate of return on retail operations to be reasonable for Edison and authorizes rates based on such new rate of return to become effective, the rate for interruptible transmission service shall be adjusted based on said new rate of return. Such adjusted rate for interruptible transmission service shall be applied to service rendered hereunder on and after the day when the CPUC has authorized retail rates based on such new rate of return to become effective. Said adjustment in the interruptible transmission rate shall be 0.01 mills per kilowatthour for each 0.1 percent (or fraction thereof) change in said authorized rate of return.

12.3 Nothing contained herein shall be construed as affecting in any way the right of Edison, in furnishing service under this rate schedule to unilaterally make application to the Federal Power Commission for a change in rates, charges, classification, or service, or any rule, regulation, or contract relating thereto, under Section 205 of the Federal Power Act and pursuant to the Commission's Rules and Regulations promulgated thereunder.

12.4 Riverside shall reimburse Edison for any filing fees incurred by Edison for this Agreement.

13. No Dedication of Facilities: Any undertaking by one Party to the other under any provision of this Agreement shall not constitute the dedication of the system or any portion thereof of any Party to the public or to the other Party, and it is understood and agreed that any such undertaking by any Party shall cease upon the termination of this Agreement.

14. **Governing Law:** This Agreement shall be interpreted, governed by, and construed under the laws of the State of California or the laws of the United States, as applicable, as if executed and to be performed wholly within the State of California.

15. **Notices:**

15.1 All notices to be given in connection with this Agreement shall be reduced to writing and signed by a representative authorized by Riverside or by Edison.

15.2 Notices to Edison shall be sufficient if delivered in person to the person specified by Edison as being authorized to sign such notice in behalf of Edison, or if sent by mail, postage prepaid, to Edison as specified below:

Secretary
Southern California Edison Company
Post Office Box 800
Rosemead, California 91770

15.3 Notices to Riverside shall be sufficient if delivered in person to the person specified by Riverside as being authorized to sign such notice in behalf of Riverside, or if sent by mail, postage prepaid, to Riverside as specified below:

City of Riverside
3900 Main Street
Riverside, California 92501
(Attention: Public Utilities Director)

15.4 Either Party shall be entitled to specify as its proper address any other address in the United States, and different recipients of notices, upon written notice to the other Party.

16. **Uncontrollable Forces:**

16.1 Neither Party shall be considered to be in default in the performance of any of its obligations under this Agreement (other than obligations of said Party to make payments hereunder) when a failure of performance shall be due to uncontrollable forces. A Party rendered unable to fulfill any of its obligations under this Agreement by reason of uncontrollable force shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved.

16.2 Edison reserves the right to temporarily interrupt and curtail service under this Agreement without notice to Riverside or Nevada if such interruption or curtailment is caused by an uncontrollable force. Such curtailment may be related to implementation of mutual load shedding arrangements agreed upon by the Parties.

16.3 For the purposes of this Agreement, an uncontrollable force shall be any cause beyond the control of the Party affected, including but not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, famine, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by, or inability to obtain necessary authorizations or approvals from any governmental agency or authority which, by exercise of due diligence and foresight, such Party could not reasonably have been expected to avoid and which, by exercise of due diligence, it has been unable to overcome.

17. **Signature Clause:** The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. Executed as of June 29, 1976.

SOUTHERN CALIFORNIA EDISON COMPANY

By /s/ J. T. HEAD, JR.
Vice President

ATTEST:

/s/ R. D. GORMAN
Assistant Secretary

CITY OF RIVERSIDE

By /s/ EVERETT C. ROSS
Public Utilities Director

ATTEST:

/s/ ALICE A. HARE
City Clerk

CITY OF RIVERSIDE

RESOLUTION NO. 13012

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVERSIDE, CALIFORNIA, AUTHORIZING THE ISSUANCE OF \$2,500,000 SUBORDINATED ELECTRIC REVENUE BONDS OF SAID CITY AND PROVIDING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF SAID BONDS.

WHEREAS, the City has entered into an agreement with Nevada Power Company, a corporation, for the purchase of electric energy from said corporation;

WHEREAS, the City Council deems it necessary to issue and sell \$2,500,000 principal amount of said authorized bonds at this time, designated "Electric Revenue Bonds, Issue of 1977 (Subordinated)," for the purpose of purchasing such electric energy;

WHEREAS, pursuant to Section 1306 of the City Charter, the Board of Public Utilities has recommended to the City Council the authorization of the issuance of electric revenue bonds for the purpose of purchasing such electric energy; and

WHEREAS, said Recommendation specified the matters required by said Section 1306; and certified copies thereof have been transmitted to the offices of the Mayor, the City Manager, and the City Clerk, and the City Clerk has forthwith presented the said Recommendation to the City Council;

NOW, THEREFORE, the City Council of the City of Riverside, California, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. **Definitions.** Unless the context otherwise requires, the following terms used in this Resolution shall have the following meanings:

- (a) "Authorized investments" means any investments in which the City may legally invest funds subject to its control.
- (b) "Board" means the Board of Public Utilities of the City.
- (c) "Bonds" means the Bonds authorized by this Resolution.
- (d) "City" means the City of Riverside, California.
- (e) "City Charter" means the Charter of the City.
- (f) "City Council" or "Council" means the City Council of the City.
- (g) "Electric Revenue Fund" means the revenue fund heretofore created pertaining to the municipal utility (i.e., the Electric System).
- (h) "Electric System" means the electric public utility system of City and shall include all works owned, controlled or operated by the City for supplying the City and its inhabitants with electric energy.
- (i) "Fiscal year" means the year period beginning on July 1st and ending on the next following June 30th.
- (j) "Gross Operating Revenues" means all the revenues of the Electric System which are required by the City Charter to be kept separate and apart from all other moneys of the City by deposit in the appropriate revenue fund, to wit: the "Electric Revenue Fund".

(k) "Net Operating Revenues" means the Gross Operating Revenues, less "Operating and Maintenance Expenses".

(l) "Operating and Maintenance Expenses" means those expenses of operation and maintenance of the Electric System and include any necessary contribution to retirement of Electric System employees.

(m) "Parity subordinated bonds" means revenue bonds, revenue notes or other similar evidences of indebtedness heretofore or hereafter issued for the acquisition, construction and financing of extensions of, additions to, repairs and replacements to, renewals of, and improvements of the enterprise, payable out of the surplus revenues and which rank on a parity with the Bonds.

(n) "Recommendation" means the Recommendation of the Board to the City Council referred to in the recitals hereof.

(o) "Section 1306" means Section 1306 of the City Charter, and any other references to sections shall, unless otherwise indicated, refer to sections of the City Charter.

(p) "Surplus revenues" means all surplus revenues as defined in the resolutions providing for the issuance of the Electric Revenue Bonds, Issue of 1966, Electric Revenue Bonds, Issue of 1969, Electric Revenue Bonds, Issue of 1971, and Electric Revenue Bonds, Issue of 1973 which surplus revenues are required to be deposited in the Surplus Revenue Fund pursuant to Section 10 hereof.

(q) "Senior lien bonds" means any bonds heretofore or hereafter issued which are payable from the Gross Operating Revenues of the enterprise, including the Electric Revenue Bonds, Issue of 1966, Electric Revenue Bonds, Issue of 1969, Electric Revenue Bonds, Issue of 1971, and Electric Revenue Bonds, Issue of 1973, and any bonds hereafter issued which rank on a parity therewith.

(r) "Subsequent resolution" means any resolution authorizing the issuance of parity subordinated bonds subsequent to the issuance of the Bonds.

Section 2. Equality of Bonds, Pledge of Revenues. Pursuant to Section 1306 and this Resolution, and as authorized by the resolutions providing for the issuance of the senior lien bonds which resolutions permit the use of surplus revenues for any lawful purpose of the City, the Bonds shall be equally secured by a pledge, charge and lien upon the surplus revenues without priority for number, date of bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on and principal of said Bonds shall be and are secured by an exclusive pledge, charge and lien upon the surplus revenues, and all of the surplus revenues are hereby pledged, charged and assigned for the security of said Bonds, and such surplus revenues and any interest earned on the surplus revenues shall constitute a trust fund for the security and payment of the interest on and principal of said Bonds and so long as any of the Bonds or interest thereon are unpaid said surplus revenues and interest thereon shall not be used for any other purpose, except as permitted by this Resolution and any subsequent resolution, and shall be held in trust for the benefit of the bondholders and shall be applied pursuant to this Resolution, or to this Resolution as modified pursuant to provisions herein, and any subsequent resolution.

Nothing in this Resolution shall preclude: (a) the payment of said Bonds from proceeds of refunding bonds issued under said Section 1306 as the same now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance of senior lien bonds or parity subordinated bonds.

Section 3. Amount, Issuance, Purpose and Nature of Bonds. Under and pursuant to said Section 1306, Bonds in the amount of \$2,500,000 shall be issued for the purpose stated in the recitals hereof. Said Bonds shall be special obligations of the City and shall be secured by a pledge of and lien upon, and shall be a charge upon, and shall be payable as to the principal thereof and interest thereon solely from, the surplus revenues.

Section 4. **No General City Liability.** The general fund of the City is not liable for the payment of the Bonds or their interest, nor is the credit or taxing power of the City pledged for the payment of the Bonds or their interest. The holders of the Bonds or coupons shall not compel the exercise of the taxing power by the City or the forfeiture of any of its property. The principal of and interest on the Bonds are not a debt of the City nor a legal or equitable pledge, charge, lien, or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues, except the surplus revenues.

Section 5. **Description of Bonds.** Said Bonds shall be in the principal sum of \$2,500,000, shall be 500 in number, numbered 1 to 500 inclusive, and shall be of the denomination of \$5,000 each. Said Bonds shall be designated ELECTRIC REVENUE BONDS, ISSUE OF 1977 (Subordinated), shall be dated April 1, 1977, and shall be payable in consecutive numerical order on the dates and in the amounts as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
January 1, 1978.....	\$400,000	July 1, 1979.....	\$425,000
July 1, 1978.....	400,000	January 1, 1980.....	425,000
January 1, 1979.....	400,000	July 1, 1980.....	450,000

Section 6. **Interest.** Said Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution or resolutions, but not to exceed 6½ % per annum payable on January 1, 1978, and semi-annually thereafter on the first days of July and January of each year. Each Bond shall bear interest until the principal sum thereof has been paid; provided, however, that if at the maturity date of any Bond, or if the same is redeemable prior to maturity and has been duly called for redemption, funds are available for the payment or redemption thereof in full accordance with the terms of this Resolution, said Bond shall then cease to bear interest. Said Bonds and the interest thereon shall be payable in lawful money of the United States of America at the office of the City Treasurer of the City, or, at the option of the holder, at any fiscal agency of the City in Los Angeles, California, or in San Francisco, California, or in Chicago, Illinois, or in New York, New York.

Section 7. **Execution of Bonds.** The Mayor of the City and the Treasurer of the City are hereby authorized and directed to sign all of said Bonds by their printed, lithographed or engraved facsimile signatures, and the City Clerk of the City is hereby authorized and directed to countersign said Bonds and to affix thereto the printed, lithographed or engraved facsimile corporate seal of the City, and the Treasurer of the City is hereby authorized and directed to sign the interest coupons of said Bonds by his printed, lithographed or engraved facsimile signature.

Section 8. **Registration.** Said Bonds may be registered either as to principal only or as to both principal and interest, and the form of registration of any registered Bond may be changed, or any registered Bond may be discharged from registration in the manner and with the effect set forth in the provisions for registration contained in the form of Bond set forth in Section 17 hereof.

Section 9. **Disposition of Bond Proceeds.** The proceeds of the sale of the Bonds shall be received by the Treasurer and deposited as follows:

- (1) The accrued interest, and premium, if any, in the Debt Service Account created in Section 10 hereof:
- (2) The balance in the Electric Maintenance and Operation Account (the "M&O Account") heretofore created.

The proceeds so deposited in the M&O Account shall be applied solely for the purpose of purchasing electric energy in accordance with the City's agreement with Nevada Power Company referred to in the recitals hereof, provided that such proceeds may be temporarily invested in any obligations in which the City may lawfully invest its funds.

Section 10. Surplus Revenue Fund; Debt Service Account. In addition to the funds and accounts heretofore created by the resolutions providing for the issuance of the senior lien bonds, which funds and accounts shall continue to be held and maintained in accordance with said resolutions, there is hereby created a special fund to be held by the Treasurer, called the Electric Surplus Revenue Fund (the "Surplus Revenue Fund"). Within said fund there is hereby created an account called the Debt Service Account.

The Treasurer shall deposit the surplus revenues as received in the Surplus Revenue Fund.

On or before the twentieth day of each calendar month so long as any of the Bonds are outstanding, the Treasurer shall allocate to the Debt Service Account the following amounts: (1) One-sixth of the interest which will become due and payable on the outstanding Bonds within the next ensuing six months, except that for the first interest payment due after the issuance of the Bonds the monthly sum allocated shall be the interest which will become due and payable less the amount of any accrued interest placed in the Debt Service Account divided by the number of months remaining in said period; and (2) one-sixth of the principal amount which will mature and be payable on the outstanding Bonds within the next ensuing six months, except that for the first principal payment due after the issuance of the Bonds the monthly sum allocated shall be the principal amount which will be due and payable divided by the number of months remaining in said period. In the event that the allocations for each calendar month as aforesaid are less than the amounts required for that month because of lack of funds or for any other reason the deficiency shall be added to and become a part of the allocations required for the following calendar month.

In any event, such sums shall be allocated so that the full amount required to pay, as they become due, the interest on said Bonds and any installment of principal on said Bonds shall be set aside in the Debt Service Account at least five days prior to the date the installment of interest or principal becomes due.

Any moneys required to be set aside in the Debt Service Account may be prepaid in whole or in part by being earlier set aside therein, and in that event the monthly allocation which has been so prepaid need not be made at the time appointed therefor.

Moneys in the Debt Service Account may be temporarily invested in any obligations in which the City may lawfully invest its funds, provided that the maturity or maturities thereof shall not be later than the date or dates on which money must be available in the Debt Service Account.

The Bonds and the interest coupons shall recite that they are payable from the Surplus Revenue Fund, but notwithstanding such recital shall be paid from the Debt Service Account.

If after all of the Bonds and any parity bonds have been redeemed and cancelled or paid and cancelled (or provision is made therefor) there are moneys remaining in the Debt Service Account said moneys shall be transferred to the Surplus Revenue Fund.

All moneys remaining in the Surplus Revenue Fund after all monthly allocations required hereunder have been made, and all covenants contained herein have been duly performed, may be: (1) invested in any obligations in which the City may lawfully invest its funds; (2) used for any purpose authorized by the resolutions providing for the issuance of senior lien bonds; or (3) used for any lawful purpose of the City, including but not limited to the security and payment of other indebtedness incurred in connection with the Electric System.

Section 11. Investments. Obligations purchased as investments of moneys in the M & O Account, the Surplus Revenue Fund or the Debt Service Account shall be deemed at all times to be a part of such fund or account and any income realized from such investments shall be credited to such fund or account and any losses resulting from such investments shall be charged to such fund or account. The Treasurer shall sell at the best price obtainable or present for redemption any obligations so purchased whenever

it may be necessary to do so in order to provide moneys to meet any payment or transfer from such fund or account. For the purpose of determining at any given time the balance in any such fund or account any such investments constituting a part of such fund or account shall be valued at the then estimated or appraised market value of such investments.

Section 12. **Warranty.** The City shall preserve and protect the security of the Bonds and the rights of the bondholders and warrant and defend their rights against all claims and demands of all persons.

Section 13. **Covenants.** So long as any of the Bonds are outstanding and unpaid, the City makes the following covenants with the bondholders under the provisions of Section 1306 (to be performed by the City or its proper officers, agents or employees) which covenants are necessary, convenient and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the City to expend any moneys other than the surplus revenues of the Electric System.

Covenant 1. **Punctual Payment.** The City covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, together with the premium thereon, if any be payable, on the date, at the place and in the manner mentioned in the Bonds and coupons and in accordance with this Resolution, and that the payments into the Debt Service Account will be made, all in strict conformity with the terms of said Bonds and of this Resolution, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all resolutions supplemental thereto and of the Bonds issued hereunder, and that time of such payment and performance is of the essence of the City's contract with the bondholders.

Covenant 2. **Discharge Claims.** The City covenants that in order to fully preserve and protect the security of the Bonds the City shall pay and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Electric System which, if unpaid, may impair the security of the Bonds. The City shall also pay all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Electric System or upon any part thereof or upon any of the revenues thereof.

Covenant 3. **Accomplish Purpose.** The City covenants that as soon as funds are available therefor, the City will commence the accomplishment of the purpose for which the Bonds are issued and will continue the same to completion with all practicable dispatch and in an economical manner.

Covenant 4. **Operate Electric System in Efficient and Economical Manner.** The City covenants and agrees to operate the Electric System in an efficient and economical manner and to operate, maintain and preserve the Electric System in good repair and working order.

Covenant 5. **Against Sale, Eminent Domain, Existing and Future Agreements, Competition.** The City covenants that the Electric System shall not be mortgaged or otherwise encumbered, sold, leased, pledged, any charge placed thereon, or disposed of as a whole or substantially as a whole unless such sale or other disposition be so arranged as to provide for sums adequate to provide for the immediate payment of the principal of and interest on the Bonds, payment of which is required to be made out of the surplus revenues. The City further covenants that the surplus revenues or any other funds pledged or otherwise made available to secure payment of the principal of and interest on the Bond shall not be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed of or used except as authorized by the terms of this Resolution and any resolution providing for the issuance of senior lien bonds or subsequent resolution. The City further covenants that it will not enter into any agreement which impairs the operation of the Electric System or any part of it necessary to secure adequate revenues to pay the principal and interest of the Bonds or which otherwise would impair the rights of the bondholders with respect to the pledged revenues. If any substantial part of

the Electric System is sold the payment therefor shall either be used for the acquisition and/or construction of improvements and extensions of the Electric System or for the acquisition of electrical capacity, electrical energy, fuel supply or other property or rights relating to the generation, transmission or distribution of electrical capacity or energy, or any combination thereof, or shall be placed in the appropriate funds or accounts and shall be used to pay or call and redeem any senior lien bonds, said Bonds and any parity subordinated bonds in the manner provided in any resolution providing for the issuance of senior lien bonds, in this Resolution and any subsequent resolution.

The City covenants that any amounts received as awards as a result of the taking of all or any part of the Electric System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the City, shall either be used for the acquisition and/or construction of improvements and extensions of the Electric System or for the acquisition of electrical capacity, electrical energy, fuel supply or other property or rights relating to the generation, transmission or distribution of electrical capacity or energy, or any combination thereof, or shall be placed in the appropriate funds or accounts and shall be used to pay or call and redeem any senior lien bonds, said Bonds and any parity subordinated bonds in the manner provided in any resolution providing for the issuance of senior lien bonds, in this Resolution and any subsequent resolution.

The City will not sell, lease or otherwise encumber any part of the Electric System except properties or facilities no longer useful or necessary to its efficient and economical operation, and it will not construct, acquire, operate, permit or (to the extent permitted by law) consent to any competing facilities within the City limits.

Covenant 6. Insurance. The City covenants that it shall at all times maintain with responsible insurers all such insurance on the Electric System as is customarily maintained by similar utilities systems with respect to works and properties of like character against accident to, loss of or damage to such works or properties and loss of revenues insurance. If any useful part of the Electric System shall be damaged or destroyed, such part shall be restored to use. The money collected from insurance against accident, loss or damage shall be used for repairing or rebuilding the lost, damaged or destroyed works and properties, and to the extent not so applied, shall be applied first to the retirement of any outstanding and unredeemed senior lien bonds and then shall be applied to the retirement of said outstanding and unredeemed Bonds and any parity subordinated bonds issued for the Electric System and for such purpose paid into the appropriate funds or accounts.

The City shall also maintain with responsible insurers workmen's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City and the bondholders.

Notwithstanding the foregoing, the City may provide any insurance required by this Covenant 6 through a self insurance program.

Covenant 7. Records and Accounts. The City covenants that it shall keep proper books of records and accounts of the Electric System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Electric System. Said books shall at all times be subject to the inspection of the holders of not less than 10% of the outstanding Bonds or their representatives authorized in writing.

The City covenants that it will cause the records and accounts of the Electric System to be audited annually by an independent certified public accountant or firm of certified public accountants and shall furnish a copy of the audit report, upon request, to any bondholder.

Covenant 8. No Free Service. Except to the extent that the City is required under agreements and/or contracts existing on the effective date of this Resolution, no electricity or other service from the Electric System may be furnished or rendered to any public agency (such term to include the United States of America, the State of California, the City, and any other municipal or public corporation, district

or public agency) or any private corporation or person free. Except to the extent that the City is required under agreements and/or contracts existing on the effective date of this Resolution, no such electricity or other service shall be rendered to any such public agency or any private corporation or person at rates lower than those charged other persons for similar service, except that charges to the City for electricity used for facilities of the City may be made at rates lower than those charged private persons. No building or other real property of the Electric System shall be furnished free to any such public agency or any private person or corporation, but each of the foregoing shall pay the reasonable rental value of any property so used. Reasonable and proper charges for service rendered or quarters furnished to the Electric System shall be paid to the City from the Electric Revenue Fund. The City shall maintain and enforce valid regulations for the payment of bills for electric service. Such regulations shall at all times during such period provide that the City shall discontinue electric service to any user whose electric bill has not been paid within the time fixed by said regulations.

Covenant 9. Rates and Charges. The City shall and hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the Electric System which, after making allowances for contingencies and error in the estimates, shall be at least sufficient to pay the following amounts in the order set forth:

- (a) The interest on and principal payments of outstanding senior lien bonds as they become due and payable;
- (b) All payments required for compliance with any resolution providing for the issuance of senior lien bonds;
- (c) All Operating and Maintenance Expenses;
- (d) All payments required for compliance with this Resolution and any resolution providing for the issuance of parity subordinated bonds; and
- (e) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the revenues of the enterprise;

and the charges shall be so fixed that the Net Operating Revenues shall at least equal 1.25 times the amounts payable under (a) and (b) above and 1 times the amounts payable under (c) above; provided that so long as any of the Electric Revenue Bonds, Issue of 1966, remain outstanding said charges shall be so fixed that the net revenues shall at least equal 1.50 times the amounts payable under (a) and (b) above.

Covenant 10. Limits on Additional Debt. The City covenants that, except for refunding bonds, no additional indebtedness evidenced by revenue bonds, revenue notes or other similar evidences of indebtedness, contracts or other obligations of any kind payable out of the revenues of the Electric System and ranking on a parity with these Bonds shall be created or incurred unless:

First: The City is not in default under the terms of this Resolution.

Second: The Net Operating Revenues, calculated on sound accounting principles, as shown by the books of the City for the latest fiscal year or the last completed 12 month period ended prior to the incurring of such additional indebtedness as shown by an audit certificate or opinion of an independent certified public accountant or firm of certified public accountants employed by the City, plus, at the option of the City, either or all of the items hereinafter in this covenant designated (a) and (b), shall have amounted to at least 1.25 times the maximum amount of annual debt service in any fiscal year thereafter on all indebtedness to be outstanding immediately subsequent to the incurring of such additional indebtedness.

The items either or all of which may be added to such Net Operating Revenues for the purpose of applying the restriction contained in this covenant are the following:

(a) An allowance for net revenues from any revenue producing additions to and extensions and improvements of the Electric System to be made with the proceeds of such additional indebtedness or with the proceeds of bonds previously issued, and also for net revenues from any such additions, extensions or improvements which have been made from moneys from any source but which, during all or any part of such fiscal year or last completed 12 month period, were not in service, all in an amount equal to 90% of the estimated additional average annual net revenues to be derived from such additions, extensions and improvements for the first 36 month period in which each addition, extension or improvement is respectively to be in operation, all as shown by the certificate or opinion of a qualified independent engineer employed by the City.

(b) An allowance for earnings arising from any increase in the charges made for the use of the Electric System which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of such fiscal year or last completed 12 month period, was not in effect, in an amount equal to 90% of the amount by which the net revenues would have been increased if such increase in charges had been in effect during the whole of such fiscal year or last completed 12 month period, as shown by the certificate or opinion of a qualified independent engineer employed by the City.

Section 14. Lost, Stolen, Destroyed or Mutilated Bonds. In the event that any Bond or any interest coupon pertaining thereto is lost, stolen, destroyed or mutilated, the City will cause to be issued a new Bond or coupon similar to the original to replace the same in such manner and upon such reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the City deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The City may authorize such new Bond or coupon or coupons to be signed and authenticated in such manner as it determines in said resolution.

Section 15. Cancellation of Bonds. All Bonds and coupons surrendered to any fiscal agent of the City for payment upon maturity or for redemption prior to maturity shall upon payment therefor be cancelled immediately and forthwith transmitted to the Treasurer. All of the Bonds and interest coupons surrendered to the Treasurer for payment or redemption shall upon payment therefor be cancelled immediately. Any Bonds purchased by the City as authorized herein together with all unpaid coupons pertaining thereto shall be cancelled forthwith and shall not be reissued. All of the cancelled Bonds and interest coupons shall remain in the custody of the Treasurer until destroyed pursuant to due authorization.

Section 16. Consent of Bondholders. The City may, from time to time, and at any time, without the consent of bondholders as hereinafter provided, in order to cure any ambiguity, defect or omission in this Resolution or in any resolution or order in the proceedings for the issuance of the Bonds, adopt such additional resolutions or orders supplemental hereto as shall not be inconsistent with the terms and provisions hereof, and such supplemental resolutions or orders shall thereafter become a part of the proceedings for the issuance of the Bonds as referred to in Section 18. The consent of bondholders provided for in this section shall relate solely to the amendment, waiver or modification of the covenants specified in Section 13 hereof and shall not be effective to waive or modify any other provisions to this Resolution or of any of the proceedings for the issuance of said Bonds. Any act relating to the amendment, waiver or modification of any of the said covenants consented to by bondholders holding 60% in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the City, shall be binding upon the holders of all of the Bonds and interest coupons, whether such coupons be attached to Bonds or detached therefrom, and shall not be deemed an infringement of any of the provisions of this Resolution or of said Charter, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no bondholder or holder of any interest coupon, whether attached to a Bond or detached therefrom, shall have any right or interest

to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the City or any officer thereof from taking any action pursuant thereto.

(a) *Calling Bondholders' Meeting.* If the City shall desire to obtain any such consent, it shall call a meeting of bondholders, by resolution, for the purpose of considering the action, the consent to which is desired.

(b) *Notice of Meeting.* Notice specifying the purpose, place, date and hour of such meeting shall be published once in a financial newspaper or journal of national circulation published in The City of New York, New York, not less than 60 days and not more than 90 days prior to the date fixed for the meeting. Such notice shall set forth the nature of the proposed action, consent to which is desired. If any of the Bonds shall be so registered as to be payable otherwise than to bearer, the City Clerk shall, on or before the first publication of such notice, mail a similar notice, postage prepaid, to the respective registered owners thereof at their addresses appearing on the Bond Registry Books. The place, date and hour of holding such meeting and the date or dates of publishing and mailing such notice shall be determined by the City, in its discretion.

The actual receipt by any bondholder of notice of any such meeting shall not be a condition precedent to the holding of such meeting, and failure to receive such notice shall not affect the validity of the proceedings thereat. A certificate by the City Clerk, approved by resolution of the City Council of said City, that the meeting has been called and that notice thereof has been given as herein provided shall be conclusive as against all parties and it shall not be open to any bondholder to show that he failed to receive notice of such meeting.

(c) *Voting Qualifications.* Any bondholder may, prior to any such meeting, deliver his Bond or Bonds to any agency designated by the City for the purpose, and shall thereupon be entitled to receive an appropriate receipt for the Bond or Bonds so deposited, calling for the redelivery of such Bond or Bonds at any time after the meeting. The Treasurer shall prepare and deliver to the chairman of the meeting a list of the names and addresses of the registered owners of Bonds, with a statement of the maturities and serial numbers of the Bonds held and deposited by each of such bondholders, and no bondholder shall be entitled to vote at such meeting unless his name appears upon such list or unless he shall present his Bond or Bonds at the meeting or a certificate of deposit thereof, satisfactory to the City, executed by a bank or trust company. No bondholder shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against his name on such list, unless he shall produce the Bonds upon which he desires to vote, or a certificate of deposit thereof as above provided.

(d) *Issuer-owned Bonds.* The City covenants that it will present at the meeting a certificate, signed and verified by one member of the City Council and by the Treasurer, stating the maturities and serial numbers of all Bonds owned by, or held for account of, the City, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond appearing upon such certificate, or any Bond which it shall be established at or prior to the meeting is owned by the City, directly or indirectly, and no such Bond (in this Resolution referred to as "issuer-owned Bond") shall be counted in determining whether a quorum is present at the meeting.

(e) *Quorum and Procedure.* A representation of at least 60% in aggregate principal amount of the Bonds then outstanding (exclusive of Bonds, if any, owned by the City) shall be necessary to constitute a quorum at any meeting of bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall have been had by a quorum or by less than a quorum. The City shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and a secretary. At any meeting each bondholder shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he shall be entitled to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The City, by its

duly authorized representative, may attend any meeting of the bondholders, but shall not be required to do so.

(f) *Vote Required.* At any such meeting held as aforesaid there shall be submitted for the consideration and action of the bondholders a statement of proposed action, consent to which is desired, and if such action shall be consented to and approved by bondholders holding at least 60% in aggregate amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) the chairman and secretary of the meeting shall so certify in writing to the City, and such certificate shall constitute complete evidence of consent of bondholders under the provisions of this Resolution. A certificate signed and verified by the chairman and secretary of any such meeting, shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

Section 17. **Bond and Coupon Forms.** Said Bonds shall be payable to bearer, shall be issued in negotiable form, and shall be negotiable, and the form of said Bonds and interest coupons thereof shall be substantially as follows:

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF RIVERSIDE
CITY OF RIVERSIDE
ELECTRIC REVENUE BOND
ISSUE OF 1977
(SUBORDINATED)

No.

\$5,000

The CITY OF RIVERSIDE, a municipal corporation situated in the County of Riverside, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from the Electric Surplus Revenue Fund, as hereinafter provided, to the bearer, on, 19...., upon presentation and surrender of this Bond, the sum of FIVE THOUSAND DOLLARS, with interest thereon at the rate of% per annum, payable January 1, 1978 and semiannually thereafter on the first days of July and January of each and every year from the date hereof until this Bond is paid, upon presentation and surrender of the respective interest coupons hereto attached; provided, however, that if at the maturity date of this Bond funds are available for the payment thereof, as provided in the Resolution hereinafter mentioned, this Bond shall then cease to bear interest. Both principal and interest are payable in lawful money of the United States of America at the office of the City Treasurer of the City of Riverside, in said City, or, at the option of the holder hereof, at any fiscal agency of the City of Riverside in Los Angeles, California, or in San Francisco, California, or in Chicago, Illinois, or in New York, New York.

This is one of a duly authorized issue of Bonds of the City designated "Electric Revenue Bonds, Issue of 1977 (Subordinated)," hereinafter called "the Bonds," all of which have been issued pursuant to said Section 1306 of the City Charter for the purpose of purchasing electric energy and the creation of said issue and the terms and conditions of the Bonds are provided for by the Resolution of the City Council of said City authorizing the Bonds adopted February 15, 1977, designated Resolution No. 13012, and this reference incorporates said Resolution herein, and by acceptance hereof the holder of this Bond and the coupons hereto attached assents to said terms and conditions. Said Resolution is adopted under said Section 1306, and this Bond and the interest coupons hereto attached are issued under and are to be construed in accordance with the laws of the State of California.

This Bond and the interest hereon are not a debt of the City of Riverside, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts, or revenues, except the surplus revenues (as defined in said resolution), and the principal of and the interest on this Bond are payable solely from said surplus revenues and said City is not obligated to pay such principal and interest except from said surplus revenues.

By covenant expressed in said Resolution, the City is obligated to prescribe, revise and collect charges for the services, facilities and electricity of the Electric System of the City such as to provide revenues sufficient to pay the interest on and principal of the outstanding Bonds of this issue as they become due and payable in addition to all other payments required for compliance with said Resolution and the operating and maintenance expenses of the Electric System, and are subject to conditions with respect to any sale of said Electric System. In the manner provided in the Resolution, any or all of the obligations referred to in this paragraph and certain other obligations mentioned in said Resolution may be waived with the consent of the holders of 60% in aggregate principal amount of the outstanding Bonds, exclusive of issuer-owned Bonds.

This Bond and the coupons hereto attached are negotiable instruments and shall be negotiable by delivery. This Bond may be registered as to principal only or as to both principal and interest, in accordance with the provisions for registration endorsed hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the incurring of the indebtedness evidenced by this Bond and in the issuance of this Bond exist, have happened, and have been performed in due time, form and manner as required by Section 1306 of the Charter of the City, the Constitution and laws of the State of California and that this Bond, together with all other indebtedness of the City pertaining to the aforesaid Electric System, is within every debt and other limit prescribed by the Constitution and laws of the State of California and the Charter of said City.

IN WITNESS WHEREOF, said City of Riverside has caused this Bond to be signed by the Mayor and the Treasurer of said City by their facsimile signatures, countersigned by the City Clerk of said City, and sealed with the facsimile corporate seal of said City, and the interest coupons hereto attached to be signed by the Treasurer by his facsimile signature, and has caused this Bond to be dated the first day of April, 1977.

BEN LEWIS

Mayor of the City of Riverside,
California

HAROLD BREWER

Treasurer of the City of
Riverside, California

COUNTERSIGNED:

ALICE HARE

City Clerk of the City of Riverside, California

(SEAL)

(COUPON FORM)

The CITY OF RIVERSIDE, CALIFORNIA, will pay to the bearer, at the office of the Treasurer of said City, in said City, or at the option of the holder hereof, at any fiscal agency of the City of Riverside in Los Angeles, California, or in San Francisco, California, or in Chicago, Illinois, or in New York, New York, out of the Electric Surplus Revenue Fund of said City and not out of any other fund or moneys of the City, the sum of in lawful money of the United States of America, being the interest then due on ELECTRIC REVENUE BOND, ISSUE OF 1977 (SUB-ORDINATED), Number dated April 1, 1977, subject to the provisions on the reverse hereof.

19.....

Coupon No.

\$.....

.....

Treasurer of the City of
Riverside, California

PROVISIONS FOR REGISTRATION

This Bond, if unregistered, may be registered in the name of any person (designated by the bearer) as the registered owner hereof, either as to principal only or as to both principal and interest.

This Bond, if registered in either of said forms may be changed to registration in the other of said forms or discharged from registration.

Each registration, transfer after registration, change of form of registration, or discharge from registration of this Bond shall be entered by the Treasurer in books kept for the purpose at his office in Riverside, California, and noted by him in the registration blank on this Bond.

Registration as to principal only shall not affect the negotiability by delivery of the coupons pertaining to this Bond.

Upon any registration of this Bond as to both principal and interest, all unmatured coupons pertaining hereto shall be surrendered to the Treasurer and may be preserved or cancelled in his discretion.

So long as this Bond is registered no transfer hereof shall be valid for any purpose unless made by the registered owner and entered and noted as herein provided, and the principal hereof shall be payable only to the registered owner, or to his order. Interest on this Bond, if registered as to both principal and interest, shall be payable to the person whose name appears upon the registry books as the registered owner hereof at the close of business on the tenth day preceding the interest payment date, or to his order.

If this Bond is registered as to both principal and interest and its registration is changed to registration as to principal only, or if it is discharged from registration, there shall be attached hereto coupons representing interest hereon to become due thereafter to the date of maturity, hereof. In lieu thereof, and upon surrender and cancellation hereof, the Treasurer in his discretion may issue in exchange therefor a new Bond, with such coupons attached, identical with this Bond, except for the previous notations on the registration blank hereon, and except that the signatures on the new Bond shall be those of the persons holding the offices at the time of affixing such signatures. The issuance of any such new Bond or of new coupons shall be at the expense of the registered owner.

Each discharge hereof from registration shall be effected by an entry on the registry books, and a notation in the blank below, that this Bond is payable to bearer, whereupon this Bond shall become an unregistered bearer instrument, negotiable by delivery as if it had never been registered.

Each registration of this Bond, if unregistered, will be made only upon request of the bearer hereof. Each transfer, change of form of registration, or discharge from registration of this Bond, or issuance of a new Bond in lieu hereof, will be made only upon request of the registered owner.

Each request or transfer must be in form satisfactory to the Treasurer and must be made in writing, signed by the registered owner, or by his agent duly authorized in writing, or by the bearer, as required.

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Manner of Registration</u>	<u>Signature of Treasurer</u>
.....
.....
.....

Section 18. Proceedings Constitute Contract. The provisions of this Resolution and of any resolution or order providing for the sale of the Bonds and awarding the Bonds and fixing the interest rate or rates thereon shall constitute a contract between the City and the bondholders and the provisions thereof shall be enforceable by any bondholder for the equal benefit and protection of all bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State of California.

No remedy conferred hereby upon any bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Charter or any law of the State of California. No waiver of any default or breach of duty or contract by any bondholder shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the bondholder shall prevail, said bondholder shall be entitled to receive from the Electric Revenue Fund reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the bondholders then, and in every such case, the City and the bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this resolution shall be irrevocable, but shall be subject to modification to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 19. Defeasance. Bonds shall no longer be deemed to be outstanding and unpaid if the City shall have made adequate provision for the payment, in accordance with the Bonds and this Resolution, of the principal and interest to become due thereon at maturity. Such provision shall be deemed to be adequate if the City shall have irrevocably set aside, in a special trust fund or account,

moneys which when added to the interest earned or to be earned from the investment or deposit thereof shall be sufficient to make said payments as they become due. Moneys so set aside may be invested in any direct obligations of, or obligations guaranteed by, the United States of America, or in obligations of any agency thereof, in which the City may lawfully invest its money and, to the extent not so invested, may be placed with banks as inactive deposits in the manner provided by law.

Section 20. **Future Contracts.** Nothing herein contained shall be deemed to restrict or prohibit the City of Riverside from making contracts or creating bonded or other indebtedness payable from the general fund of the City, or from taxes or from any source other than the Electric Surplus Revenue Fund.

Section 21. **Severability.** If any covenant, agreement or provision, or any portion thereof, contained in this Resolution, or the application thereof to any person or circumstance, is held to be unconstitutional, invalid, or unenforceable, the remainder of this Resolution and the application of any such covenant, agreement or provision, or portion thereof, to other persons or circumstances, shall be deemed severable and shall not be affected thereby, and this Resolution and the Bonds issued pursuant hereto shall remain valid and the bondholders shall retain all valid rights and benefits accorded to them under this Resolution, Section 1306, the Charter of the City and the Constitution and laws of the State of California.

Section 22. **Effective Date.** This Resolution shall take effect upon the expiration of 30 days following the publication thereof subject to the right of referendum, all as provided in Section 1306 of the Charter.

ADOPTED, SIGNED AND APPROVED this 15th day of February, 1977.

ATTEST:

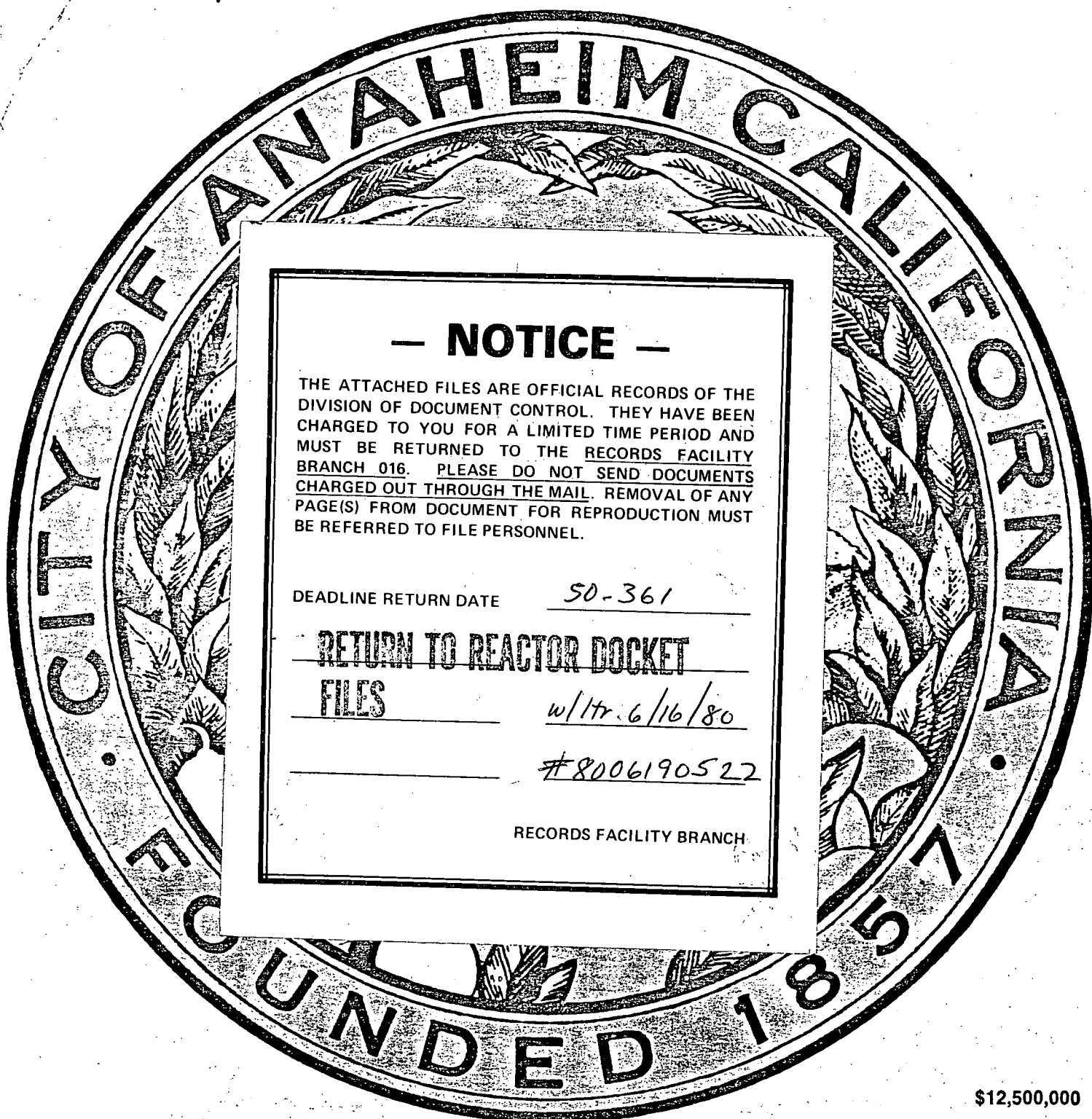
BEN LEWIS

Mayor of the City of Riverside, California

(SEAL)

ALICE HARE

City Clerk of the City of Riverside, California



— NOTICE —

THE ATTACHED FILES ARE OFFICIAL RECORDS OF THE DIVISION OF DOCUMENT CONTROL. THEY HAVE BEEN CHARGED TO YOU FOR A LIMITED TIME PERIOD AND MUST BE RETURNED TO THE RECORDS FACILITY BRANCH 016. PLEASE DO NOT SEND DOCUMENTS CHARGED OUT THROUGH THE MAIL. REMOVAL OF ANY PAGE(S) FROM DOCUMENT FOR REPRODUCTION MUST BE REFERRED TO FILE PERSONNEL.

DEADLINE RETURN DATE

50-361

RETURN TO REACTOR DOCKET

FILES

w/lttr. 6/16/80

#8006190522

RECORDS FACILITY BRANCH

\$12,500,000

**ELECTRIC REVENUE BONDS
SECOND ISSUE (SUBORDINATED) OF 1976**

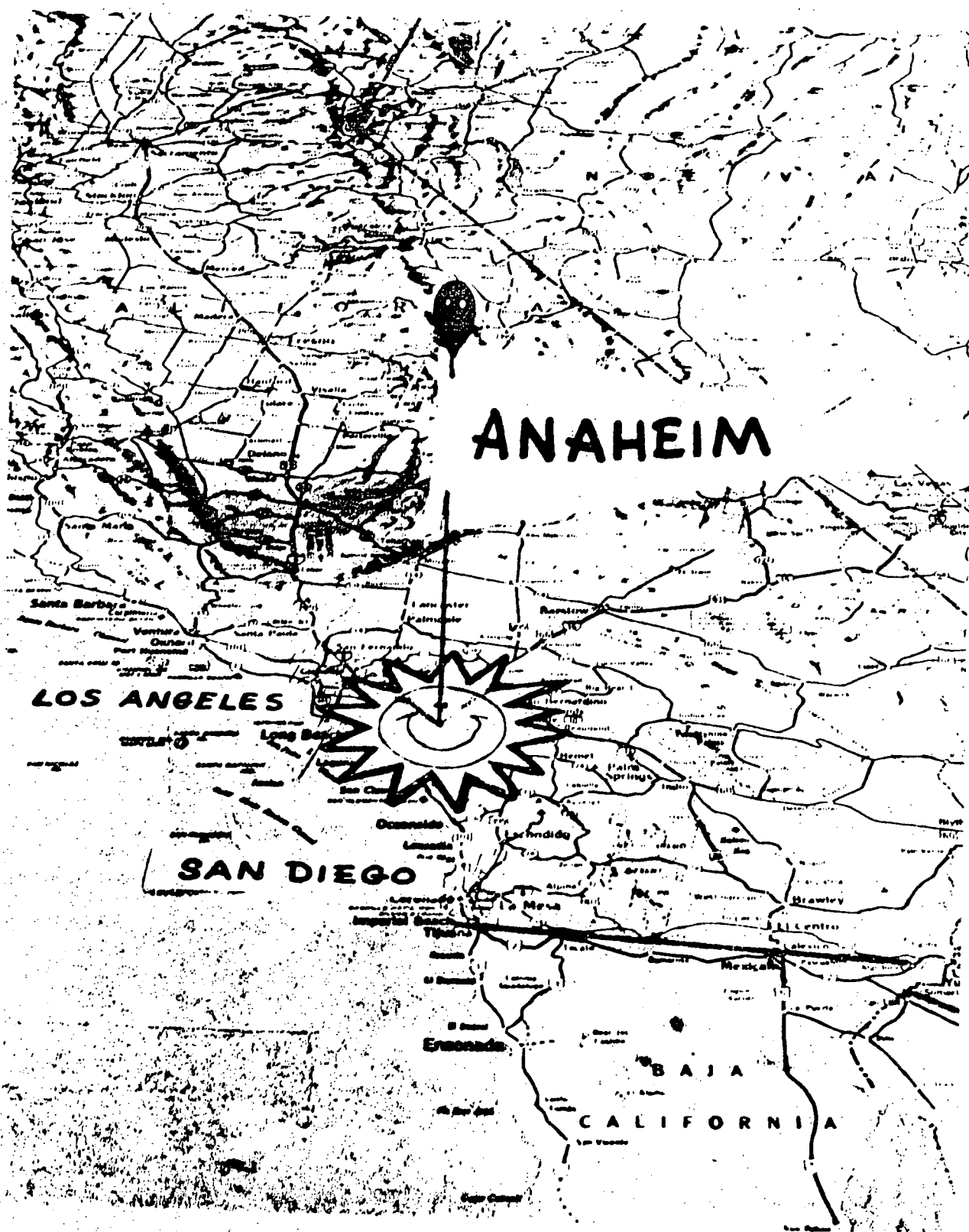
Sale Date June 8, 1976

Prepared under the Supervision of



WAINWRIGHT & RAMSEY INC.
Consultants on Municipal Finance

Los Angeles New York San Francisco Miami



OFFICIALS OF THE CITY OF ANAHEIM

CITY COUNCIL

W. J. (Bill) Thom, Mayor
John F. Seymour, Jr., Mayor Pro-tem
Miriam Kaywood
William I. Kott
Don R. Roth

CITY MANAGER

Keith A. Murdoch
William O. Talley, Assistant City Manager

UTILITIES DEPARTMENT

Gordon W. Hoyt, Utilities Director

George H. Edwards, Electrical Superintendant	Edward E. Dumon, Operations Superintendent
James E. Willis, Utility Accounts Manager	Henry C. Wiley, Energy Services Manager
Darrell L. Ament, Management Services Manager	Larry M. Sears, Water Superintendent

CITY DEPARTMENT HEADS

William O. Talley, Acting Finance Director	William J. Griffith, Library Director
Alona M. Hougard, City Clerk	Garry O. McRae, Personnel Director
James W. Riley, Fire Chief	Harold A. Bastrup, Police Chief
Alan R. Watts, City Attorney	Thomas F. Liegler, Stadium, Convention Center and Golf Director
James D. Ruth, Parks, Recreation and Arts Director	Knowlton Fernald, Jr., Community Development Director
Thornton E. Piersall, Public Works Director	
Ronald L. Thompson, Planning Director	

CITY TREASURER

Glenn E. Stewart

BOND COUNSEL

O'Melveny & Myers

Prepared Under the Supervision of
WAINWRIGHT & RAMSEY INC.
Consultants on Municipal Finance

The date of this Official Statement is May 25, 1976

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	3
SYNOPSIS OF ESSENTIAL FACTS RESPECTING THE BONDS.....	5
Amounts and Maturities.....	5
Authorization.....	5
Purpose of Bonds.....	5
Calculation of Savings on Economy Energy.....	6
Bond Security.....	7
Flow of Funds.....	7
Rate Covenant.....	7
Fiscal Year.....	8
Legal Opinions.....	8
Legality for Investments by Savings Banks in California.....	8
Additional Sales.....	9
CITY OFFICIALS	
Members of City Council.....	9
City Management.....	9
CITY OF ANAHEIM ELECTRIC UTILITY	
The Utilities Department.....	10
Electric Utility Management.....	10
Pension Obligations.....	10
Labor Relations.....	11
The System.....	11
Electric Rates.....	12
Operations.....	14
Bulk Power Supply.....	17
Litigation.....	18
Electric Utility Financial Information.....	20
Audited Financial Statements.....	21
Nine Month Unaudited Financial Statements.....	27
Five Year Comparative Statements.....	29
Historical Capital Expenditures.....	30
Debt Service Statement.....	31
CITY OF ANAHEIM FINANCIAL INFORMATION	
Assessed Valuation.....	32
Tax Rates and Tax Collections.....	33
Direct and Overlapping Debt.....	34
CITY OF ANAHEIM ECONOMIC AND GENERAL BACKGROUND.....	39
APPENDIX I — CONTRACT WITH NEVADA POWER COMPANY.....	52
APPENDIX II — CONTRACT WITH SOUTHERN CALIFORNIA EDISON COMPANY.....	56
APPENDIX III — RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM, CALIFORNIA, AUTHORIZING THE ISSUANCE OF \$12,500,000 SUBORDINATED ELEC- TRIC REVENUE BONDS OF SAID CITY AND PROVIDING THE TERMS AND CONDITIONS FOR THE ISSUANCE OF SAID BONDS.....	61

CITY OF ANAHEIM, CALIFORNIA

INTRODUCTION

The City of Anaheim, California (the "City") will offer for sale \$12,500,000 Electric Revenue Bonds, Second Issue (Subordinated) of 1976 (the "Bonds"), at 10:00 a.m. P.D.S.T. on Tuesday, June 8, 1976. The Bonds were authorized by a resolution of the City Council (the "Resolution") adopted on May 25, 1976, in accordance with the provisions of the City Charter. A copy of the Resolution is included as Appendix III hereto.

The Bonds are being issued to finance the partial payment for economy energy to be purchased from Nevada Power Co. (see "Purpose of Bonds" on page 5 and Appendix I).

The Bonds will be payable from the surplus revenues of the City's electric system.

The City of Anaheim, located approximately 28 miles southeast of Los Angeles, is an important recreational, residential, commercial and industrial center. The City's population, as of January 1, 1976 was 196,382, according to combined special state and local census.

All power, except for economy energy purchased from Nevada Power Company is purchased at wholesale from the Southern California Edison Company (SCE) at the present time.

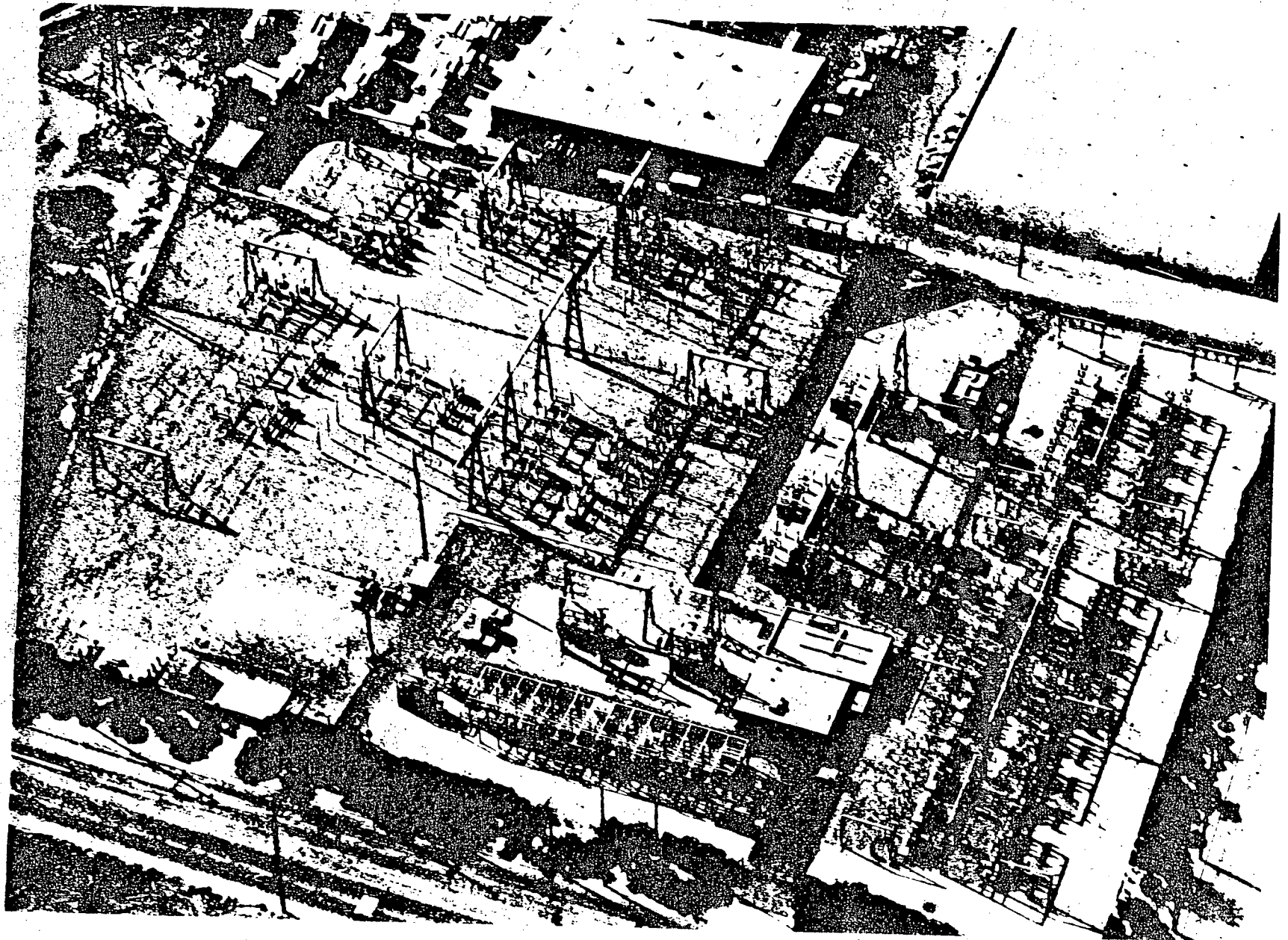
By acquisition in August 1973 of the facilities of SCE serving approximately 1/5 of the City, including Disneyland, the City's sub-transmission and distribution system now serves electricity to all customers within the City limits.

Assuming for purposes of illustration a 5% interest rate on the Bonds, the maximum annual debt service on all outstanding Electric Revenue Bonds would be \$4,916,375. The last fiscal year's gross revenue of \$43,361,041 and net revenue (before depreciation) of \$7,489,591 would cover this maximum annual debt service 8.8 times and 1.5 times respectively.

The material contained in this Official Statement describes the Bonds and the Electric Division of the Utilities Department of the City and presents information concerning the City of Anaheim, its location, population, economic and financial background. This Official Statement was prepared for and under the supervision of the Utilities Department of the City of Anaheim by Wainwright & Ramsey Inc., in its capacity as financial consultant to the City.

Wainwright & Ramsey Inc., which does not buy, sell or trade bonds or other securities, will receive a fee from the City upon delivery of the Bonds.

Copies of this Official Statement together with the notice inviting bids and bid form may be obtained from Wainwright & Ramsey Inc., 70 Pine Street, New York, N. Y. 10005, and 7325 Woodrow Wilson Drive, Los Angeles, California 90046, and 58 Sutter Street, San Francisco, California 94104 or from Alona M. Hougard, City Clerk, 204 East Lincoln Avenue, Anaheim, California 92803.



LEWIS RECEIVING STATION

SYNOPSIS OF ESSENTIAL FACTS RESPECTING

THE BONDS

\$12,500,000

CITY OF ANAHEIM, CALIFORNIA (ORANGE COUNTY)

ELECTRIC REVENUE BONDS, SECOND ISSUE (SUBORDINATED) OF 1976 (Payable solely from the Surplus Revenue Fund)

Dated June 1, 1976

Due December 1, 1977
and semiannually thereafter
to December 1, 1980

The Bonds will be coupon Bonds, in the denomination of \$5,000 each, registrable as to principal only, or as to both principal and interest, and reconvertible at registered owner's expense, principal and interest (due December 1, 1976 and semiannually June 1 and December 1 thereafter) shall be payable in lawful money of the United States of America at the office of the Treasurer of the City of Anaheim, California, or, at the option of the holder, at the Corporate Agency Division of Bank of America National Trust and Savings Association, in Los Angeles, California, or at any paying agent of the City in San Francisco, California, Chicago, Illinois, or in New York, New York.

Maturities: The Bonds will mature in consecutive numerical order as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>
December 1, 1977	\$1,625,000
June 1, 1978	1,625,000
December 1, 1978	1,725,000
June 1, 1979	1,700,000
December 1, 1979	1,800,000
June 1, 1980	1,800,000
December 1, 1980	2,225,000

AUTHORIZATION

The Bonds were authorized at a special municipal election held on March 4, 1975, and constitute the second issue under the \$150,000,000 Electric Revenue Bond authorization.

PURPOSE OF BONDS

Proceeds of the Bonds will be used to finance the partial payment for economy energy to be purchased from the Nevada Power Company in accordance with the agreement included herein as Appendix I.

This energy will be transmitted by Southern California Edison Company in accordance with the agreement included herein as Appendix II.

Anaheim's savings in energy costs under minimum and expected amount of energy transactions during the life of these agreements have been calculated as follows:

**CALCULATIONS OF ANAHEIM'S SAVINGS FOR MINIMUM AGREEMENT
AMOUNT OF ENERGY TRANSACTIONS (250,000,000 KWH PER YEAR) AND
FOR EXPECTED AMOUNT OF ENERGY TRANSACTIONS (325,000,000 KWH
PER YEAR) BASED ON COST OF ENERGY FROM SOUTHERN CALIFORNIA
EDISON COMPANY OF \$0.0200/KWH, NEVADA POWER COMPANY INCREMENTAL
GENERATING COST OF \$0.01127/KWH, 3.3% TRANSMISSION LOSSES, AND
5% ANNUAL INTEREST RATE**

Contract Year (July 1- June 30)	Kwh Purchased and Transmitted Millions of Kwh	Nevada Power Company			Bond Principal Payment \$	Bond Interest Payment @ 5% \$	Edison Transmission Cost @ \$.00122/Kwh \$	Kwh Received At Anaheim Millions of Kwh	Total Cost to Anaheim 4+5+7 +\$	Cost of Kwh Received If Purchased From Edison @ \$.020/Kwh \$	Savings Guar- anteed Per Agree- ment Formula \$	Savings Realized Per Agree- ment Formula \$	Cash Payment By Nevada To Anaheim To Meet Savings Guar- antee 12-13 \$	Total Net Savings For Anaheim \$ 11-10+14
		Price \$/Kwh	Bill Anaheim \$	Debit Prepayment \$										
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
<i>Thousands of Dollars</i>														
250,000,000 kwh per year														
1976-77	250.000	.01231	3,077.5	-0-	-0-	625.000	305.000	241.75	4,007.500	4,835.000	1,500	1,452.50	47.5	875.000
1977-78	250.000	.01300	-0-	3,250.0	3,250	584.375	305.000	241.75	4,139.375	4,835.000	1,450	1,280.00	170.0	865.625
1978-79	250.000	.01369	-0-	3,422.5	3,425	419.375	305.000	241.75	4,146.875	4,835.000	1,250	1,107.50	142.5	830.625
1979-80	250.000	.01438	-0-	3,595.0	3,600	246.250	305.000	241.75	4,146.250	4,835.000	1,300	935.00	365.0	1,053.750
1980-81	155.250	.01438	-0-	2,232.5	2,225	55.625	189.405	150.13	2,477.530	3,002.600	-0-	-	-0-	525.070
	1,155.250	.01348	3,077.5	12,500.0	12,500	1,930.625	1,409.405	1,117.13	18,917.530	22,342.600	5,500	4,775.00	725.0	4,150.070
325,000,000 kwh per year														
1976-77	325.000	.01231	4,000.75	-0-	-0-	625.000	396.500	314.275	5,022.250	6,285.500	1,500	1,888.25	-0-	1,263.250
1977-78	325.000	.01300	-0-	4,225.00	3,250	584.375	396.500	314.275	5,205.875	6,285.500	1,450	1,664.00	-0-	1,079.625
1978-79	325.000	.01369	-0-	4,449.25	3,425	419.375	396.500	314.275	5,265.125	6,285.500	1,250	1,439.75	-0-	1,020.375
1979-80	325.000	.01438	847.75	3,825.75	3,600	246.250	396.500	314.275	5,316.250	6,285.500	1,300	1,215.50	-0-	969.250
1980-81	-0-	.01438	-0-	-0-	2,225	55.625	-0-	-0-	55.625	-	-	-	-0-	(55.625)
	1,300.000	.01335	4,848.50	12,500.00	12,500	1,930.625	1,586.000	1,257.100	20,865.125	25,142.000	5,500	6,207.50	-0-	4,276.875

SOURCE — City of Anaheim Utilities Department

BOND SECURITY

The Bonds are issued under and pursuant to Section 1210 of the Anaheim City Charter, procedural Ordinance No. 2980, and the Resolution. The Bonds shall constitute special obligations of the City, payable both as to principal and interest and as to any premiums upon the redemption of any thereof prior to maturity only out of the Surplus Revenue Fund and not out of any other fund or moneys of the City; provided that this shall not preclude payment of principal, interest or premiums through certain other sources as enumerated in the Resolution. The Bonds are subordinated to the \$8,000,000 Electric Revenue Bonds, Issue of 1972, and the \$6,000,000 Electric Revenue Bonds of 1976, heretofore issued, and to any additional electric revenue bonds which may be hereafter issued which are payable from the gross revenues of the electric system (sometimes referred to herein as "senior lien bonds"). Under provisions of the resolutions providing for the issuance of said 1972 and 1976 issues, the gross revenues of the electric system of the City (sometimes referred to herein as the "enterprise") are required to be deposited in the Electric Revenue Fund and allocated or transferred on a monthly basis in the following order of priority: first, to pay debt service on all outstanding senior lien bonds; second, to pay current maintenance and operation expenses of the enterprise; third, to replenish the Reserve Fund established as additional security for said 1972 and 1976 issues; and fourth, to replenish the Renewal and Replacement Account similarly established. All moneys remaining in the Electric Revenue Fund after the foregoing monthly transfers have been made constitute "surplus" revenues. Under the provisions of the Resolution said surplus revenues are required to be deposited in the Surplus Revenue Fund and used only for the purposes authorized by the Resolution, including the payment of principal and interest of the Bonds.

FLOW OF FUNDS

The following is a brief summary of the provisions contained in Section 10 of the Resolution, a copy of which is attached hereto as Appendix III.

Surplus Revenue Fund; Debt Service Account. The surplus revenues shall be deposited in the Surplus Revenue Fund. On or before the twentieth day of each calendar month so long as any of the Bonds are outstanding, the Treasurer shall allocate to the Debt Service Account the following amounts: (1) One-sixth of the interest which will become due and payable on the outstanding Bonds within the next

ensuing six months, except that for the first interest payment due after the issuance of the Bonds the monthly sum allocated shall be the interest which will become due and payable less the amount of any accrued interest placed in the Debt Service Account divided by the number of months remaining in said period; and (2) one-sixth of the principal amount which will mature and be payable on the outstanding Bonds within the next ensuing six months, except that for the first principal payment due after the issuance of the Bonds the monthly sum allocated shall be the principal amount which will be due and payable divided by the number of months remaining in said period. In the event that the allocations for each calendar month as aforesaid are less than the amounts required for that month because of lack of funds or for any other reason the deficiency shall be added to and become a part of the allocations required for the following calendar month.

In any event, such sums shall be allocated so that the full amount required to pay, as they become due, the interest on said Bonds and any installment of principal on said Bonds shall be set aside in the Debt Service Account at least five days prior to the date the installment of interest or principal becomes due.

All moneys remaining in the Surplus Revenue Fund after all monthly allocations required hereunder have been made, and all covenants contained herein have been duly performed, may be: (1) invested in any obligations in which the City may lawfully invest its funds; (2) used for any purpose authorized by the resolutions providing for the issuance of senior lien bonds; or (3) used for any lawful purpose of the City, including but not limited to the security and payment of other indebtedness incurred in connection with the enterprise.

RATE COVENANT

The City shall prescribe, revise and collect such charges for the services and facilities of the enterprise which, after making allowances for contingencies and error in the estimates, shall be at least sufficient to pay the following amounts in the order set forth:

(a) The interest on and principal payments of the outstanding senior lien bonds as they become due and payable;

(b) All current expenses for the necessary and reasonable maintenance and operation expenses of the enterprise as said expenses become due and payable;

(c) All payments required for compliance with any resolution providing for the issuance of senior lien bonds;

(d) All payments required for compliance with the Resolution and any resolution providing for the issuance of parity subordinated bonds; and

(e) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the revenues of the enterprise;

and the charges shall be so fixed that the net revenues shall at least equal 1.10 times the amounts payable under (a), provided that so long as any of the 1972 Bonds remain outstanding said charges shall be so fixed that the net revenues shall at least equal 1.25 times the maximum amount payable under (a).

LIMITS ON ADDITIONAL DEBT

Under provisions of the resolutions providing for the issuance of the Electric Revenue Bonds, Issues of 1972 and 1976, the City may not issue additional revenue bonds payable from the gross revenues of the enterprise unless (1) the City is not in default under said resolutions; and (2) the net revenues of the enterprise, calculated on sound accounting principles, as shown by the audited books of the City for each of the last two completed fiscal years prior to the adoption of the resolution of award of bids for such additional indebtedness shall have amounted to at least 1.10 times the amount of principal (including any mandatory sinking fund payments) and interest which will become due and payable in the fiscal year next succeeding the fiscal year in which such additional indebtedness is incurred on all such bonds (and, so long as any of the bonds of the 1972 Issue remain outstanding, at least 1.25 times the maximum annual debt service in any fiscal year thereafter on all indebtedness to be outstanding immediately subsequent to the incurring of such additional indebtedness). For purposes of this computation, gross revenues may be increased by allowing for earnings arising from any increase in electric service charges which became effective prior to the incurring of such additional indebtedness but which, during all or any part of said last two completed fiscal years, was not in effect, in an amount equal to 95% of the amount by which the gross revenues would have been increased if such increase in charges had been in effect during the whole of said last two completed fiscal years, as shown by an independent auditor's certificate or opinion.

In addition to the foregoing, under provisions of the Resolution the City may not issue additional indebtedness, whether senior to or on a parity with the Bonds, unless (1) the City is not in default under the terms of the Resolution; and (2) the net revenues for each of the two preceding fiscal years shall have amounted to at least the amount of principal and interest which will become due and payable in the fiscal year next succeeding the fiscal year in which such additional indebtedness is incurred on all indebtedness payable out of the revenues of the enterprise.

FISCAL YEAR

The fiscal year of the Electric Division of the Public Utilities Department of the City means the year period beginning each July 1 and ending on the next following June 30th.

LEGAL OPINIONS

The unqualified opinion of O'Melveny & Myers, Los Angeles, California, Bond Counsel for the City, approving the validity of the Bonds and stating that interest on the Bonds is exempt from income taxes of the United States of America under present Federal income tax laws and from personal income taxes of the State of California under present State income tax laws, will be furnished to the successful bidder or bidders at the time of the delivery of the Bonds. A copy of said opinion will be printed on the back of each Bond, at the expense of the City.

The employment of Bond Counsel is limited to reviewing and rendering assistance in the preparation of the legal proceedings authorizing the Bonds, to a limited participation in the preparation of this Official Statement and to the issuance of the opinion described in the preceding paragraph. Except as specifically set forth in this Official Statement, Bond Counsel has not independently verified the accuracy, completeness or fairness of the statements contained herein, and the limitations inherent in the participation of Bond Counsel and the knowledge available to Bond Counsel are such that Bond Counsel is unable to assume and does not assume any responsibility for the accuracy, completeness or fairness of such statements.

LEGALITY FOR INVESTMENT BY SAVINGS BANKS IN CALIFORNIA

It is believed that the Bonds fulfill the requirements of Section 1362 of the Financial Code of the State of California. The Bonds are payable out of revenues from a revenue producing property (electric

system) owned, controlled, and operated by the City of Anaheim, and are secured by such revenues: net income from the last fiscal year has exceeded the maximum annual debt service for any future fiscal year on all such securities which will be outstanding after the issuance of the Bonds; and said electric system had a gross income of at least \$1,000,000 in the latest fiscal year. An application has been made by the City pursuant to Section 1371 of the Financial Code for a certificate from the Superintendent of Banks of the State of California certifying that the Bonds will, when issued, comply with the requirements of the code for eligibility for investment by savings banks in California.

ADDITIONAL SALES

Additional revenue bonds can be sold to acquire rights to power, generation, transmission and distribution facilities under the \$150,000,000 authorization referred to herein. It is not anticipated that additional electric revenue bonds will be sold for at least 180 days.

CITY OFFICIALS

MEMBERS OF THE CITY COUNCIL

W. J. (Bill) Thom, Mayor, became the first Mayor of the City to be elected by a popular vote of the people under an amendment to the City Charter in April of 1974 and was elected to another two year term as Mayor April 13, 1976. First elected to the City Council in 1970, he is now serving in his second four year term. He also has served his community as a member of the City Planning Commission.

John F. Seymour Jr., Mayor Pro Tem, was elected to the City Council in 1974. In April of 1976, his fellow council members selected him to serve a second successive term as Mayor Pro Tem. Prior to becoming a member of the City Council he was a planning commissioner and was president of the Anaheim Chamber of Commerce.

Miriam Kaywood, Councilwoman, is the first and only woman to have been elected to the City Council. Prior to her election in 1974, she was very active in civic affairs ranging from the cultural arts to municipal capital improvements. She also served on the City Planning Commission for three years.

William I. Kott, Councilman, was elected April 13, 1976 to his first four year term on the City Council. He is an oral surgeon and has lived in Anaheim for more than 20 years. He has been an active member of the Anaheim Chamber of Commerce.

Don R. Roth, Councilman, served in an appointed capacity on the City Council from January 1971 to April 1972 and was elected to a full four year term April 13, 1976. He has been active in civic affairs and was one of the original voting members of the City of Anaheim Charter Committee which authored the current City Charter.

CITY MANAGEMENT

Keith A. Murdoch, City Manager, City of Anaheim, was appointed to his position in 1950, is a graduate of Michigan State University, has been a Major in the U. S. Army, and has served as City Manager of Claremont, California. He has lectured at the University of California Irvine campus and Los Angeles campus, and at California State College, Fullerton. During Mr. Murdoch's tenure as City Manager, the City of Anaheim has become the home of Disneyland, has attracted the California Angels Baseball Club, has designed and built a large multi-purpose sports stadium and convention center, has attracted over 400 industries, and has become a major metropolitan area. He is a past President of the City Managers' Department of the League of California Cities, and is a member of the International City Managers' Association. On May 11, 1976 Mr. Murdoch announced his intention to retire on July 9, 1976 and the City Council has not yet taken action to appoint a successor.

William O. Talley, Assistant City Manager. He holds an M.S. degree in Public Administration from Los Angeles State University, is responsible for the overall day-to-day operations of the City and is aggressively spearheading the "management by objectives" program. At present he is also Acting Finance Director. Talley came to the City in December, 1975 from a 20-year career with the City of Long Beach. His responsibilities in Long Beach have included budget and research, data processing, intergovernmental relations, and a wide range of administrative services in such areas as transportation, oil properties and utilities.

Included in the Finance Director's overall responsibilities are the following centralized accounting functions: collecting all electric power, water, sanitation and industrial waste charges; control and preparation of the City payroll; the issuance of licenses; and purchasing and warehousing. During the past several years, the City of Anaheim has continually improved methods and procedures so as to provide the City Council, the City Manager, and interested citizens with comprehensive up-to-date reports. Annual post-audits are made by Arthur Young & Company, Certified Public Accountants.

Accounting records, financial transactions, and billing, including all billing and accounting for the Electric Division, are done on the City's IBM-370 Model 145 computer. The City and its Utilities Department are increasing their billing and accounting capabilities as more customers are added within the City limits by installation of a Utilities Information System featuring an expanded file of historical information and providing for more rapid billing and direct access to the computer's data files through video display terminals.

Alan R. Watts, City Attorney, heads the legal staff representing the City of Anaheim. He joined the staff in 1962 as a Deputy City Attorney, and was named City Attorney in December, 1973.

His legal career began as a deputy city prosecutor for the City of Pasadena, where he served for more than a year before coming to Anaheim. He received his law degree from the University of California at Los Angeles, a bachelor's degree from San Jose State College, has completed additional studies at Fullerton College and is a member of the American, California and County of Orange Bar Associations and currently is chairman of the Legal Section of the American Public Power Association.

CITY OF ANAHEIM ELECTRIC UTILITY

THE UTILITIES DEPARTMENT

The Utilities Department exercises jurisdiction over both the electric and water systems of the City. However, funds and accounts of the respective systems are kept separate.

The Department is under the supervision of the Utilities Director who is responsible for the supervision of the design, construction, maintenance, operation, and upkeep of the City electrical and water systems. Thus, the Utilities Director is responsible for all engineering, planning, construction, operation, maintenance, meter reading and billing for both the electric and water utilities. The Director of Finance of the City is charged with the accounting and collection of all revenues as well as the administration of the financial affairs of the City. The Utilities Director and Finance Director are under the direction of the City Manager.

ELECTRIC UTILITY MANAGEMENT

Gordon W. Hoyt, Utilities Director, is in charge of the City's electric and water distribution systems and has been Utilities Director since 1964. He is an electrical engineering graduate of the University of Texas and has served as superintendent of the City of Santa Clara's Electrical Department, and as an

Electrical Engineer for Pacific Gas and Electric Company. He is a Senior Member of the Institute of Electrical and Electronic Engineers and was appointed by the Chairman of the Federal Power Commission to the Technical Advisory Committee on Power Supply. He is a member of the Executive Committee and Board of Directors of the Inter-mountain Power Project and a member of the San Joaquin Nuclear Project Coordinating Committee. Mr. Hoyt's professional experience includes design, construction, and operation of generating, transmission, and distribution facilities, as well as management of municipal electrical and water distribution utilities.

George H. Edwards, Electrical Superintendent, has been with the Electric Utility since 1966, and is responsible for engineering, construction, and maintenance of the electric utility. He received a B.S. in electrical engineering from Texas Technological College in 1950, and is a registered professional engineer.

PENSION OBLIGATIONS

Employees of the City participate in a defined-benefit pension plan which is administered in accordance with a contract between the City and the State of California Public Employees' Retirement System (PERS). PERS is a statewide system operated pursuant to Title 2, Division 5, Part 3 of the Government Code. State law requires that PERS undergo actuarial review not less often than every fourth year. Actuarial Systems, Inc., independent actuaries and consultants, reviewed PERS' actuarial experience for the four-year period ending June 30, 1973 and computed actuarial valuations of PERS as of June 30, 1973 and June 30, 1974. In its report dated May 15, 1975, the actuary identified an "unfunded supplemental liability" of \$925,615,287, as of June 30, 1973, for the Local Miscellaneous Employees Group, which would include the 300 employees of the Utilities Department. As of June 30, 1974, the "unfunded supplemental liability" was reported as \$1,072,453,578, and the local miscellaneous group included 138,297 employees statewide. The actuary attributed the increase to increases in benefits during the year and to salary increases at rates exceeding previous actuarial assumptions. The "unfunded supplemental liability" for all other member groups (State Miscellaneous, State Safety, Highway Patrol, Local Safety and County Schools), as of June 30, 1974, was \$3,977,018,111. The actuary's report includes a discussion of new actuarial assumptions to provide for amortization of unfunded liabilities in the various member groups within PERS. Additional information is available from State of California Public Em-

ployees' Retirement System, 1416 Ninth Street, Sacramento, California 95814.

State law provides that, when rendered necessary by changes in benefits or by periodic actuarial review, PERS may modify the amounts of annual pension contributions by agencies contracting with it.

Based on the latest actuarial evaluation which was made as of June 30, 1974, the City's unfunded prior service cost relating to the City's participation in PERS was \$754,985, which is being funded over 25 years. Information as to the excess of the actuarially computed value of vested benefits over the related pension fund is not available. The City's General Fund contribution to the plan for the year ended June 30, 1975 was approximately \$2,590,000 (including funding of prior service costs of \$52,300). Electric Utility Fund Contributions to the plan for the same year were approximately \$302,600 (including funding of prior service costs of \$9,300).

LABOR RELATIONS

The City, pursuant to the authority established in Section 1000 of its Charter and the authority contained in the Government Code of the State of California, has established a personnel system. The City has, pursuant to the authority just referred to above, adopted various ordinances and resolutions which create the City's personnel system. The Meyers-Millias-Brown Act (MMB) contained in Section 3500 et seq. of the California Government Code establishes the framework for public agencies to meet with public employees or employee organizations for the purpose of meeting and conferring in good faith regarding wages, hours and other terms and conditions of employment.

Staff officials of the City have met and conferred with various employee organizations and entered into Memorandums of Understanding with said organizations. Memorandums of Understanding have been agreed upon with the Anaheim Municipal Employees Association, the Anaheim Police Association, the Anaheim Fire Association, the Service and Hospital Employees Union, Local 399, the General Truck Drivers Union, Local 235 and the International Brotherhood of Electrical Workers, Local 47.

The employees of the Utilities Department are represented by the International Brotherhood of Electrical Workers, Local 47 (IBEW). The most recent Memorandum of Understanding concerning the IBEW expired on October 16, 1975. The parties both before and after the expiration date of the Memorandum of Understanding, above mentioned, have met and conferred to reach a new Memorandum

of Understanding. On April 12, 1976, a new Memorandum of Understanding between staff officials of the City and IBEW was executed. The term of this Memorandum of Understanding is from October 17, 1975 to October 13, 1977.

Memorandums of Understanding are currently in effect for all labor organizations listed above, except the Anaheim Municipal Employee Association. This Memorandum of Understanding expired on October 16, 1975 and Anaheim and the Anaheim Municipal Employees Association have submitted this matter to a non-binding fact-finder to find facts and make recommendations to resolve the dispute.

THE SYSTEM

History of System. As one of the first eight such municipally-owned systems in the State of California, the system has been fundamentally a sub-transmission and distribution system, although it did generate all its own power from 1895 to 1916 and part of its own power from 1927 to 1930.

The original City-owned generating plant, financed by a \$7,000 bond issue approved by 95% of the electorate, was constructed in 1895 and consisted of a steam-driven generator of 500 lights capacity. By the spring of 1896 the maximum capacity of the generating plant had been reached with 498 lights connected to the system. With 173 more applications for service, Anaheim voters passed \$18,000 in bonds for the combined rebuilding of both the electrical light plant and the City water system in August of 1896. In 1916 the City entered into an agreement to purchase electricity at wholesale rates from the Southern California Edison Company rather than generate its own power.

In 1934, during the depression years, the City, working with the Federal Public Works Administration, rebuilt and expanded the distribution system sufficiently to serve the needs of the citizens until the end of World War II.

In the decades since the war, the City's Electric System has continued to expand to meet the requirements of fantastic growth. The City-owned Electric System has grown from 498 lights in 1895 to a distribution system which sold 1,452 million KWH's of energy to 69,270 customers during fiscal year ended June 30, 1975. Prior to December 1974 the City received its electric supply at 66 KV but since then such supply is received at 220 KV at its \$5 million Lewis Receiving Station.

Service Area. Currently the City of Anaheim Electric System serves electricity to all the area within the City limits.

TABLE 1

CITY OF ANAHEIM ELECTRIC SYSTEM
Installation of Transmission and Distribution Lines (Excluding Street Lights)

Fiscal Year Ended June 30	Circuit Miles				
	Overhead Lines		Underground		Total Overhead and Underground Lines Installed Per Fiscal Year
	Lines Installed	Accumulative Lines	Underground Lines Installed	Accumulative Underground Lines	
Prior to 1966.....		552.87		2.34	555.21
1966.....	6.25	559.12	2.71	5.05	8.96
1967.....	9.99	569.11	3.07	8.12	13.06
1968.....	7.94	577.05	2.49	10.61	10.43
1969.....	33.44	610.49	7.57	18.18	41.01①
1970.....	14.27	624.76	12.03	30.21	26.30
1971.....	19.91	644.67	19.13	49.34	39.04
1972.....	12.79	657.46	18.78	68.12	31.57
1973.....	46.30	703.76	24.44	92.56	70.74①
1974.....	174.04	877.80	38.29	130.85	212.33①
1975.....	8.74	886.54	26.03	156.88	34.77
TOTAL.....	333.67	886.54	154.54	156.88	1,043.42

① 1969 total includes 19.87 miles, 1973 — 35.9 miles, 1974 — 177.00 miles, by acquisition of such lines from Southern California Edison Co.

Note: Including street lights, there are 1,348.87 miles of underground and overhead lines in the City of Anaheim Electric System.

TABLE 2

CITY OF ANAHEIM ELECTRIC SYSTEM
System Total Miles as of June 30, 1975

	<i>Circuit Miles</i>
66 KV Lines.....	40.16
12 KV (Three Phase & One Phase).....	426.25
12/6.9 KV (Three Phase).....	84.46
6.9 KV (One Phase).....	58.77
4 KV Lines.....	33.58
Secondaries.....	400.20
Street Lights.....	305.45
TOTAL.....	1,348.87 Miles

ELECTRIC RATES

Area Rate Comparisons. The electric rates now in effect in the City of Anaheim compare most favorably with those of other cities in the area. Table 3 compares electric rates of twelve cities, of which seven are served directly as retail customers of the Southern California Edison Company. The Company sells power wholesale to both Riverside and Anaheim, while Los Angeles, Pasadena and Glendale generate their own power.

Exact industrial comparisons are difficult because of the necessity for making assumptions for peak demands and load factors. However, in view of the wholesale power purchase rates and considering the demands and load factors of Anaheim's existing industrial customers, Anaheim's present industrial rates are generally equivalent to or slightly lower than industrial rates for similar customers in other cities.

TABLE 3

- ① Municipal Electric System.
- ② Generates Own Power Supply.
- ③ Commercial-Single-Phase less than 20 KW.
- ④ Served by Southern California Edison.

At present the Electric System has nine electric rate schedules in effect. Current electric rates were revised by the City Council and became effective February 4, 1976. The City provides no free electric service. The following is a summary of three of the existing rate schedules for residential, commercial, and industrial customer classes.①

Energy charge (to be added to customer charge):

General Service (GS-1)① — small commercial and industrial

Energy Charge (to be added to customer charge):

General Service (GS-2) ①

First 200 KW or less of billing demand.....

Energy Charge (to be added to Demand Charge):

First 30,000 KWH, per KWH.....	2.468¢
Balance of KWH, per KWH.....	1.826

* Not less than 200 KW.

Other rate schedules not presented include: Power-connected load (PC); power agriculture (PA); Lighting — Street and Highway, City-owned System (LS-1); Lighting — Street and Highway, Customer-Owned Installation (LS-2); Lighting — Outdoor Area (LO) and Municipal Services (MS).

Billing and Collecting Procedure. Most electric customers are billed bi-monthly and bills become past due if not paid within fifteen days after the date of presentation. Commercial and industrial customers with greater than 20 KW demand and a KWH usage of more than 3,000 KWH per month are billed monthly. Service may be discontinued if a past due bill is not paid within the time required in a discontinuance of service notice.

Delinquency rates and uncollectible bills have been low when compared with other municipal electric systems. Write-offs of uncollectible bills were only \$49,100, or 0.27% of gross revenues, in 1972-73, \$36,315, or 0.11%, in 1973-74, and \$243,091, or 0.56%, in 1974-75. The increase in 1974-75 was caused by a change in accounting for uncollectible bills turned over to private collection agencies. If such change had not been made the amount of uncollectible would have been \$75,339 or .17%.

OPERATIONS

Sales and Revenue. Rapid growth in power usage, revenues, and number of customers has

characterized the past ten years. The municipal electric system now serves 69,270 customers (110% greater than in 1964-65) who used 1,452.4 million KWH's in fiscal year 1974-75 (147% above 1964-65), and generated revenues of \$43,361,041 (368% higher than in 1964-65).

Domestic, commercial, and industrial customers account for 96% of operating revenues and kilowatt hour usage and for 99.3% of the number of customers for the fiscal year ended June 30, 1975. Other types of customer use include municipal street lighting and agriculture. The source of revenues and usage of power are not concentrated in a single or small group of customers or in a certain type of customer. A healthy diversification exists as exhibited in Table 7. The ten largest customers of the electric system account for 18% of operating revenues and 25% of power sold for the last fiscal year.

The electric system has a ratio of operating expenses to operating revenues including depreciation of 85.9%. Depreciated electric utility plant in service on June 30, 1975 was valued at \$34,396,721.

TABLE 4
CITY OF ANAHEIM ELECTRIC UTILITY FUND
Comparative Statement of Actual Revenues and Expenses

<i>Fiscal Year Ended June 30</i>	<i>Operating Revenues</i>	<i>Operating Expenses</i>	<i>Net Operating Revenue (Available for Debt)</i>
1962.....	\$ 5,937,291	\$ 3,475,930	\$ 2,461,361
1963.....	6,846,196	3,946,904	2,899,292
1964.....	8,206,489	4,980,772	3,225,717
1965.....	9,263,080	5,285,137	3,977,943
1966.....	9,408,889	5,835,980	3,572,909
1967.....	10,096,182	6,497,239	3,598,943
1968.....	11,183,043	7,281,952	3,901,091
1969.....	12,560,571	8,542,245	4,018,326
1970.....	13,272,768	8,801,263	4,471,505
1971.....	13,998,939	9,345,232	4,653,707
1972.....	15,908,391	11,643,891	4,264,500
1973.....	18,087,181	12,327,361	5,759,820
1974.....	30,341,545	19,796,896	10,544,649①
1975.....	43,361,041	35,871,450	7,489,591

① After a retail rate increase was made effective by the City The Federal Power Commission suspended a wholesale rate increase filing of SCE making more net revenues available.

SOURCE — City of Anaheim Annual Financial Reports 1961-62 through 1974-75.

TABLE 5

CITY OF ANAHEIM

Annual Kilowatt Hour Usage by Type of Customer
(000's Omitted)

Fiscal Year Ended June 30					Total KWH	By Per Cent	
	Residential	Commercial and Industrial	Agriculture	City of Anaheim and Other Public Agencies		Residential	Commercial and Industrial
1961.....	65,937	143,009	357	12,566	221,869	29.7%	64.5%
1962.....	78,453	249,620	572	11,471	340,116	23.1	73.4
1963.....	85,176	306,288	810	13,900	406,174	21.0	75.4
1964.....	93,346	412,335	636	19,061	525,378	17.8	78.5
1965.....	107,782	457,530	1,269	21,173	587,754	18.3	77.8
1966.....	120,301	483,513	737	22,868	627,419	19.2	77.1
1967.....	125,976	540,773	591	24,578	691,918	18.2	78.2
1968.....	142,453	609,681	624	23,715	776,473	18.3	78.5
1969.....	161,425	693,391	645	24,705	880,166	18.3	78.8
1970.....	172,842	721,910	775	35,468	930,995	18.6	77.5
1971.....	195,831	733,208	626	38,676	968,341	20.2	75.7
1972.....	219,912	792,772	758	45,411	1,058,853	20.8	74.9
1973.....	249,556	843,889	14,340	33,454	1,141,239	21.9	73.9
1974.....	308,253	956,415	18,216	36,569	1,319,453	23.4	72.5
1975.....	343,913	1,050,834	16,871	40,780	1,452,398	23.7	72.4

TABLE 6

CITY OF ANAHEIM

Average Number of Electric System Customers by Class^①

Fiscal Year Ended June 30					Total	By Per Cent	
	Residential	Commercial and Industrial	Agriculture	City of Anaheim and Other Public Agencies		Residential	Commercial and Industrial
1961.....	22,326	3,359	30	156	25,871	86.3%	13.4%
1962.....	23,797	3,782	31	161	27,771	85.7	13.6
1963.....	25,805	4,176	46	162	30,189	85.5	13.8
1964.....	26,636	4,456	41	174	31,307	85.1	14.2
1965.....	27,826	4,910	48	182	32,966	84.4	14.9
1966.....	30,093	4,245 ^②	44	186	34,568	87.1	12.3
1967.....	31,162	4,122 ^③	42	188	35,514	87.7	11.6
1968.....	32,071	4,143	39	187	36,440	88.0	11.4
1969.....	34,005	4,352	46	202	38,605	88.1	11.3
1970.....	35,424	4,569	45	211	40,249	88.0	11.4
1971.....	36,816	4,748	40	221	41,825	88.0	11.4
1972.....	40,277	5,139	41	228	45,685	88.2	11.2
1973.....	45,038	5,453	69 ^④	251	50,811	88.7	10.7
1974 ⁽¹⁾	56,016	6,435	96	316	62,863	89.1	10.2
1975.....	61,707	7,092	110	361	69,270	89.1	10.2

① The average number of electric system customers is based on average meters in service during the fiscal year.

② Change in rate schedule resulted in reclassification of customers from commercial to residential rate schedule.

③ Pump for municipal water system reclassified under agricultural.

④ Sharp increase reflects the acquisition of remaining service territory within city limits.

TABLE 7

CITY OF ANAHEIM

Top Ten Customers of the Municipal Electric System

<u>Customer</u>	<u>Type of Business</u>	<u>Annual KWH Purchased (000)</u>	<u>Total Annual Bill</u>
Rockwell International Corporation	Electromechanical Systems	149,710	\$3,215,154
Disneyland	Engineering and Aerospace Industry		
California Computer Products	Recreation, Entertainment	61,349	1,415,072
Delco-Remy Division, General Motors Corp.	Electronic Equipment, Computers — Peripheral	32,011	719,243
Northrop Electro-Mechanical Division	Equipment and Special purpose computers		
	Batteries	26,541	574,328
	Electro-optical, Automated Test	21,982	528,040
Pacific Telephone Company	Systems and Air Pollution and Noise Monitoring Systems		
Disneyland Hotel	Telephone Service	23,753	527,483
Kwikset — Division of Emhart Corporation	Hotel, Restaurants, Shops	17,198	365,657
Monsanto Company — Packaging Division	Residential and Commercial Locksets	13,550	312,962
American Can Company — Dixie Products	Plastic Containers	11,956	263,643
	Paper Cups and Containers	10,630	243,195
	Total.....	368,680	\$8,164,777
Top ten customers as a percent of sales.....		25.4%	17.9%

THIS BLOCK WALL BLENDS A 69/12kv DISTRIBUTION STATION
INTO AN ATTRACTIVE NEIGHBORHOOD AREA.

TABLE 8
CITY OF ANAHEIM
ELECTRICAL DIVISION
SYSTEM DEMAND AND ENERGY HISTORY AND FORECAST

<u>Year</u>	<u>Demand MW</u>	<u>Pct.-MW Increase</u>	<u>Energy MKWHR</u>	<u>Pct.-MWHR Increase</u>	<u>Load Factor</u>
1959-60.....	38.6		199.3		
1960-61.....	51.2	32.64	245.9	23.38	.548
1961-62.....	64.4	25.78	349.8	42.25	.620
1962-63.....	80.2	24.53	450.6	28.82	.641
1963-64.....	92.6	15.46	550.2	22.10	.678
1964-65.....	101.6	9.72	623.3	13.29	.700
1965-66.....	109.8	8.07	652.8	4.73	.678
1966-67.....	124.4	13.30	730.5	11.90	.670
1967-68.....	137.4	10.45	810.9	11.01	.673
1968-69.....	157.0	14.26	921.2	13.60	.669
1969-70.....	168.0	7.01	978.0	6.17	.664
1970-71.....	173.3	3.15	1,009.3	3.20	.664
1971-72.....	206.3	19.04	1,119.2	10.89	.619
1972-73.....	236.0	14.40	1,209.6	8.08	.585
1973-74.....	285.9	21.14	1,429.9	18.21	.571
1974-75.....	304.5	6.51	1,513.2	6.90	.573
1975-76.....	325.6	6.93	1,627.8	6.49	.575
1976-77.....	343.9	6.40	1,732.0	6.40	.575
1977-78.....	365.5	6.30	1,841.1	6.30	.575
1978-79.....	388.2	6.20	1,955.2	6.20	.575
1979-80.....	411.9	6.10	2,074.5	6.10	.575
1980-81.....	436.6	6.00	2,199.0	6.00	.575
1981-82.....	462.4	5.90	2,328.7	5.90	.575
1982-83.....	489.2	5.80	2,463.8	5.80	.575
1983-84.....	517.1	5.70	2,604.2	5.70	.575
1984-85.....	546.1	5.60	2,750.0	5.60	.575
1985-86.....	576.1	5.50	2,901.3	5.50	.575
1986-87.....	607.8	5.50	3,060.9	5.50	.575
1987-88.....	641.2	5.50	3,229.2	5.50	.575
1988-89.....	676.5	5.50	3,406.8	5.50	.575
1989-90.....	713.7	5.50	3,594.2	5.50	.575

SOURCE — City of Anaheim Utilities Department.

BULK POWER SUPPLY

At the present time, except for economy energy purchases from the Nevada Power Company, the City of Anaheim purchases its entire bulk power supply from the Southern California Edison Company under its R-2 Resale Rate Schedule.

In order to provide more economical electric service to the residents of the City, Anaheim is investigating alternative sources of bulk power supply.

Anaheim has negotiated an agreement (see Appendix I) which will provide for purchase of an expected 325,000,000 kilowatt hours per year of economy energy from Nevada Power Company (NPC) for a minimum of 4 years commencing July 1, 1976. NPC will deliver the energy to Southern California Edison Company's (SCE) El Dorado Substation in Southern Nevada. Anaheim has negotiated a transmission service agreement (see Appendix II) with SCE to transmit the energy from its El Dorado Substation to Anaheim. The agreement with NPC provides for a partial payment by Anaheim

for economy energy in the amount of \$12,500,000. This issue of electric revenue bonds for a four and one-half year period will provide the partial payment amount. It is estimated that this additional bulk power supply source will provide savings of about 15% when compared to the cost of purchasing an equivalent amount of energy from Southern California Edison Company under its R-2 Rate Schedule (see Page 6).

Anaheim and NPC have executed an interim agreement providing for purchase of economy energy by Anaheim during the period from mid-May until July 1, 1976.

RATE AND ANTI-TRUST LITIGATION

Except for economy energy purchased from Nevada Power Company, the City of Anaheim purchases all of the power required for its electric distribution system from the Southern California Edison Company. The rates for the purchase of this power are set by the Federal Power Commission. The Southern California Edison Company has filed rate applications to increase the wholesale rates. The rate applications may be suspended for a period of up to five months, and thereafter such rates go into effect subject to any refund with interest which may be due after completion of hearings before the Federal Power Commission. The following cases listed by their Federal Power Commission Docket Number are at the stage described herein:

Docket No. E-7618:

A wholesale rate increase filed in 1971. The case was settled by agreement of the parties dated August 4, 1972 ("Settlement Agreement"). The following issues related to that case are still to be resolved:

a. Negotiation of an integrated operations agreement for the purpose of planning and operating the Anaheim and Edison Systems as an integrated electrical system.

b. Southern California Edison retains certain discovery documents related to this proceeding which Anaheim contends should be returned pursuant to the Settlement Agreement.

Docket No. E-8176:

A fifty percent (50%) wholesale rate increase filed by Southern California Edison on May 8, 1973. The City of Anaheim and other resale cities filed a petition to intervene on June 19, 1973. The Federal Power Commission suspended the rate increase for two months until September 4, 1973. Hearings were held on this case from July 23 to August 1, 1974. On April 21, 1976 the Administrative Law Judge found Edison's proposed rates and charges to be just and reasonable and, by order, approved the rate increase. Exceptions to the Administrative Law Judge's order will be filed and the matter will ultimately

be submitted to the Federal Power Commission for final order.

Docket No. E-8570:

A twenty-one percent (21%) wholesale rate increase and in addition thereto a fuel adjustment clause filed by the Southern California Edison Company on January 2, 1975. A petition to intervene was filed on behalf of Anaheim and other resale cities on January 25, 1975. The cities also filed a motion to reject for failure to comply with the regulations of the Commission, and this resulted in the Federal Power Commission issuing a deficiency letter which delayed the proposed rate increase from becoming effective for 30 days. Thereafter, the Federal Power Commission suspended the rate increase for five months until August 4, 1974. Hearings were held in December of 1974, and briefs were filed in February and April of 1975. The parties are still awaiting the initial decision of the presiding Administrative Law Judge. By motion on April 21, 1975, the cities requested the Commission to reopen the Docket in E-8570 to review Edison fuel adjustment charges to determine whether or not improper charges were being charged through the fuel adjustment clause, and whether Edison had contracts which precluded it from obtaining alternative lower cost fuels. The Federal Power Commission, by order issued June 17, 1975, referred this question to the presiding Administrative Law Judge with instructions to reopen the record for additional evidence and hearings. Hearings were held on this issue in January, 1976. Briefs were filed in March, 1976.

Docket No. ER76-205

On October 31, 1975, the Southern California Edison Company filed a fourteen percent (14%) rate increase in the rates paid by Anaheim. Edison requested an effective date of January 1, 1976. Anaheim and other resale cities filed a petition to intervene on November 24, 1975. The Federal Power Commission suspended the proposed rate for one month until February 1, 1976. A prehearing conference was held on January 28, 1976, and procedural dates for prehearing discovery and the filing of testimony for the hearing have been set.

THE FOLLOWING CASES ARE IN THE UNITED STATES COURT OF APPEALS, DISTRICT OF COLUMBIA CIRCUIT:

No. 72-2173 and No. 74-1488:

In Federal Power Commission Docket Numbers E-8176 and E-8570, the cities raised the "price squeeze" issue wherein they contended that the Federal Power Commission had the authority and responsibility to review the cities' contention that the Southern California Edison Company was charging

the resale cities higher rates for wholesale power than it was charging certain of its industrial customers at retail, and that such acts by the Southern California Edison Company were in violation of the Federal Power Act and the Anti-Trust Laws of the United States. The Commission determined that it had no such authority and responsibility and, therefore, would not permit this issue to be litigated in the respective rate proceedings. This order was appealed to the U. S. Court of Appeals for the District of Columbia Circuit. The Court of Appeals issued its order holding these two cases in abeyance pending its decision in *Conway Corporation et al. vs. FPC No. 73-2207* which raised identical issues. The *Conway Corporation* case was decided on April 4, 1975, and the Court held that the Federal Power Commission had both the authority and the responsibility to weigh discrimination between two classes of service, only one of which (wholesale) is subject to FPC jurisdiction; and that the FPC, in reviewing a rate filing, should consider whether the utility filing has as a purpose the intent to forestall its wholesale customers from competing with it at retail. The United States Supreme Court has granted *certiorari* in the *Conway* case, and oral arguments were made on April 21, 1976.

OTHER MATTERS IN WHICH ANAHEIM IS A PARTY:

Docket No. E-7777 (Phase II):

This is a rate proceeding before the Federal Power Commission involving Pacific Gas and Electric Company and certain resale cities located in northern California who raised questions concerning the anti-competitive effect of the California Power Pool (composed of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas and Electric Company). The Federal Power Commission severed this case from the rate case and established it as a separate proceeding. Anaheim and other resale cities in Southern California filed a petition to intervene on June 24, 1974, which petition was granted by the Federal Power Commission on May 12, 1975. Subsequently, the Federal Power Commission requested the cities to address in greater detail the alleged anti-competitive practices of Southern California Edison as related to the California Power Pool and the specific relief sought by the cities in this proceeding. The cities filed that response on August 15, 1975. The Federal Power Commission has not taken any further action in the matter.

Black Star Canyon Project No. 2730:

This is a proceeding before the Federal Power Commission wherein the Southern California Edison

Company filed an application for a pumped storage project to construct a reservoir and generate electrical energy by means of the water falling from the reservoir. Anaheim and other resale cities filed a petition to intervene on October 30, 1973. The Southern California Edison Company is not currently pursuing the application, and thus, no action has been taken by the Federal Power Commission.

Navajo Project Layoff Power:

In *City of Anaheim vs. Morton et al.*, Anaheim and other resale cities filed a complaint in the U. S. District Court for the District of Columbia, alleging that power from the Navajo Project at Page, Arizona, belonging to the U. S. Government and which had been disposed of by the Government for a period of years to certain investor owned electric utilities, was preference power and should have been disposed of to preference customers under the laws of the United States. This action was transferred by order dated July 31, 1974, to the U. S. District Court for Arizona. The proceedings were stayed pending the decision of the U. S. Court of Appeals for the 9th Circuit in a related case entitled *Arizona Public Power Authority, et al. vs. Morton*. The District Court for Arizona granted a judgment for the defendants in the *Arizona Public Power Authority* case and this was appealed to the U. S. District Court of Appeals for the 9th Circuit. On September 24, 1975, the Court of Appeals for the 9th Circuit issued its opinion finding that the power from the Navajo Project was preference power and that the District Court must determine whether the Secretary of Interior abused his discretionary power in not allocating that power to preference customers who wanted it. The investor owned electric utilities filed a petition for rehearing and a petition to the Supreme Court for *certiorari* which have been denied. The matter will go back to the District Court for Arizona for further proceedings.

ELECTRIC UTILITY FINANCIAL INFORMATION

From the inception of the Electric System to June 30, 1971, all its financial and accounting transactions were recorded in the general fund of the City. Recognizing the need for specialized accounts and procedures as prescribed by the Federal Power Commission and other regulatory agencies respecting such transactions, the Electric Revenue Fund (sometimes called Electric Utility Fund), with elementary accounts which are being expanded, was established on July 1, 1971.

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

The Honorable City Council
City of Anaheim, California

We have examined the financial statements of the various funds and account groups of the City of Anaheim, California at June 30, 1975 and for the year then ended listed in the accompanying financial statement index. Except as set forth in the following paragraph, our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As described in Note 1 to the financial statements of the Water Utility Fund, the Electric Utility Fund, the Anaheim Municipal Golf Course Fund and the General Fixed Assets group of accounts, the City has not maintained complete property records. In the Water Utility Fund, the City had not recorded significant contributions to its water utility system which have been made by subdividers. In addition, labor and overhead costs incurred in connection with self-constructed assets were not properly capitalized in the Water Utility Fund and the Electric Utility Fund prior to June 30, 1971. The City's records do not provide sufficient information to determine the amounts previously not recorded. As a result, there is an indeterminable difference between the amounts shown in the property (fixed asset) and related depreciation accounts in each of the above funds and the amounts which should be recorded therein in conformity with generally accepted accounting principles. We have performed alternative procedures with respect to certain components of property and related depreciation accounts in the Electric Utility Fund and the Anaheim Municipal Golf Course Fund, but we were unable to apply alternative procedures with respect to the remaining portion of such accounts. The City's records were not such as to permit us to apply alternative procedures with respect to property and depreciation accounts in the Water Utility Fund and the General Fixed Assets group of accounts.

Since we were unable to satisfy ourselves regarding the property (fixed assets) and related depreciation accounts, as noted in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements of the Water Utility Fund and the General Fixed Assets group of accounts.

In our opinion, except for the effects of such adjustments as might have been determined to be necessary had we been able to perform a satisfactory examination with respect to the property (fixed assets) and related depreciation accounts, the financial statements of the Electric Utility Fund and the Anaheim Municipal Golf Course Fund present fairly the financial position of these funds of the City of Anaheim, California at June 30, 1975 and the results of operations of such funds and changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the changes, with which we concur, resulting from compliance with the recommendations of the industry audit guide and certain other changes as described in Note 2 of the respective funds.

In our opinion, the financial statements of the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Stadium Fund, Convention Center Fund, Anaheim Hills Golf Course Fund, Trust and Agency Funds and General Long Term Debt group of accounts present fairly the financial position of these funds and account groups of the City of Anaheim, California at June 30, 1975 and the results of operations of such funds, and changes in financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, after giving retroactive effect to the changes, with which we concur, resulting from compliance with the recommendations of the industry audit guide and certain other changes as described in Note 2 of the respective funds.

Our examination has been made primarily for the purpose of expressing an opinion on the financial statements of the various funds and account groups (listed in the accompanying financial statement index), taken as a whole. The accompanying supplementary information is presented for analysis purposes and is not necessary for a fair presentation of the financial information referred to in the preceding sentence. It has

been subjected to the tests and other auditing procedures applied in the examination of the financial statements mentioned above and, in our opinion, is fairly stated in all respects material in relation to the respective financial statements taken as a whole.

The statistical information listed in the foregoing financial statement index was not examined by us and, accordingly, we do not express an opinion on it.

ARTHUR YOUNG & COMPANY

Santa Ana, California

September 5, 1975, except for Note 10 to the
Stadium Fund as to which the date is
October 23, 1975

TABLE 9
CITY OF ANAHEIM
ELECTRIC UTILITY FUND

BALANCE SHEET

June 30, 1975

ASSETS

Current assets:

Cash and investments (Note 1).....	\$ 5,144,510
Accounts receivable, less allowance for doubtful accounts of \$20,000 (Note 2).....	2,713,891
Material and supplies inventories (Notes 1 and 2).....	1,325,891
Prepaid expenses.....	57,324
Total current assets.....	<u>9,241,616</u>

Restricted cash and investments (Note 3).....	\$ 9,241,616
Utility plant (Note 1):	1,824,418

Land.....	558,112
Transmission and distribution plant.....	\$42,927,064
Equipment.....	1,842,561
	<u>44,769,625</u>
Less accumulated depreciation.....	10,931,016
Net utility plant.....	<u>33,838,609</u>

34,396,721
\$45,462,755

LIABILITIES, RESERVES, CONTRIBUTIONS AND FUND BALANCE

Current liabilities (payable from current assets):

Vouchers payable.....	\$ 5,900,233
Accrued salaries and wages.....	153,898
Due to General Fund.....	1,531,059
Customer deposits (Note 2).....	289,706
Other.....	36,364
Total current liabilities (payable from current assets).....	<u>7,911,260</u>

Current liabilities (payable from restricted assets):

Current portion of revenue bonds payable (Note 3).....	250,000
Accrued interest payable.....	201,450
Vouchers payable.....	35,226
Total current liabilities (payable from restricted assets).....	<u>486,676</u>

Long-term portion of revenue bonds payable (Note 3).....	486,676
---	---------

Total liabilities.....7,325,000

Reserves (Note 3):

Revenue bond debt service.....	443,137
Renewal and replacements.....	687,534
Total reserves.....	<u>1,130,671</u>

Fund balance (Note 1).....28,609,148

\$45,462,755

See accompanying notes.

TABLE 10

CITY OF ANAHEIM

ELECTRIC UTILITY FUND

STATEMENT OF REVENUES, EXPENSES, TRANSFERS AND CHANGES IN FUND BALANCE
Year Ended June 30, 1975

Operating revenues:	
Sale of light and power.....	\$43,050,935
Other.....	310,106
Total operating revenues.....	<u>43,361,041</u>
Operating expenses:	
Cost of purchased power.....	32,507,872
Maintenance and operations.....	1,832,216
General and administrative (including bad debt expense of \$243,091 — Note 2).....	1,531,362
Depreciation (Note 1).....	<u>1,390,463</u>
Total operating expenses.....	<u>37,261,913</u>
Income from operations.....	6,099,128
Non-operating income and expense:	
Interest and other income.....	638,313
Interest expense.....	<u>(402,900)</u>
Net income.....	6,334,541
Less transfer to General Fund.....	<u>3,702,143</u>
Addition to fund balance.....	2,632,398
Fund balance, June 30, 1974.....	<u>26,393,227</u>
Total.....	29,025,625
Deduct — increase in reserves (Note 3).....	<u>416,477</u>
Fund balance, June 30, 1975.....	<u>\$28,609,148</u>

See accompanying notes.

TABLE 11
CITY OF ANAHEIM
ELECTRIC UTILITY FUND
STATEMENT OF CHANGES IN FINANCIAL POSITION
Year Ended June 30, 1975

Source of funds:	
Operations:	
Net income	\$ 6,334,541
Charge to operations not requiring funds — depreciation	<u>1,390,463</u>
Funds provided from operations	7,725,004
Decrease in restricted assets	412,359
Other	<u>46,766</u>
Total sources of funds	8,184,129
Use of funds:	
Additions to utility plant	7,510,574
Retirement of revenue bonds	250,000
Transfers to General Fund	<u>3,702,143</u>
Total uses of funds	<u>11,462,717</u>
Decrease in working capital	<u><u>\$(3,278,588)</u></u>
Increase (decrease) in working capital, by component:	
Cash and investments	\$ 1,410,097
Accounts receivable	(122,097)
Inventories	1,325,891
Prepaid expenses	40,842
Vouchers payable	(4,039,019)
Accrued salaries and wages	(37,173)
Due to General Fund	(1,531,059)
Customer deposits	(289,706)
Other	<u>(36,364)</u>
Decrease in working capital	<u><u>\$(3,278,588)</u></u>

See accompanying notes.

CITY OF ANAHEIM
ELECTRIC UTILITY FUND

NOTES TO FINANCIAL STATEMENTS
June 30, 1975

1. Summary of Significant Accounting Policies

Basis of Accounting

The accounts of the Electric Utility Fund are maintained and the accompanying financial statements have been prepared on the accrual basis of accounting. It is the City's policy to accrue revenue from sale of light and power to the time of the last periodic billing prior to year end.

Purpose of Fund

The Electric Utility Fund was established to account for the operations of the City's electric utility, a self-supporting activity which renders services on a user charge basis to residents and businesses located in Anaheim.

Establishment of Fund

Prior to June 30, 1971 accounts of the electric utility were included in the General Fund. When a separate fund was established for the electric utility (June 30, 1971), the excess of assets over liabilities (\$14,629,169) was recorded as the fund balance. Retained earnings for the utility are not presented in the accompanying financial statements, because the composition of the fund balance at June 30, 1971 is indeterminable.

Cash and Investments

The City pools idle cash from all funds for the purpose of increasing interest income through investment activities. Investments are carried at cost. Interest income on investments is allocated on the basis of month-end cash balances in each fund. Details of investments are provided in the accompanying supplementary information (Schedule J-2).

Pension Plan

All full-time City employees whose salaries and wages are paid through the Electric Utility Fund are members of the State of California Public Employees' Retirement System. The City's policy is to fund all pension costs accrued; such costs are determined in accordance with the State statutes under which the system was authorized.

Vacation and Sick Leave

The City does not accrue accumulated vacation or sick leave, but rather expenses these costs as incurred. It is the policy of the City to pay one-fourth of the accrued sick leave plus all vacation pay when an employee retires or is laid off. Such amounts are estimated at \$344,000 at June 30, 1975.

Utility Plant

Utility plant is stated at cost less accumulated depreciation. In accordance with industry practice, cost includes certain general and administrative costs.

Maintenance and repairs are charged to expense as incurred. Renewals and betterments are capitalized.

Since complete detailed property records have not been maintained, the City has been unable to properly account for additions and retirements to utility plant accounts. As a result there is an indeterminable difference between amounts shown in the accompanying balance sheet and the amounts which should be shown therein. Moreover, since depreciation is provided based on recorded amounts, there is an indeterminable difference between the amounts shown in both the accumulated depreciation and depreciation expense accounts and the amounts which should be shown therein.

Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Material and Supplies Inventories

Inventories are stated at average cost.

2. Accounting and Reporting Changes

The following accounting and reporting changes (none of which affected previously reported fund balances) have been made in the Electric Utility Fund:

(a) Inventories of materials and supplies previously reported in the General Fund are now reported in the Electric Utility Fund.

(b) Customer deposits previously reported in a Trust and Agency Fund are now reported in the Electric Utility Fund.

**CITY OF ANAHEIM
ELECTRIC UTILITY FUND**

**NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 1975**

**2. Accounting and Reporting Changes
(Continued)**

(c) The Statement of Changes in Financial Position presents a reconciliation of changes in working capital. Previously, a reconciliation of cash was presented.

(d) During the current year the City changed its method of estimating collectibility of delinquent accounts and, based on prior collection experience, accounts assigned to a credit bureau are now written off against the allowance for doubtful accounts at the time of assignment. The effect of this change was to reduce accounts receivable by approximately \$285,000 at June 30, 1975.

3. Revenue Bonds Payable

Electric revenue bonds of \$8,000,000 were issued in April 1972 bearing an average interest rate of 4.9%. The bonds are being retired at various annual amounts through 1992. A statement of annual debt service requirements is included in the accompanying supplementary information (Schedule J-6).

In accordance with the revenue bond resolution, a reserve for maximum annual debt service is being established equally over the five years through 1977 and a reserve for renewal and replacements is being

established on the basis of revenues, up to a maximum of 2% of the net book value of the utility plant. Restricted cash and investments includes reserved amounts, as well as undisbursed revenue bond construction funds.

In March 1975 voters approved a \$150,000,000 electrical power generation revenue bond issue. If such bonds are sold, the City will use the proceeds to participate in various nuclear and coal power generation projects. At June 30, 1975 none of the authorized bonds had been offered for sale.

4. Allocated Costs

Certain general and administrative costs (approximately \$621,000) have been allocated from the General Fund to the Electric Utility Fund. See Note 4 to the General Fund financial statements.

5. Pension Plan

See Note 6 to the General Fund financial statements for information concerning the Public Employees' Retirement System. Electric Utility Fund contributions to the plan for the year ended June 30, 1975 were approximately \$302,600 (including funding of prior service costs of \$9,300).

TABLE 12
CITY OF ANAHEIM
ELECTRIC UTILITY FUND
BALANCE SHEET AT MARCH 31, 1976
(Unaudited)

ASSETS		
CURRENT ASSETS		
Cash.....		\$ 4,391,163
Petty Cash.....		1,220
Energy Surcharge Receivable.....	\$ 12,948	
Accounts Receivable.....	3,385,881	
Less Estimated Uncollectible Accounts Receivable.....	147,055	3,251,774
Due from Water Utility.....		464,225
Materials and Supplies Inventory.....		1,053,945
Prepaid Expense.....		43,871
TOTAL CURRENT ASSETS.....		\$ 9,206,198
RESTRICTED ASSETS		
Revenue Bond Construction Cash.....		(\$ 663,914)
Cash with Fiscal Agent.....		893,991
Cash with Treasurer.....		707,787
TOTAL RESTRICTED ASSETS.....		937,864
UTILITY PLANT		
Land.....		\$ 558,112
Preliminary Engineering and Investigation.....	\$ 795,248	
Transmission and Distribution Plant.....	44,438,483	
General Property.....	2,061,253	
Less Allowance for Depreciation.....	12,027,888	35,267,096
TOTAL UTILITY PLANT.....		35,825,208
TOTAL ASSETS.....		\$45,969,270
LIABILITIES, RESERVES, CONTRIBUTIONS, RETAINED EARNINGS AND FUND BALANCE		
CURRENT LIABILITIES (Payable from Current Assets)		
Vouchers Payable.....	\$ 7,280,625	
Sales Tax Payable.....	11	
Accrued Wages Payable.....	96,768	
Energy Surcharge Payable.....	36,640	
Due Water Bond Fund.....	58,140	
Due Stadium.....	25	
Due General Fund.....	390,052	\$ 7,862,261
CURRENT LIABILITIES (Payable from Restricted Assets)		
Bonds Payable.....	\$ 187,500	
Accrued Interest Payable.....	96,350	
Vouchers Payable (Revenue Construction).....	1,505	285,355
TOTAL CURRENT LIABILITIES.....		8,147,616
OTHER LIABILITIES		
Bonds Payable (Revenue Bonds).....		7,137,500
RESERVES		
Revenue Bond Debt Service.....	\$ 545,400	
Renewal and Replacements.....	707,787	
TOTAL RESERVES.....		1,253,187
CONTRIBUTIONS		
Contributions from General Obligation Bonds.....		5,225
FUND BALANCE AND RETAINED EARNINGS		
Fund Balance at 6/30/71.....		\$14,629,170
Balance of Retained Earnings at 3/31/76.....		14,796,572
TOTAL FUND BALANCE AND RETAINED EARNINGS.....		29,425,742
TOTAL LIABILITIES, RESERVES, CONTRIBUTIONS, FUND BALANCE AND RETAINED EARNINGS.....		\$45,969,270

SOURCE — City of Anaheim Utilities Department.

TABLE 13
CITY OF ANAHEIM
ELECTRIC UTILITY FUND

STATEMENT OF REVENUE AND EXPENSE

For the Nine Months Ended March 31, 1976
(Unaudited)

	<i>This Year</i>	<i>Last Year</i>
REVENUES		
Sale of Light and Power.....	\$35,730,208	\$32,093,614
Miscellaneous Installation Charges.....	16,968	68,882
Customer Service Charges (Pro-rata).....	5,785	4,992
Joint Pole Interests.....	6,180	14,932
Underground Charges.....	111,530	137,977
Temporary Power.....	12,527	11,076
Total Operating Revenue.....	<u>\$35,883,198</u>	<u>\$32,331,473</u>
OPERATING EXPENSES		
Utilities Director.....	\$ 70,376	\$ 25,549
Customer Service (Pro-rata).....	421,413	432,164
Charges of Other Departments.....	296,505	256,291
Systems Operators (Pro-rata).....	142,558	122,414
Energy Service.....	66,855	73,445
Administrative and General Expense.....	386,378	567,456
Substation Expense.....	237,859	159,021
Purchased Power.....	28,358,698	23,828,908
Transmission and Distribution Lines.....	547,500	391,821
Services, Meters, Etc.....	244,397	188,935
Salary Fringe Benefits.....	365,355	240,841
Uncollectible Accounts.....	116,663	33,190
Total Operating Expenses Before Depreciation.....	<u>31,254,557</u>	<u>26,320,035</u>
Total Operating Income Before Depreciation.....	<u>4,628,641</u>	<u>6,011,438</u>
DEPRECIATION		
Plant General.....	976,191	865,496
Equipment.....	120,681	158,881
Net Operating Income.....	<u>1,096,872</u>	<u>1,024,377</u>
ADD NON-OPERATING INCOME	<u>3,531,769</u>	<u>4,987,061</u>
Interest Income and Other.....	301,583	55,041
Total Income.....	<u>3,833,352</u>	<u>5,042,102</u>
LESS NON-OPERATING EXPENSE		
Interest Expense and Other Non-operating Expense.....	289,050	302,175
Net Income to Retained Earnings.....	<u>\$ 3,544,302</u>	<u>\$ 4,739,927</u>

SOURCE — City of Anaheim Utilities Department.

TABLE 14

CITY OF ANAHEIM ELECTRIC UTILITY
CONDENSED COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
For the Years Ended June 30, 1971 through 1975

	<i>Fiscal Year Ended June 30</i>				
	1975	1974	1973	1972	1971
Operating Revenue.....	\$43,361,041	\$30,341,545	\$18,087,181	\$15,908,391	\$13,998,939
Operating Expenses.....	35,871,450	19,796,896	12,327,361	11,643,891	9,345,232
Operating Income Before Depreciation.....	7,489,591	10,544,649	5,759,820	4,264,500	4,653,707
Depreciation.....	1,390,463	1,168,512	838,043	759,604	732,848
Net Income.....	\$ 6,099,128	\$ 9,376,137	\$ 4,921,777	\$ 3,504,896	\$ 3,920,859

SOURCE: City of Anaheim Annual Financial Reports, 1970-71 through 1974-75.

TABLE 15

CITY OF ANAHEIM ELECTRIC UTILITY
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
For the Years Ended June 30, 1971 through 1975

	<i>Fiscal Year Ended June 30</i>				
	1975	1974	1973	1972	1971
OPERATING REVENUES:					
Sale of Light and Power.....	\$43,050,935	\$29,959,992	\$17,806,938	\$15,758,562	\$13,832,710
Miscellaneous Installation Charges.....	72,903	186,935	57,508	43,752	49,731
Customer Service Charges.....	6,950	6,990	6,615	6,379	8,372
Joint Pole Interests.....	25,798	3,445	7,396	2,621	8,912
Underground Charges.....	189,664	165,585	196,747	97,077	96,769
Miscellaneous Income.....	14,791	18,598	11,977	—	2,445
TOTAL OPERATING REVENUES	\$43,361,041	\$30,341,545	\$18,087,181	\$15,908,391	\$13,998,939
OPERATING EXPENSES:					
Utilities Director.....	\$ 50,109	\$ 54,683	\$ 42,845	\$ 30,772	\$ 49,692
Customer Service.....	542,505	496,138	443,478	328,922	281,920
Purchasing, Stores and Other.....	400,899	140,508	143,224	131,735	57,936
Systems Operators.....	164,339	110,868	159,413	127,013	122,963
Energy Services and Marketing.....	95,617	91,704	112,647	128,742	210,749
Administrative Expense.....	493,566	421,397	339,119	379,453	394,719
Substation Expense and Purchased Power.....	32,746,541	17,320,907	10,205,573	9,736,189	7,616,116
Transmission and Distribution Lines.....	531,668	674,505	553,113	451,853	514,442
Services, Meters, Etc.....	259,418	227,985	215,595	148,859	96,695
Payroll Fringe Benefits.....	343,697	221,886	63,254	141,642	—
Uncollectible Accounts.....	243,091	36,315	49,100	38,711	—
TOTAL OPERATING EXPENSES	\$35,871,450	\$19,796,896	\$12,327,361	\$11,643,891	\$ 9,345,232

SOURCE — City of Anaheim Annual Financial Reports, 1970-71 through 1974-75.

TABLE 16

CITY OF ANAHEIM

EXPENDITURES FOR ELECTRICAL SYSTEM CAPITAL IMPROVEMENTS
BY SOURCE OF FUNDS

<i>Fiscal Year Ended June 30</i>	<i>Current Revenues</i>	<i>Electric Revenue Bond Proceeds^①</i>	<i>City General Obligation Bond Proceeds</i>	<i>Settlement Agreement Proceeds^②</i>	<i>Total Capital Improvements</i>	<i>Current Revenues As A Percent of the Total</i>
1962.....	\$ 717,037		\$ -0-		\$ 717,037	100.0
1963.....	507,236		322,697		829,933	61.1
1964.....	1,352,927		117,138		1,470,065	92.0
1965.....	625,256		386,481		1,011,737	61.8
1966.....	833,323		-0-		833,323	100.0
1967.....	680,536		14,849		695,385	97.9
1968.....	1,205,940		139,478		1,345,418	89.0
1969.....	972,954		101,473		1,074,427	90.6
1970.....	1,438,927		122,192		1,561,119	92.2
1971.....	2,041,472		43,612		2,085,084	97.9
1972.....	1,668,083	37,256	5,225		1,710,564	97.5
1973.....	2,419,239	1,544,513			3,963,752	61.0
1974.....	3,220,488 ^③	6,553,640		\$1,394,088	11,168,216	28.8
1975.....	6,581,246 ^④	187,905		741,782	7,510,933	87.6
	<u>\$24,264,664</u>	<u>\$8,323,314</u>	<u>\$1,253,145</u>	<u>\$2,135,870</u>	<u>\$35,976,993</u>	<u>67.4</u>

① Proceeds used for acquisition and integration of Southern California Edison Company distribution facilities serving about 15,000 customers into City electric system.

② The Southern California Edison Company paid the City of Anaheim \$2,135,870 on May 9, 1973 in connection with a settlement covering a series of claims lodged by the City. Proceeds of the cash settlement have been used for construction of the Lewis 220/66 kv substation. Also, see note ④ below.

③ Includes \$1,036,563 used for 66/12 kv distribution substation construction.

④ Includes \$2,585,081 used for construction of the Lewis 220/66 kv substation and \$350,558 used for preliminary engineering and investigation. Also, see note ② above.

TABLE 17

CITY OF ANAHEIM

**DEBT SERVICE REQUIREMENTS ON OUTSTANDING
ELECTRIC REVENUE BONDS
AND PROPOSED \$12,500,000 SECOND ISSUE (SUBORDINATED) OF 1976**

Fiscal Year Ending June 30	Outstanding Electric Revenue Bonds, Issues of 1972 and 1976			This Issue			Combined Total		
	Principal	Interest	Total	Principal	Estimated Interest @ 5%	Total	Principal	Interest	Total
1976.....	\$ 250,000	\$ 394,150	\$ 644,150	\$ —	\$ —	\$ —	\$ 250,000	\$ 394,150	\$ 644,150
1977.....	325,000	746,625	1,071,625	—	—	—	325,000	1,371,625	1,696,625
1978.....	350,000	722,250	1,072,250	—	625,000	625,000	3,600,000	1,306,625	4,906,625
1979.....	375,000	697,000	1,072,000	3,250,000	584,375	3,834,375	3,800,000	1,116,375	4,916,375
1980.....	400,000	668,875	1,068,875	3,425,000	419,375	3,844,375	4,000,000	915,125	4,915,125
1981.....	425,000	639,000	1,064,000	3,600,000	246,250	3,846,250	2,650,000	694,625	3,344,625
1982.....	450,000	607,375	1,057,375	2,225,000	55,625	2,280,625	450,000	607,375	1,057,375
1983.....	475,000	575,500	1,050,500	—	—	—	475,000	575,500	1,050,500
1984.....	500,000	546,675	1,046,675	—	—	—	500,000	546,675	1,046,675
1985.....	525,000	522,975	1,047,975	—	—	—	525,000	522,975	1,047,975
1986.....	550,000	497,125	1,047,125	—	—	—	550,000	497,125	1,047,125
1987.....	600,000	468,913	1,068,913	—	—	—	600,000	468,913	1,068,913
1988.....	625,000	438,150	1,063,150	—	—	—	625,000	438,150	1,063,150
1989.....	650,000	405,512	1,055,512	—	—	—	650,000	405,512	1,055,512
1990.....	700,000	371,100	1,071,100	—	—	—	700,000	371,100	1,071,100
1991.....	750,000	332,925	1,082,925	—	—	—	750,000	332,925	1,082,925
1992.....	775,000	292,450	1,067,450	—	—	—	775,000	292,450	1,067,450
1993.....	825,000	260,750	1,085,750	—	—	—	825,000	260,750	1,085,750
1994.....	175,000	245,300	420,300	—	—	—	175,000	245,300	420,300
1995.....	200,000	234,975	434,975	—	—	—	200,000	234,975	434,975
1996.....	225,000	223,175	448,175	—	—	—	225,000	223,175	448,175
1997.....	250,000	209,675	459,675	—	—	—	250,000	209,675	459,675
1998.....	275,000	194,675	469,675	—	—	—	275,000	194,675	469,675
1999.....	300,000	178,175	478,175	—	—	—	300,000	178,175	478,175
2000.....	325,000	160,175	485,175	—	—	—	325,000	160,175	485,175
2001.....	350,000	140,350	490,350	—	—	—	350,000	140,350	490,350
2002.....	350,000	119,000	469,000	—	—	—	350,000	119,000	469,000
2003.....	375,000	97,650	472,650	—	—	—	375,000	97,650	472,650
2004.....	400,000	74,400	474,400	—	—	—	400,000	74,400	474,400
2005.....	400,000	49,600	449,600	—	—	—	400,000	49,600	449,600
2006.....	400,000	24,800	424,800	—	—	—	400,000	24,800	424,800
	<u>\$13,575,000</u>	<u>\$11,139,300</u>	<u>\$24,714,300</u>	<u>\$12,500,000</u>	<u>\$ 1,930,625</u>	<u>\$14,430,625</u>	<u>\$26,075,000</u>	<u>\$13,069,925</u>	<u>\$39,144,925</u>

Note: The Electric Revenue Bonds, Issues of 1972 and 1976 are secured by a first pledge of the gross revenues of the Electric System and hence are senior to the Bonds of this issue, which are payable from surplus revenues.

CITY OF ANAHEIM FINANCIAL INFORMATION

The Bonds are not secured by any pledge of ad valorem taxes or General Fund revenues, but are payable solely from the surplus revenues of the Electric System. However, the financial and economic position of the City of Anaheim set forth below and on the following pages is included in the Official Statement for information purposes only in the interests of giving a more complete description of the City.

ASSESSED VALUATION

All taxable properties in the City except public utilities, are assessed by the County Assessor while public utilities properties are assessed by the State Board of Equalization. Properties are assessed at a reported rate of 25% of estimated "full value".

Total 1974-75 assessed valuation of the City of Anaheim was \$717,308,079. Table 18 presents an eleven-year summary of assessed valuation and estimated full market valuation.

TAX RATES AND TAX COLLECTIONS

The City of Anaheim tax rate history for the most recent eleven-year period is shown in Table 19. The City has had a \$1.05 tax rate per hundred dollars assessed valuation from 1967-68 through 1974-75.

Table 19 presents the total tax rate per \$100 assessed valuation levied in the most representative tax code area in Anaheim. Table 18 presents a ten year summary of the City secured tax levy, total current tax levy collections and delinquencies.

DIRECT AND OVERLAPPING DEBT

The direct and overlapping bonded debt for the City of Anaheim is shown in Table 20 for informative purposes.

TABLE 18

CITY OF ANAHEIM

Assessed Valuation and Tax Collection

Fiscal Year Ended June 30	Estimated Full Market Valuation ⁽¹⁾	Assessed Valuation For Revenue Purposes ⁽²⁾	City Secured Tax Levy	Total Current Tax Levy Collections	Percent of Levy Uncollected	Population	Est. Per Capita Full Market Valuation
1965.....	\$1,068,531,000	\$276,665,270	\$3,043,318	\$2,999,126	1.5%	146,000	\$ 7,318
1966.....	1,182,564,000	305,411,360	3,359,525	3,332,599	0.8	150,400	7,863
1967.....	1,278,264,000	329,045,250	3,619,498	3,482,163	3.8	151,900	8,415
1968.....	1,472,955,000	377,285,450	3,987,459	3,965,881	0.6	158,200	9,310
1969.....	1,616,295,000	412,389,790	4,330,093	4,258,707	1.6	164,700	9,814
1970.....	1,757,940,000	446,256,907	4,685,975	4,531,284	3.3	166,700	10,455
1971.....	2,065,782,000	521,860,111	5,180,064	4,992,935	3.6	173,800	11,886
1972.....	2,166,388,000	545,374,168	5,418,580	5,336,378	1.5	180,000	12,035
1973.....	2,432,393,000	608,098,255	6,049,989	5,832,800	3.6	186,200	13,063
1974.....	2,616,418,000	654,104,478	6,089,903	5,856,799	3.8	187,400	13,962
1975.....	2,829,232,000	717,308,079	6,648,245	N.A.	N.A.	191,800	14,959

(1) Estimated full market valuation is based on the Orange County Assessor's ratio of 25%, effective since 1961-62 for all property except public utilities property. Estimated full market valuation for public utilities was based on the ratio used each year by the State Board of Equalization.

(2) Assessed valuation for revenue purposes consists of the net valuation (assessed valuation less all exemptions) plus the Homeowners' exemptions and the Business Inventory exemptions for 1969-70 through 1974-75.

SOURCES - County of Orange Auditor-Controller's Office; City of Anaheim Financial Reports.

57

TABLE 19
CITY OF ANAHEIM
TAX RATE SCHEDULE
(Tax Code Area 1 — Typical Code Area)

Fiscal Year Ended June 30	City of Anaheim				County of Orange	Combined School Districts	Orange County Sanitation District	Orange County Flood Control	Metro- politan Water District	Other	Total Tax Rate Per \$100 Assessed Valuation
	General Government	Library	Debt Service	Total							
1965.....	\$1.1641	\$2.2206	\$7.153	\$1.1000	\$1.7200	\$4.6964	\$5.5104	\$3.3000	\$1.1400	\$2.2950	\$8.7618
1966.....	.2818	.2289	.5893	1.1000	1.7100	4.9784	.4820	.3000	.1400	.3270	9.0374
1967.....	.5503	—	.5497	1.1000	1.7300	5.1276	.4651	.2895	.1400	.2747	9.1269
1968.....	.5500	—	.5000	1.0500	1.7100	5.0722	.4421	.2753	.1400	.2812	8.9708
1969.....	.6000	—	.4500	1.0500	1.6800	5.2577	.4263	.2663	.1600	.2700	9.1103
1970.....	.6300	—	.4200	1.0500	1.6700	6.3168	.4261	.3591	.1700	.2388	10.2308
1971.....	.7000	—	.3500	1.0500	1.7160	6.5633	.4256	.2505	.1700	.1365	10.3119
1972.....	.7500	—	.3000	1.0500	2.0688	6.5185	.4255	.2481	.1700	.2072	10.6881
1973.....	.8000	—	.2500	1.0500	2.1950	6.6102	.4254	.2395	.1500	.0925	10.7626
1974.....	.8000	—	.2500	1.0500	1.7341	6.3384	.4206	.2332	.1400	.2742	10.1905
1975.....	.8500	—	.2000	1.0500	1.6300	6.1294	.3793	.2169	.1300	.2440	9.7796

SOURCE — County of Orange Tax Code Report, County Auditor-Controller's Office.



ANAHEIM HILLS GOLF COURSE

TABLE 20

CITY OF ANAHEIM

STATEMENT OF DIRECT AND OVERLAPPING DEBT

As of June 30, 1975

Jurisdiction	Total Bonded Indebtedness	Applicable to City of Anaheim	
		Ratio	Dollar
County of Orange	\$ 4,365,000	.1110	\$ 484,515
City of Anaheim ^①	8,155,000	1.0000	8,155,000
Anaheim Elementary School District	3,795,000	.9919	3,764,260
Anaheim Union High School District	35,800,000	.5900	21,122,000
Fullerton Union High School District	10,239,000	.0024	24,574
Fullerton Elementary School District	6,759,000	.0011	7,435
Garden Grove Unified School District	4,345,000	.0034	14,773
Orange Unified School District	24,395,000	.0953	2,324,844
Placentia Unified School District	20,942,000	.3376	7,070,019
Buena Park Elementary School District	2,598,000	.0087	22,603
Centralia Elementary School District	2,307,000	.1362	314,213
Magnolia Elementary School District	730,000	.6628	483,844
Savanna Elementary School District	763,000	.2816	214,861
North Orange County Jr. College — FJC	640,000	.0024	1,536
North Orange County Jr. College — NOCJC	5,250,000	.4823	2,532,075
Rancho Santiago Community College	426,000	.0426	22,408
Buena Park Library District	810,000	.0002	162
Yorba Linda Library District	619,000	.0650	40,235
Orange County Flood Control District	22,995,000	.1110	2,552,445
Stanton County Water District	20,000	.3387	6,774
Yorba Linda County Water District	1,520,000	.0320	48,640
Metropolitan Water District — Anaheim	1,867,000	1.0000	1,867,000
MWD — Orange County Municipal — Orig. Area	102,204,000	.2166	22,137,386
Orange County Waterworks #3	160,000	.0587	9,392
Orange County Sanitation District #2	5,130,000	.3305	1,695,465
Orange County Sanitation District #3	7,559,000	.0927	700,719
Cypress Recreation and Park District	2,700,000	.0104	28,080
			<u>\$75,645,258</u>

Debt Ratios

Direct Debt ^①	\$ 8,155,000
Overlapping Debt	67,490,258
Overall Debt ^②	\$75,645,258
Population (1976 Special State-Local Census)	196,382
Assessed Valuation (75-76 Gross)	\$ 807,673,074
Estimated Basis of Assessment	25%
Estimated Market Value (75-76)	\$3,230,692,296

Per Capita	Direct Debt	Overall Debt
As a Percentage of Assessed Value	\$41.53	\$385.19
As a Percentage of Market Value	1.01%	9.37%
	0.25%	2.34%

① In addition to the direct indebtedness, there are, as of June 30, 1975, \$18,520,000 Lease-rental Bonds of the City of Anaheim (California) Stadium, Inc., and \$19,955,000 Revenue Bonds of the City of Anaheim and Anaheim Union High School District Community Center Authority, both of which are payable from semi-annual lease rentals of approximately \$578,000 for the stadium and \$825,000 for the convention center to be paid by the City of Anaheim to the issuers of said bonds. The Stadium in 1974-75 was self-supporting. Net revenues and a hotel and motel room tax provide revenues adequate to pay the Convention Center lease-rentals.

The City also has entered into a contract with the Robert H. Grant Corporation to purchase 235.8 acres of land for the purpose of building a second municipal golf course. The purchase price was \$2,300,000 to bear an interest rate of 6% per annum and payable over an 18 year period; the annual installment payment of \$210,698 is payable solely from golf course revenues of the City's existing and new golf courses.

② Overlapping general obligation debt for June 30, 1975.

TABLE 21
CITY OF ANAHEIM
DEBT SERVICE REQUIREMENTS ON OUTSTANDING
GENERAL OBLIGATION AND WATER REVENUE BONDS

<i>Fiscal Year Ending June 30</i>	<i>General Obligation Bonds</i>			<i>Water Revenue Bonds</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
1976.....	\$1,085,000	\$ 265,920	\$1,350,920	\$ 100,000	\$ 84,323	\$ 184,323
1977.....	1,085,000	230,398	1,315,398	110,000	78,022	188,022
1978.....	1,045,000	194,435	1,239,435	115,000	71,273	186,273
1979.....	1,045,000	159,007	1,204,007	120,000	65,182	185,182
1980.....	1,050,000	123,580	1,173,580	130,000	59,618	189,618
1981.....	1,050,000	87,933	1,137,933	135,000	53,587	188,587
1982.....	560,000	62,055	622,055	145,000	47,039	192,039
1983.....	445,000	43,545	488,545	155,000	39,797	194,797
1984.....	445,000	28,500	473,500	165,000	31,875	196,875
1985.....	115,000	13,455	128,455	175,000	23,375	198,375
1986.....	115,000	8,970	123,970	185,000	14,375	199,375
1987.....	115,000	4,485	119,485	195,000	4,875	199,875
	<u>\$8,155,000</u>	<u>\$1,222,283</u>	<u>\$9,377,283</u>	<u>\$1,730,000</u>	<u>\$573,341</u>	<u>\$2,303,341</u>



VIDEO DISPLAY TERMINALS SPEED UTILITY CUSTOMER INFORMATION

TABLE 22
CITY OF ANAHEIM
GENERAL FUND
STATEMENT OF REVENUES, TRANSFERS AND EXPENDITURES

	Year Ended June 30		
	1975	1974	1973
REVENUES			
Property Taxes.....	\$ 5,067,564	\$ 4,598,846	\$ 4,575,930
Other Taxes.....	8,128,563	7,358,768	6,450,530
Licenses and Permits.....	1,232,661	1,398,472	1,131,005
Fines, Forfeits and Penalties.....	578,241	474,227	396,866
From Other Agencies.....	4,753,075	5,131,870	4,243,975
Revenue from Use of Money and Property.....	738,294	708,316	231,667
Current Service Charges.....	2,599,244	2,586,311	2,205,515
Sale of Commodities.....	133,115	68,862	48,327
Other Revenues.....	180,500	174,751	133,355
Total	23,411,257	22,500,423	19,417,170
TRANSFERS FROM			
Electric Utility.....	4,323,302	3,000,000	3,000,021
Water Utility.....	666,250	1,500,000	1,305,914
Other.....	933,486	715,214	766,064
Total Revenues and Transfers	\$29,334,295	\$27,715,637	\$24,489,169
EXPENDITURES			
General Government.....	\$ 3,776,637	\$ 3,020,245	\$ 2,957,140
Non-Departmental Charges.....	1,463,990	1,733,919	1,580,303
Library.....	1,253,953	1,050,080	1,011,848
Police.....	8,432,957	6,843,029	6,214,992
Fire.....	4,229,972	3,708,773	3,294,899
Public Works.....	7,343,418	6,902,899	5,905,795
Public Utilities.....	529,705	311,199	272,513
Parks, Recreation and Arts.....	3,145,719	2,634,924	2,109,865
Total Expenditures	\$30,176,351	\$26,205,068	\$23,347,355

SOURCE — City of Anaheim Annual Financial Reports.

TABLE 23
CITY OF ANAHEIM
WATER UTILITY FUND
STATEMENT OF REVENUES AND EXPENSES

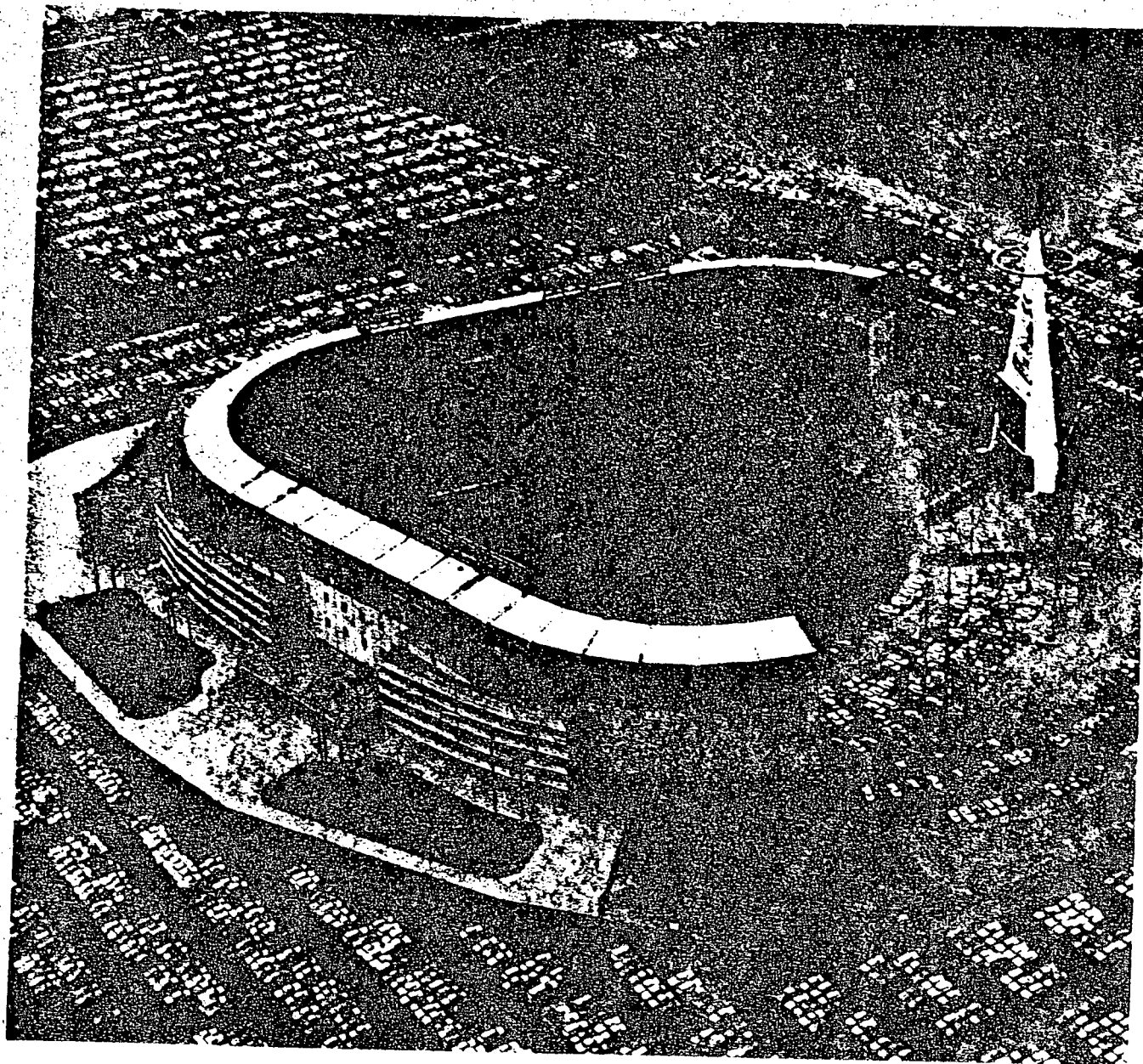
	<i>Year Ended June 30</i>		
	<i>1975</i>	<i>1974</i>	<i>1973</i>
Operating Revenues			
Sale of Water.....	\$5,074,988	\$4,719,597	\$4,299,058
Other.....	668,115	976,844	561,376
	5,743,103	5,696,441	4,860,434
Operating Expenses.....	4,092,214	3,330,118	2,816,247
Operating Income Before Depreciation.....	1,650,889	2,366,323	2,044,187
Depreciation.....	1,039,384	989,082	934,408
Income from Operations.....	611,505	1,377,241	1,109,779
Interest and Other Income.....	160,107	229,959	133,694
Gross Income.....	771,612	1,607,200	1,243,473
Interest Expense.....	87,322	93,022	98,423
Net Income.....	<u>\$ 684,290</u>	<u>\$1,514,178</u>	<u>\$1,145,050</u>

SOURCE — City of Anaheim Annual Financial Reports.



ANAHEIM PARAMEDIC UNIT

62



ANAHEIM STADIUM, HOME OF THE CALIFORNIA ANGELS BASEBALL CLUB

THE CITY OF ANAHEIM ECONOMIC BACKGROUND

LOCATION AND GENERAL BACKGROUND

The City of Anaheim, founded in 1857, is situated adjacent to the Santa Ana River in the central area of north-western Orange County. It is the center of major residential, commercial, and light industrial development within the southern sector of the greater Los Angeles-Orange County metropolitan area and the hub of one of the fastest growing regions in the nation.

Anaheim is the largest and oldest city in the County and the home of Disneyland, and the American League baseball club, the California Angels, whose home park is the City of Anaheim's 43,000-seat stadium.

Tourism associated with Disneyland and light industries are the foremost contributors to the City's economy.

CLIMATE

Anaheim's climate is sunny and uniform throughout the year with warm summers and mild winters, due to the influence of the near-by Pacific Ocean. Average temperatures vary from 53°F. in January to 72°F. in July. Afternoon humidity averages between 45-52 percent throughout the year. Prevailing winds are onshore westerlies with a mean speed of six m.p.h. Average annual precipitation is fourteen inches, most of which occurs during the winter months.

GOVERNMENT

Anaheim is a chartered city and utilizes the Council-Manager form of government. The City Council is composed of five members elected at large to overlapping four-year terms with one of its members chosen by popular vote of the electorate to serve as Mayor. The Mayor presides over the meetings of the Council but exercises no veto power over any legislation. The executive branch of the City government is headed by the City Manager who is appointed by the City Council.

AREA AND POPULATION

According to the 1976 combined special state and local census, the City has grown over the past 119 years into a community of 196,382 persons residing in an area of 38.8 square miles. The Anaheim-Santa Ana-Garden Grove standard metropolitan statistical area population increased 101.8% from 1960 to 1970 resulting in a greater growth rate than any other SMSA in California.

The bulk of the City's growth has occurred since World War II. In the 1950-1960 decade, the City's population increased sevenfold, and in the past decade it has increased by over seventy percent. Western Orange County has undergone a rapid transition from a predominantly agriculture economy to one of light industrial manufacturing and processing, together with a concomitant growth of in-migration, residential development, and commercial services. Area and population growth of Anaheim during this century is set forth in the following tabulation:

TABLE 24
CITY OF ANAHEIM AND ORANGE COUNTY
Area and Population

Year	City of Anaheim		Population Percent Change	Orange County Population	City As Percent Population of County
	Area (Sq. Miles)	Population			
1900.....	3.70	1,456		19,696	7.4%
1910.....	3.70	2,628		34,436	7.6
1920.....	3.70	5,526	80.5%	61,375	9.0
1930.....	3.70	10,995	110.3	118,674	9.3
1940.....	3.70	11,031	99.0	130,760	8.4
1950.....	4.40	14,556	0.3	216,224	6.7
1960.....	27.34	104,184	32.0	703,925	14.8
1970.....	33.10	166,701	615.7	1,420,386	11.8
1973.....	37.98	186,200	60.0	1,584,259	11.8
1974.....	38.62	187,400	11.7	1,646,314	11.4
1975.....	38.84	191,800	0.6	N.A.	N.A.
1980 projected.....	N.A.	214,900	2.3	1,980,600	10.9
1990 projected.....	N.A.	254,900	N.A.	2,560,900	9.9

SOURCES — United States Bureau of Census; California Department of Finance, Population Research Unit, City of Anaheim Planning Division.

EMPLOYMENT AND INDUSTRY

The labor market of Orange County is stable, mainly non-migratory, and dependent upon both local and commuter workers with a wide variety of employment skills. The following tabulation shows

the trends towards greater concentration of employment in manufacturing, the wholesale and retail trade, government employment and the service sector.

FIRST QUARTER BUILDING PERMIT VALUATIONS TOP TEN SOUTHERN AND CENTRAL CALIFORNIA MUNICIPALITIES*

<u>City</u>	<u>Total Valuation</u> <u>January - March, 1976</u>	<u>City</u>	<u>Total Valuation</u> <u>January - March, 1976</u>
1. Los Angeles.....	\$242,845,594	6. Santa Ana**.....	\$ 26,468,000
2. San Diego.....	82,872,614	7. Escondido.....	22,579,043
3. El Cajon.....	37,823,000	8. Fresno.....	20,591,846
4. ANAHEIM**.....	36,541,000	9. Huntington Beach**..	20,524,000
5. Yorba Linda**.....	29,167,000	10. Riverside.....	19,444,674

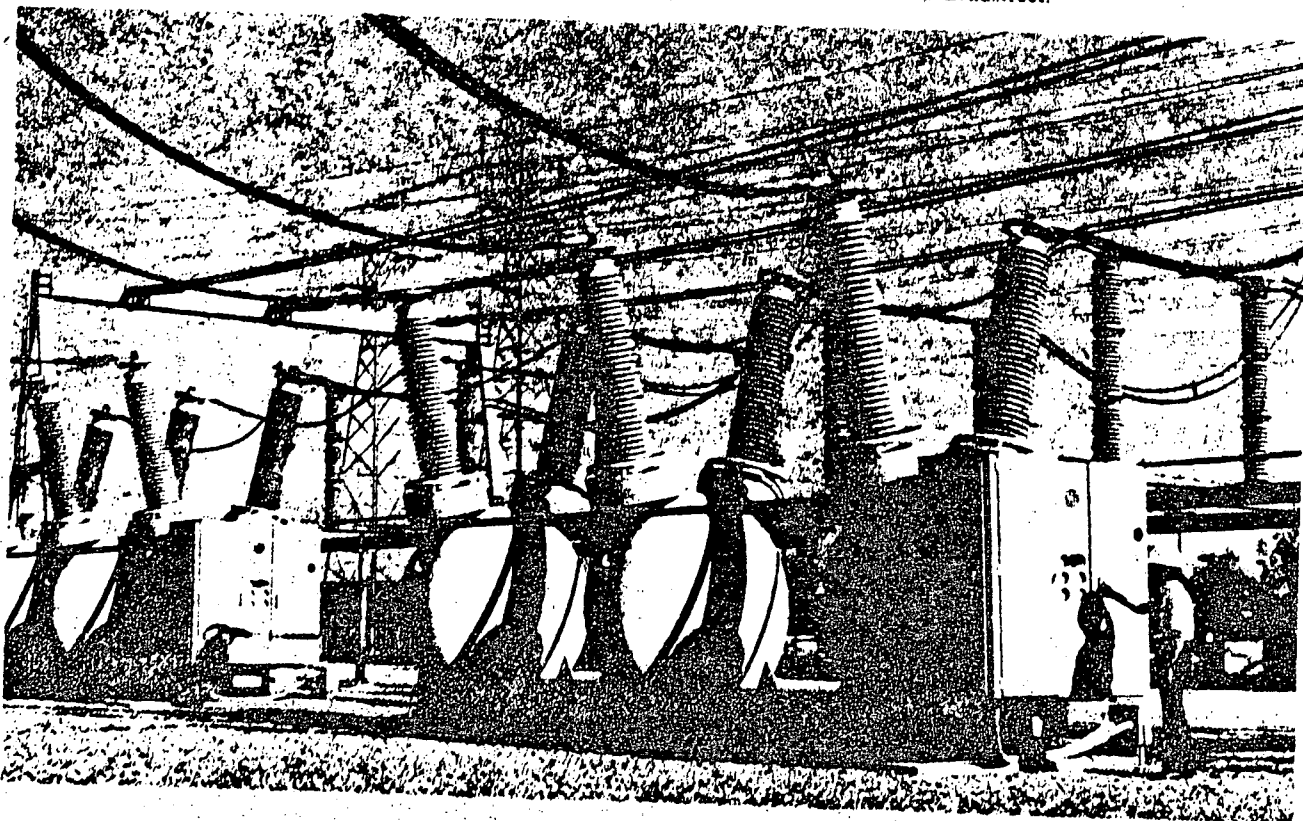
In California in 1975, Anaheim ranked 8th in population and 5th in new construction.

In the United States in 1975, Anaheim ranked 81st in population and 40th in new construction.

* Excludes unincorporated areas of the respective counties.

** Orange County City.

SOURCES — City of Anaheim Building Division; the Los Angeles Times; and Dun and Bradstreet.



LEWIS SUBSTATION

220 KV Circuit Breakers

CITY OF ANAHEIM, CALIFORNIA

BUILDING ACTIVITY

Type of Construction	1970	1971	1972	1973	1974	1975
Total Valuation All Permits.....	\$74,675,114	\$70,869,516	\$76,885,589	\$106,532,440	\$89,245,185	\$99,524,051
Total Permits Issued.....	3,948	4,363	5,145	4,975	4,619	5,073
NEW CONSTRUCTION						
Total Valuation New Construction.....	69,180,450	65,344,171	69,502,005	97,749,530	81,947,020	90,402,495
Total Permits New Construction.....	1,117	1,567	1,554	2,077	1,943	2,009
Total Residential Valuation.....	47,296,806	32,467,800	36,983,572	54,846,742	36,242,160	64,615,948
Total Residential Permits.....	641	1,104	1,067	1,364	998	1,277
Total Residential Units.....	4,374	2,305	2,519	3,090	1,375	1,795
Single Family Valuation.....	7,474,765	16,874,974	15,693,008	21,896,220	27,107,538	57,195,736
Single Family Permits.....	381	862	627	880	872	1,146
Single Family Units.....	381	862	627	880	872	1,294
Multiple Family Valuation.....	39,822,041	15,592,826	21,290,564	32,950,522	8,900,465	6,710,212
Multiple Family Permits.....	260	242	440	484	71	29
Multiple Family Units.....	3,993	1,443	1,892	2,192	459	402
Other Valuations ⁽²⁾					234,157	710,000
Other Permits.....					45	102
Other Units.....					44	99
Total Non-residential Valuation.....	21,883,644	32,876,371	32,518,433	42,902,783	45,704,860	25,786,547
Total Non-residential Permits.....	476	463	487	713	955	732
Industrial Valuation.....	8,655,849	4,459,552	8,695,046	24,680,277	28,105,009	9,803,347
Industrial Permits.....	82	38	60	150	242	61
Store and Other Mercantile Valuation ⁽³⁾						
Store and Other Mercantile Permits.....				4,416,900	3,522,908	4,184,300
Other Non-residential Valuation.....	13,227,795	28,416,819	23,823,387	94	66	24
Other Non-residential Permits.....	394	425	427	13,805,606	14,076,943	11,798,900
ADDITIONS AND ALTERATIONS						
Total Valuation.....	\$ 5,494,663	\$ 5,525,808	\$ 7,383,584	\$ 8,782,910	\$ 7,245,065	\$ 9,097,006
Total Permits.....	2,339	2,193	2,771	2,846	2,609	3,021
Residential Valuation.....	2,665,162	2,344,190	2,722,550	2,777,364	3,417,589	4,092,672
Residential Permits.....	1,647	1,602	2,088	2,109	2,106	2,427
Other Valuation.....	2,829,501	3,181,155	4,661,034	6,005,546	3,827,476	5,004,334
Other Permits.....	692	591	683	737	503	594
All Other Valuation ⁽¹⁾					53,100	24,550
All Other Permits.....	463	576	760	52	45	26
Renewals.....	29	27	28	0	22	17

(1) General

A. The above breakdowns are based upon current reporting categories and definitions used by the City of Anaheim Building Division in its monthly, quarterly and annual reports on Building Activity within the City. The categories are based upon definitions established by the Social and Economic Statistics Administration of the U. S. Department of Commerce Bureau of the Census.

B. Installation of this system began in 1973 and was completed during 1974. In most cases, the changes in the reporting system involved refinements in the breakdowns and tabulations and had a very limited impact upon totals. As a result, reliable comparisons of "Total Valuation" for All Permits, New Construction, Residential, Non-residential, Additions and Alterations can be made from year to year. Single Family Valuations also are generally comparable. The 1974 changes in the reporting system did, however, result in classification of condominium and townhome structures as single family housing for reporting purposes. Industrial valuations also are generally comparable. Despite minor changes in definitions over the years, "Industrial" has generally been used to describe buildings housing one kind of manufacturing or processing form.

C. Where columns are left blank, comparable information was not available.

(2) Included in Other Non-residential Valuation prior to 1974.

(3) Included in Other Non-residential Valuation prior to 1973.

(1) Valuations were first placed on demolitions in March, 1974.

SOURCE -- City of Anaheim Planning Department, Building Division.

TABLE 25

ANAHEIM/SANTA ANA/GARDEN GROVE MARKET AREA

EMPLOYMENT BY INDUSTRY

Industry Type	Percent Increase 1960-73	Number of Employees				
		1973	1972	1971	1970	1960
Total Civilian Labor Force.....	168%	568,190	511,730	514,800	510,600	211,900
Unemployed Percent of Labor Force.....		5.2	7.6	6.2	7.6	5.8
Employed.....	170	538,640	472,840	482,900	470,800	199,500
Agriculture, Forestry and Fisheries.....	25	9,000	8,280	4,600	4,400	7,200
Construction.....	55	31,900	27,350	21,500	21,300	20,600
Manufacturing.....	194	144,720	124,860	113,600	114,300	48,800
Transportation, Communications, Utilities...	140	16,790	15,720	14,400	14,600	7,000
Trade, Wholesale and Retail.....	174	123,700	108,340	106,300	102,900	45,100
Finance, Real Estate, Insurance.....	286	27,400	24,680	21,600	20,200	7,100
Services.....	174	100,100	84,380	72,800	70,900	36,500
Government.....	235	82,360	74,560	74,300	69,600	24,600
All Other.....	3	2,670	4,670	53,800	52,600	2,600

SOURCE — Employment by Industry for Census Tracts and Statistical Areas in Orange County, California State Employment Development Department, December, 1974.



SANTA ANA, ORANGE, GARDEN GROVE FREEWAY INTERCHANGE

As a city once nationally famous for its Valencia orange groves, Anaheim has undergone a transformation and now has more than 1,000 light industrial firms representing some of the nation's largest companies. Manufacturers include electronic equipment,

paper products, computer hardware and software, food processing and packaging, and plastics. The following tabulation is compiled from the Anaheim Chamber of Commerce December 1974 Community Economic Profile and Industrial Directory.

<u>Firm</u>	<u>Product</u>	<u>Employees</u>
1. Rockwell International.....	Electronics & Electro-Mechanical Products	11,000
2. Disneyland.....	Recreation	6,000
3. California Computer Products, Inc.....	Computer Hardware & Software	2,345
4. Pacific Telephone.....	Telephone utility	1,800
5. Northrop Corp.....	Electro-optical, automated test and monitoring systems	1,525
6. Interstate Electronics Corp.....	Electronic Scientific Data Systems	1,015
7. Kwikset, Division Emhart Corp.....	Locksets	900
8. Disneyland Hotel.....	Hotel	876
9. LTV Ling-Altec, Inc.....	Electronic, hi-fi and communication systems	775
10. TRW Credit Data.....	Credit Reporting	600
11. Laura Scudders.....	Food Products	525
12. Certron Corp.....	Magnetic Tapes	500
13. Delco-Remy Div.....	Batteries	450
General Motors Corp.		
14. Lear Siegler.....	Communications & Video Equipment	450
15. Anaconda Electronics Co.....	Telecommunications	425
16. Astrodata.....	Electronic Equipment	400
17. Global Van Lines.....	Long Distance Moving	350
18. Menasha Corp.....	Containers	350
19. Circle Seal Corp.....	Valves	350
20. Anaheim Foundry Co.....	Grey Iron Foundry	325

COMMERCIAL DEVELOPMENT

The City of Anaheim is the largest commercial center in Orange County. Taxable retail sales in the

City were \$704 million in 1974, accounting for 14 percent of the County's five billion dollar total.

TABLE 26

CITY OF ANAHEIM AND COUNTY OF ORANGE

1974 Taxable Sales

<i>Type of Business</i>	<i>Anaheim Total Sales</i>	<i>Orange County Total Sales</i>
Automobile Dealers and Auto Supplies.....	\$ 69,403,000	\$ 696,922,000
General Merchandise Stores.....	46,281,000	624,465,000
Eating and Drinking Places.....	70,676,000	486,753,000
Other Retail Stores.....	41,768,000	281,030,000
Food Stores.....	39,791,000	338,531,000
Building Materials and Farm Implements.....	44,910,000	322,751,000
Apparel Stores.....	21,917,000	186,553,000
Home Furnishing and Appliances.....	23,414,000	172,872,000
Packaged Liquor Stores.....	12,194,000	103,228,000
Drug Stores.....	7,910,000	97,591,000
Service Stations.....	51,476,000	396,521,000
Retail Stores Total.....	429,740,000	3,707,217,000
All Other Outlets.....	274,809,000	1,503,302,000
Total All Outlets.....	<u>\$704,549,000</u>	<u>\$5,210,519,000</u>

SOURCE — California State Board of Equalization Fourteenth Annual Report, 1974.

As a financial center of Orange County, Anaheim has thirteen branches of the State's leading banks and five savings and loan associations. Debits to commercial bank accounts in Orange County in

1972 totalled \$42 billion and the monthly average of demand deposit accounts was in excess of one billion dollars, as indicated in the following table.

TABLE 27

COUNTY OF ORANGE

Bank Deposits and Demand Deposits

<i>Year</i>	<i>Total Debits to Commercial Accounts</i>	<i>Monthly Average Demand Deposits</i>
1950.....	\$ 1,941,364,000	\$ 113,729,000
1955.....	2,814,135,000	178,859,000
1960.....	6,418,990,000	295,439,000
1965.....	14,941,216,000	551,640,000
1970.....	28,884,029,000	863,829,000
1971.....	33,921,861,000	971,390,000
1972.....	42,123,510,000	1,040,341,000
1973.....	N.A.	1,253,393,000
1974.....	N.A.	1,335,259,000

SOURCES — Orange County Progress Report; Federal Deposit Insurance Corporation.

The Effective Buying Income Per Household in 1974 in the City of Anaheim was \$15,031, compared with \$15,826 for Orange County, and \$14,349

for the State of California, according to Sales Management Magazine's 1975 Survey of Buying Power.

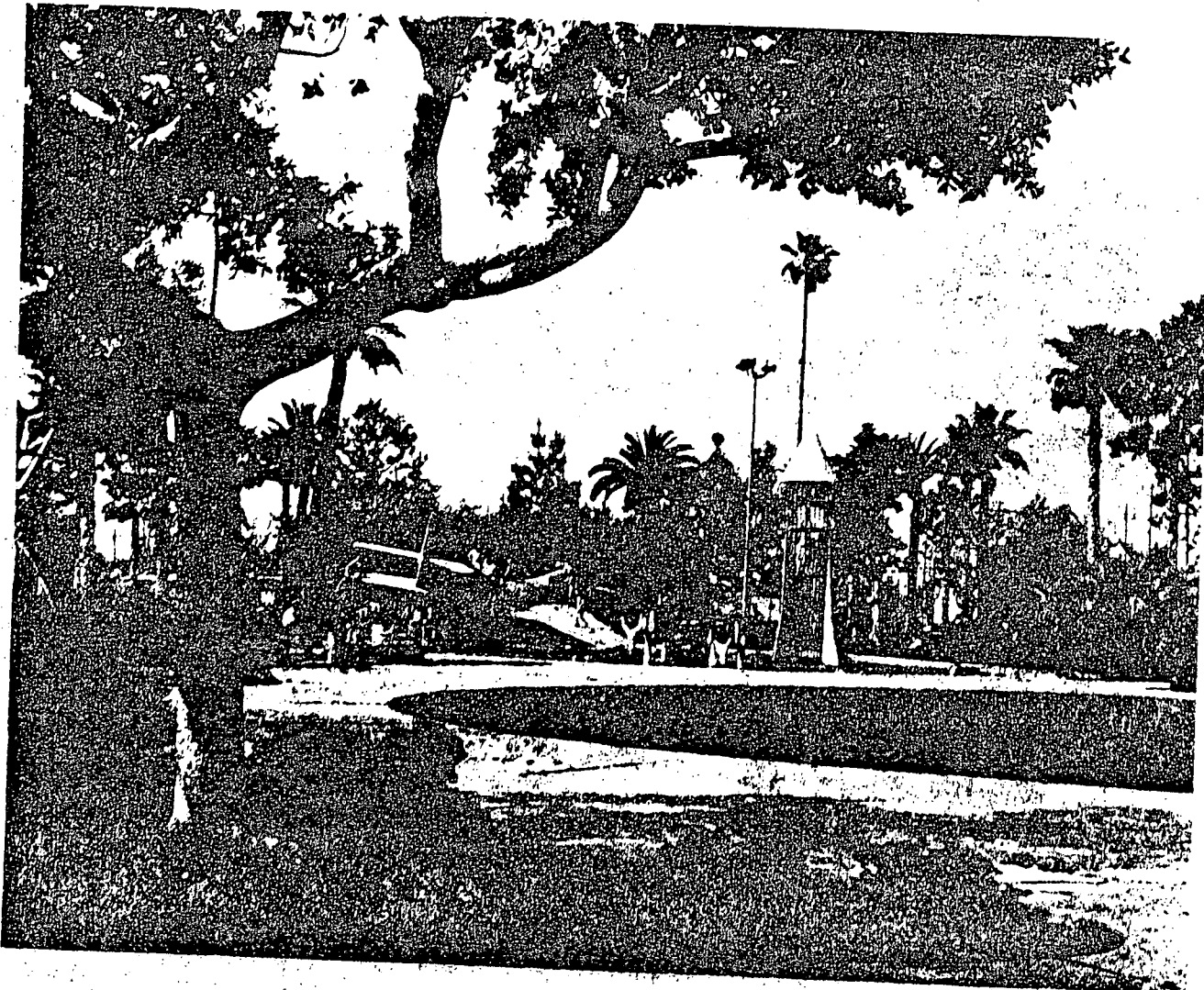
COMMUNITY AND RECREATION FACILITIES

There are more than 150 hotels and motels within the City of Anaheim, and its immediate environs providing over 10,000 rooms, the majority of which are within walking distance of both Disneyland and the City of Anaheim Convention Center. There are more than 260 restaurants in Anaheim.

Orange County is rapidly becoming the tourist center of Southern California. Forty-four miles of shorelines with more than twenty publicly-maintained beach areas provide year-round aquatic activities. In Anaheim, there are two 18-hole golf courses and ten community parks, four of which contain major

athletic facilities, and 32 neighborhood parks and playgrounds.

Other major recreational and amusement facilities include Disneyland, the Anaheim Convention Center, and the California Angels baseball team (of the American League) with its 43,000-seat stadium. Nearby within an hour's drive are Knott's Berry Farm in the adjacent City of Buena Park, the Los Alamitos Race Course, the renowned Spanish Mission of San Juan Capistrano, and the Art Colony at Laguna Beach with its annual art festival, and within two hours, the numerous summer and winter resort areas in the San Bernardino and San Jacinto mountains. The Newport Harbor area, a few miles



ONE OF TEN MAJOR COMMUNITY PARKS

south of the City, provides anchorage facilities for over 5,000 private boats. Boat launching ramps, deep sea fishing, skin-diving, and other related water activities are readily accessible.

Other community facilities include a main public library and three branch libraries, eight general hospitals with a capacity of 841 beds, 4 F.M. and A.M. stations, 32 banks and 14 savings and loan associations, and 80 churches of all major denominations.

Disneyland. Disneyland, a Division of Walt Disney Productions, occupies a 180-acre site in the southern part of the City of Anaheim adjacent to the Santa Ana Freeway and is one of the major tourist attractions in the nation.

Disneyland was opened in the summer of 1955 with an original investment of \$17,000,000. Today the total capital investment exceeds \$200,000,000.

Currently, there are seven major areas of attraction, which are exotic environments recreated for the enjoyment of its guests.

A major attraction in Disneyland is the first passenger-carrying monorail system in America which was completed in June of 1959. In the summer of 1961, the Disneyland-Alweg Monorail System was extended into a 2½ mile, high speed rail line connecting Disneyland Park with the Disneyland Hotel.

Anaheim Convention Center. The \$23,000,000 City of Anaheim Convention Center is now in its eighth fiscal year of operation. The financial success of its operation is manifested in the \$883,000 excess revenues produced by operating revenues and a room tax during the last fiscal year. Total payroll for maintenance and operation was \$1,174,000 for the same period.



MAIN STREET — DISNEYLAND

The Convention Center complex hosts many national, regional, and local conventions and is the site of local entertainment events employing the talents of national and international artists and performers. During the last fiscal year more than 675,000 paid general public admissions were accommodated in the Center facilities, most of which were for events of local origin. The Center has seated as many as 11,000 persons in some of its various activities.

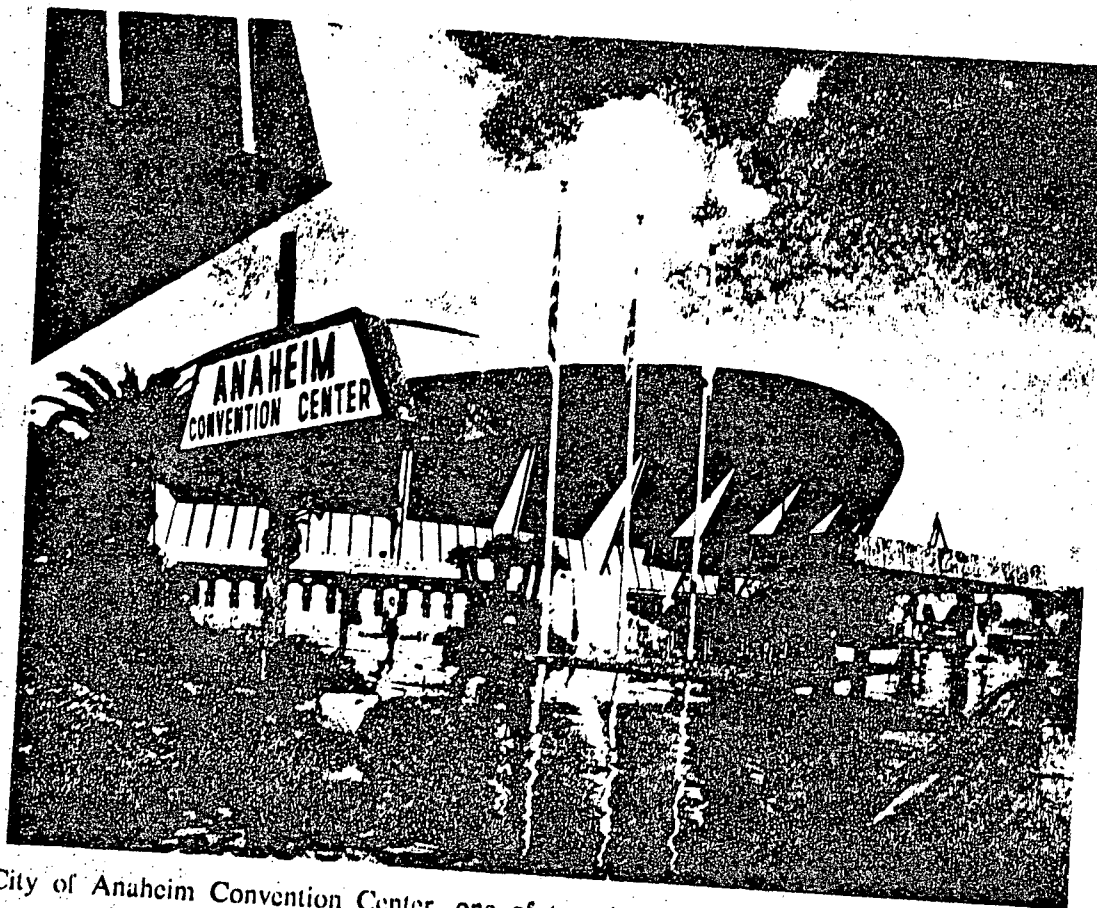
Anaheim Stadium. The Anaheim Stadium was constructed in 1966 at a cost of \$20,235,000 and is the official home of the California Angels baseball club of the American League. More than 12,500,000 people have patronized the facility since its opening.

The City owned Stadium has a seating capacity of 43,000 and attendance at the Angels' games has ranked fourth among the American League baseball

clubs. The Stadium is also the site of many other special functions, including high school, junior college, and college football games, religious events, rock concerts, musical offerings, graduations, and local school and college baseball games.

EDUCATION

The City of Anaheim is served by 5 elementary, 2 union high, 3 unified school districts, and two community college districts. However, almost all of the City lies within nine districts: the Anaheim, Magnolia, Savanna and Centralia elementary school districts; the Anaheim Union High School District; the Placentia Unified School District; the Orange Unified School District; Rancho Santiago Community College and the North Orange County Community College District. October enrollment statistics for these nine districts are presented on the following page.



City of Anaheim Convention Center, one of two 100,000 Square Foot Exhibition Halls.

TABLE 28
CITY OF ANAHEIM
School District Enrollments

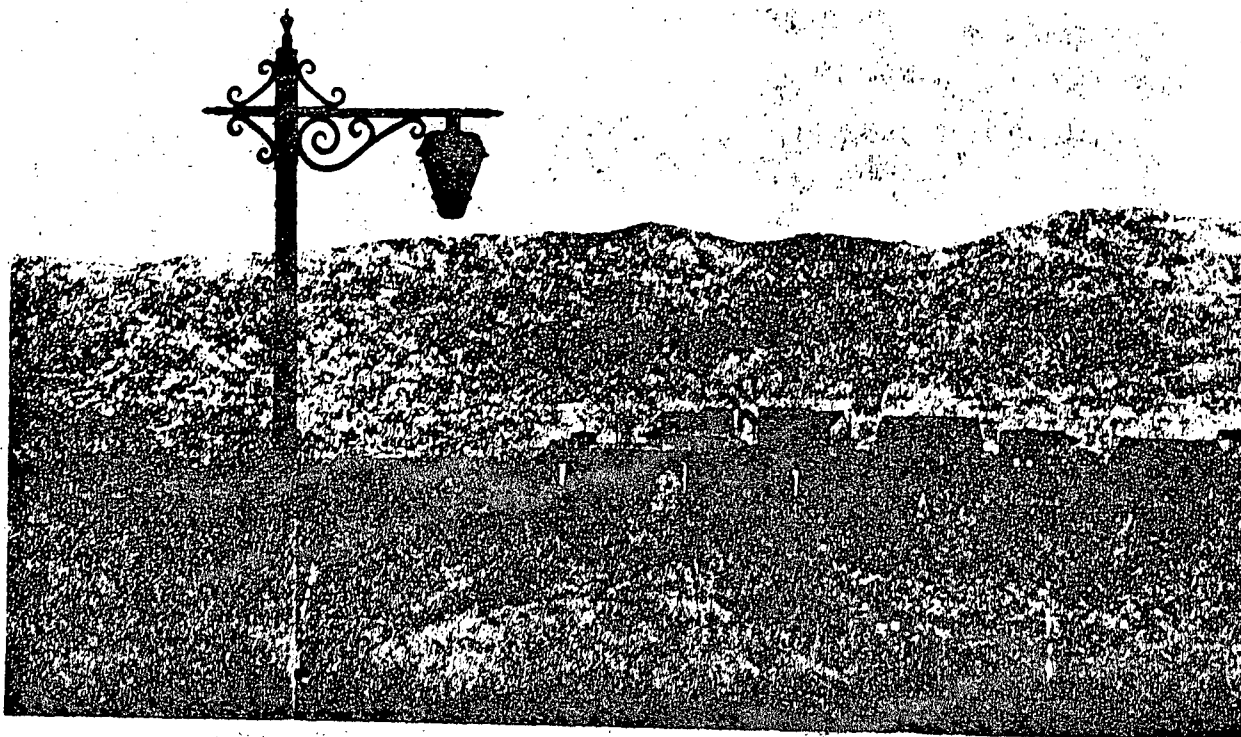
<i>District and Percent Within the City of Anaheim</i>	<i>October Enrollments</i>				
	<i>1975</i>	<i>1974</i>	<i>1973</i>	<i>1972</i>	<i>1971</i>
Anaheim Elementary (99.0).....	12,653	12,496	12,864	13,234	13,428
Magnolia Elementary (61.2).....	4,704	4,936	5,770	5,423	5,409
Savanna Elementary (46.2).....	2,431	2,462	2,510	2,550	2,727
Centralia Elementary (19.8).....	5,543	5,790	6,092	6,496	6,729
Anaheim Union High (61.5).....	36,508	37,331	37,552	37,664	40,181
Placentia Unified (35.4).....	16,870	16,296	15,810	14,403	12,973
Orange Unified (6.8).....	30,465	29,359	28,893	28,505	29,288
North Orange County Community College* (49.1).....	N.A.	16,554	14,880	13,081	11,236
Rancho Santiago Community College.....	25,551	22,021	19,439	14,975	12,199

* Full-time, day class enrollments.

SOURCE — Orange County Department of Education.

There are ten institutions of higher learning in Orange County, with a combined enrollment of over 187,000 and an additional twelve in adjacent areas of southern Los Angeles County. Within Orange County are the University of California, Irvine

(9,300 students); California State University, Fullerton (22,000 students); Chapman College (Orange); Southern California College (Costa Mesa); and six public community colleges with enrollment of 156,000.



RESIDENTIAL EXPANSION IN ANAHEIM HILLS

AGRICULTURE

Prior to World War II, the economy of Orange County was predominantly agricultural. It was the top orange-producing county of the United States as well as a producer of a substantial volume of dairy products, lemons, dry beans, cattle, eggs, and truck crops.

Although urbanization of the County is proceeding rapidly, with an average of approximately 4,000 acres a year during the past quarter century going

into recorded subdivisions, recent rankings by the California Department of Agriculture place Orange County fifteenth among the 58 counties of California in value of agricultural production.

Despite the decline in acreage, the 1974 f.o.b. value of the County's agricultural commodities exceeded \$142,821,500.

A summary of the Orange County crop report for six years is as follows:

TABLE 29
COUNTY OF ORANGE
Crop Report

	F.O.B. Value					
	1974	1973	1972	1971	1970	1969
Animal Industry..	\$ 23,017,100	\$ 27,463,000	\$19,823,400	\$21,184,900	\$23,692,900	\$26,699,800
Apiculture.....	356,400	484,300	251,000	181,300	122,900	287,300
Field Crops.....	2,217,000	2,847,800	1,256,600	1,566,700	1,523,600	1,345,100
Nursery Stock.....	52,255,400	45,585,300	28,699,200	25,907,100	21,741,600	16,727,400
Orchard Crops.....	39,048,500	30,534,100	25,414,100	29,440,400	21,170,300	23,318,800
Truck Crops.....	25,927,100	24,190,400	22,118,900	18,697,500	17,072,300	15,324,300
Total.....	<u>\$142,821,500</u>	<u>\$131,104,900</u>	<u>\$97,563,200</u>	<u>\$96,977,900</u>	<u>\$85,323,600</u>	<u>\$83,702,700</u>

SOURCE — Orange County Report, Orange County Department of Agriculture.



ONE OF ANAHEIM'S 69/12 kv DISTRIBUTION FACILITIES

MINERAL PRODUCTION

Petroleum is presently the most valuable natural resource in Orange County and accounts for the greatest share of the County's mineral production. In recent years, the output of petroleum products in Orange County has been better maintained than most producing areas in California.

At present there are thirteen oil fields in the County, the four most productive of which are the Huntington Beach, Brea-Olinda, Coyote West and Richfield. Other fields, in order of importance are the Coyote East, Newport West, Yorba Linda, Kraemer, Sunset Beach, Newport, Belmont offshore, Olive, Talber, and San Clemente.

TRANSPORTATION

Varied modes of transportation are readily available in Anaheim. Facilities are excellent and in most instances recently constructed, expanded, or instituted.

Three major railroads serve the City. The Southern Pacific and the Union Pacific railroads provide freight service by means of their trucks and spur lines from Los Angeles County. The Atchison, Topeka and the Santa Fe Railroad's heavily utilized mainline between Los Angeles and San Diego provides both passenger and freight service to the community, as well as to most other major cities in the County.

Interstate 5 (the Santa Ana Freeway) bisects the City and provides access with more than a dozen interchanges for destinations northward into Los Angeles County and southward to San Diego. State Highway 57 (the Orange Freeway) links Anaheim with the southeastern portion of Los Angeles

County. State Highway 91 (the Riverside Freeway) traverses the northern perimeter of Anaheim providing access to southwestern Los Angeles County and to the neighboring County of Riverside where it joins Interstate 10, a major transcontinental highway.

The Orange County Airport, located 12 miles to the south in Santa Ana, serves the City of Anaheim through two major airlines. The Los Angeles International Airport is 45 minutes by automobile to the northwest. Additional airline service is available from the Ontario International Airport (25 minutes by automobile to the northeast), the Long Beach Airport (20 minutes by automobile to the west) and the Fullerton Municipal Airport (5 minutes by automobile to the north).

Frequent daily bus service is provided by the Western Greyhound Lines to all larger cities of the County and to the cities of Los Angeles and San Diego.

UTILITY SERVICES

Water sources in Anaheim are local wells, supplemented by the Metropolitan Water District's distribution of Colorado River and State Project (Feather River) water to municipalities and districts affiliated with it.

Electric power is distributed by the City through its municipally-owned and operated facilities.

Natural gas service is provided by the Southern California Gas Company from California sources and from mid-continental gas fields.

Pacific Telephone and Telegraph Company facilities service the City of Anaheim and most of Orange County.

GENERAL STATEMENT AND CERTIFICATE CONCERNING OFFICIAL STATEMENT

All contents of this Official Statement have been based on information believed to be reliable, but no representation is made that any estimate or assumption is correct or will be realized. As far as any contents involve matters of opinion, whether or not expressly so stated, they are set forth as such and not as representations of fact. The agreements of the City of Anaheim with the holders of the Bonds are set forth in the Resolution, and reference is hereby made to that document for a complete statement of the rights and obligations of the City and holders of the Bonds. Neither this Official Statement nor any other communication to date, oral or written, is to be construed as a contract with the holders of the Bonds.

At the time of delivery of the Bonds, the City of Anaheim, California will furnish a certificate executed by the undersigned officers to the effect that the Official Statement, as of its date and as of the date

of delivery of the Bonds, contains no untrue statement of a material fact nor omits to state a material fact necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading.

CITY OF ANAHEIM, CALIFORNIA

.....
Mayor

.....
City Manager

.....
Utilities Director

APPENDIX I

ECONOMY ENERGY AGREEMENT between NEVADA POWER COMPANY and CITY OF ANAHEIM, CALIFORNIA

THIS AGREEMENT, entered into this 25th day of May, 1976, hereinafter referred to as "Agreement", by and between NEVADA POWER COMPANY, a corporation, hereinafter referred to as "Nevada", and CITY OF ANAHEIM, a California municipal corporation, hereinafter referred to as "Anaheim", both of which are hereinafter referred to individually as "Party" and collectively as "Parties";

WITNESSETH:

WHEREAS, Nevada is engaged in the generation, distribution, and sale of electric power and energy in the State of Nevada and is interconnected with the transmission system of the Southern California Edison Company (Edison) at Eldorado Substation in Southern Nevada; and

WHEREAS, Anaheim is engaged in the purchase, distribution, and sale of electric power and energy in the State of California and has contracted with Edison for transmission service; and

WHEREAS, Anaheim and Nevada desire to interchange energy in order to achieve greater generating efficiency and reduce the dependence on oil-fired electric generation;

NOW, THEREFORE, it is hereby agreed as follows:

1. This Agreement will take effect on July 1, 1976, and shall continue in effect until June 30, 1980, and thereafter, if necessary, until Nevada's obligations pursuant to this Agreement have been fulfilled. A Contract Year shall be any twelve (12) month period beginning July 1 of any Calendar year and ending June 30 of the succeeding calendar year.
2. While the Parties contemplate that approximately 325,000,000 kilowatt-hours will be delivered each Contract Year, Nevada shall be obligated to supply and Anaheim shall be obligated to receive not less than one billion (1,000,000,000) kilowatt-hours over the term of this Agreement at rates of delivery between zero and Anaheim's total system requirements at

the time. Nevada shall supply such economy energy to Anaheim in accordance with hourly schedules to be agreed upon between the schedulers or load dispatchers of Edison, acting on behalf of Anaheim, and Nevada.

3. The Point of Delivery for the energy supplied hereunder will be at the 500 Kv transmission system of Edison at the Eldorado Substation near Las Vegas, Nevada. Anaheim will be responsible for transmission arrangements with Edison.
4. Power transactions hereunder shall be accounted for on the basis of scheduled hourly quantities. The dispatchers involved in the transactions shall maintain records of hourly load schedules for accounting and operating purposes.
5. (a) The charge per kilowatt-hour for economy energy scheduled for delivery at the Point of Delivery shall be Incremental Generating Cost of Nevada plus the following percentages of the difference between such cost and the Decremental Value to Anaheim in displacing other purchases:
 - (1) fifteen percent (15%) for the Contract Year beginning July 1, 1976;
 - (2) twenty-five percent (25%) for the Contract Year beginning July 1, 1977;
 - (3) thirty-five percent (35%) for the Contract Year beginning July 1, 1978; and
 - (4) forty-five percent (45%) beginning July 1, 1979, and during the remaining term of this Agreement.
- (b) The Incremental Generating Cost shall be the sum of:
 - (1) The estimated cost of incremental fuel consumed in generating such energy; and
 - (2) The incremental cost of operating (other than fuel) and maintaining such generating unit(s), which shall be deemed to be 1.0 mill per kilowatt-hour.
- (c) The Decremental Value shall mean the expense per kilowatt-hour as determined by the following formula:

$$A = \frac{B - C}{D}$$

where: A = Decremental Value.

B = cost per kilowatt-hour that would have been incurred in purchasing such energy from others.

C = the cost per kilowatt-hour for transmission service paid by Anaheim to Edison for energy delivered to Anaheim.

D = 1.0000 plus the percent loss on deliveries over Edison's system expressed as a decimal.

(d) Each Party shall make available its basis, including calculations and work papers, for determining Incremental Cost or Decremental Value upon request of the other Party.

6. On or before July 1, 1976, Anaheim will pay Nevada twelve million five-hundred thousand dollars (\$12,500,000.00) as a partial payment for energy to be supplied hereunder. It is understood that such payment is a condition precedent to this agreement and if the condition is not met neither Party shall be obligated to the other. Beginning July 1, 1977, charges as determined pursuant to Article 5 shall be debited to Anaheim until such partial payment has been utilized in full.

7. Nevada send a statement to Anaheim for energy delivered in each month not later than the 15th day of the following month. Anaheim shall pay to Nevada any amounts due by placing payment in the mail within twenty (20) days after the receipt of each bill. Amounts billed by Nevada and not so paid on or before the due date shall be payable with interest accrued at the rate of one percent (1%) per month of the unpaid balance prorated by days from due date to date of such payment.

8. (a) Nevada hereby guarantees that the difference between the costs that would have been incurred by Anaheim in purchasing such energy from its present supplier and the total of: (i) the sum of the payments to Nevada pursuant to Article 7 and the debits to Anaheim pursuant to Article 6; and (ii) the sum of the payments by Anaheim to its present supplier for the transmission of energy supplied by Nevada shall not be less than the following amounts:

(1) One million five-hundred thousand dollars (\$1,500,000.00) for the period

beginning July 1, 1976 and ending June 30, 1977;

(2) Two million nine-hundred fifty thousand dollars (\$2,950,000.00) for the period beginning July 1, 1976 and ending June 30, 1978;

(3) Four million two-hundred thousand dollars (\$4,200,000.00) for the period beginning July 1, 1976 and ending June 30, 1979; and

(4) Five million five-hundred thousand dollars (\$5,500,000.00) for the period beginning July 1, 1976 and ending June 30, 1980.

(b) The above amounts shall be reduced by the difference between (i) the Decremental Value multiplied by the kilowatt-hour deliveries by Nevada pursuant to the letter agreement dated April 2, 1976, and (ii) the payments to Nevada pursuant to such letter agreement.

(c) If at the end of any Contract Year, insufficient economy energy has been scheduled and delivered to Anaheim to produce the guaranteed cost difference set forth in this Article 8, then Anaheim at its option may either (i) bill Nevada for the amount of the deficiency and Nevada shall make payment using the same terms as Article 7 or (ii) elect to treat such deficiency as an additional partial payment under Article 6.

9. If, on June 30, 1980, the debits specified in Article 6 have not equalled the \$12,500,000.00 partial payment (adjusted if necessary in accordance with Article 8(c)), Nevada shall supply additional energy prior to December 31, 1980, priced in accordance with Article 5(a)(4) to meet such obligations.

10. The Parties hereby establish "Operating Representatives" to secure effective cooperation and system planning and to deal on a prompt and orderly basis with the various operating problems which may arise in connection with delivery of energy under this Agreement. The Operating Representatives shall consist of four (4) representatives, two designated by each Party, and each such representative shall be authorized on behalf of the Party designating him to act with respect to operating matters.

11. A waiver at any time by a Party of its rights with respect to a default under this Agreement, or

with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter.

12. (a) Each Party shall be excused from performance of any obligation contained herein, if, but only to the extent and during the time that, performance thereof by such Party shall be prevented by the existence of Uncontrollable Forces. A Party rendered unable to fulfill any obligation by reason of an Uncontrollable Force shall exercise due diligence to remove such inability with all reasonable dispatch and keep the other Party fully informed of changes in conditions as far in advance as possible. An Uncontrollable Force means any cause which a Party could not reasonably be expected to avoid by the exercise of reasonable diligence and foresight, including, but not limited to, storm, flood, drought, freeze-ups, icing conditions, lightning, earthquake, landslide, fire, explosion, failure or unavailability of facilities not due to lack of proper care or maintenance, civil disturbance, labor disturbance, sabotage, war, national emergency, and restraint by court or public authority, or inability to obtain or ship materials, supplies, or equipment because of the effect of similar causes on suppliers or carriers. If such Uncontrollable Force makes the continued performance of this Agreement unfeasible, either Party may terminate this Agreement by giving the other Party at least 90 days' written notice.
- (b) Notwithstanding any other provision of this Agreement, Anaheim shall have the right to terminate this Agreement upon 90 days' written notice if Nevada fails to supply 250,000,000 kilowatt-hours in any Contract Year, provided that, if Nevada delivers more than 250,000,000 kilowatt-hours in either the second or third Contract Year, such excess kilowatt-hours may be applied to reduce the number of kilowatt-hours otherwise deliverable pursuant to this Article 12(b) in the subsequent Contract Year.
- (c) In the event of a termination of this Agreement pursuant to Article 12(a) or 12(b), Nevada shall be obligated to pay Anaheim on the date of such termination (but not

sooner than July 31, 1977) the amount of any unutilized partial payments plus any unrealized guaranteed savings for the year of termination on a prorata basis. Unless there is a termination pursuant to Article 12(a) or 12(b) or by mutual agreement, Nevada shall not be relieved of its obligations pursuant to Article 9.

13. The several provisions of this Agreement are not intended to and shall not create rights of any character whatsoever in favor of any persons, corporations or associations other than the Parties. Any undertaking by one Party to another Party under any provision of this Agreement shall not constitute the dedication of the electric system or any portion thereof by any Party to the public or to the other Party, and it is understood and agreed that any such undertaking shall cease upon the termination of such Party's participation in this Agreement.
14. Any written notice, demand, or request provided for in this Agreement, or given or made in connection with this Agreement, shall be deemed to be properly given or made if personally delivered or telegraphed or sent by registered mail, postage prepaid, to the person specified:
- To or upon — The Secretary
Nevada Nevada Power Company
Post Office Box 230
Las Vegas, Nevada 89151
- To or upon — Utilities Director
Anaheim City of Anaheim
Post Office Box 3222
Anaheim, California 92803

A Party may at any time, by written notice, change the designation or the address or the person so specified. This Article does not apply to notices and requests of a routine character in connection with delivery or receipt of power or in connection with operation of facilities. Such notices and requests shall be given in such manner as the Operating Representatives from time to time shall arrange.

15. This Agreement shall be filed with the Federal Power Commission but shall not be subject to unilateral application to the Federal Power Commission by either Party for changes in methods of determining costs or benefits to The Parties.
16. This Agreement shall be binding upon the heirs to the benefit of the respective successors and assigns of The Parties.

IN WITNESS WHEREOF, The Parties have caused this Agreement to be executed by their duly authorized officers and their corporate seal to be affixed, as of the day and year first herein written.

NEVADA POWER COMPANY

By A. E. PEARSON
Title President

ATTEST:

M. GENE MATTEUCCI

CITY OF ANAHEIM

By GORDON W. HOYT
Title Utilities Director

ATTEST:

ALONA M. HOUGARD

APPENDIX II

AGREEMENT FOR INTEGRATION AND TRANSMISSION OF NON-FIRM ENERGY PURCHASED BY ANAHEIM FROM NEVADA POWER COMPANY

1. **Parties:** The Parties to this Agreement are: The City of Anaheim ("Anaheim"), a municipal corporation of the State of California, and the Southern California Edison Company ("Edison"), a California corporation.
2. **Recitals:** This Agreement is made with reference to the following facts, among others:
 - 2.1 The Parties and others have entered into the Settlement Agreement.
 - 2.2 The Parties are currently in the process of negotiating a definitive integrated operations agreement, but do not expect to complete such negotiations, execute and make effective such agreement prior to the time Anaheim will require integration of and transmission service for Non-Firm Energy which it proposes to purchase from Nevada.
 - 2.3 Anaheim now desires to purchase Non-Firm Energy from Nevada for operational integration into the Edison system, and has entered into the Economy Energy Agreement with Nevada.
 - 2.4 Anaheim desires to obtain from Edison, and Edison is willing to provide to Anaheim, interruptible transmission service for such Non-Firm Energy over Edison's electrical transmission facilities between the Point of Attachment and the Point of Delivery.
 - 2.5 Nevada has a capacity entitlement in certain transmission facilities connected to the Point of Attachment. Nevada has notified the Parties in writing that Nevada will deliver such Non-Firm Energy over such capacity entitlements to the Point of Attachment.
3. **Agreement:** In consideration of the mutual covenants contained herein, the Parties agree as follows:
4. **Term:** This Agreement shall become effective when executed by the Parties and accepted for filing by the regulatory agency having jurisdiction, and shall continue in force and effect until December 31, 1980, unless terminated by (i) either Party upon 90 days advance written notice, (ii) final execution and acceptance for filing by the regulatory agency having juris-

diction of a definitive integrated operations agreement and the appropriate supplemental and transmission service agreements which cover the subject matter of this Agreement, or (iii) mutual agreement of the Parties.

5. **Definitions:** The following terms, when used herein with initial capitalization, whether in the singular or the plural, shall have the meaning specified:
 - 5.1 *Agreement:* This Agreement.
 - 5.2 *Anaheim:* The City of Anaheim.
 - 5.3 *Economy Energy Agreement:* Economy Energy Agreement between Nevada Power Company and the City of Anaheim, California, dated May 25, 1976, under which Anaheim shall purchase Non-Firm Energy from Nevada, a copy of which is attached hereto and made a part hereof.
 - 5.4 *Edison:* Southern California Edison Company.
 - 5.5 *Nevada:* Nevada Power Company.
 - 5.6 *Non-Firm Energy:* Energy purchased by Anaheim from Nevada pursuant to the Economy Energy Agreement.
 - 5.7 *Party:* Anaheim or Edison.
 - 5.8 *Point of Attachment:* The 500 kV bus at Eldorado Substation where Nevada is deemed to deliver Non-Firm Energy to Edison for the account of Anaheim.
 - 5.9 *Point of Delivery:* The point where the electrical conductors of Edison connect with the 220 kV facilities of Anaheim at Lewis Substation, and where the delivery of Non-Firm Energy takes place between Edison and Anaheim.
 - 5.10 *Point of Interconnection:* The 230 kV bus at Mead Substation where the electrical systems of Edison and Nevada are electrically interconnected and where the scheduling of Non-Firm Energy between Edison and Nevada is deemed to take place.
 - 5.11 *Settlement Agreement:* The agreement between the Parties and others entered into on August 4, 1972, which was accepted by the Federal Power Commission, as set forth in Opinion No. 654, issued March 19, 1973, in Docket No. E-7618.
6. **Integration of and Scheduling Non-Firm Energy:**
 - 6.1 Edison agrees to integrate operationally Non-Firm Energy with Edison's own resources so long as conditions on Edison's system permit.

6.2 The following procedures shall be used for scheduling such Non-Firm Energy.

6.2.1 Anaheim and Nevada shall arrange for mutually agreeable quantities of Non-Firm Energy and times when such Non-Firm Energy is to be available to be delivered. Schedules of Non-Firm Energy at the Point of Interconnection shall not in any hour exceed a rate of delivery in excess of Anaheim's load (as estimated by Anaheim for that hour and rounded to the nearest lower megawatt) plus losses to the Point of Delivery.

6.2.2 Nevada's dispatcher shall advise Edison's dispatcher, at least one-half hour in advance of the hour during which Non-Firm Energy is to be scheduled, of the arrangements proposed by Nevada and Anaheim. Edison shall determine the amount of capability, if any, which is available between the Point of Attachment and the Point of Delivery.

6.2.3 Upon agreement of the dispatchers of Edison and Nevada, hourly schedules for the delivery of Non-Firm Energy shall be made in accordance with procedures agreed upon in advance by the Edison and Nevada dispatchers. Such procedures shall conform to good electric utility practice.

6.2.4 If sufficient transmission capacity over and above Edison's own requirements to transmit firm or interruptible energy for sale to its customers is not available to accommodate all requests made to Edison for interruptible transmission service, all those making such requests shall agree upon a reasonable and practical method for allocating the service available to others. If agreement cannot be reached, Edison shall make such allocation.

6.3 Amounts of Non-Firm Energy shall be scheduled by Edison from Nevada at the Point of Interconnection and such amounts shall be deemed to be delivered by Nevada to Edison at the Point of Attachment.

6.4 Non-Firm Energy delivered by Edison to Anaheim at the Point of Delivery in any hour shall be used to offset energy which otherwise would have been purchased by Anaheim under Edison's partial requirements rate during that hour. Anaheim shall be credited on its monthly bill for such Non-Firm Energy so delivered by Edison.

6.5 Anaheim and Edison, solely for the purposes of and during the term of this Agreement, shall operate their systems in accordance with Exhibit A of the Settlement Agreement, which Exhibit A shall be deemed to be the integrated operations agreement for the purpose of implementing the partial requirements rate, Schedule R-2, as set forth in the applicability clause of said Schedule; provided, that Anaheim and Edison, for such purpose and term, waive the obligation contained in the second sentence of Section 4.11 of said Exhibit A which states, "Edison shall purchase from City all energy which is excess to City's requirements at City's cost which cost shall include charges made by Edison and others to City for transmission service, plus 15 percent of such cost provided, that such energy is economically usable by Edison."

6.6 If Anaheim's actual load in any hour is less than that load estimated by Anaheim for that hour, and if the scheduled energy from Nevada during that hour is at a rate equal to the estimated load, Anaheim shall receive credit for only that energy required to meet its actual load for such hour. Edison may purchase all or part of the energy which is in excess of Anaheim's actual load at a rate per kilowatthour not to exceed the lesser of (i) the rate paid by Anaheim to Nevada during that hour for energy purchased under the Economy Energy Agreement as such rate is determined pursuant to Section 5 of said Economy Energy Agreement, or (ii) Edison's decremental energy value for that hour as established by Edison's dispatcher. Such energy shall be deemed to be delivered by Nevada to Edison at the Point of Attachment.

6.7 For scheduling and dispatching services provided in any month by Edison pursuant to this Agreement, Anaheim shall pay to Edison the sum of \$420 per month, regardless of whether Non-Firm Energy is scheduled during that month or not; provided, that such monthly charge shall be waived in the case of a month during which no communication pertaining to schedules under this Agreement is made between Nevada and Edison dispatchers. Such sum shall be redetermined by Edison prior to January 1 of each year based on Edison's budgeted amounts of money for load dispatching and production section function expenses for that year. Any change in such sum, if required by the Federal Power Commission (FPC) to be filed as a rate change with the

FPC, shall be made 30 days in advance of January 1, and Anaheim agrees that such change may become effective without hearing. Such redetermined sum shall become effective on January 1 of that year and shall remain in effect until changed pursuant to the foregoing or changed pursuant to Section 12.3.

7. Transmission Service:

7.1 Subject to Sections 7.2 and 7.3, Edison shall provide interruptible transmission service to Anaheim in accordance with schedules developed pursuant to Sections 6.2.3 and 6.2.4 over Edison's electrical transmission facilities between the Point of Attachment and the Point of Delivery.

7.2 The availability of interruptible transmission service hereunder shall be determined at the sole discretion of Edison, and Edison reserves the right to interrupt or curtail such service hereunder at any time and for any reason upon notice given by Edison's dispatcher to Nevada's dispatcher.

7.3 Interruptible transmission service provided by Edison hereunder to Anaheim shall not in any hour exceed a rate of delivery at the Point of Attachment in excess of Anaheim's load (as estimated by Anaheim for that hour and rounded to the nearest lower megawatt) plus losses to the Point of Delivery.

7.4 As payment for interruptible transmission service provided hereunder, Anaheim shall pay Edison at the initial rate of 1.22 mills for each kilowatthour delivered by Nevada to Edison at the Point of Attachment for transmission by Edison to the Point of Delivery. Such initial rate shall be subject to change pursuant to Section 12.

- 8. Transmission Losses:** Prio to determining Anaheim's credit for the Non-Firm Energy delivered to Anaheim by Edison, such Non-Firm Energy delivered to Edison by Nevada at the Point of Attachment shall be reduced by 3.3 percent to reflect transmission losses from the Point of Attachment to the Point of Delivery.

9. Billing and Payment:

9.1 Edison shall render monthly bills for services provided hereunder during the preceding month. Such bills shall be due and payable by Anaheim within twenty-five calendar days after receipt thereof.

9.2 Bills which are not paid in full by Anaheim by said due date, by placing in the mail

payment within twenty-five days, shall thereafter bear interest of 1 percent per month of the unpaid balance prorated by days until payment is so made; provided, that in no event shall such interest rate exceed the maximum rate permitted by law applicable to this Agreement.

10. Release:

10.1 The Parties recognizes that the transmission service provided by Edison under this Agreement may be interrupted or curtailed by Edison, at any time and for any reason, at Edison's sole discretion. Edison shall not be liable to Anaheim, and Anaheim hereby releases and indemnifies Edison for any claim, demand, liability, loss or damage, whether consequential, direct or indirect, suffered by Anaheim, Nevada or others which results from such interruption of transmission service under this Agreement.

11. Liability:

11.1 Except for any loss, damage, claim, cost, charge or expense resulting from willful action, no Party (First Party), its directors, governing bodies, officers or employees shall be liable to the other Party (Second Party) for any loss, damage, claim, cost, charge or expense of any kind or nature incurred by the Second Party (including direct, indirect or consequential loss, damage, claim, cost, charge or expense; and whether or not resulting from the negligence of any Party, its directors, governing bodies, officers, employees or any person or entity whose negligence would be imputed to such Party) from (i) engineering, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use or ownership of the First Party's electric system, or (ii) the performance or non-performance of the obligations of any Party under this Agreement. Except for any loss, damage, claim, cost, charge or expense resulting from willful action, the Second Party releases the First Party, its directors, governing bodies, officers and employees from any such liability.

11.2 Except for liability resulting from willful action, any Party whose electric customer shall make a claim or bring an action for any death, injury, loss or damage arising out of electric service to such customer shall indemnify and hold harmless the other Party, its directors, governing bodies, officers and employees from and against any liability for such death, injury, loss or damage. The term "electric customer" shall mean an electric consumer,

except an electric utility system to whom power is delivered for resale.

11.3 For the purpose of this Section 11, willful action shall be defined as:

11.3.1 Action taken or not taken by a Party at the direction of its directors, governing bodies, officers or employees having management or administrative responsibility affecting its performance under this Agreement, which action is knowingly or intentionally taken or failed to be taken with conscious indifference to the consequences thereof or with intent that injury or damage would result or would probably result therefrom.

11.3.2 Action taken or not taken by a Party at the direction of its directors, governing bodies, officers or employees having management or administrative responsibility affecting its performance under this Agreement, which action has been determined by final judgment or judicial decree to be a material default under this Agreement and which occurs or continues beyond the time specified in such judgment or judicial decree for curing such default or, if no time to cure is specified therein, occurs or continues thereafter beyond a reasonable time to cure such default.

11.3.3 Action taken or not taken by a Party at the direction of its directors, governing bodies, officers or employees having management or administrative responsibility affecting its performance under this Agreement, which action is knowingly or intentionally taken or failed to be taken with the knowledge that such action taken or failed to be taken is a material default under this Agreement.

11.3.4 Willful action does not include any act or failure to act which is merely involuntary, accidental or negligent.

11.3.5 The phrase "employees having management or administrative responsibility", as used in this Section 11.3, means the employees of a Party who are responsible for one or more of the executive functions of planning, organizing, coordinating, directing, controlling and supervising such Party's performance under this Agreement with responsibility for results.

12. Regulatory Authority:

12.1 This Agreement shall be subject to filing with competent regulatory authority, and to such changes or modifications as may from time to time be directed by such authority in the exercise of its jurisdiction.

12.2 It is understood that the initial rate for transmission service set forth in Section 7.4 is based on a rate of return of 8.69 percent, which is the rate of return authorized for Edison by the California Public Utilities Commission (CPUC) as of the date of execution of this Agreement. Whenever, during the term of this Agreement, the CPUC finds a new overall rate of return on retail operations to be reasonable for Edison and authorizes rates based on such new rate of return to become effective, the rate for interruptible transmission service shall be adjusted based on said new rate of return. Such adjusted rate for interruptible transmission service shall be applied to service rendered hereunder on and after the day when the CPUC has authorized retail rates based on such new rate of return to become effective. Said adjustment in the interruptible transmission rate shall be 0.01 mills per kilowatt-hour for each 0.1 percent (or fraction thereof) change in said authorized rate of return.

12.3 Nothing contained herein shall be construed as affecting in any way the right of Edison, in furnishing services under this Agreement, to unilaterally make filings with the Federal Power Commission, pursuant to Section 205 of the Federal Power Act, of a change in any of the rates, charges or services provided under this Agreement and Edison expressly reserves the right to make such filings.

12.4 Anaheim shall reimburse Edison for any filing fees incurred by Edison for this Agreement.

13. **No Dedication of Facilities:** Any undertaking by one Party to the other under any provision of this Agreement shall not constitute the dedication of the system or any portion thereof of any Party to the public or to the other Party, and it is understood and agreed that any such undertaking by any Party shall cease upon the termination of this Agreement.

14. **Governing Law:** This Agreement shall be interpreted, governed by, and construed under the laws of the State of California or the laws of the United States, as applicable, as if executed and

to be performed wholly within the State of California.

15. Notices:

15.1 All notices to be given in connection with this Agreement shall be reduced to writing and signed by a representative authorized by Anaheim or by Edison.

15.2 Notices to Edison shall be sufficient if delivered in person to the person specified by Edison as being authorized to sign such notice in behalf of Edison, or if sent by mail, postage prepaid, to Edison as specified below:

Secretary
Southern California Edison Company
Post Office Box 800
Rosemead, California 91770

15.3 Notices to Anaheim shall be sufficient if delivered in person to the person specified by Anaheim as being authorized to sign such notice in behalf of Anaheim, or if sent by mail, postage prepaid, to Anaheim as specified below:

City of Anaheim
Post Office Box 3222
Anaheim, California 92803
(Attention: Utilities Director)

15.4 Either Party shall be entitled to specify as its proper address any other address in the United States, and different recipients of notices, upon written notice to the other Party.

16. Uncontrollable Forces:

16.1 Neither Party shall be considered to be in default in the performance of any of its obligations under this Agreement (other than obligations of said Party to make payments hereunder) when a failure of performance shall be due to uncontrollable forces. A Party rendered unable to fulfill any of its obligations under this Agreement by reason of an uncontrollable force shall exercise due diligence to remove such inability with all reasonable dispatch. Nothing contained herein shall be construed so as to require a Party to settle any strike or labor dispute in which it may be involved.

16.2 Edison reserves the right to temporarily interrupt and curtail service under this Agreement without notice to Anaheim or Nevada if such interruption or curtailment is caused by an uncontrollable force. Such curtailment may be related to implementation of mutual load shedding arrangements agreed upon by the Parties.

16.3 For the purposes of this Agreement, an uncontrollable force shall be any cause beyond the control of the Party affected, including but not limited to, failure of or threat of failure of facilities, flood, earthquake, storm, fire, lightning, epidemic, famine, war, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or non-action by, or inability to obtain necessary authorizations or approvals from any governmental agency or authority which, by exercise of due diligence and foresight, such Party could not reasonably have been expected to avoid and which, by exercise of due diligence, it shall be unable to overcome.

17. **Signature Clause:** The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign. Executed as of May 25, 1976.

SOUTHERN CALIFORNIA
EDISON COMPANY

By J. T. HEAD, JR.
Vice President

CITY OF ANAHEIM

By GORDON W. HOYT
Utilities Director

CITY OF ANAHEIM RESOLUTION NO. 76R-276

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANAHEIM, CALIFORNIA,
AUTHORIZING THE ISSUANCE OF \$12,500,000 SUBORDINATED ELECTRIC REVENUE BONDS OF SAID CITY AND PROVIDING THE TERMS AND CONDITIONS
FOR THE ISSUANCE OF SAID BONDS.**

WHEREAS, the City of Anaheim is a municipal corporation organized and existing under a Charter duly and regularly adopted pursuant to the provisions of the Constitution of the State of California; and

WHEREAS, Section 1210 of said Charter provides as follows:

"Bonds which are payable only out of such revenues as may be specified in such bonds may be issued when the City Council by ordinance shall have established a procedure for the issuance of such bonds. Such bonds, payable only out of revenues, shall not constitute an indebtedness or general obligation of the City. No such bonds payable out of revenues shall be issued without the assent of a majority of the voters voting upon the proposition for issuing the same at an election at which such proposition shall have been duly submitted to the qualified electors of the City.

"It shall be competent for the City to make contracts and covenants for the benefit of the holders of any such bonds payable only from revenues and which shall not constitute a general obligation of the City for the establishment of a fund or funds, for the maintaining of adequate rates or charges, for restrictions upon further indebtedness payable out of the same fund or revenues, for restrictions upon transfer out of such fund, and other appropriate covenants. Money placed in any such special fund for the payment of principal and/or interest on any issue of such bonds or to assure the application thereof to a specific purpose shall not be expended for any other purpose whatever except for the purpose for which such special fund was established and shall be deemed segregated from all other funds of the City and reserved exclusively for the purpose for which such special fund was established until the purpose of its establishment shall have been fully accomplished;" and

WHEREAS, Ordinance No. 2980 of the City Council of the City of Anaheim, incorporating certain sections of the Revenue Bond Law of 1941 (Chapter 6, Part 1, Division 2, Title 5 of the Government Code of the State of California), establishes a procedure for the issuance of such bonds as provided for in said Section 1210; and

WHEREAS, pursuant to said Section 1210 and said Ordinance No. 2980, the City has heretofore issued \$8,000,000 electric revenue bonds designated "Electric Revenue Bonds, Issue of 1972"; and

WHEREAS, pursuant to said Section 1210, said Ordinance No. 2980 and Resolution No. 74R-615 of the City Council of the City of Anaheim, a special municipal election was held in said City on March 4, 1975, for the purpose of submitting to the qualified voters of said City the following proposition:

"In order to provide more economical electrical service, shall the City of Anaheim be authorized to finance the construction and acquisition of facilities, property and rights related to the generation, transmission and distribution of electrical energy by issuing revenue bonds, not payable from property taxes, in an amount not to exceed 150 Million Dollars?"; and

WHEREAS, said proposition was approved by the votes of more than a majority of all the voters voting on said proposition at said special municipal election; and

WHEREAS, of said authorized amount of \$150,000,000 the City has heretofore issued \$6,000,000 electric revenue bonds designated "Electric Revenue Bonds, Issue of 1976"; and

WHEREAS, the City has entered into an agreement with Nevada Power Company, a corporation, for the purchase of electric energy from said corporation; and

WHEREAS, this City Council deems it necessary to issue and sell \$12,500,000 principal amount of said authorized bonds at this time, designated "Electric Revenue Bonds, Second Issue (Subordinated) of 1976," for the purpose of purchasing such electric energy;

NOW, THEREFORE, the City Council of the City of Anaheim, California, DOES HEREBY RESOLVE, DETERMINE AND ORDER as follows:

Section 1. Definitions. As used in this Resolution:

(a) "Bonds" (capitalized) means the subordinated revenue bonds authorized to be issued by this Resolution.

(b) "City" means the City of Anaheim, California.

(c) "City Council" means the City Council of the City.

(d) "Enterprise" means the entire electric system of the City of Anaheim, including all improvements and extensions later constructed or acquired (sometimes hereinafter referred to as Electric System").

(e) "Gross revenues" or "Revenues" means rates, fees and charges for providing electric service to persons and real property and all other fees, rents and charges and other income derived by the City, from the ownership, operation, use or services of the enterprise.

(f) "Parity subordinated bonds" means revenue bonds, revenue notes or other similar evidences of indebtedness heretofore or hereafter issued for the acquisition, construction and financing of extensions of, additions to, repairs and replacements to, renewals of, and improvements of the enterprise, payable out of the surplus revenues and which rank on a parity with the Bonds.

(g) "Surplus revenues" means all surplus revenues as defined in the resolutions providing for the issuance of the Electric Revenue Bonds, Issue of 1972, and the Electric Revenue Bonds, Issue of 1976, which surplus revenues are required to be deposited in the Surplus Revenue Fund pursuant to Section 10 hereof.

(h) "Revenue Bond Law" means the Revenue Bond Law of 1941 as cited in the recitals hereof.

(i) "Senior lien bonds" means any bonds heretofore or hereafter issued which are payable from the gross revenues of the enterprise, including the Electric Revenue Bonds, Issue of 1972, and the Electric Revenue Bonds, Issue of 1976, and any bonds hereafter issued which rank on a parity therewith.

(j) "Subsequent resolution" means any resolution authorizing the issuance of parity subordinated bonds subsequent to the issuance of the Bonds.

(k) "Treasurer" means the City Treasurer of the City.

Section 2. Equality of Bonds, Pledge of Revenues. Pursuant to said Section 1210 of the City Charter, said Ordinance No. 2980 and this Resolution, and as authorized by the resolutions providing for the issuance of the Electric Revenue Bonds, Issue of 1972, and Electric Revenue Bonds, Issue of 1976, which resolutions permit the use of surplus revenues for any lawful purpose of the City, the Bonds shall be equally secured by a pledge, charge and lien upon the surplus revenues without priority for number, date of bonds, date of sale, date of execution, or date of delivery, and the payment of the interest on

and principal of said Bonds shall be and are secured by an exclusive pledge, charge and lien upon the surplus revenues, and all of the surplus revenues are hereby pledged, charged and assigned for the security of said Bonds, and such surplus revenues and any interest earned on the surplus revenues shall constitute a trust fund for the security and payment of the interest on and principal of said Bonds and so long as any of the Bonds or interest thereon are unpaid said surplus revenues and interest thereon shall not be used for any other purpose, except as permitted by this Resolution and any subsequent resolution, and shall be held in trust for the benefit of the bondholders and shall be applied pursuant to this Resolution, or to this Resolution as modified pursuant to provisions herein, and any subsequent resolution.

Nothing in this Resolution shall preclude: (a) the payment of said Bonds from proceeds of refunding bonds issued under said Section 1210 as the same now exists or as hereafter amended, or under any other law of the State of California; or (b) the issuance of senior lien bonds or parity subordinated bonds.

Section 3. Amount, Issuance, Purpose and Nature of Bonds. Under and pursuant to said Section 1210, Bonds in the amount of \$12,500,000 shall be issued for the purpose stated in the recitals hereof. Said Bonds shall be special obligations of the City and shall be secured by a pledge of and lien upon, and shall be a charge upon, and shall be payable as to the principal thereof and interest thereon solely from, the surplus revenues.

Section 4. No General City Liability. The general fund of the City is not liable for the payment of the Bonds or their interest, nor is the credit or taxing power of the City pledged for the payment of the Bonds or their interest. The holders of the Bonds or coupons shall not compel the exercise of the taxing power by the City or the forfeiture of any of its property. The principal of and interest on the Bonds are not a debt of the City nor a legal or equitable pledge, charge, lien, or encumbrance, upon any of its property, or upon any of its income, receipts, or revenues, except the surplus revenues.

Section 5. Description of Bonds. The Bonds shall be in the principal sum of \$12,500,000. The Bonds shall all be in the denomination of \$5,000, and shall be 2500 in number, numbered 1 to 2500, inclusive. The Bonds shall be designated ELECTRIC REVENUE BONDS, SECOND ISSUE (SUBORDINATED) OF 1976, shall be dated June 1, 1976, and shall be payable in consecutive numerical order on the dates and in the amounts as follows:

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Maturity Date</u>	<u>Principal Amount</u>
December 1, 1977.....	\$1,625,000	December 1, 1979.....	\$1,800,000
June 1, 1978.....	1,625,000	June 1, 1980.....	1,800,000
December 1, 1978.....	1,725,000	December 1, 1980.....	2,225,000
June 1, 1979.....	1,700,000		

Section 6. Interest. Said Bonds shall bear interest at a rate or rates to be hereafter fixed by resolution, but not to exceed eight percent (8%) per annum, payable semiannually on the first days of June and December of each year. Each Bond shall bear interest until the principal sum thereof has been paid, provided, however, that if at the maturity date of any Bond funds are available for the payment thereof in full accordance with the terms of this Resolution, said Bonds shall then cease to bear interest. Said Bonds and the interest thereon shall be payable in lawful money of the United States of America at the office of the Treasurer in Anaheim, California, or, at the option of the holder, at any paying agent of the City in Los Angeles or San Francisco, California, Chicago, Illinois, or New York, New York.

Section 7. Execution of Bonds. The Mayor of the City and the Treasurer are hereby authorized and directed to sign the Bonds by their printed, lithographed or engraved facsimile signatures, and the City Clerk of the City is hereby authorized and directed to countersign the Bonds and to affix thereto

88

the corporate seal of the City, and the Treasurer is hereby authorized and directed to sign the interest coupons of the Bonds by his printed, lithographed or engraved facsimile signature.

Section 8. Registration. The Bonds may be registered either as to principal only or as to both principal and interest, and any registered Bond may be discharged from registration in the manner and with the effect set forth in the provisions for registration contained in the form of bond set forth herein.

Section 9. Disposition of Bond Proceeds. The proceeds of the sale of the Bonds shall be received by the Treasurer and deposited as follows:

(1) The accrued interest, and premium, if any, in the Debt Service Account created in Section 10 hereof:

(2) The balance in the Electric System Maintenance and Operation Account (the "M&O Account") heretofore created.

The proceeds so deposited in the M&O Account shall be applied solely for the purpose of purchasing electric energy in accordance with the City's agreement with Nevada Power Company referred to in the recitals hereof, provided that such proceeds may be temporarily invested in any obligations in which the City may lawfully invest its funds.

Section 10. Surplus Revenue Fund; Debt Service Account. In addition to the funds and accounts heretofore created by the resolutions providing for the issuance of the Electric Revenue Bonds, Issue of 1972, and Electric Revenue Bonds, Issue of 1976, which funds and accounts shall continue to be held and maintained in accordance with said resolutions, there is hereby created a special fund to be held by the Treasurer, called the Electric System Surplus Revenue Fund (the "Surplus Revenue Fund"). Within said fund there is hereby created an account called the Debt Service Account.

The Treasurer shall deposit the surplus revenues as received in the Surplus Revenue Fund.

On or before the twentieth day of each calendar month so long as any of the Bonds are outstanding, the Treasurer shall allocate to the Debt Service Account the following amounts: (1) One-sixth of the interest which will become due and payable on the outstanding Bonds within the next ensuing six months, except that for the first interest payment due after the issuance of the Bonds the monthly sum allocated shall be the interest which will become due and payable less the amount of any accrued interest placed in the Debt Service Account divided by the number of months remaining in said period; and (2) one-sixth of the principal amount which will mature and be payable on the outstanding Bonds within the next ensuing six months, except that for the first principal payment due after the issuance of the Bonds the monthly sum allocated shall be the principal amount which will be due and payable divided by the number of months remaining in said period. In the event that the allocations for each calendar month as aforesaid are less than the amounts required for that month because of lack of funds or for any other reason the deficiency shall be added to and become a part of the allocations required for the following calendar month.

In any event, such sums shall be allocated so that the full amount required to pay, as they become due, the interest on said Bonds and any installment of principal on said Bonds shall be set aside in the Debt Service Account at least five days prior to the date the installment of interest or principal becomes due.

Any moneys required to be set aside in the Debt Service Account may be prepaid in whole or in part by being earlier set aside therein, and in that event the monthly allocation which has been so prepaid need not be made at the time appointed therefor.

Moneys in the Debt Service Account may be temporarily invested in any obligations in which the City may lawfully invest its funds, provided that the maturity or maturities thereof shall not be later than the date or dates on which money must be available in the Debt Service Account.

The Bonds and the interest coupons shall recite that they are payable from the Surplus Revenue Fund, but notwithstanding such recital shall be paid from the Debt Service Account.

If after all of the Bonds and any parity bonds have been redeemed and cancelled or paid and cancelled (or provision is made therefor) there are moneys remaining in the Debt Service Account said moneys shall be transferred to the Surplus Revenue Fund.

All moneys remaining in the Surplus Revenue Fund after all monthly allocations required hereunder have been made, and all covenants contained herein have been duly performed, may be: (1) invested in any obligations in which the City may lawfully invest its funds; (2) used for any purpose authorized by the resolutions providing for the issuance of senior lien bonds; or (3) used for any lawful purpose of the City, including but not limited to the security and payment of other indebtedness incurred in connection with the enterprise.

Section 11. Investments. Obligations purchased as investments of moneys in the M & O Account, the Surplus Revenue Fund or the Debt Service Account shall be deemed at all times to be a part of such fund or account and any income realized from such investments shall be credited to such fund or account and any losses resulting from such investments shall be charged to such fund or account. The Treasurer shall sell at the best price obtainable or present for redemption any obligations so purchased whenever it may be necessary to do so in order to provide moneys to meet any payment or transfer from such fund or account. For the purpose of determining at any given time the balance in any such fund or account any such investments constituting a part of such fund or account shall be valued at the then estimated or appraised market value of such investments.

Section 12. Warranty. The City shall preserve and protect the security of the Bonds and the rights of the bondholders and warrant and defend their rights against all claims and demands of all persons.

Section 13. Covenants. So long as any of the Bonds are outstanding and unpaid, the City makes the following covenants with the bondholders under the provisions of Section 1210 of the City Charter (to be performed by the City or its proper officers, agents or employees) which covenants are necessary, convenient and desirable to secure the Bonds and tend to make them more marketable; provided, however, that said covenants do not require the City to expend any moneys other than the revenues of the enterprise.

Covenant 1. Punctual Payment. The City covenants that it will duly and punctually pay or cause to be paid the principal of and interest on every Bond issued hereunder, together with the premium thereon, if any be payable, on the date, at the place and in the manner mentioned in the Bonds and coupons and in accordance with this Resolution, and that the payments into the Debt Service Account will be made, all in strict conformity with the terms of said Bonds and of this Resolution, and that it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and all resolutions supplemental thereto and of the Bonds issued hereunder, and that time of such payment and performance is of the essence of the City's contract with the bondholders.

Covenant 2. Discharge Claims. The City covenants that in order to fully preserve and protect the security of the Bonds the City shall pay and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the enterprise which, if unpaid, may impair the security of the Bonds. The City shall also pay all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the enterprise or upon any part thereof or upon any of the revenues thereof.

Covenant 3. Accomplish Purpose. The City covenants that as soon as funds are available therefor, the City will commence the accomplishment of the purpose for which the Bonds are issued and will continue the same to completion with all practicable dispatch and in an economical manner.

Covenant 4. Operate Enterprise in Efficient and Economical Manner. The City covenants and agrees to operate the enterprise in an efficient and economical manner and to operate, maintain and preserve the enterprise in good repair and working order.

Covenant 5. Against Sale, Eminent Domain, Existing and Future Agreements, Competition. The City covenants that the enterprise shall not be mortgaged or otherwise encumbered, sold, leased, pledged, any charge placed thereon, or disposed of as a whole or substantially as a whole unless such sale or other disposition be so arranged as to provide for sums adequate to provide for the immediate payment of the principal of and interest on the Bonds, payment of which is required to be made out of the surplus revenues. The City further covenants that the surplus revenues or any other funds pledged or otherwise made available to secure payment of the principal of and interest on the Bonds shall not be mortgaged, encumbered, sold, leased, pledged, any charge placed thereon, or disposed of or used except as authorized by the terms of this Resolution and any resolution providing for the issuance of senior lien bonds. The City further covenants that it will not enter into any agreement which impairs the operation of the enterprise or any part of it necessary to secure adequate revenues to pay the principal and interest of the Bonds or which otherwise would impair the rights of the bondholders with respect to the pledged revenues. If any substantial part of the enterprise is sold the payment therefor shall either be used for the acquisition and/or construction of improvements and extensions of the enterprise or shall be placed in the appropriate funds or accounts and shall be used to pay or call and redeem said Bonds, any parity bonds and any senior lien bonds in the manner provided in this Resolution, any resolution providing for the issuance of senior lien bonds, and any subsequent resolution.

The City covenants that any amounts received as awards as a result of the taking of all or any part of the enterprise by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the City, shall either be used for the acquisition and/or construction of improvements and extension of the enterprise or shall be placed in the appropriate funds or accounts and shall be used to pay or call and redeem said Bonds, any parity subordinated bonds and any senior lien bonds in the manner provided in this Resolution, any resolution providing for the issuance of senior lien bonds, and any subsequent resolution.

The City will not sell, lease or otherwise encumber any part of the Electric System except properties or facilities no longer useful or necessary to its efficient and economical operation, and it will not construct, acquire, operate, permit or (to the extent permitted by law) consent to any competing facilities within the City limits.

Covenant 6. Insurance. The City covenants that it shall at all times maintain with responsible insurers all such insurance on the enterprise as is customarily maintained by similar utilities systems with respect to works and properties of like character against accident to, loss of or damage to such works or properties and loss of revenues insurance. If any useful part of the enterprise shall be damaged or destroyed, such part shall be restored to use. The money collected from insurance against accident, loss or damage shall be used for repairing or rebuilding the lost, damaged or destroyed works and properties, and to the extent not so applied, shall be applied to the retirement of said outstanding and unredeemed Bonds, any parity bonds and any senior lien bonds issued for the enterprise and for such purpose paid into the appropriate funds or accounts.

The City shall also maintain with responsible insurers workmen's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City and the bondholders.

Notwithstanding the foregoing, the City may provide any insurance required by this Covenant 6 through a self insurance program.

Covenant 7. Records and Accounts. The City covenants that it shall keep proper books of records and accounts of the enterprise, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the enterprise. Said books shall at all times be subject to the inspection of the holders of not less than 10% of the outstanding Bonds or their representatives authorized in writing.

The City covenants that it will cause the records and accounts of the enterprise to be audited annually by an independent certified public accountant or firm of certified public accountants and shall furnish a copy of the audit report, upon request, to any bondholder.

Covenant 8. Collection of Charges. The City will permit no free use or services of the Electric System. The City will pay for all City use and services of the Electric System. The City will not grant or establish within any class of service preferential or discriminatory rates, fees or charges for use and services of the Electric System. For the purposes of setting such rates, fees and charges, service located outside the city limits of the City of Anaheim may be considered as separate classes of service. The City covenants that it shall at all times during the period any of the Bonds are outstanding maintain and enforce valid regulations for the payment of bills for electric service and that such regulations shall at all times during such period provide that the City shall discontinue electric service to any user whose electric bill has not been paid within the time fixed by said regulations.

Covenant 9. Rates and Charges. The City shall and hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the enterprise which, after making allowances for contingencies and error in the estimates, shall be at least sufficient to pay the following amounts in the order set forth:

- (a) The interest on and principal payments of outstanding senior lien bonds as they become due and payable;
- (b) All current expenses for the necessary and reasonable maintenance and operation expenses of the enterprise as said expenses become due and payable;
- (c) All payments required for compliance with any resolution providing for the issuance of senior lien bonds;
- (d) All payments required for compliance with this Resolution and any resolution providing for the issuance of parity subordinated bonds; and
- (e) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the revenues of the enterprise;

and the charges shall be so fixed that the net revenues shall at least equal 1.10 times the amounts payable under (a), provided that so long as any of the Electric Revenue Bonds, Issue of 1972, remain outstanding said charges shall be so fixed that the net revenues shall at least equal 1.25 times the amounts payable under (a).

Covenant 10. Limits on Additional Debt. The City covenants that, except for refunding bonds, no additional indebtedness evidenced by revenue bonds, revenue notes or any other evidences of indebtedness payable out of the revenues of the enterprise and ranking senior to or on a parity with the Bonds shall be created or incurred unless:

First: The City is not in default under the terms of this Resolution.

Second: The net revenues of the enterprise, calculated on sound accounting principles, as shown by the books of the City for each of the last two completed fiscal years prior to the adoption of the resolution of award of bids for such additional indebtedness as shown by an audit certificate or opinion of an independent certified public accountant or firm of certified public accountants employed by the City, plus, at the option of the City, the item hereinafter in this covenant designated (a), shall have amounted to at least the amount of principal and interest which will become due and payable in the fiscal year next succeeding the fiscal year in which such additional indebtedness is incurred on all indebtedness payable out of the revenues of the enterprise to be outstanding immediately subsequent to the incurring of such additional indebtedness. For said purposes, princi-

The City covenants that it will cause the records and accounts of the enterprise to be audited annually by an independent certified public accountant or firm of certified public accountants and shall furnish a copy of the audit report, upon request, to any bondholder.

Covenant 8. Collection of Charges. The City will permit no free use or services of the Electric System. The City will pay for all City use and services of the Electric System. The City will not grant or establish within any class of service preferential or discriminatory rates, fees or charges for use and services of the Electric System. For the purposes of setting such rates, fees and charges, service located outside the city limits of the City of Anaheim may be considered as separate classes of service. The City covenants that it shall at all times during the period any of the Bonds are outstanding maintain and enforce valid regulations for the payment of bills for electric service and that such regulations shall at all times during such period provide that the City shall discontinue electric service to any user whose electric bill has not been paid within the time fixed by said regulations.

Covenant 9. Rates and Charges. The City shall and hereby covenants that it shall prescribe, revise and collect such charges for the services and facilities of the enterprise which, after making allowances for contingencies and error in the estimates, shall be at least sufficient to pay the following amounts in the order set forth:

(a) The interest on and principal payments of outstanding senior lien bonds as they become due and payable;

(b) All current expenses for the necessary and reasonable maintenance and operation expenses of the enterprise as said expenses become due and payable;

(c) All payments required for compliance with any resolution providing for the issuance of senior lien bonds;

(d) All payments required for compliance with this Resolution and any resolution providing for the issuance of parity subordinated bonds; and

(e) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon or payable from the revenues of the enterprise;

and the charges shall be so fixed that the net revenues shall at least equal 1.10 times the amounts payable under (a), provided that so long as any of the Electric Revenue Bonds, Issue of 1972, remain outstanding said charges shall be so fixed that the net revenues shall at least equal 1.25 times the amounts payable under (a).

Covenant 10. Limits on Additional Debt. The City covenants that, except for refunding bonds, no additional indebtedness evidenced by revenue bonds, revenue notes or any other evidences of indebtedness payable out of the revenues of the enterprise and ranking senior to or on a parity with the Bonds shall be created or incurred unless:

First: The City is not in default under the terms of this Resolution.

Second: The net revenues of the enterprise, calculated on sound accounting principles, as shown by the books of the City for each of the last two completed fiscal years prior to the adoption of the resolution of award of bids for such additional indebtedness as shown by an audit certificate or opinion of an independent certified public accountant or firm of certified public accountants employed by the City, plus, at the option of the City, the item hereinafter in this covenant designated (a), shall have amounted to at least the amount of principal and interest which will become due and payable in the fiscal year next succeeding the fiscal year in which such additional indebtedness is incurred on all indebtedness payable out of the revenues of the enterprise to be outstanding immediately subsequent to the incurring of such additional indebtedness. For said purposes, princi-

pal requirements shall be construed to include mandatory annual sinking fund installments for any series of parity subordinated bonds issued or to be issued as term bonds.

The item which may be added to such gross revenues for the purpose of applying the restriction contained in this covenant is the following:

(a) An allowance for earnings arising from any increase in the charges made for service from the enterprise which has become effective prior to the incurring of such additional indebtedness but which, during all or any part of said last two completed fiscal years, was not in effect, in an amount equal to 95% of the amount by which the gross revenues would have been increased if such increase in charges had been in effect during the whole of said last two completed fiscal years, as shown by the certificate or opinion of independent certified public accountant or firm of certified public accountants employed by the City.

The requirements of the foregoing covenant are in addition to the requirements of any prior covenant(s) heretofore made in connection with the issuance of senior lien bonds that may also be applicable to the issuance of additional indebtedness.

Section 14. Lost, Stolen, Destroyed or Mutilated Bonds. In the event that any Bond or any interest coupon pertaining thereto is lost, stolen, destroyed or mutilated, the City will cause to be issued a new Bond or coupon similar to the original to replace the same in such manner and upon such reasonable terms and conditions, including the payment of costs and the posting of a surety bond if the City deems such surety bond necessary, as may from time to time be determined and prescribed by resolution. The City may authorize such new Bond or coupon or coupons to be signed and authenticated in such manner as it determines in said resolution.

Section 15. Cancellation of Bonds. All Bonds and coupons surrendered to the Treasurer or any paying agent of the City for payment upon maturity or for redemption shall upon payment therefor be cancelled immediately. Any Bonds purchased by the City as authorized herein together with all unpaid coupons pertaining thereto shall be cancelled forthwith and shall not be reissued.

Section 16. Consent of Bondholders. The consents of bondholders provided for in this section shall relate solely to the amendment, waiver or modification of the covenants specified in Section 13 hereof and shall not be effective to waive or modify any other provisions of this Resolution or any other proceedings for the issuance of the Bonds. Any act relating to the amendment, waiver or modification of any of the said covenants consented to by bondholders holding 60% in aggregate principal amount of the outstanding Bonds, exclusive of Bonds, if any, owned by the City, shall be binding upon the holders of all of the Bonds and interest coupons, whether such coupons be attached to Bonds or detached therefrom, and shall not be deemed an infringement of any of the provisions of this Resolution, whatever the character of such act may be, and may be done and performed as fully and freely as if expressly permitted by the terms of this Resolution, and after such consent relating to such specified matters has been given, no bondholder or holder of any interest coupon, whether attached to a Bond or detached therefrom, shall have any right or interest to object to such action or in any manner to question the propriety thereof or to enjoin or restrain the City or any officer thereof from taking any action pursuant thereto.

Bondholders may consent by affirmative vote at a bondholders' meeting or may consent in writing without a meeting, all as hereinafter provided.

No such amendment, waiver or modification shall be made which will permit (a) a change in the maturity of the principal of any Bond or any installment of interest thereon; (b) a reduction in the principal amount of or rate of interest upon any Bond without the consent of the holders of such Bond; or (c) a reduction of the percentage of the principal amount of Bonds the vote or consent of which is required to effect any such amendment.

(a) *Calling Bondholders' Meeting.* If the City shall desire to obtain any such consent it may call a meeting of bondholders, by resolution, for the purpose of considering the action, the consent to which is desired.

(b) *Notice of Meeting.* Notice specifying the purpose, place, date and hour of such meeting shall be published once in a financial newspaper or journal of national circulation published in the City of New York, New York, not less than sixty days and not more than ninety days prior to the date fixed for the meeting. Such notice shall set forth the nature of the proposed action, consent to which is desired. If any of the Bonds shall be so registered as to be payable otherwise than to bearer, the City Clerk of the City shall, on or before the first publication of such notice, mail a similar notice, postage prepaid, to the respective registered owners thereof at their addresses appearing on the bond registry books. The place, date and hour of holding such meeting and the date or dates of publishing and mailing such notice shall be determined by the City, in its discretion.

The actual receipt by any bondholder of notice of any such meeting shall not be a condition precedent to the holding of such meeting, and failure to receive such notice shall not affect the validity of the proceedings thereat. A certificate by said City Clerk, approved by resolution of the City Council that the meeting has been called and that notice thereof has been given as herein provided shall be conclusive as against all parties and it shall not be open to any bondholder to show that he failed to receive notice of such meeting.

(c) *Voting Qualifications.* Any bondholder may, prior to any such meeting, deliver his Bond or Bonds to any agency designated by the City for the purpose, and shall thereupon be entitled to receive an appropriate receipt for the Bond or Bonds so deposited, calling for the redelivery of such Bond or Bonds at any time after the meeting. The Treasurer shall prepare and deliver to the chairman of the meeting a list of the names and addresses of the registered owners of Bonds, with a statement of the maturities and serial numbers of the Bonds held and deposited by each of such bondholders, and no bondholder shall be entitled to vote at such meeting unless his name appears upon such list or unless he shall present his Bond or Bonds at the meeting or a certificate of deposit thereof, satisfactory to the City, executed by a bank or trust company. No bondholder shall be permitted to vote with respect to a larger aggregate principal amount of Bonds than is set against his name on such list, unless he shall produce the Bonds upon which he desires to vote, or a certificate of deposit thereof as above provided.

(d) *Issuer-owned Bonds.* The City covenants that it will present at the meeting a certificate, signed and verified by one member of the City Council and by the Treasurer stating the maturities and serial numbers of all Bonds owned by, or held for account of, the City, directly or indirectly. No person shall be permitted at the meeting to vote or consent with respect to any Bond appearing upon such certificate, or any Bond which it shall be established at or prior to the meeting is owned by the City, directly or indirectly, and no such bond (in this Resolution referred to as "issuer-owned bond") shall be counted in determining whether a quorum is present at the meeting.

(e) *Quorum and Procedure.* A representation of at least 60% in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) shall be necessary to constitute a quorum at any meeting of bondholders, but less than a quorum may adjourn the meeting from time to time, and the meeting may be held as so adjourned without further notice, whether such adjournment shall have been had by a quorum or by less than a quorum. The City shall, by an instrument in writing, appoint a temporary chairman of the meeting, and the meeting shall be organized by the election of a permanent chairman and a secretary. At any meeting each bondholder shall be entitled to one vote for every \$5,000 principal amount of Bonds with respect to which he shall be entitled to vote as aforesaid, and such vote may be given in person or by proxy duly appointed by an instrument in writing presented at the meeting. The City, by its duly authorized representative, may attend any meeting of the bondholders, but shall not be required to do so.

(f) *Vote Required.* At any such meeting held as aforesaid there shall be submitted for the consideration and action of the bondholders a statement of proposed action, consent to which is desired, and if such action shall be consented to and approved by bondholders holding at least 60% in aggregate amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) the

chairman and secretary of the meeting shall so certify in writing to the City, and such certificate shall constitute complete evidence of consent of bondholders under the provisions of this Resolution. A certificate signed and verified by the chairman and the secretary of any such meeting shall be conclusive evidence and the only competent evidence of matters stated in such certificate relating to proceedings taken at such meeting.

(g) *Written Consent of Bondholders.* If the City shall desire to obtain any such consent in writing, without a meeting of bondholders, the City Council may, by resolution, propose the action, to which consent is desired. A copy of such resolution, together with a request to bondholders for their consent to the action proposed therein, shall be published once in a financial newspaper or journal of national circulation published in the City of New York, New York. If any of the Bonds shall be so registered as to be payable otherwise than to bearer, the City Clerk of the City shall, on or before the publication of such resolution and request, mail a copy thereof to each registered owner at the address appearing on the bond registry books.

The actual receipt by any bondholder of such resolution and request shall not affect the validity of the proceedings for the obtaining of such consent. A certificate by said City Clerk, approved by resolution of the City Council, that said resolution and request has been published and mailed as herein provided shall be conclusive as against all parties, and it shall not be open to any bondholder to show that he failed to receive such resolution and consent.

Each written consent shall be accompanied by proof of ownership of the Bonds for which such consent is given. Proof of ownership shall be made in such manner as shall be prescribed by the resolution proposing the action. Any such written consent shall be binding upon the holder of the Bonds giving such consent and on any subsequent holder (whether or not such subsequent holder has notice thereof) unless such consent is revoked in writing by the holder giving such consent or by the subsequent holder. To be effective, any revocation of consent must be filed before the adoption of the resolution accepting consents as hereinafter provided.

After the holders of at least 60% in aggregate principal amount of the Bonds then outstanding (exclusive of issuer-owned Bonds) shall have consented in writing, the City Council shall adopt a resolution accepting such consents and such resolution shall constitute complete evidence of the consent of bondholders under this resolution.

(h) *Publication of Consent.* Notice specifying the amendment, waiver or modification that has received the consent of bondholders as required by this section shall be published once in a financial newspaper or journal of national circulation published in the City of New York, New York, not less than sixty days following the final action in the proceedings for the obtaining of such consent. Said notice is only for the information of bondholders and failure to publish such notice or any defect therein shall not affect the validity of the proceedings theretofore taken in the obtaining of such consent.

Section 17. **Bond and Coupon Forms.** The Bonds shall be payable to bearer, shall be issued in negotiable form, and shall be negotiable, and the form of said Bonds and interest coupons thereof shall be substantially as follows:

UNITED STATES OF AMERICA
STATE OF CALIFORNIA
COUNTY OF ORANGE

CITY OF ANAHEIM
ELECTRIC REVENUE BOND, SECOND ISSUE (SUBORDINATED) OF 1976

No.

\$5,000

The CITY OF ANAHEIM, a municipal corporation situated in the County of Orange, State of California, FOR VALUE RECEIVED, hereby promises to pay, solely from the Surplus Revenue Fund, as hereinafter provided, to the bearer, on, upon presentation and surrender of this bond, the sum of FIVE THOUSAND DOLLARS, with interest thereon at the rate of% per annum, payable semiannually on the first days of June and December of each and every year from the date hereof until this bond is paid, upon presentation and surrender of the respective interest coupons hereto attached; provided, however, that if at the maturity date of this bond funds are available for the payment thereof, as provided in the resolution hereinafter mentioned, this bond shall then cease to bear interest. Both principal and interest are payable in lawful money of the United States of America, at the office of the Treasurer of the City of Anaheim, in Anaheim, California, or, at the option of the holder, at any paying agent of the City in Los Angeles or San Francisco, California, Chicago, Illinois, or New York, New York.

This is one of a duly authorized issue of bonds of the City designated "Electric Revenue Bonds, Second Issue (Subordinated) of 1976," hereinafter called the "bonds," all of which have been issued pursuant to Section 1210 of the City Charter of the City of Anaheim and Ordinance No. 2980 of the City Council of said City, for the purpose of purchasing electric energy, and the creation of said issue and the terms and conditions of the bonds are provided for by the resolution of the City Council of said City authorizing the bonds adopted May 25, 1976, designated Resolution No. 76R-276, and this reference incorporates said resolution, said Section 1210 and said ordinance, and by acceptance hereof the holder of this bond and the coupons hereto attached assents to said terms and conditions. Said resolution is adopted under, and this bond and the interest coupons hereto attached are issued under and are to be construed in accordance with said Charter, said ordinance and the laws of the State of California.

This bond and the interest hereon are not a debt of the City of Anaheim, nor a legal or equitable pledge, charge, lien or encumbrance upon any of its property or upon any of its income, receipts, or revenues, except the surplus revenues (as defined in said resolution), and the principal of and the interest on this bond are payable solely from said surplus revenues and said City is not obligated to pay such principal and interest except from said surplus revenues.

By the terms of said Section 1210 of the City Charter and said Ordinance No. 2980 and by covenant expressed in said resolution, the City is obligated to prescribe, revise and collect charges for the services and facilities of the electric system of the City such as to provide revenues sufficient to pay the interest on and principal of the bonds as they become due and payable in addition to all other payments required for compliance with said resolution and the necessary and reasonable maintenance and operation costs of the electric system, and is subject to conditions with respect to any sale of said electric system. In the manner provided in said resolution, any or all of the obligations referred to in this paragraph and certain other obligations mentioned in said resolution may be waived with the consent of the holders of 60% in aggregate principal amount of the outstanding bonds, exclusive of issuer-owned bonds.

This bond and the coupons hereto attached are negotiable instruments and shall be negotiable by delivery. This bond may be registered either as to principal only or as to both principal and interest, in accordance with the provisions for registration endorsed hereon.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed precedent to and in the incurring of the indebtedness evidenced by this bond and in issuance of this bond exist, have happened, and have been performed in due time, form and manner as required by the Constitution and laws of the State of California and the City Charter of the City of Anaheim and that this bond, together with all other indebtedness of the City pertaining to the aforesaid electric system, is within every debt and other limit prescribed by the Constitution and laws of the State of California and said Charter.

IN WITNESS WHEREOF, said City of Anaheim has caused this bond to be signed by the Mayor and the City Treasurer of said City by their facsimile signatures, countersigned by the City Clerk of said City, and sealed with the corporate seal of said City, and the interest coupons hereto attached to be signed by the City Treasurer by his facsimile signature, and has caused this bond to be dated June 1, 1976.

COUNTERSIGNED:

Mayor of the
City of Anaheim, California

City Clerk of the
City of Anaheim, California

City Treasurer of the
City of Anaheim, California

(SEAL)

(COUPON FORM)

The CITY OF ANAHEIM, CALIFORNIA, will pay to the bearer, at the office of the Treasurer of the City of Anaheim in Anaheim, California, or, at the option of the holder, at any paying agent of the City in Los Angeles or San Francisco, California, Chicago, Illinois, or New York, New York, out of the Surplus Revenue Fund of said City and not out of any other fund or moneys of the City, the sum of in lawful money of the United States of America, being the interest then due on its **ELECTRIC REVENUE BOND, SECOND ISSUE (SUBORDINATED) OF 1976 NO.** On the first day of _____, 19____
dated June 1, 1976.
Coupon No. _____
\$._____

City Treasurer of the
City of Anaheim, California

On the reverse side of the bond there shall be printed substantially the following:

PROVISIONS FOR REGISTRATION

This bond may be registered in the name of any person as the registered owner hereof, either as to principal only or as to both principal and interest, and, if registered in either of said forms may be changed to registration in the other of said forms or discharged from registration.

Each registration, transfer after registration, change of form of registration, or discharge from registration of this bond shall be entered by the Treasurer of the City in books kept by him for the purpose, and noted by him in the registration blank below. Registration as to principal only shall not affect the negotiability by delivery of the coupons pertaining hereto. Upon registration as to both principal and interest, all unmatured coupons pertaining hereto shall be surrendered to said officer and shall be preserved.

So long as this bond is registered, no transfer hereof shall be valid for any purpose unless made by the registered owner and entered and noted as herein provided, and the principal hereof and any redemption premium shall be payable only to the registered owner, or to his order. Interest on this bond, if registered as to both principal and interest, shall be payable to the person whose name appears upon the registry books as the registered owner hereof at the close of business on the tenth day preceding the interest payment date, or to his order. If this bond is registered as to both principal and interest and its registration is changed to registration as to principal only, or if it is discharged from registration, there shall be attached hereto coupons representing interest hereon to become due thereafter to the date of maturity hereof. In lieu thereof, and upon surrender and cancellation hereof, the Treasurer in his discretion may issue in exchange therefor a new bond, with such coupons attached, identical with this bond, except for the previous notations on the registration blank hereon, and except that the signatures on the new bond shall be those of the persons holding office at the time of affixing such signatures. The issuance of any such new bond, or new coupons, shall be at the expense of the registered owner.

Each discharge hereof from registration shall be effected by an entry on the registry books, and a notation in the blank below, that this bond is payable to bearer, whereupon this bond shall become an unregistered bearer instrument, negotiable by delivery as if it had never been registered. Each request for registration, transfer, change or discharge must be in form satisfactory to the Treasurer and must be made in writing, signed by the registered owner, or by his agent duly authorized in writing, or by the bearer, as the case may be.

<u>Date of Registration</u>	<u>In Whose Name Registered</u>	<u>Manner of Registration</u>	<u>Signature of Treasurer</u>
.....
.....
.....

Section 18. Proceedings Constitute Contract. The provisions of this Resolution and of any resolution or order providing for the sale of the Bonds and awarding the Bonds and fixing the interest rate or rates thereon shall constitute a contract between the City and the bondholders and the provisions thereof shall be enforceable by any bondholder for the equal benefit and protection of all bondholders similarly situated by mandamus, accounting, mandatory injunction or any other suit, action or proceeding at law or in equity that is now or may hereafter be authorized under the laws of the State of California in any court of competent jurisdiction. Said contract is made under and is to be construed in accordance with the laws of the State of California.

No remedy conferred hereby upon any bondholder is intended to be exclusive of any other remedy, but each such remedy is cumulative and in addition to every other remedy and may be exercised without

98

exhausting and without regard to any other remedy conferred by the Charter, Ordinance No. 2980 or any law of the State of California. No waiver of any default or breach of duty or contract by any bondholder shall affect any subsequent default or breach of duty or contract or shall impair any rights or remedies on said subsequent default or breach. No delay or omission of any bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed as a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the bondholders may be enforced and exercised as often as may be deemed expedient. In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and the bondholder shall prevail, said bondholder shall be entitled to receive from the Electric Revenue Fund reimbursement for reasonable costs, expenses, outlays and attorney's fees and should said suit, action or proceeding be abandoned, or be determined adversely to the bondholders then, and in every such case, the City and the bondholders shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

After the issuance and delivery of the Bonds this resolution shall be irrevocable, but shall be subject to modification to the extent and in the manner provided in this Resolution, but to no greater extent and in no other manner.

Section 19. Defeasance. Bonds shall no longer be deemed to be outstanding and unpaid if the City shall have made adequate provision for the payment, in accordance with the Bonds and this Resolution, of the principal and interest to become due thereon at maturity. Such provision shall be deemed to be adequate if the City shall have irrevocably set aside, in a special trust fund or account, moneys which when added to the interest earned or to be earned from the investment or deposit thereof shall be sufficient to make said payments as they become due. Moneys so set aside may be invested in any direct obligations of, or obligations guaranteed by, the United States of America, or in obligations of any agency thereof, in which the City may lawfully invest its money and, to the extent not so invested, may be placed with banks as inactive deposits in the manner provided by law.

Sections 20. Future Contracts. Nothing herein contained shall be deemed to restrict or prohibit the City from making contracts or creating bonded or other indebtedness payable from the general fund of the City or from taxes or any source other than the revenues of the enterprise as defined herein, and from and after the sale of the Bonds the general fund of the City shall not include the revenues of the enterprise and no contract or other obligation payable from the general fund of the City shall be payable from the revenues of the enterprise, except as provided herein.

Section 21. Severability. If any provision, or any portion thereof, contained in this Resolution, or the application thereof to any person or circumstance is being held to be unconstitutional, invalid or unenforceable, the remainder of this Resolution and the application of any such provision, or portion thereof, to other persons or circumstances shall be deemed severable and shall not be affected thereby, and this Resolution and the Bonds shall remain valid and the bondholders shall retain all valid rights and benefits accorded to them under this Resolution, the City Charter, and the Constitution and laws of the State of California.

Section 22. Effective Date. This Resolution shall take effect upon adoption.

ADOPTED, SIGNED AND APPROVED this 25th day of May, 1976.

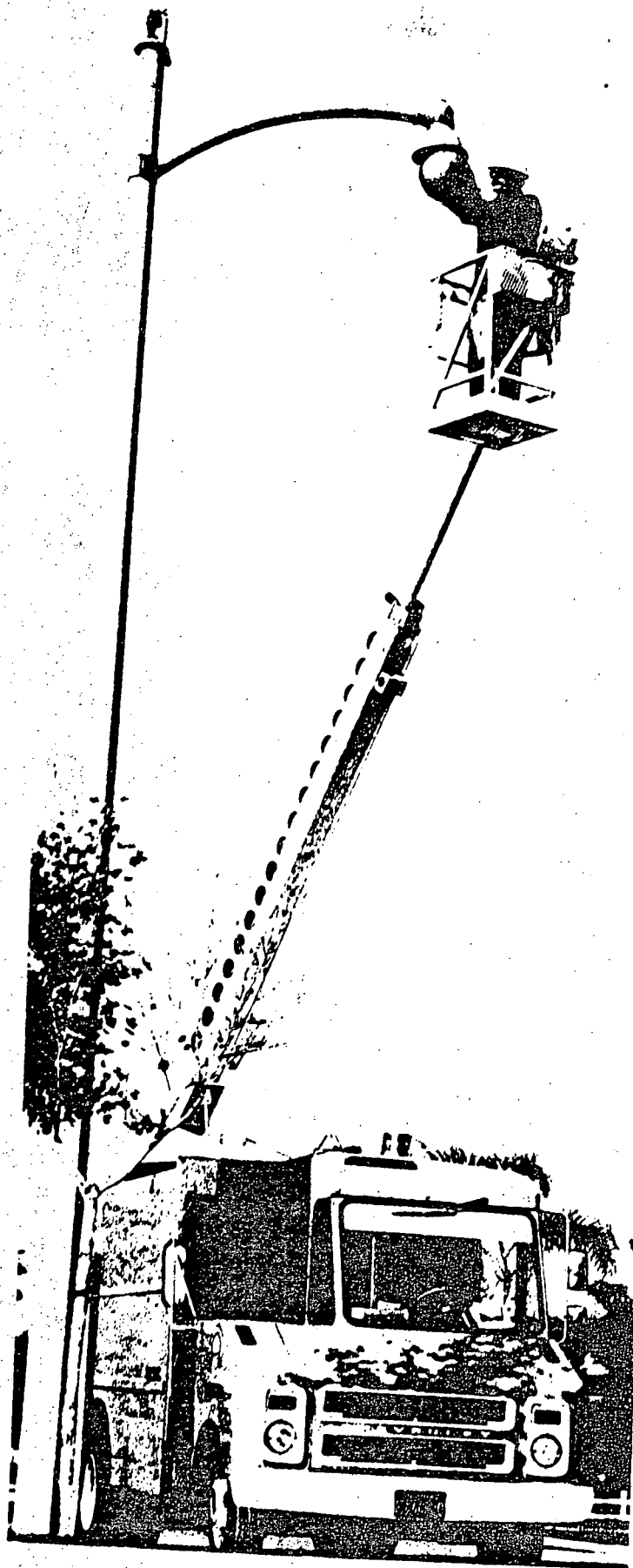
W. J. (BILL) THOM

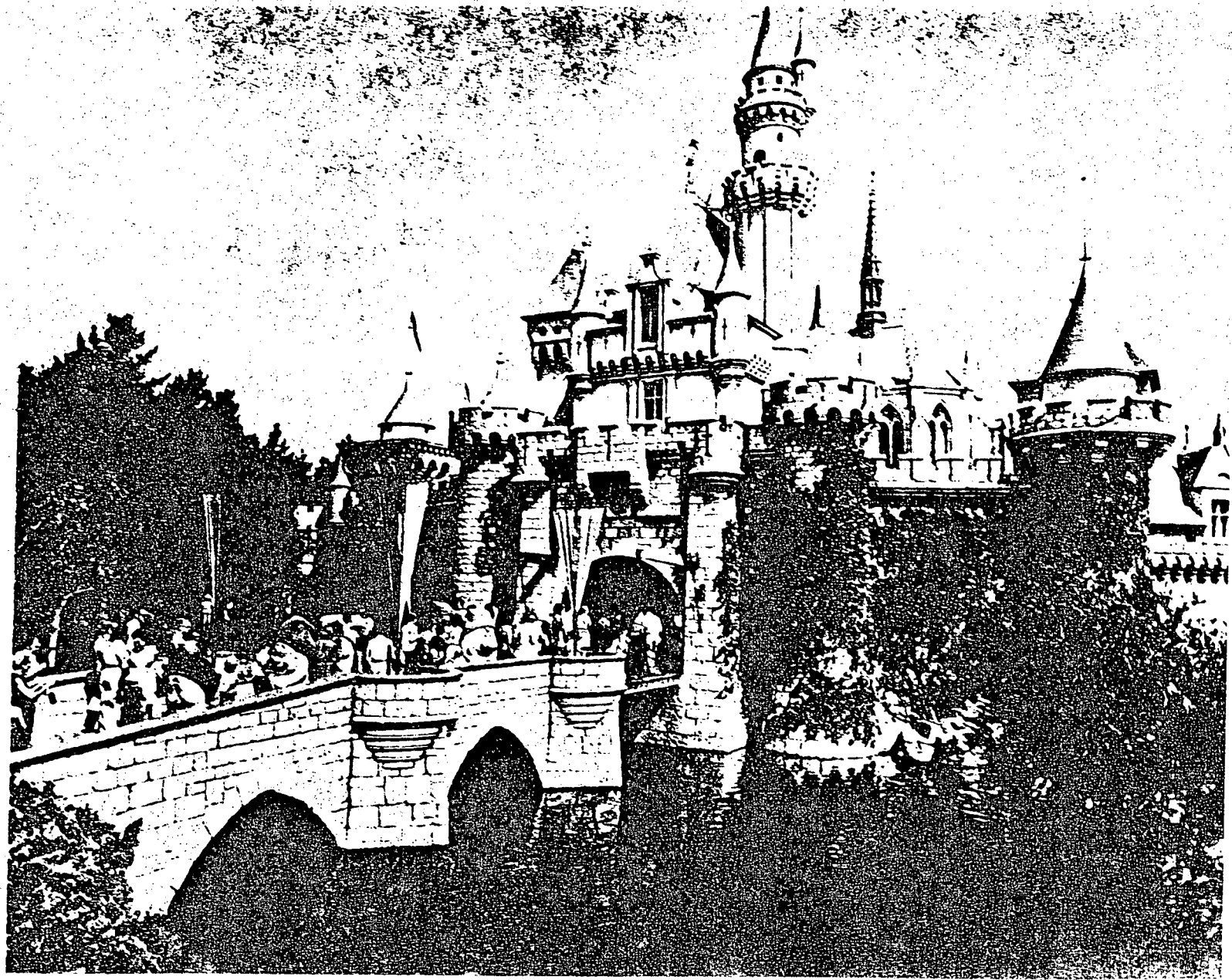
Mayor

Attest:

ALONA M. HOUGARD

City Clerk





Disneyland's Sleeping Beauty Castle