IMPERIAL IRRIGATION DISTRICT

ANAHEIM

GLENDALE

PASADENA

SCPPA

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY

1994-95 ANNUAL REPORT

VERNON

BURBANK

COLTON

LOS ANGELES

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The Southern California Public Power Authority (SCPPA) is a joint powers authority composed of ten municipal utilities and one irrigation district, delivering electricity to nearly 2,000,000 customers from northern Los Angeles County to the Mexican border. SCPPA was formed in 1980 to acquire reliable, cost-efficient electrical generation facilities and transmission systems for its members. SCPPA's primary role has been to secure financing for joint projects among its members and more recently to help its members become more competitive in light of changes affecting electric utilities.

Over the last two years, during a period of intense industry restructuring and regulatory reform, SCPPA has also served an advocacy function for its members, to help assure that the special needs of public power providers in this region are adequately addressed. This role has consumed an increasing share of SCPPA staff energies, as legislators and regulators in Washington, D.C. and Sacramento evaluate proposed changes in the laws and regulations pertaining to consumer-owned and private electric utilities.

To date, SCPPA has issued nearly $8 billion in bonds, notes and refunding bonds, of which $3.6 billion in principal remains outstanding. This debt is backed by the financial strength of SCPPA's eleven members — the municipalities of Anaheim, Azusa, Banning, Burbank, Colton, Glendale, Los Angeles, Pasadena, Riverside, and Vernon, and the Imperial Irrigation District. Bond proceeds have been used to purchase interests in electrical generating and transmission facilities throughout the southwestern United States, and when permitted by changing market conditions, to refund higher cost debt.

In today's shifting economic and political climate, SCPPA's interlinked and cooperative approach to utility industry problem-solving continues to provide substantial benefits to its eleven members and their customers.

Last year, SCPPA's annual report discussed the accelerating rate of change taking place in the public utilities industry, particularly with respect to deregulation. We concluded then and continue to believe that SCPPA's members are highly cognizant of the risks that lie ahead in a deregulated environment, and without exception, they are confident of their ability to meet the challenges ahead.

Since that report was issued, the power industry regulatory environment has remained highly volatile, with the prospects of deregulation more imminent. The FERC has made clear its intention to mandate open, nondiscriminatory transmission access.

Momentum toward deregulation in California continued unabated during the past year, with both consumer-owned and investor-owned utilities and other stakeholders working cooperatively to address operational and regulatory implementation issues.

Several issues arising from deregulation are of concern to SCPPA and its members. For one thing, these agencies have invested heavily in environmental and conservation programs that could be threatened in a no-holds-barred competitive environment where cost containment is critical. Another concern is the amortization of so-called "stranded" investments — capital assets invested in power generation during a period when it was illegal to burn oil or natural gas in a utility boiler and which could become uneconomic in a free market environment.

SCPPA believes deregulation in any form must take these and other issues into account. Last March, SCPPA endorsed a blueprint offered by the California Municipal Utility Association in its "Maximum Choice" model (MaxChoice). This proposal embraces eight principles that provide a foundation for sensible deregulation, including reducing the cost of electric services, preserving reliability, maintaining jurisdictional boundaries, blocking cost shifting, providing open transmission access, preserving consumer choice, maintaining environmental protection, and mitigating market or monopoly power.

To remain competitive and economically viable in a deregulated world, SCPPA and its members have assessed their operations, and developed strategies for the future. SCPPA's membership agreed to move forward in a collaborative manner in planning for the future. Such planning recognizes that high-cost producers will lose market share in their core markets. Moreover, new entrants can be expected to emerge in markets undergoing transition. These entrants will be catalysts for additional change.

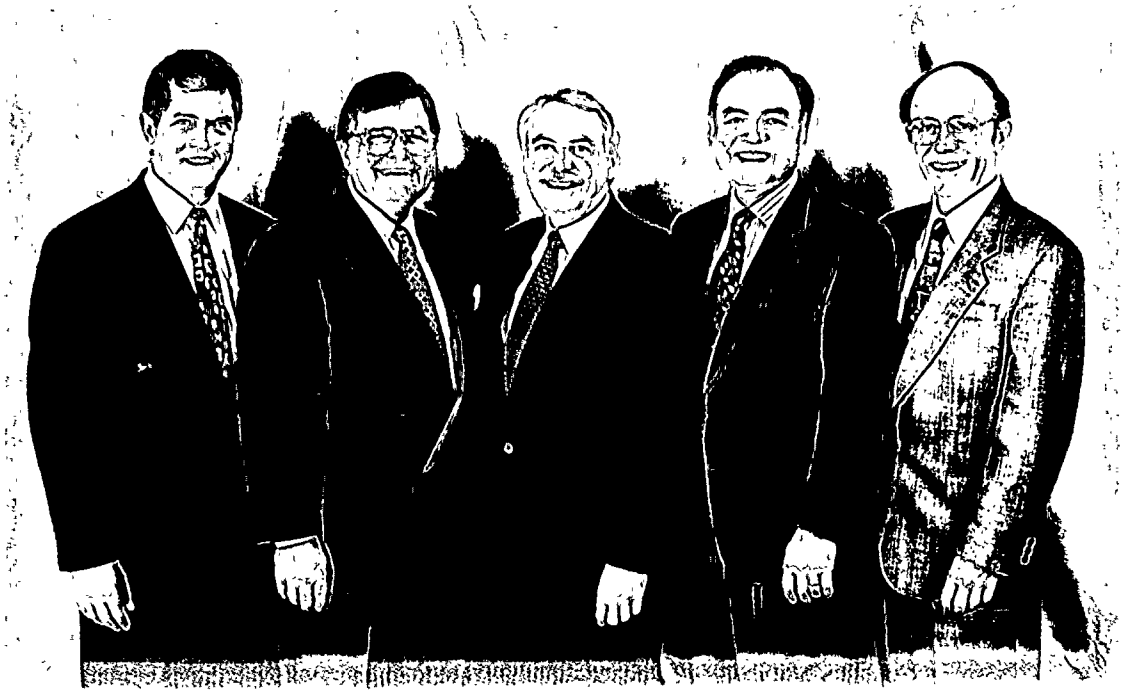
SCPPA has the strength of low-cost capital, ownership of transmission facilities, non-profit status, and access to low-cost federal hydro power. SCPPA's members intend to operate more flexibly and to learn from the competition.

Throughout this report are examples of efforts that SCPPA's member utilities have made in the last twelve months to operate more efficiently in a deregulated industry.

SCPPA is playing a more proactive role in helping its members deal with the changes ahead. Greater emphasis is placed on tracking legislative and regulatory activity, and adding our voice to those of other public power advocates in addressing issues of maximum concern to our eleven members. We are also active as a catalyst and resource for members seeking ways to operate more efficiently, to communicate more effectively and to do a better job of evaluating projects in a world of uncertainty and challenge.

The next year promises to be a watershed period for the nation's public utilities. Helping its members remain current relative to coming changes — building their economic strength as well as enhancing their abilities to serve their 2,000,000 customers effectively — is SCPPA's chief priority for the foreseeable future.

DANIEL W. WATERS
EXECUTIVE DIRECTOR



THOMAS H. MCGUINNESS
Assistant Secretary

BILL D. CARNAHAN
President

ELDON A. COTTON
Secretary

DANIEL W. WATERS
Executive Director

BERNARD V. PALK
Vice President

Projects and systems of the Southern California Public Power Authority generally performed in excellent fashion in FY 1994-95, meeting all design and financial parameters during a year in which the public utility industry in the Golden State was girding itself for fundamental change.

- The Hoover Uprating Project is, for all intents and purposes, now complete and delivering low-cost hydro power to its SCPPA owners.
- The Southern Transmission System operated at peak levels and promises to be a significant component of success for its owners in a deregulated world.
- The Palo Verde Nuclear Generating Station is back on track, operating at levels of capacity well above the industry average.
- Unit 3 of the San Juan Generating Station in New Mexico is proving to be a sound investment, performing efficiently and reliably for its SCPPA participants.
- The Mead-Adelanto and Mead-Phoenix Transmission Lines are set to go on line early in 1996, giving their owners vital transmission access.

SCPPA itself moved into new, expanded quarters this year, adding both financial and administrative staff to prepare for a more complex role in a changing industry.

Helped by new SCPPA-financed generating capacity and their own efficiencies, our members in FY 1994-95 sold a total of nearly 40,000,000 megawatt-hours of power and generated revenues of nearly $3 billion. Their combined operating margin — the difference between sales revenues and operating costs — was $350 million.

We look forward to another year of solid achievement in FY 1995-96, with SCPPA playing an even more pivotal role in helping its members over the hurdles of deregulation and the tougher competition that will come inevitably with it.

BILL D. CARNAHAN
PRESIDENT

SCPPA's eleven members represent a fair cross-section of public power providers in America today, from the Los Angeles Department of Water and Power, which supplies electricity to more than 1.3 million (mostly residential) customers, to the City of Vernon, with fewer than 2,100 customers, most of them industrial and commercial users. Each of these entities is well along in its preparations for a deregulated electric utility world.

These preparations are taking many forms, from reducing staff to modernizing equipment, but they all have one goal in common: to make the utility a more efficient, lower-cost competitor, while providing customers with high-quality, reliable service.

Some examples of how SCPPA's members are readying themselves:

- Each of the utilities has instituted reviews of its power purchase agreements to determine which will stand up economically in a deregulated environment. The emphasis will be on shorter-term contracts in the near term, and a broadening search for independent suppliers that will free the utility from overdependence on megaproducers.

- Most have either begun or completed downsizing programs aimed at reducing staff by as much as 15%. These efforts have uniformly been tailored to assure no loss of capability in the sensitive areas of system reliability or customer service.

- Several agencies have deferred or scaled down their capital programs for FY 1995-96, pending the outcome of regulatory deliberations in Washington, D.C. and California. These reductions will keep operating options open until power supply options are sorted out.

- Most of SCPPA's member utilities have reduced interest costs by refunding of higher cost debt.

- Widespread reviews of rate structure are underway throughout the membership, to assure that costs are assigned properly to each class of service. Similarly, each utility is working more closely with its elected municipal leadership to apprise them of changes occurring or anticipated in the industry.

- Extensive management and line employee training programs have been instituted at several member utilities, aimed at making each member of the utility's workforce more aware of his or her stake in deregulation, and more efficient and better able to deliver quality service to the customer.

As part of its role as a spokesperson and advocate for public power, SCPPA stands ready to assist its members over the obstacles and into the new, deregulated world of opportunity ahead.

As of November 1, 1995	*Bond Ratings*	
SCPPA BONDS	*Moody's Investor Service*	*Standard & Poors Ratings Group*
Hoover Uprating Project	(cond.) Aa	AA-
Southern Transmission System Project —		
Senior Lien Bonds	Aa	AA-
Subordinate Lien Bonds	Aa	A+
Palo Verde Project		
Senior Lien Bonds	Aa	AA-
Subordinate Lien Bonds	Aa	A+
Mead-Adelanto and Mead-Phoenix Transmission Projects (Refunding)*	Aaa	AAA
Mead-Adelanto and Mead-Phoenix Transmission Projects (Non-Refunding)**	A	A
Multiple Project**	A	A
San Juan Unit 3 Project*	Aaa	AAA

**Insured*
***Secured by a Guaranteed Investment Contract*

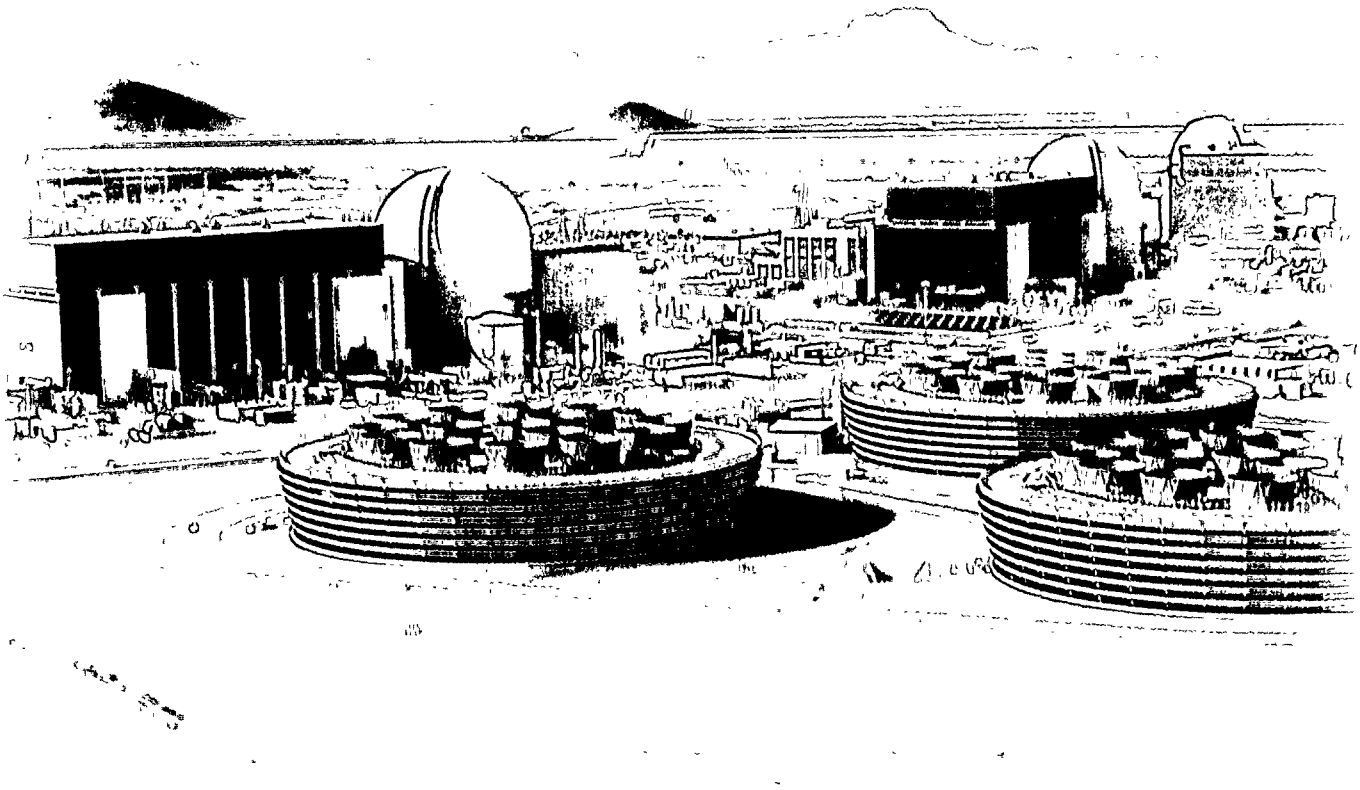
EDWARD K. AGHJAYAN
CITY OF ANAHEIM
Established in 1894, the city's electric system began operations a year later with a steam-driven generator that provided enough power for 500 lights. From 1916 to 1982, Anaheim bought essentially all its power from Southern California Edison. In 1983, the city began buying from other sources and purchasing generating capacity of its own. In 1994, only three percent of the city's power was purchased from SCE.

Customers Served	*103,937*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*793,184*
Purchased	*2,084,148*
Total	*2,877,332*
Transmission (in miles)	*1,424*
Total Revenues (000's)	*$ 240,175*
Operating Costs (000's)	*$ 198,911*

The rise in interest rates during the last half of 1994 and early 1995 brought an end to SCPPA's aggressive bond refunding efforts during the period 1991 to 1994, when SCPPA was able to refund nearly $1.5 billion in obligations, for gross savings in interest costs of approximately $206.4 million over the next 25 years. SCPPA will continue to monitor the capital markets for future opportunities to lower debt costs. SCPPA's weighted average interest cost for each project ranges from a high of 6.13% on Hoover Uprating Project bonds to a low of 5.11% on San Juan Unit 3 Project bonds, excluding debt service on bond proceeds supported by a Guaranteed Investment Contract.

Despite SCPPA's flawless on-time repayment record over the last 15 years and the continued financial strength of its member utilities, Standard & Poors downgraded a portion of SCPPA bonds one level during 1994-95. This action was part of the "ripple effect" from last year's bankruptcy filing by Orange County, California, and the more guarded view of S & P toward electric utilities in the competitive future. Even though the action leaves SCPPA bonds among the highest rated in the nation, SCPPA feels the downgrading was unwarranted and will press for an early review of its debt.

The following is a status report on SCPPA's generating and transmission projects.



Palo Verde is the largest nuclear generating station in the U.S. and the seond largest in the world.

Palo Verde Nuclear Generating Station (PVNGS) In the first half of calendar 1995, Palo Verde Units 1 and 2 completed refueling outages in record times of 57 days and 55 days, respectively. For fiscal year 1994-95, plant capacity utilization exceeded the nuclear generation industry average by more than 13%. The plant's goal for fiscal year 1995-96 is capacity utilization of 86%.

Ten SCPPA members (all but the City of Anaheim) share a 5.91% interest in the three units of PVNGS, entitling them to 225 megawatts of power, based on the net design electrical rating of 1,270 megawatts for each of the three units. SCPPA had $1.1 billion of Palo Verde Project debt outstanding as of June 30, 1995.

1994-95 OPERATIONS

	Generation (Millions of MWH)	*Capacity Utilization (%)*
Unit 1	8.58	80.2
Unit 2	7.84	73.3
Unit 3	10.00	93.5
Aggregate	26.42	82.3

JOSEPH F. HSU

CITY OF AZUSA The city's electric utility was established in 1898, and for most of its history Azusa received electricity from Southern California Edison. In 1986, the city began receiving its own power from the Palo Verde Nuclear Generating Station, the Hoover Power Plant, and short-term capacity from other utilities. The city began receiving energy in 1993 from San Juan Generating Station, Unit 3, an entitlement through SCPPA, reducing its dependence on purchased power by nearly 28 percent.

Customers Served	*14,350*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*195,230*
Purchased	*131,775*
Total	*327,005*
Transmission (in miles)	*0*
Total Revenues (000's)	*$ 19,257*
Operating Costs (000's)	*$ 14,368*

Power from the San Juan Generating Station will be carried over the Mead-Phoenix and Mead-Adelanto Transmission Lines.

One of the owners of PVNGS, El Paso Electric Company, has been under bankruptcy protection since 1992, and last year submitted a reorganization plan that involved its proposed merger with Central and Southwest Corporation. This merger was terminated by Central and Southwest on June 9, 1995, because it claimed certain terms of the agreement were not satisfied. El Paso filed a new stand-alone plan, but the outcome of the proceeding was still uncertain as of June 30, 1995. El Paso expects to emerge from bankruptcy in early 1996.

Public Service Company of New Mexico (PNM), another partner in PVNGS, continued to seek a buyer for its share of the facility, but as of the end of the fiscal year had not located one. In any case, PNM has promised to meet all its PVNGS financial obligations.

TIMOTHY C. TREWYN

CITY OF BANNING Established in 1913, the Banning electrical system now serves an area of approximately 20 square miles. The city recently purchased a 20-MW share of San Juan Unit 3 through SCPPA. Major improvements to the distribution system will begin this year. Recent additions of industrial customers have strengthened the city's load mix. Southern California Edison, which once supplied all the city's electricity, now accounts for less than one fourth.

Customers Served	*8,650*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*63*
Purchased	*105,680*
Total	*105,743*
Transmission (in miles)	*122*
Total Revenues (000's)	*$ 13,367*
Operating Costs (000's)	*$ 12,243*

Tube overheating and chemical attack have been blamed for the tube rupture in one of PVNGS's Unit 2 steam generators in 1993 that was reported in last year's Annual Report. Several corrective measures have been implemented and the unit is again operating at full capacity. It is expected that the unit's output will decrease gradually with time and, at the end of its 40-year design life, the unit's output will have decreased by 14%. This and the possibility of increased maintenance cost and a reduced capacity factor could require replacement of the Unit 2 steam generators. SCPPA's share of such a replacement would range from $3.5 million to $7 million.

RONALD V. STASSI
CITY OF BURBANK Burbank's Public Service Department began serving customers in 1913, and installed on-site generation in response to a surge in industrial and residential growth during and following the Second World War. Today the city receives power from three SCPPA projects, the Bonneville Power Administration, as well as firm and interruptible supplies from other utilities and government agencies.

Customers Served	*50,472*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*158,799*
Purchased	*863,525*
Total	*1,022,324*
Transmission (in miles)	*398*
Total Revenues (000's)	*$ 95,609*
Operating Costs (000's)	*$ 93,693*

San Juan Generating Station Operations at Unit 3 of the San Juan Generating Station in the Four Corners region of New Mexico were normal throughout fiscal year 1994-95. SCPPA, which bought a share of the San Juan Generating Station on behalf of five member utilities (Azusa, Banning, Colton, Glendale and Imperial Irrigation District), received over 1.5 million MWH from the San Juan Project during the fiscal year.

A new coal pricing agreement between operators of the San Juan Project and its fuel suppliers has been completed, essentially lowering the per-ton cost of coal in exchange for higher usage of the plant's capacity. The price adjustment saved approximately $1 million in fuel costs in FY 1994-95.

SCPPA bought 41.8% of the unit from Century Power Corporation in 1993. The last pending issue between SCPPA and Century concerned funding of "other postretirement benefits." This issue has been resolved satisfactorily.

Mead-Phoenix/Mead-Adelanto Transmission Projects Work continued on schedule and under budget toward a year-end 1995 completion of these two 500-kV alternating current transmission lines designed to carry power between the Phoenix area, the Las Vegas area, and Southern California. Construction on the 256-mile Mead-Adelanto Project began in October 1993, and on the 202-mile Mead-Phoenix line a month later.

THOMAS K. CLARKE
CITY OF COLTON The Colton municipal electric utility was established in 1895, eight years after the city was incorporated. Since 1986, the electric utility has changed from being solely dependent on Southern California Edison for its purchased power to being actively engaged in purchasing power from several different sources, achieving significant cost savings in the process.

Customers Served	*16,493*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*0*
Purchased	*220,189*
Total	*220,189*
Transmission (in miles)	*2.3*
Total Revenues (000's)	*$ 23,024*
Operating Costs (000's)	*$ 20,799*

As noted last year, transmission access will be a fundamental need for utilities competing in an open power marketplace, and both Mead-Phoenix and Mead-Adelanto position their SCPPA member-owners strategically for the deregulated environment ahead. Together, nine of the SCPPA utilities will own varying shares (ranging between17.76% and 22.41%) of the three components of the Mead-Phoenix Project and 67.92% of the Mead-Adelanto Project.

BERNARD V. PALK
CITY OF GLENDALE Incorporated in 1906, Glendale purchased its electric utility in 1909, obtaining power from outside suppliers. It received its first power from Hoover Powerplant in 1937 and inaugurated the first unit of its own steam generating plant in 1941. Now called the Grayson Power Plant, this facility today has eight generating units. Glendale continues to purchase 84 percent of its power.

Customers Served	*82,446*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*158,119*
Purchased	*913,076*
Total	*1,071,195*
Transmission (in miles)	*69*
Total Revenues (000's)	*$ 96,192*
Operating Costs (000's)	*$ 82,620*

Adelanto-Lugo Transmission Project Studies into the viability of a proposed 500-kV AC transmission line connecting the Los Angeles Department of Water and Power's Adelanto Switching Station with Southern California Edison's Lugo Substation 15 miles away are continuing, and a decision by the prospective partners on whether to proceed may occur before the end of calendar year 1995. The issue has been complicated in recent months by possible effects of deregulation on California utilities.

Hoover Uprating Project Work on ancillary improvements of the Hoover Uprating Project — chiefly computer control systems and consolidation of the Hoover and Mead switchyards — went forward in fiscal year 1994-95, even though the actual generation elements were completed previously. The rated capacity of the Hoover Power Plant is now 1,951 megawatts, approximately 35% higher than before uprating.

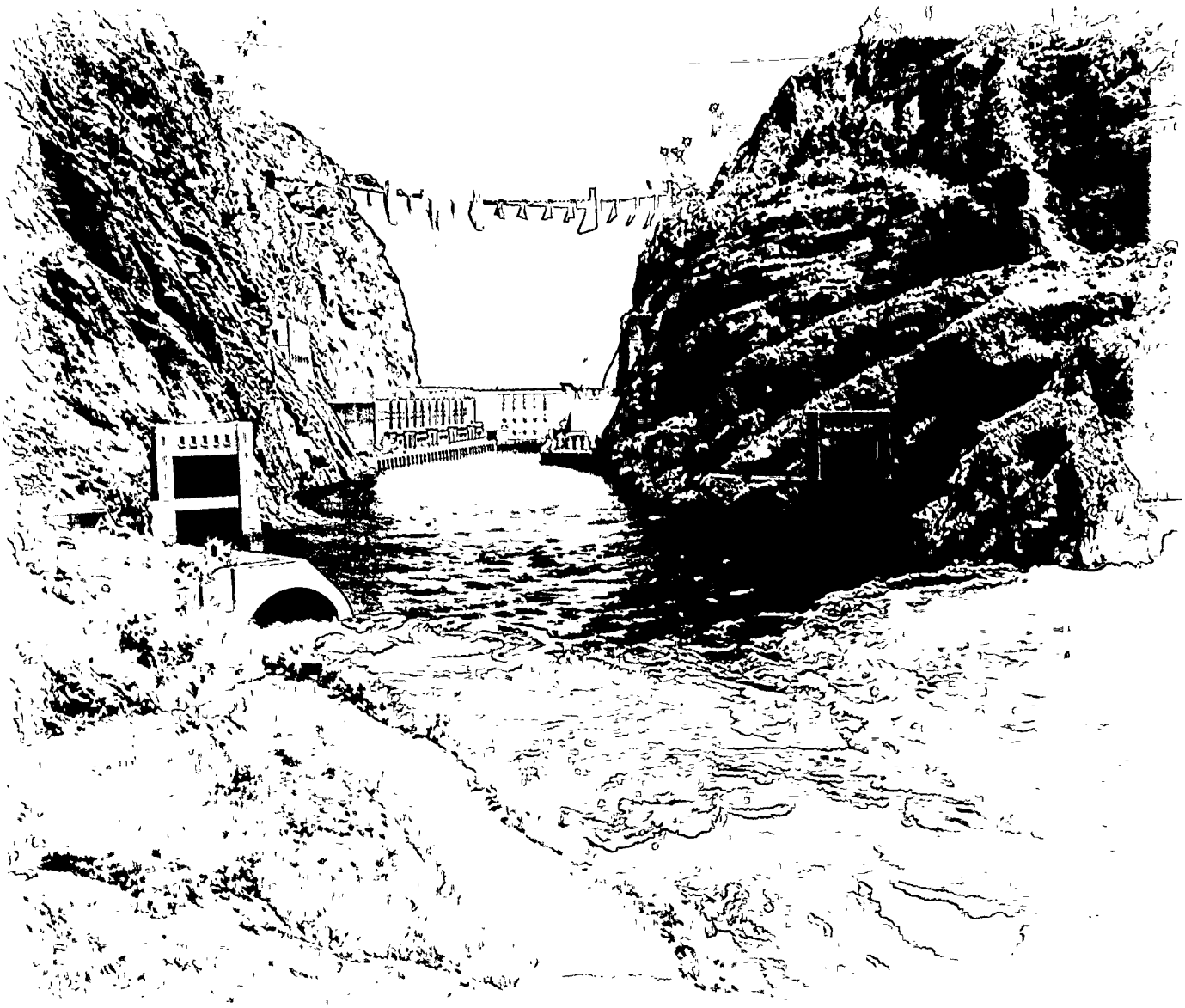
KENNETH S. NOLLER
IMPERIAL IRRIGATION DISTRICT The IID entered the power business in 1936, with electricity generated at five hydro plants on the All American Canal. In 1943, the District purchased the last private power generating facility in its service area and in the 1950's completed a steam plant of its own, which was repowered in 1993-94. IID continues to be involved in third-party transactions, having sold over 25 percent of the total generated and purchased power.

Customers Served	*83,722*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*671,643*
Purchased	*2,738,406*
Total	*3,410,049*
Transmission (in miles)	*1,632*
Total Revenues (000's)	*$ 202,991*
Operating Costs (000's)	*$ 171,647*

Six SCPPA member cities (Anaheim, Azusa, Banning, Burbank, Colton and Riverside) funded their participation in the Uprating Project through SCPPA, while each of the SCPPA member cities of Glendale, Pasadena and Vernon funded their respective participation independently.

Possible environmental challenges to Hoover operations have surfaced with the declaration by the U.S. Interior Department's Fish and Wildlife Service (Service) that several fish listed as endangered under the Endangered Species Act inhabit the lower Colorado River. Subsequent to studies by the Service, the lower Colorado River Basin has been designated a Habitat Conservation Area for the endangered species.

Possible mitigation measures could include the alteration of previously accepted Colorado River flows. Such altered flows might adversely impact the power generation available to the Hoover power purchasers. SCPPA, working jointly with other Hoover power purchasers, Parker/Davis power purchasers, Colorado River water purchasers, the U.S. Bureau of Reclamation, the U.S. Department of Energy and the Service, has negotiated an



The power plant at Hoover Dam has been producing clean, renewable hydropower for nearly 60 years.

agreement among Arizona, Nevada, California and the U.S. Interior Department for joint development of a Habitat Conservation Plan for the lower Colorado River Basin. The purpose of the plan is to mitigate adverse effects to the lower Colorado River stakeholders while protecting endangered species that inhabit the Basin.

Southern Transmission System Once again in fiscal year 1994-95, the Southern Transmission System (STS) operated at or above design parameters, transmitting over 12 million megawatt-hours of power over its 488 miles, compared with 14 million in fiscal year 1993-94. The line operated at 75.18% of capability, with 99.49% availability. STS, a ±500-kV DC transmission line and associated converter stations, moves power between the Intermountain Converter Station in Utah to the Adelanto Converter Station in Southern California. Although the STS is used primarily to deliver power from the Intermountain Power Project to six of SCPPA's members, the line will also be a considerable asset in a deregulated environment.

ELDON A. COTTON
CITY OF LOS ANGELES DEPARTMENT OF WATER AND POWER In 1916, the City of Los Angeles began distributing power purchased from the Pasadena Municipal Power Plant, and the following year it inaugurated its first generating capacity at San Franciscquito Power Plant No. 1. In 1922, the city purchased the remaining distribution system of SCE within the city limits. It is now the largest municipally owned electric utility in the nation.

Customers Served	*1,338,546*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*24,334,311*
Purchased	*1,897,702*
Total	*26,232,013*
Transmission (in miles)	*3,541*
Total Revenues (000's)	*$1,972,786*
Operating Costs (000's)	*$1,752,243*

LEGISLATIVE ADVOCACY

Through its own efforts as well as those of retained consultants, public power associations, and other public power advocates, SCPPA closely monitors government activity at the state and federal level and works to keep public officials apprised of the unique needs and concerns of public power utilities in general and SCPPA members in particular. The importance of this activity has increased markedly in recent years.

The switch in party control in Congress in 1994 changed a number of assumptions about the federal approach to public power, prompting SCPPA and others to reassess their strategies in the new political landscape. This has involved more intensive scrutiny of the issues facing the utility industry and the positioning of industry interests and legislators in Washington, D.C. and Sacramento.

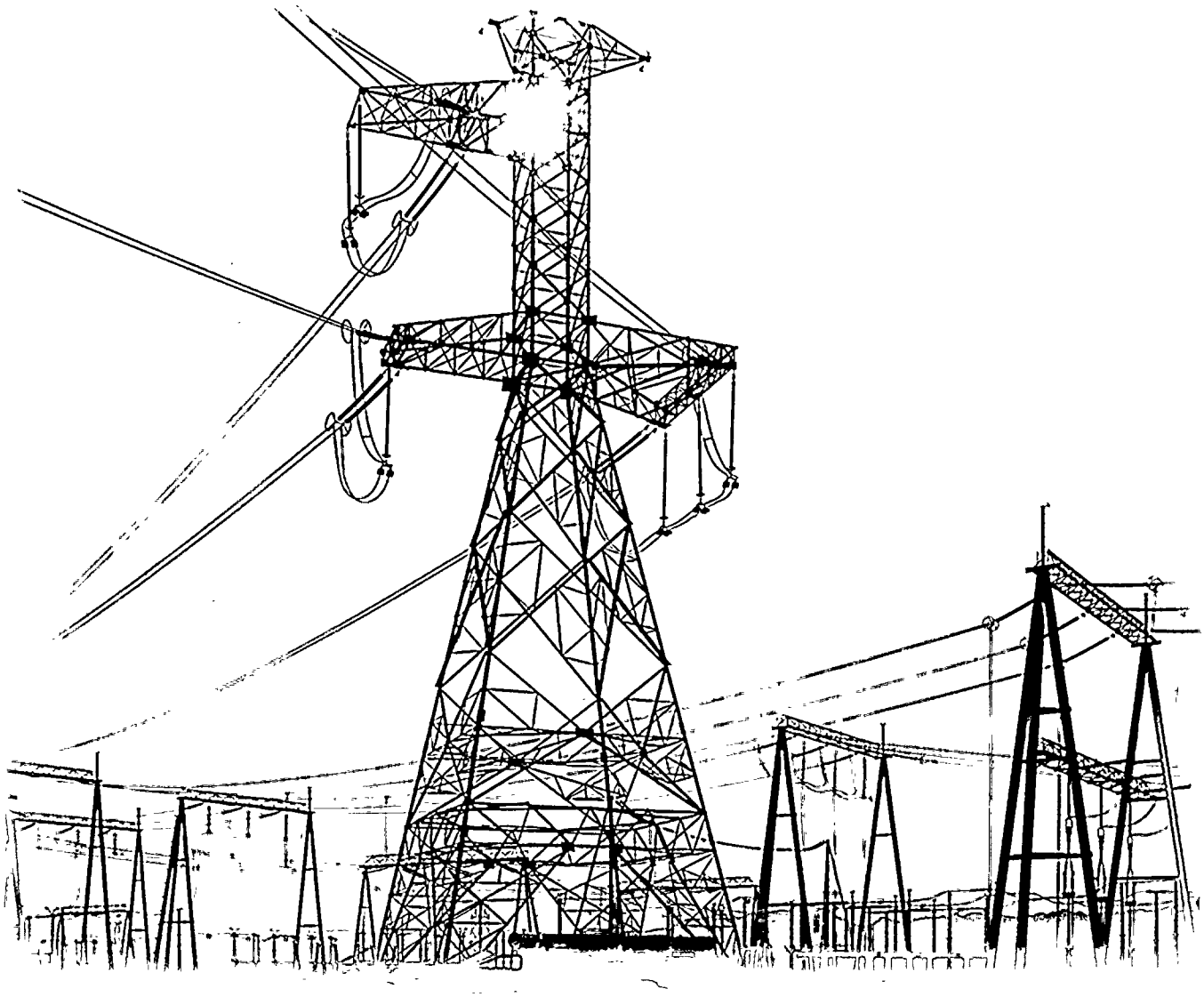
RUFUS HIGHTOWER
CITY OF PASADENA Established in 1906, the city built its first electric generating steam plant in 1907 and took over operation of its municipal street lighting from Edison Electric. In 1909, Pasadena began the extension of its operations to commercial and residential customers that resulted in the replacement of all Edison electric service in the city by 1920. In 1993, Pasadena purchased approximately three-fourths of its power needs.

Customers Served	*58,732*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*235,102*
Purchased	*973,504*
Total	*1,208,606*
Transmission (in miles)	*57*
Total Revenues (000's)	*$ 109,866*
Operating Costs (000's)	*$ 98,880*

Deregulation continued to be the overriding concern of both public power and investor-owned utilities, as federal officials moved to rewrite the regulatory rule book to provide open, non-discriminatory transmission access. Federal regulators have also laid a solid groundwork in 1995 for establishment of regional

transmission groups that would facilitate cooperative operation of transmission grids. These changes will have far-reaching impacts on utility operations throughout the U.S.

The industry also reacted to the current administration's plans to sell federally owned Power Marketing



The Switchyard at Marketplace Substation – where the Mead-Phoenix and the Mead-Adelanto Transmission Lines meet.

Administrations (PMAs) in 1996 and 1997. These sales, if not made to contracting public agencies, would negatively impact public power operations, including those of certain SCPPA members.

The PMAs that the Administration has earmarked for sale are the Alaska (APA), Southeastern (SEPA), Southwestern (SWPA) and Western Area (WAPA) Power Administrations, the last of which provides power to most SCPPA members. The Clinton Administration hopes to use the proceeds for a one-time reduction in the federal deficit.

The proposed WAPA sale would include privatization of the federally-owned Hoover dam and power plant, the Parker and Davis power plants, and related transmission facilities. The Administration has proposed to give current PMA customers priority consideration in any sale, but some congressional leaders offered numerous counterproposals, some calling for an auction that would be open to all.

BILL D. CARNAHAN
CITY OF RIVERSIDE 1995 marks the 100th anniversary of Riverside's municipal electric utility, one of the first in California. Until 1925, the city generated all its own power, but since then it has bought and distributed power from other suppliers in addition to self-generated power. The utility's focus in the last year has been toward positioning itself for the more competitive world envisioned under deregulation.

Customers Served	*88,408*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*272,034*
Purchased	*1,342,258*
Total	*1,614,292*
Transmission (in miles)	*2005*
Total Revenues (000's)	*$ 157,650*
Operating Costs (000's)	*$ 140,707*

SCPPA has urged legislators to proceed slowly with the PMA sales and to oppose proposals that would auction the PMAs to the highest bidder. SCPPA believes that if the PMAs are to be sold, they should be sold to current customers at a net present value price since the current customers have been paying the debt service on the PMA facilities. As the 1995 Congressional session neared its close, it appeared unlikely that any PMAs would be sold, with the exception of the APA. The issue may again gain attention in 1996.

Preserving the right to issue tax-exempt municipal bonds continues to be a legislative priority for SCPPA in the 104th Congress. Investor-owned utilities have been vocal in their opposition to tax exempt bonds and the tax exemption for public power entities, claiming that in a deregulated world it would tilt the playing field unfairly against the investor-owned utilities. To counter this threat, SCPPA and other public power supporters, including the American Public Power Association, have heightened their advocacy in support of tax-exempt bonds and tax exempt status for municipal entities. SCPPA has also been seeking elimination of the current $15 million "private use" restriction on public power bonds used to finance generating or transmission facilities. Such a change would make possible more cost-effective joint ventures between private and public power providers. As this report is published, neither the House nor the Senate has taken action on this issue.

KENNETH J. DE DARIO
CITY OF VERNON Vernon's Light and Power Department began serving industrial customers in 1933, with completion of its diesel generating plant. In addition to its own power from diesel units and more recently installed gas turbines, Vernon now receives power from the Palo Verde Nuclear Generating Station, Hoover Dam and various utilities, including SDG&E, SRP, BPA, CDWR and Edison.

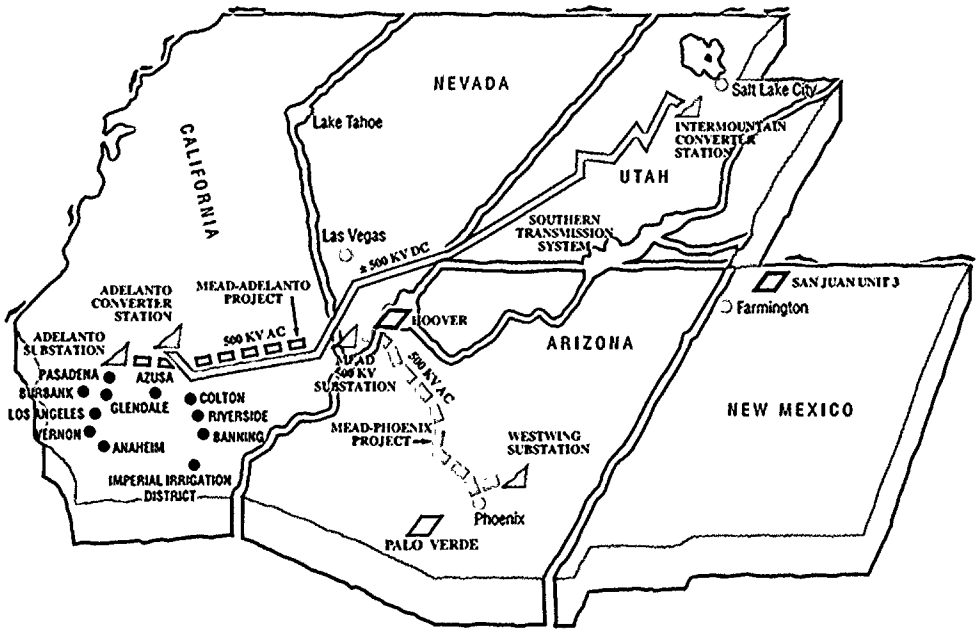
Customers Served	*2,040*
Power Generated and Purchased (in Megawatt Hours)	
Self-generated	*848*
Purchased	*1,084,814*
Total	*1,085,662*
Transmission (in miles)	*2.4*
Total Revenues (000's)	*$ 52,525*
Operating Costs (000's)	*$ 45,863*

Other federal issues of interest to SCPPA and its members include:

- Nuclear Waste Disposal — The industry is seeking authorization and funding for an interim nuclear waste disposal facility by 1998 and is continuing

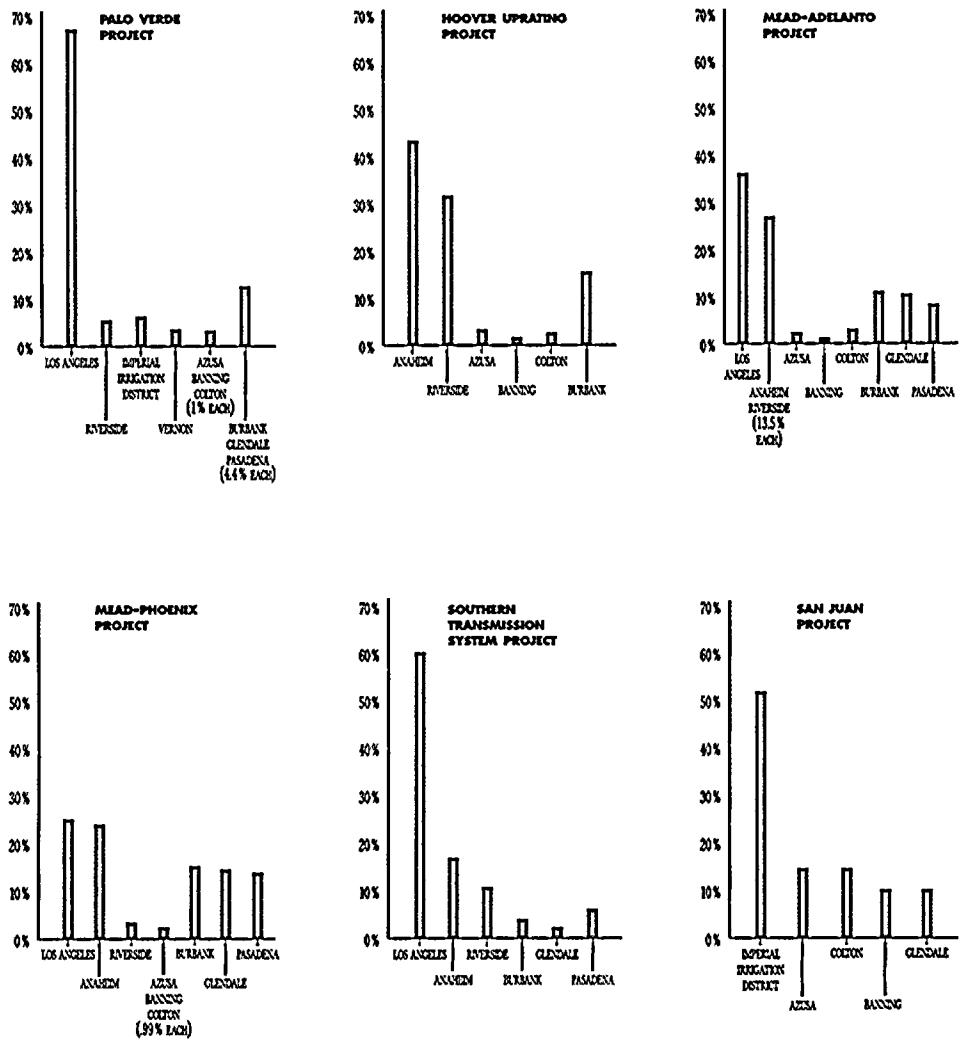
to work to secure a permanent disposal site at Yucca Mountain, Nevada. Passage of these amendments to the Nuclear Waste Policy Act would provide a solution or partial solution for waste generated at the Palo Verde Nuclear Generating Station in Arizona. By the end of the fiscal year, it appeared that Congress would not complete action on the waste bill or provide sufficient funding to carry out the industry-sponsored program, but SCPPA and its allies in Washington continue to press for an effective waste program.

- Telecommunications — Utilities have a significant stake in the information superhighway now taking shape in America. Power transmission rights of way provide convenient corridors for communications systems



that carry data throughout service territories across the continent. Many utilities, including SCPPA members, can derive new economic benefits from a deregulated telecommunications industry. Congress is now debating the rules under which utilities must operate in this new arena, including the issue of how these telecommunications services will be regulated, and by whom. SCPPA and the public power industry oppose the proposed Federal Communications Commission oversight of so-called "pole attachment fees." This has been a major thrust of SCPPA's advocacy efforts in Washington during the last fiscal year.

Percentage of SCPPA Member Participation in SCPPA's Interest



REPORT OF INDEPENDENT ACCOUNTANTS

September 12, 1995

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

In our opinion, the accompanying combined balance sheet and the related combined statements of operations and of cash flows present fairly, in all material respects, the financial position of the Southern California Public Power Authority (Authority) at June 30, 1995 and 1994, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Authority's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

In our opinion, the accompanying separate balance sheets and the related separate statements of cash flows of the Authority's Palo Verde Project, Southern Transmission System Project, Hoover Uprating Project, Mead-Phoenix Project, Mead-Adelanto Project, Multiple Project Fund and San Juan Project and the separate statements of operations of the Authority's Palo Verde Project, Southern Transmission System Project, Hoover Uprating Project and San Juan Project present fairly, in all material respects, the financial position of each of the Projects at June 30, 1995, and their cash flows, and the results of operations of the Authority's Palo Verde Project, Southern Transmission System Project, Hoover Uprating Project and San Juan Project for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Authority's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

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

As discussed in Note 2 to the financial statements, the Authority adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities," effective July 1, 1994.

Price Waterhouse LLP

Price Waterhouse LLP
Los Angeles, California

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED BALANCE SHEET
(In thousands)

	June 30, 1995								
	Palo Verde Project	*Southern Transmission System Project*	*Hoover Uprating Project*	*Mead-Phoenix Project*	*Mead-Adelanto Project*	*Multiple Project Fund*	*San Juan Project*	*Total*	*June 30, 1994 Total*
ASSETS									
Utility plant:									
Production	$ 611,771						$ 183,309	$ 795,080	$ 792,617
Transmission	14,146	$ 675,301						689,447	689,447
General	2,574	18,893					7,688	29,155	29,207
	628,491	694,194					190,997	1,513,682	1,511,271
Less - Accumulated depreciation	219,881	174,392					24,415	418,688	354,882
	408,610	519,802					166,582	1,094,994	1,156,389
Construction work in progress	9,683	1,212		$ 39,179	$ 154,011		2,488	206,573	102,485
Nuclear fuel, at amortized cost	12,716							12,716	15,456
Net utility plant	431,009	521,014		39,179	154,011		169,070	1,314,283	1,274,330
Special funds:									
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994 (Note 2):									
Decommissioning fund	24,503							24,503	23,206
Investments	143,600	144,476	$ 7,653	34,033	80,508	$ 249,020	28,699	687,989	746,282
Escrow account - Crossover series		343,921						343,921	351,017
Advance to Intermountain Power Agency		19,550						19,550	19,550
Advances for capacity and energy, net			11,903					11,903	13,318
Interest receivable	1,223	1,807	26	1,246	2,976	9,194	69	16,541	21,256
Cash and cash equivalents	49,354	45,411	2,745	6	6		8,274	105,796	125,356
	218,680	555,165	22,327	35,285	83,490	258,214	37,042	1,210,203	1,299,985
Accounts receivable	912	2,469		1,963	4,669	(6,632)	1,891	5,272	6,706
Materials and supplies	9,618						3,679	13,297	15,366
Costs recoverable from future billings to participants	197,515	183,154	7,299				23,063	411,031	372,283
Unrealized (gain) loss on funds available for sale	226	1,897	18	51	171		(28)	2,335	
Prepaid construction costs				2,003	3,533			5,536	9,239
Unamortized debt expenses, less accummulated amortization of $127,197 and $84,441	209,740	172,780	3,512	10,408	29,607		3,461	429,508	453,075
	$ 1,067,700	$ 1,436,479	$ 33,156	$ 88,889	$ 275,481	$ 251,582	$ 238,178	$ 3,391,465	$ 3,430,984
LIABILITIES									
Long-term debt	$ 996,390	$ 1,042,002	$ 31,977	$ 86,267	$ 267,561	$ 242,107	$ 228,167	$ 2,894,471	$ 2,924,723
Subordinate Refunding Crossover Series		347,782						347,782	353,317
Arbitrage rebate payable						77		77	4,567
Deferred credits						1,141		1,141	6,499
Current liabilities:									
Long-term debt due within one year	23,855	14,325	610					38,790	36,900
Accrued interest	30,685	30,112	500	2,588	7,885	8,257	5,994	86,021	84,886
Accounts payable and accrued expenses	16,770	2,258	69	34	35		4,017	23,183	20,092
Total current liabilities	71,310	46,695	1,179	2,622	7,920	8,257	10,011	147,994	141,878
Commitments and contingencies									
	$ 1,067,700	$ 1,436,479	$ 33,156	$ 88,889	$ 275,481	$ 251,582	$ 238,178	$ 3,391,465	$ 3,430,984

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

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

	Year Ended June 30, 1995					
	Palo Verde Project	*Southern Transmission System Project*	*Hoover Uprating Project*	*San Juan Project*	*Total*	*Year Ended June 30, 1994*
Operating revenues:						
Sales of electric energy	$ 129,180		$ 3,569	$ 50,854	$ 183,603	$ 171,857
Sales of transmission services		$ 91,250			91,250	87,756
Billing credit (Note 3)						(45,174)
Total operating revenues	129,180	91,250	3,569	50,854	274,853	214,439
Operating expenses:						
Nuclear fuel	8,150				8,150	5,510
Other operations	25,307	11,839	2,411	316	39,873	41,368
Maintenance	7,825	4,498		38,511	50,834	50,477
Depreciation	19,145	19,735		9,095	47,975	48,097
Decommissioning	13,401			3,112	16,513	16,513
Total operating expenses	73,828	36,072	2,411	51,034	163,345	161,965
Operating income (loss)	55,352	55,178	1,158	(180)	111,508	52,474
Investment income	9,968	11,518	514	1,884	23,884	25,268
Income before debt expense	65,320	66,696	1,672	1,704	135,392	77,742
Debt expense	77,976	81,256	2,310	12,598	174,140	176,101
Costs recoverable from future billings to participants	($ 12,656)	($ 14,560)	($ 638)	($ 10,894)	($ 38,748)	($ 98,359)

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

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
COMBINED STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30, 1995								Year Ended June 30, 1994
	Palo Verde Project	*Southern Transmission System Project*	*Hoover Uprating Project*	*Mead-Phoenix Project*	*Mead-Adelanto Project*	*Multiple Project Fund*	*San Juan Project*	*Total*	*Total*
Cash flows from operating activities:									
Costs recoverable from future billings to participants	($ 12,656)	($ 14,560)	($ 638)				($ 10,894)	($ 38,748)	($ 98,359)
Adjustments to arrive at net cash provided by (used for) operating activities -									
Depreciation	19,145	19,735					9,095	47,975	48,097
Decommissioning	13,401						3,112	16,513	16,513
Amortization of nuclear fuel	8,150							8,150	5,510
Amortization of debt costs	16,607	11,545	288				610	29,050	28,771
Changes in assets and liabilities:									
Decommissioning fund	(1,297)							(1,297)	27,972
Interest receivable	127	315	54				(59)	437	1,020
Accounts receivable	131	1,940					(669)	1,402	(3,921)
Materials and supplies	729						1,340	2,069	(5,306)
Other assets	(2)	17	21				81	117	(849)
Accrued interest	(719)	1,506	(18)					769	6,669
Accounts payable and accrued expenses	3,241	(268)	(594)				711	3,090	6,180
Net cash provided by (used for) operating activities	46,857	20,230	(887)				3,327	69,527	32,297
Cash flows from investing activities:									
Interest received on investments				$ 4,251	$ 11,316	$ 18,470		34,037	42,830
Arbitrage payment						(3,757)		(3,757)	
Payments for construction of facility	(9,569)	(315)		(21,310)	(71,033)		(1,861)	(104,088)	(83,462)
Purchase of electric plant									(190,357)
Purchases of investments	(97,108)	(94,425)	(11,546)	(5,275)	(13,179)	(1,958)	(12,749)	(236,240)	(331,370)
Proceeds from sale/maturity of investments	68,891	90,462	9,491	27,354	88,392	3,757	10,918	299,265	672,394
Advances for capacity and energy, net			1,415					1,415	1,001
Reimbursement from WAPA				83	28			111	247
Net cash (used for) provided by investing activities	(37,786)	(4,278)	(640)	5,103	15,524	16,512	(3,692)	(9,257)	111,283
Cash flows from capital and related financing activities:									
Payments of interest on long-term debt				(5,093)	(15,487)	(16,512)		(37,092)	(41,281)
Proceeds from sale of bonds									434,361
Payment for defeasance of revenue bonds		(5,479)	(319)					(5,798)	(440,230)
Repayment of principal on long-term debt	(22,425)	(13,615)	(860)					(36,900)	(31,020)
Payment for bond issue costs				(9)	(31)			(40)	(3,917)
Repayment of advances from participants									(10,000)
Net cash used for capital and related financing activities	(22,425)	(19,094)	(1,179)	(5,102)	(15,518)	(16,512)	–	(79,830)	(92,087)
Net (decrease) increase in cash and cash equivalents	(13,354)	(3,142)	(2,706)	1	6	–	(365)	(19,560)	51,493
Cash and cash equivalents at beginning of year	62,708	48,553	5,451	5	–	–	8,639	125,356	73,863
Cash and cash equivalents at end of year	$ 49,354	$ 45,411	$ 2,745	$ 6	$ 6	$ –	$ 8,274	$ 105,796	$ 125,356
Supplemental disclosure of cash flow information:									
Cash paid during the year for interest (net of amount capitalized)	$ 62,089	$ 68,205	$ 2,039	$ –	$ –	$ –	$ 11,988	$ 144,321	$ 138,994

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

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

The members have the following participation percentages in the Authority's interest in the projects at June 30, 1995 and 1994:

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

The members do not currently participate in the Multiple Project Fund.
*Mead-Phoenix participation reflects three ownership components (see below).

Palo Verde Project — The Authority, pursuant to an assignment agreement dated as of August 14, 1981 with the Salt River Project (Salt River), purchased a 5.91% interest in the Palo Verde Nuclear Generating Station (PVNGS), a 3,810 megawatt nuclear-fueled generating station near Phoenix, Arizona, and a 6.55% share of the right to use certain portions of the Arizona Nuclear Power Project Valley Transmission System (collectively, the Palo Verde Project).

As of July 1, 1981, ten participants had entered into power sales contracts with the Authority to purchase the Authority's share of PVNGS capacity and energy. Units 1, 2 and 3 of the Palo Verde Project began commercial operations in January 1986, September 1986, and January 1988, respectively.

Southern Transmission System Project — The Authority, pursuant to an agreement dated as of May 1, 1983 with the Intermountain Power Agency (IPA), has made payments-in-aid of construction to IPA to defray all the costs of acquisition and construction of the Southern Transmission System Project (STS), which provides for the transmission of energy from the Intermountain Generating Station in Utah to Southern California. The Authority entered into an agreement also dated as of May 1, 1983 with six of its participants pursuant to which each member assigned its entitlement to capacity of STS to the Authority in return for the Authority's agreement to make payments-in-aid of construction to IPA. STS commenced commercial operations in July 1986. The Department of Water and Power of the City of Los Angeles (LADWP), a member of the Authority, serves as project manager and operating agent of the Intermountain Power Project (IPP).

Hoover Uprating Project — The Authority and six participants entered into an agreement dated as of March 1, 1986, pursuant to which each participant assigned its entitlement to capacity and associated firm energy to the Authority in return for the Authority's agreement to make advance payments to the United States Bureau of Reclamation (USBR) on behalf of such participants. Construction is scheduled for completion by the end of 1996. The Authority will have an 18.68% interest in the contingent capacity of the Hoover Uprating Project (HU). All seventeen "uprated" generators of the Hoover Uprating Project have commenced commercial operations.

Mead-Phoenix Project — The Authority entered into an agreement dated as of December 17, 1991 to acquire an interest in the Mead-Phoenix Project (MP), a transmission line extending between the Westwing substation in Arizona and the Marketplace substation in Nevada. The agreement provides the Authority with an 18.31% interest in the Westwing-Mead project component, a 17.76% interest in the Mead Substation project component and a 22.41% interest in the Mead-Marketplace project component. The Authority has entered into transmission service contracts for the entire capability of its interest with nine members of the Authority on a "take or pay" basis. In addition, the Authority has administrative responsibility for accounting of the separate ownership interest in the project by Western Area Power Administration (WAPA), who is providing separate funding ($58,676,000 and $22,455,000 at June 30, 1995 and 1994, respectively) for its interest. Construction commenced in November 1993 with an estimated commercial operations commencement date of December 1995. The Authority's share, excluding WAPA's interest, of the construction costs is estimated to be $53.4 million. Funding was provided by a transfer of funds from the Multiple Project Fund.

Mead-Adelanto Project — The Authority entered into an agreement dated as of December 17, 1991 to acquire a 67.92% interest in the Mead-Adelanto Project (MA), a transmission line extending between the Adelanto substation in Southern California and the Marketplace substation in Nevada. The Authority has entered into transmission service contracts for the entire capability of its interest with nine members of the Authority on a "take or pay" basis. In addition, the Authority

has administrative responsibility for accounting of the separate ownership interest in the project by WAPA, who is providing separate funding ($16,282,000 and $7,185,000 at June 30, 1995 and 1994, respectively) for its interest. The Authority's share, excluding WAPA's interest, of the construction costs is expected to be $169.6 million. Funding was provided by a transfer of funds from the Multiple Project Fund. Construction of the Marketplace substation began in October 1993 and the modifications to the Adelanto substation began in December 1993. The estimated commercial operations date is December 1995. The LADWP serves as both construction and operations manager.

Multiple Project Fund — During fiscal year 1990, the Authority issued Multiple Project Revenue Bonds for net proceeds of approximately $600 million to provide funds to finance costs of construction and acquisition of ownership interests or capacity rights in one or more projects for the generation or transmission of electric energy which were expected to be undertaken within five years after the issuance date.

In August 1992, the Authority's Board of Directors approved a resolution authorizing the use of certain proceeds of Multiple Project Revenue Bonds to finance the Authority's ownership interests in the Mead-Phoenix and Mead-Adelanto projects. Transfers made from the Multiple Project Fund are sufficient to provide for the Authority's share of the estimated costs of acquisition and construction of the two projects, including reimbursement of planning, development and other related costs.

San Juan Project — Effective July 1, 1993, the Authority purchased from Century Power Corporation a 41.80% interest in the 488 megawatt Unit 3 and common facilities of the San Juan Generating Station (SJGS), a four-unit coal-fired power generating station in New Mexico, for approximately $193 million. The Authority allocated the purchase price to the estimated fair value of the utility plant ($190 million) and to materials and supplies ($3 million). The purchase has been financed through the issuance of approximately $237 million (par value) of San Juan Project Revenue Bonds. The Authority has entered into power sales contracts for the entire capability of its interest with five members of the Authority on a "take or pay" basis.

Note 2 — Summary of Significant Accounting Policies:

The financial statements of the Authority are presented in conformity with generally accepted accounting principles, and substantially in conformity with accounting principles prescribed by the Federal Energy Regulatory Commission and the California Public Utilities Commission. The Authority is not subject to regulations of such commissions.

The financial statements represent the Authority's share in each jointly-owned project. The Authority's share of direct expenses of jointly-owned projects are included in the corresponding operating expense of the statement of operations. Each owner of the jointly-owned projects is required to provide their own financing.

Utility Plant — The Authority's share of all expenditures, including general administrative and other overhead expenses, payments-in-aid of construction, interest net of related investment income, deferred cost amortization and the fair value of test power generated and delivered to the participants are capitalized as utility plant construction work in progress until a facility commences commercial operation.

The Authority's share of construction and betterment costs associated with PVNGS is included as utility plant. Depreciation expense is computed using the straight-line method based on the estimated service life of thirty-five years. Nuclear fuel is amortized and charged to expense on the basis of actual thermal energy produced relative to total thermal energy expected to be produced over the life of the fuel. Under the provisions of the Nuclear Waste Policy Act of 1982, the Authority is charged one mill per kilowatt-hour on its share of electricity produced by PVNGS, such funds will eventually be utilized to provide for PVNGS' nuclear waste disposal. The Authority records this charge as a current year expense.

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

Interest costs incurred in fiscal 1995 and 1994 by the MA project of $15,769,000 and $18,164,000, respectively, and by the MP project of $5,175,000 and $6,605,000, respectively, are capitalized as construction work in progress as both projects are in the construction stage.

Advances for Capacity and Energy — Advance payments to USBR for the uprating of the 17 generators at the Hoover Power Plant are included in advances for capacity and energy. These advances are being reduced by the WAPA billings to participants for energy and capacity.

Nuclear Decommissioning — Decommissioning of PVNGS is projected to commence subsequent to the year 2022. Based upon an updated study performed by an independent engineering firm, the Authority's share of the estimated decommissioning costs is $79.3 million in 1992 dollars ($431 million in 2022 dollars assuming a 6% estimated annual inflation rate). The Authority is providing for its share of the estimated future decommissioning costs over the life of the nuclear power plant through annual charges to expense which amounted to $13.4 million in fiscal 1995 and 1994. The decommissioning liability is included as a component of accumulated depreciation and was $75.6 million and $62.2 million at June 30, 1995 and 1994, respectively.

A Decommissioning Fund has been established and partially funded at $24.5 million at June 30, 1995. The Decommissioning Fund earned interest income of $1.4 million during the fiscal year.

Demolition and Site Reclamation — Demolition and site reclamation of SJGS, which involves restoring the site to a "green" condition which existed prior to SJGS construction, is projected to commence subsequent to the year 2014. Based upon a study performed by an independent engineering firm, the Authority's share of the estimated demolition costs is $18.7 million in 1992 dollars ($65.3 million in 2014 dollars using a 6% estimated annual inflation rate). The Authority is providing for its share of the estimated future demolition costs over the life of the power plant through annual charges to expense of $3.1 million. The demolition liability is included as a component of accumulated depreciation and was $6.2 million and $3.1 million at June 30, 1995 and 1994, respectively.

As of June 30, 1995, a demolition fund has not been established by the Authority.

Unamortized Debt Expenses — Unamortized debt issue costs, including the loss on refundings, are amortized over the terms of the respective issues and are reported net of accumulated amortization. Total deferred loss on refundings, net of accumulated amortization, was $393,440,000 and $449,680,000 at June 30, 1995 and 1994, respectively.

Investments — Investments include United States Government and governmental agency securities and repurchase agreements which are collateralized by such securities. Additionally, the Mead-Adelanto Project, the Mead-Phoenix Project and the Multiple Project Fund's investments are comprised of an investment agreement with a financial institution earning a guaranteed rate of return. The Southern Transmission System Project has debt service reserve funds associated with the 1991 and 1992 Subordinate Refunding Series Bonds invested with a financial institution under a specific investment agreement allowed under the Bond Indenture earning a guaranteed rate of return.

At June 30, 1994, investments were carried at amortized cost, which in general was not in excess of fair value. Effective July 1, 1994, the Authority adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Accordingly, investments available for sale are carried at aggregate fair value and changes in unrealized net gains or losses are recorded as a separate account. Investments are reduced to estimated net realizable value when necessary for declines in value considered to be other than temporary. Gains and losses realized on the sale of investments are generally determined using the specific identification method. As discussed in Note 3, all of the investments are restricted as to their use.

Cash and Cash Equivalents — Cash and cash equivalents include cash and all investments with original maturities less than 90 days.

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

Debt Expense — Debt expense includes interest on debt, and the amortization of bond discounts, debt issue and loss on refunding costs.

Arbitrage Rebate — A rebate payable to the Internal Revenue Service (IRS) results from the investment of the proceeds from the Multiple Project Revenue Bond offering in a taxable financial instrument that yields a higher rate of interest income than the cost of the associated funds. The excess of interest income over costs is payable to the IRS within five years of the date of the bond offering and each consecutive five years thereafter. The Authority made its first rebate payment of $3.8 million during fiscal year 1995. The next rebate payment to the IRS is due in fiscal year 2000.

Reclassifications — Certain reclassifications have been made in the fiscal year 1994 financial statements to conform to the fiscal year 1995 presentation.

Note 3 — Special Funds:

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

Fund	Purpose
Construction	To disburse funds for the acquisition and construction of the Project
Debt Service	To pay interest and principal related to the Revenue Bonds
Revenue	To initially receive all revenues and disburse them to other funds
Operating	To pay operating expenses
Reserve and and Contingency	To pay capital improvements and make up deficiencies in other funds
General Reserve	To make up any deficiencies in other funds
Advance Payments	To disburse funds for the cost of acquisition of capacity
Proceeds Account	To initially receive the proceeds of the sale of the Multiple Project Revenue Bonds
Earnings Account	To receive investment earnings on the Multiple Project Revenue Bonds
Revolving Fund	To pay the Authority's operating expenses
Decommissioning Fund	To accumulate estimated future decommissioning costs of PVNGS
Issue Fund	To initially receive pledged revenues associated with the applicable subordinated refunding series' Indenture of Trust and pay the related interest and principal
Escrow account - Subordinate Refunding Crossover Series	To initially receive pledged revenues associated with the component 3 of the 1993 Subordinate Refunding Crossover Series' Indenture of Trust and pay the related interest and principal
Acquisition Account	To disburse funds for the acquisition and construction of the Mead-Phoenix, Mead-Adelanto and San Juan projects

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

Palo Verde Project — The special funds required by the Bond Indenture contain balances, in thousands, as follows:

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Debt Service Fund -				
Debt Service Account	$ 52,457	$ 52,467	$ 52,142	$ 52,123
Debt Service Reserve Account	81,497	81,077	81,007	78,878
Revenue Fund	1	1		
Operating Fund	31,141	31,026	25,543	25,798
Reserve and Contingency Fund	16,776	17,075	8,428	8,380
Decommissioning Trust Fund	24,503	24,503	23,206	22,769
Issue Fund	12,486	12,486	12,494	12,494
Revolving Fund	45	45	53	53
	$218,906	$218,680	$202,873	$200,495
Contractual maturities:				
After one year through five years	$168,329	$168,103		

During fiscal 1994, the Authority used $45.1 million of excess funds from the decommissioning and construction funds to pay current year debt service, thus reducing current year billings to participants. This amount was charged to operating revenues as a billing credit in recognition of reduced debt service on the Palo Verde Project.

Southern Transmission System Project — The special funds required by the Bond Indenture contain balances, in thousands, as follows:

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Construction fund -				
Initial Facilities Account	$ 223	$ 223	$ 3	$ 3
Debt Service Fund -				
Debt Service Account	31,480	31,491	22,148	22,149
Debt Service Reserve Account	66,672	66,857	75,670	74,230
Operating Fund	5,987	5,987	6,553	6,553
General Reserve Fund	9,533	9,542	6,815	6,807
Issue Fund	77,768	77,579	74,790	74,678
Escrow Account -				
Subordinate Refunding Crossover Series	345,834	343,921	351,017	349,795
Revolving Fund	15	15	10	10
	$537,512	$535,615	$537,006	$534,225
Contractual maturities:				
After one year through five years	$477,063	$475,166		
After ten years	13,231	13,231		
	$490,294	$488,397		

In addition, at June 30, 1995 and 1994, the Authority had non-interest bearing advances outstanding to IPA of $19,550,000.

Hoover Uprating Project — The special funds required by the Bond Indenture contain balances, in thousands, as follows:

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Advance Payments Fund	$ 2,437	$ 2,437	$ 2,906	$ 2,901
Operating-Working Capital Fund	563	563	576	578
Debt Service Fund -				
Debt Service Account	1,440	1,429	1,380	1,380
Debt Service Reserve Account	3,078	3,068	3,087	3,047
General Reserve Fund	2,911	2,914	3,190	3,190
Revolving Fund	13	13	8	8
	$ 10,442	$ 10,424	$ 11,147	$ 11,104
Contractual maturities:				
After one year through five years	$ 7,671	$ 7,653		

In addition, at June 30, 1995 and 1994, the Authority had advances to USBR of $11,903,000 and $13,318,000, respectively.

Mead-Phoenix Project — The special funds required by the Bond Indenture contain balances, in thousands, as follows:

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Acquisition Account	$ 19,830	$ 19,830	$ 38,897	$ 38,897
Debt Service Fund -				
Debt Service Account	4,444	4,444	6,268	6,268
Debt Service Reserve Account	6,132	6,132	6,168	6,168
Issue Fund	4,924	4,873	7,163	7,039
Revolving Fund	6	6	5	5
	$ 35,336	$ 35,285	$ 58,501	$ 58,377
Contractual maturities:				
After one year through five years	$ 4,914	$ 4,863		
After ten years	29,170	29,170		
	$ 34,084	$ 34,033		

Mead-Adelanto Project — The special funds required by the Bond Indenture contain balances, in thousands, as follows:

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Acquisition Account	$ 37,745	$ 37,745	$103,805	$103,805
Debt Service Fund -				
Debt Service Account	12,353	12,353	16,989	16,989
Debt Service Reserve Account	17,040	17,040	17,211	17,211
Issue Fund	16,517	16,346	24,031	23,511
Revolving Fund	6	6		
	$ 83,661	$ 83,490	$162,036	$161,516
Contractual maturities:				
After one year through five years	$ 16,491	$ 16,320		
After ten years	64,188	64,188		
	$ 80,679	$ 80,508		

Multiple Project Fund — The special funds required by the Bond Indenture contain balances, in thousands, as follows:

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Proceeds Account	$256,830	$256,830	$256,831	$256,831
Earnings Account	1,384	1,384	3,206	3,206
	$258,214	$258,214	$260,037	$260,037
Contractual maturities:				
After ten years	$249,020	$249,020		

San Juan Project — The special funds required by the Bond Indenture contain balances, in thousands, as follows:

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Operating Reserve	$ 1,618	$ 1,618	$ 557	$ 557
Operating Revenue Fund	2	2	1,838	1,838
Acquisition Account	112	112	29	29
Debt Service Fund -				
Debt Service Account	6,017	6,017	6,008	6,008
Debt Service Reserve Account	18,026	18,026	18,025	18,025
Reserve and Contingency	11,224	11,252	9,060	9,060
Revolving	15	15		
	$ 37,014	$ 37,042	$ 35,517	$ 35,517
Contractual maturities:				
After one year through five years	$ 10,645	$ 10,673		
After ten years	18,026	18,026		
	$ 28,671	$ 28,699		

There were no proceeds from sales of investments during fiscal 1995. Proceeds from sales of investments during fiscal 1994 were $71.9 million. Gross gains of $1,935,000 and gross losses of $164,000 were realized on those sales in fiscal year 1994.

Note 4 — Long-term Debt:

Reference is made below to the Combined Schedule of Long-term Debt at June 30, 1995 for details related to all of the Authority's outstanding bonds.

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

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

All outstanding Power Project Revenue Bonds and Subordinated Refunding Term Bonds, at the option of the Authority, are subject to redemption prior to maturity.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2003 (1986 Series A Bonds and 1987 Series A Bonds), 2005 (1989 Series A Bonds) and 2010 (1993 Series A Bonds). Scheduled principal maturities for the Palo Verde Project during the five fiscal years following June 30, 1995 are $23,855,000 in 1996, $25,580,000 in 1997, $27,415,000 in 1998, $29,175,000 in 1999, and $31,170,000 in 2000. The average interest rate on outstanding debt during fiscal year 1995 and 1994 was 6.0%.

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

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

All outstanding Transmission Project Revenue and Refunding Bonds, at the option of the Authority, are subject to redemption prior to maturity.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2003 (for the 1986 Series A Bonds), 2002 (1986 Series B Bonds) and 2007 (1988 Series A Bonds). Scheduled principal maturities for STS during the five fiscal years following June 30, 1995 are $14,325,000 in 1996, $10,845,000 in 1997, $21,565,000 in 1998, $22,790,000 in 1999, and $10,200,000 in 2000. The average interest rate on outstanding debt during fiscal year 1995 and 1994 was 6.6%.

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

The Bond Indenture provides that the Revenue Bonds shall be special, limited obligations of the Authority payable solely

from and secured solely by (1) the proceeds from the sale of the bonds, (2) all revenues from sales of energy to participants (see Note 6), (3) interest or other receipts derived from any moneys or securities held pursuant to the Bond Indenture and (4) all funds established by the Indenture of Trust (except for the Interim Advance Payments Account in the Advance Payments Fund).

All outstanding Hydroelectric Power Project Revenue Bonds, at the option of the Authority, are subject to redemption prior to maturity.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2007 for the 1991 Series A Bonds maturing on October 1, 2010 and fiscal year 2011 for the 1991 Series A bonds. Scheduled principal maturities for the Hoover Uprating Project during the five fiscal years following June 30, 1995 are $610,000 in 1996, $1,085,000 in 1997, $1,130,000 in 1998, $1,230,000 in 1999, and $1,285,000 in 2000. The average interest rate on outstanding debt during fiscal year 1995 and 1994 was 6.1% and 5.7%, respectively.

During the fiscal 1995 and 1994, the Authority repurchased $340,000 and $2,900,000, respectively, of outstanding Hydroelectric Power Project Revenue Bonds with excess funds in the Advance Payments Fund.

The Authority estimates that the total financing requirements for its interest in the Hoover Uprating Project will approximate $31.8 million, substantially all of which will be expended for the acquisition of entitlement to capacity.

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

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

In October 1992, $285,010,000 and $103,640,000 of the Multiple Project Revenue Bonds were transferred to the Mead-Adelanto Project and the Mead-Phoenix Project, respectively, to finance the estimated costs of acquisition and construction of the projects.

A total of $153,500,000 of the outstanding Multiple Project Revenue Bonds are not subject to redemption prior to maturity. The balance of the outstanding bonds, at the option of the Authority, are subject to redemption prior to maturity.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2006 for the 1989 Series Bonds. The first scheduled principal maturity for the Multiple Project Revenue Bonds is $8,645,000 in fiscal year 2000. The average interest rate on outstanding debt during fiscal year 1995 and 1994 was 6.8% and 6.9%, respectively.

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

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

All outstanding Mead-Phoenix Revenue Bonds, at the option of the Authority, are subject to redemption prior to maturity.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2018 for the 1994 Series Bonds. The first scheduled principal maturity for the Mead-Phoenix Revenue Bonds is $1,295,000 in fiscal year 2000. The average interest rate on outstanding debt during fiscal year 1995 and 1994 was 6.0% and 6.7%, respectively.

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

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

All outstanding Mead-Adelanto Revenue Bonds, at the option of the Authority, are subject to redemption prior to maturity.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2018 for the 1995 Series Bonds. The first scheduled principal maturity for the Mead-Adelanto Revenue Bonds is $3,560,000 in fiscal year 2000. The average interest rate on outstanding debt during fiscal year 1995 and 1994 was 6.0% and 6.5%, respectively.

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

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

All outstanding San Juan Project Revenue Bonds, at the option of the Authority, are subject to redemption prior to maturity.

The Bond Indenture requires mandatory sinking fund installments to be made beginning in fiscal year 2012 for the 1993 Series A Bonds. The scheduled principal maturities for the San Juan Project Revenue Bonds during the five fiscal years following June 30, 1995 are $6,035,000 in 1998, $6,275,000 in 1999 and $6,540,000 in 2000. The average interest rate on outstanding debt during fiscal year 1994 and 1993 was 5.6%.

Refunding Bonds — In March 1994, the Authority issued $173,955,000 of Mead-Adelanto Project Revenue Bonds and $51,835,000 of Mead-Phoenix Project Revenue Bonds to refund $243,150,000 of previously issued Multiple Project Revenue Bonds which were transferred to the Mead-Adelanto and Mead-Phoenix projects during fiscal year 1993. The refunding is expected to reduce total debt service payments over the next 21 years by approximately $41,529,000 (the difference between the debt service payments on the old and new debt) and is expected to result in a net present value savings of approximately $4,378,000.

The partial refunding of the original issue within five years of its issuance triggered a recalculation of the arbitrage yield. The recalculation resulted in a higher arbitrage yield which reduced rebate liability of the Authority and is expected to result in an additional net present value savings of approximately $13,741,000.

At June 30, 1995, cumulative savings due to the rebate calculation amounted to $6,632,000. This amount was allocated $4,669,000 and $1,963,000 to Mead-Adelanto Project and Mead-Phoenix Project, respectively.

In July 1992, the Authority issued $475,000,000 of Southern Transmission Project Revenue Bonds to refund $385,385,000 of previously issued bonds. Principal and interest with respect to the 1992 bonds are allocated into four separate components. Each of components 1, 2 and 3 is secured by and payable from investments in its escrow fund until scheduled crossover dates. Component 4 proceeds of $14,100,000 were used to advance refund approximately $9,000,000 of bonds in fiscal year 1993. On the Component 1 Crossover date (January 1, 1994), Component 1 proceeds of $13,959,000 were used to advance refund $13,455,000 of previously issued bonds in fiscal year 1994. On the Component 2 Crossover date (January 1, 1995), Component 2 proceeds of $5,519,000 were used to advance refund $5,335,000 of previously issued bonds in fiscal year 1995. Proceeds from component 3 of $343,921,000 were placed in an irrevocable trust and will be used to redeem $313,050,000 of bonds currently included within long-term debt at scheduled call dates. The combined refunding is expected to reduce total debt service payments over the next 25 years by approximately $52,585,000 and is expected to result in an overall net present value savings of approximately $25,060,000.

Until the bonds to be refunded by component 3 is called, interest on the bonds is payable from interest earned on investments with a financial institution under a specific investment agreement purchased out of the proceeds of the sales and held in bank escrow accounts. After the monies in the escrow accounts are applied to redeem the bonds to be called, primarily through 1996, interest on the bonds will be payable from revenues. The trust account assets ($343,921,000 in escrow accounts and $2,410,000 in unamortized debt expense at June 30, 1995) and liabilities ($347,782,000, net of bond discounts, at June 30, 1995) for component 3 are included in the Authority's financial statements. The revenue bonds to be refunded are also included in the financial statements until the scheduled call date, at which time the refunded bonds and related trust account assets will be removed from the balance sheet and the cost of refunding the debt will be included in unamortized debt expenses. Interest earnings on investments in the escrow accounts are presented net of an equal amount of interest expense on the Subordinate Refunding Crossover Series Bonds in the Authority's financial statements. In addition, interest receivable for the escrow accounts is offset by accrued interest payable at fiscal year end and is included in the escrow cash account in the financial statements.

In January 1992, $70,680,000 of Palo Verde Special Obligation Crossover Series Bonds were issued, the proceeds of which were placed in an irrevocable trust and will be used to redeem $69,125,000 of bonds currently included within long term debt at scheduled call dates.

Until the bonds to be refunded by the Palo Verde Special Obligation Crossover Series Bonds are called, interest on the Palo Verde Special Obligation Crossover Series Bonds is payable from interest earned on securities of the United States Government purchased out of the proceeds of the sales and held in bank escrow accounts. After the monies in the escrow accounts are applied to redeem the bonds to be called, primarily through 1996, interest on the Palo Verde Special Obligation Crossover Series Bonds will be payable from revenues. The trust account assets and the liability for the Palo Verde Special Obligation Crossover Series Bonds are not included in the Authority's financial statements. At June 30, 1995 and 1994, $70,959,000 and $73,399,000, respectively, of these trust assets have been offset against the Palo Verde Special Obligation Crossover Series Bonds.

At June 30, 1995 and 1994, the aggregate amount of debt considered to be extinguished was $3,305,725,000 and $3,300,050,000, respectively.

Interest Rate Swap — In fiscal year 1991, the Authority entered into an Interest Rate Swap agreement with a third party for the purpose of hedging against interest rate fluctuations arising from the issuance of the Transmission Project Revenue Bonds, 1991 Subordinate Refunding Series as variable rate obligations. The notional amount of the Swap Agreement is equal to the par value of the bond ($292,000,000 at June 30, 1995 and 1994). The Swap Agreement provides for the Authority to make payments to the third party on a fixed rate basis at 6.38%, and for the third party to make reciprocal payments based on a variable rate basis (3.9% and 2.1% at June 30, 1995 and 1994, respectively). The bonds mature in 2019.

COMBINED SCHEDULE OF LONG-TERM DEBT
AT JUNE 30, 1995
(In thousands)

Project	*Series*	*Date of Sale*	*Effective Interest Rate*	*Maturity on July 1*	*Total*
Principal:					
Palo Verde Project Revenue and Refunding Bonds	1984A	07/18/84	10.3%	1995	$ 2,070
	1985A	05/22/85	8.7%	1995 to 1999	5,870
	1985B	07/02/85	9.1%	1995 to 2000	14,110
	1986A	03/13/86	8.2%	1995 to 2006	72,575
	1986B	12/16/86	7.2%	1995 to 2017	116,360
	1987A	02/11/87	6.9%	1995 to 2017	250,755
	1989A	02/15/89	7.2%	1995 to 2015	291,635
	1992A	01/01/92	6.0%	1995 to 2010	19,925
	1993A	03/01/93	5.5%	1995 to 2017	369,515
					1,142,815
Southern Transmission System Project Revenue and Refunding Bonds	1986A	03/18/86	8.0%	1995 to 2021	107,300
	1986B	04/29/86	7.5%	1995 to 2023	401,570
	1988A	11/22/88	7.2%	1995 to 2015	154,085
	1991A	4/17/91	6.4%	2019	292,300
	1992 Comp 1, 2, 4	7/20/92	6.1%	1995 to 2021	42,879
	1992 Comp 3	7/20/92	6.1%	1995 to 2021	431,766
	1993A	7/01/93	5.4%	1995 to 2023	137,350
					1,567,250
Hoover Uprating Project Revenue and Refunding Bonds	1986A	08/13/86	8.1%	1995 to 2017	4,720
	1991	08/01/91	6.2%	1995 to 2017	31,545
					36,265
Multiple Project Revenue Bonds					
Mead-Phoenix Project	1989	01/04/90	7.1%	1999 to 2020	38,800
Mead-Adelanto Project	1989	01/04/90	7.1%	1999 to 2020	106,700
Multiple Project	1989	01/04/90	7.1%	1999 to 2020	259,100
					404,600
Mead-Phoenix Project Revenue Bonds	1994A	03/01/94	5.3%	2006 to 2015	51,835
Mead-Adelanto Project Revenue Bonds	1994A	03/01/94	5.3%	2006 to 2015	173,955
San Juan Project Revenue Bonds	1993	06/01/93	5.6%	1997 to 2020	237,375
Total principal amount					3,614,095
Unamortized bond discount:					
Palo Verde Project					(122,570)
Southern Transmission System Project					(163,141)
Hoover Uprating Project					(3,678)
Mead-Phoenix Project					(4,368)
Mead-Adelanto Project					(13,094)
Multiple Project Fund					(16,993)
San Juan Project					(9,208)
Total unamortized bond discount					(333,052)
Long-term debt due within one year					(38,790)
Total long-term debt, net (including Subordinate Refunding Crossover Series)					$ 3,242,253

Bonds which have been refunded are excluded from this schedule

Note 5 — Disclosures about Fair Value of Financial Instruments:
The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents — The carrying value approximates fair value because of the short maturity of those instruments.

Investments/Decommissioning fund/Escrow account — Subordinate Refunding Crossover Series/Crossover escrow accounts — The fair values of investments are estimated based on quoted market prices for those or similar investments.

Long-term debt/Special Obligation Crossover Series Bonds/ Subordinate Refunding Crossover Series — The fair value of the Authority's debt is estimated based on the quoted market prices for the same or similar issues or on the current average rates offered to the Authority for debt of approximately the same remaining maturities, net of the effect of a related interest rate swap agreement.

The fair values of the Authority's financial instruments are as follows (in thousands):

	June 30,			
	1995		1994	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Cash and cash equivalents	$ 105,796	$ 105,796	$ 125,356	$ 125,356
Escrow account - Subordinate Refunding Crossover Series	345,782	343,921	351,017	349,700
Decommissioning fund	24,503	24,503	23,206	22,600
Investments	688,463	687,989	746,282	741,500
Long-term debt	2,933,261	3,198,500	2,961,623	3,159,600
Subordinate Refunding Crossover Series	347,782	377,700	353,317	364,300
Unrecognized financial instruments:				
Special Obligation Crossover Series Bonds	70,680	75,800	70,680	74,000
Crossover escrow accounts	70,959	71,000	73,399	73,000

Note 6 — Power Sales and Transmission Service Contracts:
The Authority has power sales contracts with ten participants of the Palo Verde Project (see Note 1). Under the terms of the contracts, the participants are entitled to power output from the Palo Verde Nuclear Generating Station and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service on Power Project Revenue Bonds and other debt. The contracts expire in 2030 and, as long as any Power Project Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

The Authority has transmission service contracts with six participants of the Southern Transmission System Project (see Note 1). Under the terms of the contracts, the participants are entitled to transmission service utilizing the Southern Transmission System Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service on Transmission Project Revenue Bonds and other debt. The contracts expire in 2027 and, as long as any Transmission Project Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

In March 1986, the Authority entered into power sales contracts with six participants of the Hoover Uprating Project (see Note 1). Under the terms of the contracts, the participants are entitled to capacity and associated firm energy of the Hoover Uprating Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service whether or not the Hoover Uprating Project or any part thereof has been completed, is operating or is operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2018, and as long as any Hydroelectric Power Project Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

In August 1992, the Authority entered into transmission service contracts with nine participants of the Mead-Phoenix Project (see Note 1). Under the terms of the contracts, the participants are entitled to transmission service utilizing the Mead-Phoenix Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service on the Multiple Project and Mead-Phoenix Revenue Bonds and other debt, whether or not the Mead-Phoenix Project or any part thereof has been completed, is operating and operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part. The contracts expire in 2030 and, as long as any Multiple Project and Mead-Phoenix Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

In August 1992, the Authority entered into transmission service contracts with nine participants of the Mead-Adelanto Project (see Note 1). Under the terms of the contracts, the participants are entitled to transmission service utilizing the Mead-Adelanto Project and are obligated to make payments on a "take or pay" basis for their proportionate share of operating and maintenance expenses and debt service on the Multiple Project and Mead-Adelanto Revenue Bonds and other debt, whether or not the Mead-Adelanto Project or any part thereof has been completed, is operating and operable, or its service is suspended, interfered with, reduced or curtailed or terminated in whole or in part.

The contracts expire in 2030 and, as long as any Multiple Project and Mead-Adelanto Revenue Bonds are outstanding, cannot be terminated or amended in any manner which will impair or adversely affect the rights of the bondholders.

In January 1993, the Authority entered into power sales contracts with five participants of Unit 3 of the San Juan Project (see Note 1). Under the terms of the contracts, the participants

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

Note 7 — Costs Recoverable from Future Billings to Participants:
Billings to participants are designed to recover "costs" as defined by the power sales and transmission service agreements. The billings are structured to systematically provide for debt service requirements, operating funds and reserves in accordance with these agreements. Those expenses, according to generally accepted accounting principles (GAAP), which are not included as "costs" are deferred to such periods as they are intended to be recovered through billings for the repayment of principal on related debt.

Costs recoverable from future billings to participants are comprised of the following:

	Balance June 30, 1994	Fiscal 1995 Activity	Balance June 30, 1995
GAAP items not included in billings to participants:			
Depreciation of plant	$300,353	$47,975	$348,328
Amortization of bond discount, debt issue costs, and cost of refunding	177,421	29,049	206,470
Nuclear fuel amortization	16,810	1,840	18,650
Decommissioning expense	58,720	16,513	75,233
Interest expense	5,110	18,055	23,165
Bond requirements included in billings to participants:			
Operations and maintenance, net of investment income	(45,060)	(22,193)	(67,253)
Costs of acquisition of capacity - STS	(18,350)		(18,350)
Reduction in debt service billings due to transfer of excess funds	86,173	(7,515)	78,658
Principal repayments	(183,950)	(38,180)	(222,130)
Other	(24,944)	(6,796)	(31,740)
	$372,283	$38,748	$411,031

Note 8 — Commitments and Contingencies:
As a participant in the PVNGS, the Authority could be subject to assessment of retroactive insurance premium adjustments in the event of a nuclear incident at the PVNGS or at any other licensed reactor in the United States.

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

Palo Verde — In March 1993, a tube ruptured in the steam generator at Palo Verde Unit 2 and resulted in an outage of the unit until September 1993. Upon further investigation of all three units, the operating level was reduced to approximately 86% of capacity in October 1993 to mitigate further tube degradation during assessment of the damage. The operator implemented several remedial actions and returned Units 1 and 3 to near 100% capacity during July 1994. Unit 2 returned to full power at the end of calendar 1994.

Under the Palo Verde Nuclear Generating Station ("PVNGS") Participation Agreement, if an owner defaults in the performance of its obligation, non-defaulting owners shall (in proportion to their generation entitlement shares) remedy the default, either by advancing the necessary funds and/or commencing to render the necessary performance. On January 8, 1992, an owner of a portion of PVNGS filed for protection under Chapter 11 of the Federal Bankruptcy Code in the United States Bankruptcy Court. Subsequent to the Chapter 11 filing, the owner is under a court order to continue making payments to PVNGS. Pre-petition general unsecured claims that remained unpaid as of June 30, 1994 were approximately $9.3 million (the Authority's share was $550,000).

After obtaining the court's approval of a cure and assumption agreement in fiscal year 1994, the bankrupt owner reimbursed the $9.3 million to the other co-owners of PVNGS. Under the original court-approved agreement, the other co-owners must repay the bankrupt owner the $9.3 million if the proposed reorganization fails. Efforts are underway to amend the agreement to prevent such a repayment.

The Authority is unable to predict (i) how long the Bankruptcy court order will continue to remain in effect, (ii) the impact the Chapter 11 proceedings will have on the owner's performance of obligations with respect to PVNGS generally, or (iii) what costs will be incurred by the Authority and the other owners of PVNGS if the owner fails to perform obligations with respect to PVNGS.

Note 9 — Subsequent Event:
On July 1, 1995, Crossover date for the Palo Verde Special Obligation Bonds Series A, trust assets in escrow of $7,131,000 were used to advance refund $7,125,000 of previously issued bonds.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SUPPLEMENTAL FINANCIAL INFORMATION
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SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PALO VERDE PROJECT
SUPPLEMENTAL BALANCE SHEET
(In thousands)

	June 30, 1995	June 30, 1994
ASSETS		
Utility plant:		
Production	$ 611,771	$ 609,308
Transmission	14,146	14,146
General	2,574	2,633
	628,491	626,087
Less - Accumulated depreciation	219,881	188,019
	408,610	438,068
Construction work in progress	9,683	8,612
Nuclear fuel, at amortized cost	12,716	15,456
Net utility plant	431,009	462,136
Special funds:		
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994:		
Decommissioning fund	24,503	23,206
Investments	143,600	115,609
Interest receivable	1,223	1,350
Cash and cash equivalents	49,354	62,708
	218,680	202,873
Accounts receivable	912	1,043
Materials and supplies	9,618	10,347
Costs recoverable from future billings to participants	197,515	184,859
Unrealized loss on funds available for sale	226	
Unamortized debt expenses, less accumulated amortization of $71,525 and $59,661	209,740	222,062
	$ 1,067,700	$ 1,083,320
LIABILITIES		
Long-term debt	$ 996,390	$ 1,015,962
Current liabilities:		
Long-term debt due within one year	23,855	22,425
Accrued interest	30,685	31,404
Accounts payable and accrued expenses	16,770	13,529
	71,310	67,358
Commitments and contingencies		
	$ 1,067,700	$ 1,083,320

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PALO VERDE PROJECT
SUPPLEMENTAL STATEMENT OF OPERATIONS
(In thousands)

	Year Ended June 30,	
	1995	*1994*
Operating revenue:		
Sales of electric energy	$ 129,180	$ 120,388
Billing credit (Note 3)		(45,174)
	129,180	75,214
Operating expenses:		
Nuclear fuel	8,150	5,510
Other operations	25,307	27,094
Maintenance	7,825	9,327
Depreciation	19,145	19,311
Decommissioning	13,401	13,401
Total operating expenses	73,828	74,643
Operating income	55,352	571
Investment income	9,968	12,182
Income before debt expense	65,320	12,753
Debt expense	77,976	79,197
Costs recoverable from future billings to participants	($ 12,656)	($ 66,444)

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PALO VERDE PROJECT
SUPPLEMENTAL STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30,	
	1995	*1994*
Cash flows from operating activities:		
Costs recoverable from future billings to participants	($ 12,656)	($ 66,444)
Adjustments to arrive at net cash provided by (used for) operating activities -		
Depreciation	19,145	19,311
Decommissioning	13,401	13,401
Amortization of nuclear fuel	8,150	5,510
Amortization of debt costs	16,607	16,389
Changes in assets and liabilities:		
Decommissioning fund	(1,297)	27,972
Interest receivable	127	382
Accounts receivable	131	842
Materials and supplies	729	(287)
Other assets	(2)	(288)
Accrued interest	(719)	2,990
Accounts payable and accrued expenses	3,241	3,670
Net cash provided by operating activities	46,857	23,448
Cash flows from investing activities:		
Payments for construction of facility	(9,569)	(11,856)
Purchases of investments	(97,108)	(171,311)
Proceeds from sale/maturity of investments	68,891	206,789
Net cash (used for) provided by investing activities	(37,786)	23,622
Cash flows from capital and related financing activities:		
Payment of principal on long-term debt	(22,425)	(19,825)
Net cash used for capital and related financing activities	(22,425)	(19,825)
Net (decrease) increase in cash and cash equivalents	(13,354)	27,245
Cash and cash equivalents at beginning of year	62,708	35,463
Cash and cash equivalents at end of year	$ 49,354	$ 62,708
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest (net of amount capitalized)	$ 62,089	$ 59,818

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
PALO VERDE PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1995
(In thousands)

	Debt Service Fund	*Revenue Fund*	*Operating Fund*	*Reserve & Contingency Fund*	*Issue Fund*	*Decommissioning Funds I & II*	*Total*
Balance at June 30, 1994	$ 131,722	$ 172	$ 25,453	$ 8,338	$ 12,481	$ 23,045	$ 201,211
Additions:							
Investment earnings	4,857	52	1,308	643	645	1,445	8,950
Distribution of investment earnings	(4,615)	7,217	(1,308)	(649)	(645)		
Revenue from power sales		132,416					132,416
Distribution of revenues	81,993	(139,930)	48,180	4,433	5,324		
Transfer from escrow for principal and interest payments	271,706						271,706
Other	(2,634)	73	(4,253)	7,805	1		992
Total	351,307	(172)	43,927	12,232	5,325	1,445	414,064
Deductions:							
Construction expenditures				3,996			3,996
Operating expenditures			33,015				33,015
Fuel costs			5,417				5,417
Payment of principal	22,425						22,425
Interest paid	56,765				5,324		62,089
Payment of principal and interest on escrow bonds	271,706						271,706
Total	350,896	–	38,432	3,996	5,324	–	398,648
Balance at June 30, 1995	$ 132,133	$ –	$ 30,948	$ 16,574	$ 12,482	$ 24,490	$ 216,627

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of $1,223 and $1,350 and Decommissioning Fund accrued interest receivable of $138 and $142 at June 30, 1995 and 1994, respectively, nor do they include total amortized net investment discounts of $918 and $170 at June 30, 1995 and 1994, respectively. These balances also do not include unrealized loss on funds available for sale of $226 at June 30, 1995.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SOUTHERN TRANSMISSION SYSTEM PROJECT
SUPPLEMENTAL BALANCE SHEET
(In thousands)

	June 30, 1995	June 30, 1994
ASSETS		
Utility plant:		
Transmission	$ 675,301	$ 675,301
General	18,893	18,893
	694,194	694,194
Less - Accumulated depreciation	174,392	154,656
	519,802	539,538
Construction work in progress	1,212	897
Net utility plant	521,014	540,435
Special funds:		
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994:		
Investments	144,476	135,314
Escrow account - Subordinate Refunding Crossover Series	343,921	351,017
Advance to Intermountain Power Agency	19,550	19,550
Interest receivable	1,807	2,122
Cash and cash equivalents	45,411	48,553
	555,165	556,556
Accounts receivable	2,469	4,409
Costs recoverable from future billings to participants	183,154	168,594
Unrealized loss on funds available for sale	1,897	
Unamortized debt expenses, less accumulated amortization of $51,415 and $42,918	172,780	181,473
	$ 1,436,479	$ 1,451,467
LIABILITIES		
Long-term debt	$ 1,042,002	$ 1,053,403
Subordinate Refunding Crossover Series	347,782	353,317
Current liabilities:		
Long-term debt due within one year	14,325	13,615
Accrued interest	30,112	28,606
Accounts payable and accrued expenses	2,258	2,526
	46,695	44,747
Commitments and contingencies		
	$ 1,436,479	$ 1,451,467

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SOUTHERN TRANSMISSION SYSTEM PROJECT
SUPPLEMENTAL STATEMENT OF OPERATIONS
(In thousands)

	Year Ended June 30,	
	1995	*1994*
Operating revenue:		
Sales of transmission services	$ 91,250	$ 87,756
Operating expenses:		
Other operations	11,839	11,243
Maintenance	4,498	3,586
Depreciation	19,735	19,691
Total operating expenses	36,072	34,520
Operating income	55,178	53,236
Investment income	11,518	10,965
Income before debt expense	66,696	64,201
Debt expense	81,256	81,842
Costs recoverable from future billings to participants	($ 14,560)	($ 17,641)

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SOUTHERN TRANSMISSION SYSTEM PROJECT
SUPPLEMENTAL STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30,	
	1995	*1994*
Cash flows from operating activities:		
Costs recoverable from future billings to participants	($ 14,560)	($ 17,641)
Adjustments to arrive at net cash provided by (used for) operating activities -		
Depreciation	19,735	19,691
Amortization of debt costs	11,545	11,474
Changes in assets and liabilities:		
Interest receivable	315	549
Accounts receivable	1,940	(3,541)
Other assets	17	(427)
Accrued interest	1,506	(1,325)
Accounts payable and accrued expenses	(268)	(105)
Net cash provided by operating activities	20,230	8,675
Cash flows from investing activities:		
Payments for construction of facility	(315)	339
Purchases of investments	(94,425)	(98,844)
Proceeds from sale/maturity of investments	90,462	129,049
Net cash (used for) provided by investing activities	(4,278)	30,544
Cash flows from capital and related financing activities:		
Proceeds from sale of bonds		142,012
Payment for defeasance of revenue bonds	(5,479)	(148,240)
Repayment of principal on long-term debt	(13,615)	(10,290)
Payment for bond issue costs		(1,144)
Net cash used for capital and related financing activities	(19,094)	(17,662)
Net (decrease) increase in cash and cash equivalents	(3,142)	21,557
Cash and cash equivalents at beginning of year	48,553	26,996
Cash and cash equivalents at end of year	$ 45,411	$ 48,553
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest (net of amount capitalized)	$ 68,205	$ 70,994

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SOUTHERN TRANSMISSION SYSTEM PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1995
(In thousands)

	Construction Fund-Initial Facilities Account	*Debt Service Account*	*Operating Fund*	*General Reserve Fund*	*Issue Fund*	*Escrow Fund*	*Total*
Balance at June 30, 1994	$ 4	$ 96,609	$ 6,550	$ 6,801	$ 74,357	$ 349,758	$ 534,079
Additions:							
Investment earnings	17	5,402	525	461	3,780	18,567	28,752
Distribution of investment earnings		(4,897)	8,918	(423)	5,669	(9,267)	
Revenue from transmission sales			93,548				93,548
Distribution of revenue		47,317	(86,492)	2,658	45,798	(9,281)	
Transfer from escrow for principal and interest payments		497,270					497,270
Other	515				5,908	(5,908)	515
Total	532	545,092	16,499	2,696	61,155	(5,889)	620,085
Deductions:							
Operating expenditures			14,312				14,312
Payment of principal		19,094					19,094
Interest paid		19,858			48,347		68,205
Payment of principal and interest on escrow bonds		501,201					501,201
Premium and interest paid on investment purchases		758		37	9,430		10,225
Transfer to escrow accounts		4,098	1,382				5,480
Other	314		1,333		607		2,254
Total	314	545,009	17,027	37	58,384	–	620,771
Balance at June 30, 1995	$ 222	$ 96,692	$ 6,022	$ 9,460	$ 77,128	$ 343,869	$ 533,393

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of $1,807 and $2,122 at June 30, 1995 and 1994, respectively, nor do they include total amortized net investment discounts of $2,312 and $805 at June 30, 1995 and 1994, respectively. These balances do not include unrealized loss on funds available for sale of $1,897 at June 30, 1995.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
HOOVER UPRATING PROJECT
SUPPLEMENTAL BALANCE SHEET
(In thousands)

	June 30, 1995	June 30, 1994
ASSETS		
Special funds:		
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994:		
Investments	$ 7,653	$ 5,616
Advances for capacity and energy, net	11,903	13,318
Interest receivable	26	80
Cash and cash equivalents	2,745	5,451
	22,327	24,465
Costs recoverable from future billings to participants	7,299	6,661
Unrealized loss on funds available for sale	18	
Unamortized debt expenses, less accumulated amortization of $795 and $615	3,512	3,730
	$ 33,156	$ 34,856
LIABILITIES		
Long-term debt	$ 31,977	$ 32,815
Current liabilities:		
Long-term debt due within one year	610	860
Accrued interest	500	518
Accounts payable and accrued expenses	69	663
	1,179	2,041
Commitments and contingencies		
	$ 33,156	$ 34,856

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
HOOVER UPRATING PROJECT
SUPPLEMENTAL STATEMENT OF OPERATIONS
(In thousands)

	Year Ended June 30, 1995	Year Ended June 30, 1994
Operating revenue:		
Sales of electric energy	$ 3,569	$ 2,469
Operating expenses:		
Capacity charges	1,207	1,345
Energy charges	832	964
Other operations	12	341
Reimbursement of advances for capacity and energy	360	
Total operating expenses	2,411	2,650
Operating income (loss)	1,158	(181)
Investment income	514	500
Income before debt expense	1,672	319
Debt expense	2,310	2,424
Costs recoverable from future billings to participants	($ 638)	($ 2,105)

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
HOOVER UPRATING PROJECT
SUPPLEMENTAL STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30,	
	1995	*1994*
Cash flows from operating activities:		
Costs recoverable from future billings to participants	($ 638)	($ 2,105)
Adjustments to arrive at net cash used for operating activities -		
Amortization of debt costs	288	292
Changes in assets and liabilities:		
Interest receivable		99
Accounts receivable	54	
Other assets	21	5
Accrued interest	(18)	(24)
Accounts payable and accrued expenses	(594)	622
Net cash used for operating activities	(887)	(1,111)
Cash flows from investing activities:		
Purchases of investments	(11,546)	
Proceeds from sale/maturity of investments	9,491	7,349
Advances for capacity and energy, net	1,415	1,001
Net cash (used for) provided by investing activities	(640)	8,350
Cash flows from capital and related financing activities:		
Payment for defeasance of revenue bonds	(319)	(2,282)
Repayment of principal on long-term debt	(860)	(905)
Net cash used for capital and related financing activities	(1,179)	(3,187)
Net (decrease) increase in cash and cash equivalents	(2,706)	4,052
Cash and cash equivalents at beginning of year	5,451	1,399
Cash and cash equivalents at end of year	$ 2,745	$ 5,451
Supplemental disclosure of cash flow information:		
Cash paid during year for interest (net of amount capitalized)	$ 2,039	$ 2,155

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
HOOVER UPRATING PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1995
(In thousands)

	Advance Payments Fund	*Interim Advance Payments Fund*	*Revenue Fund*	*Operating Working Capital Fund*	*Debt Service Account*	*Debt Service Reserve Account*	*General Reserve Account*	*Total*
Balance at June 30, 1994	$ 2,453	$ 449	$ –	$ 560	$ 1,364	$ 3,083	$ 3,201	$ 11,110
Additions:								
Investment earnings	95	10	5	37	35	156	30	368
Discount on investment purchases					19		97	116
Distribution of investment earnings	115	(8)	272	(42)	(54)	(156)	(127)	
Revenue from power sales			2,960					2,960
Distribution of revenues			(2,960)		2,960			
Transfer from escrow for principal and interest payments	(103)	380	(277)		2,329		(11)	2,318
Total	107	382	–	(5)	5,289	–	(11)	5,762
Deductions:								
Advances for capacity and energy		635						635
Administrative expenditures	336							336
Interest paid					2,039			2,039
Payment of principal	3	7		(5)	860		314	1,179
Payment of principal and interest on escrow bonds					2,319			2,319
Total	339	642	–	(5)	5,218	–	314	6,508
Balance at June 30, 1995	$ 2,221	$ 189	$ –	$ 560	$ 1,435	$ 3,083	$ 2,876	$ 10,364

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of $26 and $80 at June 30, 1995 and 1994, respectively, nor do they include total amortized net investment discount of $52 at June 30, 1995 and net investment premium of $43 at June 30, 1994. These balances also do not include unrealized loss on funds available for sale of $18 at June 30, 1995.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-PHOENIX PROJECT
SUPPLEMENTAL BALANCE SHEET
(In thousands)

	June 30, 1995	June 30, 1994
ASSETS		
Utility plant:		
Construction work in progress	$ 39,179	$ 16,831
Special funds:		
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994:		
Investments	34,033	56,164
Interest receivable	1,246	2,332
Cash	6	5
	35,285	58,501
Accounts receivable		27
Accounts receivable from Multiple Project Fund	1,963	
Unrealized loss on funds available for sale	51	
Prepaid construction	2,003	2,589
Unamortized debt expenses, less accumulated amortization of $736 and $218	10,408	10,917
	$ 88,889	$ 88,865
LIABILITIES		
Long-term debt	$ 86,267	$ 86,119
Arbitrage rebate payable		204
Current liabilities:		
Accrued interest	2,588	2,505
Accounts payable	34	37
Total current liabilities	2,622	2,542
Commitments and contingencies		
	$ 88,889	$ 88,865

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-PHOENIX PROJECT
SUPPLEMENTAL STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30, 1995	Year Ended June 30, 1994
Cash flows from operating activities	$ -	$ -
Cash flows from investing activities:		
Interest received on investments	4,251	6,655
Payments for construction of facility	(21,310)	(12,524)
Purchases of investments	(5,275)	(6,665)
Proceeds from sale/maturity of investments	27,354	18,942
Reimbursement from WAPA	83	187
Net cash provided by investing activities	5,103	6,595
Cash flows from capital and related financing activities:		
Payment of interest on long-term debt	(5,093)	(6,605)
Proceeds from sale of bonds		76,721
Payment for defeasance of revenue bond		(76,115)
Payment for bond issue costs	(9)	(596)
Net cash used for capital and related financing activities	(5,102)	(6,595)
Net increase in cash and cash equivalents	1	-
Cash and cash equivalents at beginning of year	5	5
Cash and cash equivalents at end of year	$ 6	$ 5

See notes to financial statements

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-PHOENIX PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1995
(In thousands)

	Acquisition Account	*Debt Service Account*	*Debt Service Reserve Account*	*Issue Fund*	*Total*
Balance at June 30, 1994	$ 37,174	$ 5,925	$ 5,916	$ 7,179	$ 56,194
Additions:					
Investment earnings	3,025	535	470	289	4,319
Transfer of investments		470	(470)		
Reimbursement from WAPA	83				83
Total	3,108	1,005	-	289	4,402
Deductions:					
Construction expenditures	21,310				21,310
Interest paid		2,642		2,451	5,093
Premium and interest paid on investment purchases				14	14
Bond issue costs				9	9
Total	21,310	2,642	-	2,474	26,426
Balance at June 30, 1995	$ 18,972	$ 4,288	$ 5,916	$ 4,994	$ 34,170

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of $1,246 and $2,332 at June 30, 1995 and 1994, respectively, nor do they include total amortized net investment premiums of $80 and $25 at June 30, 1995 and 1994, respectively. These balances do not include unrealized loss on funds available for sale of $51 at June 30, 1995.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-ADELANTO PROJECT
SUPPLEMENTAL BALANCE SHEET
(In thousands)

	June 30, 1995	June 30, 1994
ASSETS		
Utility plant:		
Construction work in progress	$ 154,011	$ 75,518
Special funds:		
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994:		
Investments	80,508	155,892
Interest receivable	2,976	6,144
Cash	6	
	83,490	162,036
Accounts receivable		5
Accounts receivable from Multiple Project Fund	4,669	
Unrealized loss on funds available for sale	171	
Prepaid construction	3,533	6,650
Unamortized debt expenses, less accumulated amortization of $2,098 and $616	29,607	31,059
	$ 275,481	$ 275,268
LIABILITIES		
Long-term debt	$ 267,561	$ 267,126
Arbitrage rebate payable		508
Current liabilities:		
Accrued interest	7,885	7,603
Accounts payable	35	31
Total current liabilities	7,920	7,634
Commitments and contingencies		
	$ 275,481	$ 275,268

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-ADELANTO PROJECT
SUPPLEMENTAL STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30, 1995	Year Ended June 30, 1994
Cash flows from operating activities	$ –	$ –
Cash flows from investing activities:		
Interest received on investments	11,316	17,840
Payments for construction of facility	(71,033)	(56,971)
Purchases of investments	(13,179)	(20,733)
Proceeds from sale/maturity of investments	88,392	77,934
Reimbursement from WAPA	28	60
Net cash provided by investing activities	15,524	18,130
Cash flows from capital and related financing activities:		
Payments of interest on long-term debt	(15,487)	(18,164)
Proceeds from sale of bonds		215,628
Payment for defeasance of revenue bonds		(213,593)
Payment for bond issue costs	(31)	(2,001)
Net cash used for capital and related financing activities	(15,518)	(18,130)
Net increase in cash and cash equivalents	6	–
Cash and cash equivalents at beginning of year	–	–
Cash and cash equivalents at end of year	$ 6	$ –

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MEAD-ADELANTO PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1995
(In thousands)

	Acquisition Account	*Debt Service Account*	*Debt Service Reserve Account*	*Issue Fund*	*Total*
Balance at June 30, 1994	$ 99,330	$ 16,294	$ 16,267	$ 24,084	$ 155,975
Additions:					
Investment earnings	7,809	1,470	1,293	978	11,550
Transfer of investments		1,293	(1,293)		
Reimbursement from WAPA	28				28
Total	7,837	2,763	–	978	11,578
Deductions:					
Construction expenditures	71,033				71,033
Interest paid		7,264		8,223	15,487
Premium and interest paid on investment purchases				48	48
Bond issue costs				31	31
Total	71,033	7,264	–	8,302	86,599
Balance at June 30, 1995	$ 36,134	$ 11,793	$ 16,267	$ 16,760	$ 80,954

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of $2,976 and $6,144 at June 30, 1995 and 1994, respectively, nor do they include total amortized net investment premiums of $269 and $83 at June 30, 1995 and 1994, respectively. These balances do not include unrealized loss on funds available for sale of $171 at June 30, 1995.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MULTIPLE PROJECT FUND
SUPPLEMENTAL BALANCE SHEET
(In thousands)

	June 30, 1995	June 30, 1994
ASSETS		
Special funds:		
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994:		
Investments	$ 249,020	$ 250,819
Interest receivable	9,194	9,218
	$ 258,214	$ 260,037
LIABILITIES		
Long-term debt	$ 242,107	$ 241,427
Arbitrage rebate payable	77	3,855
Accounts payable to Mead-Phoenix Project and Mead-Adelanto Project	6,632	
Deferred credits	1,141	6,499
Current liabilities:		
Accrued interest	8,257	8,256
Commitments and contingencies		
	$ 258,214	$ 260,037

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MULTIPLE PROJECT FUND
SUPPLEMENTAL STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30, 1995	Year Ended June 30, 1994
Cash flows from operating activities	$ –	$ –
Cash flows from investing activities:		
Interest received on investments	18,470	18,335
Arbitrage payment	(3,757)	
Purchases of investments	(1,958)	(1,823)
Proceeds from sale/maturity of investments	3,757	
Net cash provided by investing activities	16,512	16,512
Cash flows from capital and related financing activities:		
Payments of interest on long-term debt	(16,512)	(16,512)
Net cash used for capital and financing activities	(16,512)	(16,512)
Net increase in cash and cash equivalents	–	–
Cash and cash equivalents at beginning of year	–	–
Cash and cash equivalents at end of year	$ –	$ –

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
MULTIPLE PROJECT FUND
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1995
(In thousands)

	Proceeds Account	*Service Account*	*Debt Earnings Account*	*Total*
Balance at June 30, 1994	$ 247,727	$ –	$ 3,092	$ 250,819
Additions:				
Investment earnings	18,208		262	18,470
Transfer to earnings account	(18,208)		18,208	
Transfer to debt service account		16,512	(16,512)	
Total	–	16,512	1,958	18,470
Deductions:				
Interest paid		16,512		16,512
Arbitrage payment			3,757	3,757
Total	–	16,512	3,757	20,269
Balance at June 30, 1995	$ 247,727	$ –	$ 1,293	$ 249,020

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of $9,194 and $9,218 at June 30, 1995 and 1994, respectively.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SAN JUAN PROJECT
SUPPLEMENTAL BALANCE SHEET
(In thousands)

	June 30, 1995	June 30, 1994
ASSETS		
Utility plant:		
Production	$ 183,309	$ 183,309
General	7,688	7,681
	190,997	190,990
Less - Accumulated depreciation	24,415	12,207
	166,582	178,783
Construction work in process	2,488	627
Net utility plant	169,070	179,410
Special funds:		
Available for sale at fair value at June 30, 1995 and amortized cost at June 30, 1994:		
Investments	28,699	26,868
Interest receivable	69	10
Cash and cash equivalents	8,274	8,639
	37,042	35,517
Accounts receivable	1,891	1,222
Materials and supplies	3,679	5,019
Costs recoverable from future billings to participants	23,063	12,169
Unrealized gain on funds available for sale	(28)	
Unamortized debt expenses, less accumulated amortization of $628 and $314	3,461	3,834
Total assets	$ 238,178	$ 237,171
LIABILITIES		
Long-term debt	$ 228,167	$ 227,871
Current liabilities:		
Accrued interest	5,994	5,994
Accounts payable	4,017	3,306
Total current liabilities	10,011	9,300
Commitments and contingencies		
Total liabilities	$ 238,178	$ 237,171

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SAN JUAN PROJECT
SUPPLEMENTAL STATEMENT OF OPERATIONS
(In thousands)

	Year Ended June 30,	
	1995	*1994*
Operating revenue:		
Sales of electric energy	$ 50,854	$ 49,000
Operating expenses:		
Other operations	316	381
Maintenance	38,511	37,564
Depreciation	9,095	9,095
Decommissioning	3,112	3,112
Total operating expenses	51,034	50,152
Operating loss	(180)	(1,152)
Investment income	1,884	1,621
Income before debt expense	1,704	469
Debt expense	12,598	12,638
Costs recoverable from future billings to participants	($ 10,894)	($ 12,169)

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SAN JUAN PROJECT
SUPPLEMENTAL STATEMENT OF CASH FLOWS
(In thousands)

	Year Ended June 30, 1995	1994
Cash flows from operating activities:		
Costs recoverable from future billings to participants	($ 10,894)	($ 12,169)
Adjustments to arrive at net cash provided by (used for) operating activities -		
Depreciation	9,095	9,095
Decommissioning costs	3,112	3,112
Amortization of debt costs	610	616
Changes in assets and liabilities:		
Interest receivable	(59)	(10)
Accounts receivable	(669)	(1,222)
Materials and supplies	1,340	(5,019)
Other assets	81	(139)
Accrued interest		5,028
Accounts payable	711	1,993
Net cash provided by operating activities	3,327	1,285
Cash flows from investing activities:		
Payments for construction of facility	(1,861)	(627)
Purchase of electric plant		(190,357)
Purchases of investments	(12,749)	(33,817)
Proceeds from sale/maturity of investments	10,918	232,331
Net cash (used for) provided by investing activities	(3,692)	7,530
Cash flows from capital and related financing activities:		
Payment of bond issue costs		(176)
Repayment of advances from participants		(10,000)
Net cash used for capital and related financing activities	—	(10,176)
Net decrease in cash and cash equivalents	(365)	(1,361)
Cash and cash equivalents at beginning of year	8,639	10,000
Cash and cash equivalents at end of year	$ 8,274	$ 8,639
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest (net of amount capitalized)	$ 11,988	$ 6,027

See notes to financial statements.

SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY
SAN JUAN PROJECT
SUPPLEMENTAL SCHEDULE OF RECEIPTS AND DISBURSEMENTS IN FUNDS
REQUIRED BY THE BOND INDENTURE FOR THE YEAR ENDED JUNE 30, 1995
(In thousands)

	Revenue Fund	*Operating Fund*	*Operating Reserve*	*Project Fund*	*Debt Service*	*Debt Service Reserve*	*Reserve & Revenue Contingency*	*Total*
Balance at June 30, 1994	$ -	$ 1,835	$ 556	$ 30	$ 5,994	$ 18,025	$ 9,057	$ 35,497
Additions:								
Investment earnings	32	66	19	4	46	1,061	384	1,612
Discount on investment purchases	10	20			110		86	226
Distribution of investment earnings	1,776	(70)	(19)		(156)	(1,061)	(470)	
Revenue from power sales	51,514							51,514
Distribution of revenues	(53,332)	39,778	(556)		11,988		2,122	
Refund from Century Power Corporation				86				86
Total	-	39,794	(556)	90	11,988	-	2,122	53,438
Deductions:								
Payment for construction		1,853		8				1,861
Administrative expenditures		38,143						38,143
Interest paid					11,988			11,988
Total	-	39,996	-	8	11,988	-	-	51,992
Balance at June 30, 1995	$ -	$ 1,633	$ -	$ 112	$ 5,994	$ 18,025	$ 11,179	$ 36,943

This schedule summarizes the receipts and disbursements in funds required under the Bond Indenture and has been prepared from the trust statements. The balances in the funds consist of cash and investments at original cost. These balances do not include accrued interest receivable of $69 and $10 at June 30, 1995 and 1994, respectively, nor do they include total amortized net investment discount of $2 and $10 at June 30, 1995 and 1994, respectively. These balances do not include unrealized gain on funds available for sale of $28 at June 30, 1995.