

**DEPARTMENT OF WATER RESOURCES**

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**MAR 13 2009**

TO: Distribution List

Assembly Bill 1X (Chapter 4, Statutes of 2001), among other things, established Section 27 of the California Water Code, authorized the Department of Water Resources (DWR) to enter into long-term contracts with power suppliers, authorized DWR to issue revenue bonds and required DWR to make quarterly and annual reports to the Governor and the Legislature regarding California Energy Resources Scheduling Divisions' (CERS) activities. The accompanying report contains results of operating activities with detail on remittance revenues, long-term power contract and administrative expenditures and CERS financial position as of June 30, 2008.

If you have any questions, please contact me at (916) 653-7007 or your staff may contact Russell Mills, Chief of Financial Management, at (916) 574-2756.

Sincerely,

A handwritten signature in black ink, appearing to read "Lester A. Snow", with a long horizontal flourish extending to the right.

Lester A. Snow  
Director

Attachments

Mr. Gregory P. Schmidt  
Secretary of the Senate  
State Capitol, Room 3044  
Sacramento, California 95814

Mr. E. Dotson Wilson  
Chief Clerk of the Assembly  
State Capitol, Room 3196  
Sacramento, California 95814

Office of the Legislative Counsel  
State Capitol, Room 3021  
Sacramento, California 95814-3772

Honorable Mike Chrisman  
Secretary for Natural Resources  
California Natural Resources Agency  
1416 Ninth Street, Room 1311  
Sacramento, California 95814

Chris Mowrer  
Deputy Secretary for Legislation  
California Natural Resources Agency  
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Michael Pro시오  
Legislative Secretary  
Governor's Office

Kasey Schimke  
Legislative Affairs Office  
Department of Water Resources

David Sandino  
Office of the Chief Counsel  
Department of Water Resources

# **California Energy Resources Scheduling**

**A Division of  
California Department of Water Resources**

**Activities and Expenditures Report  
Quarter Ended June 30, 2008**

**(Provides Data as Required by Section 80250 of the California Water Code AB1X Chapter 4, Statute 2001)**



# **Activities and Expenditures Report**

## **For The Quarter Ended June 30, 2008**

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# Activities and Expenditures Report

## Preface

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Pursuant to the reporting requirement in Section 80250 of the California Water Code, the following information reflects energy acquisition activities and expenditures incurred by the California Energy Resources Scheduling Division (CERS) of the Department of Water Resources for the second quarter of 2008. Included are all costs related to energy acquisition and administration.

CERS purchases power under the terms of its existing contracts, all of which were entered into prior to January 1, 2003. The scheduling, dispatch and certain other administrative functions for the existing contracts are managed by the investor owned utilities. CERS continues to have financial and legal responsibility for its contract portfolio and will oversee repayment of the revenue bonds.

The audited financial statements for the years ended June 30, 2007 and 2006, and the un-audited financial statements for the quarter ended June 30, 2008, prepared in accordance with generally accepted accounting principles, can be referenced at the following link: [http://www.cers.water.ca.gov/financial\\_bonds.cfm](http://www.cers.water.ca.gov/financial_bonds.cfm).

This report is available on the DWR website at [www.cers.water.ca.gov](http://www.cers.water.ca.gov).

# Cash Balances

## June 30, 2008

(in millions)

### Power Accounts

Operating and Priority Contract Accounts	\$	1,228
Operating Reserve Account		548
Total Power Account Balances	\$	<u>1,776</u>

### Bond Accounts

Bond Charge Collection Account	\$	335
Bond Charge Payment Account		283
Debt Service Reserve Account		917
Total Bond Account Balances	\$	<u>1,535</u>

**Note:** All cash balances met the requirements of the Bond Indenture at quarter end and for each day during the quarter.

# Revenues from IOU Ratepayers

## Quarter Ended June 30, 2008

(in millions)

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	Pacific Gas & Electric	San Diego Gas & Electric	Southern California Edison	Total
<u>Power Charges</u>				
Quarter Ended March 31, 3008	\$ 173	\$ 131	\$ 446	\$ 750
<u>Bond Charges</u>				
Quarter Ended March 31, 3008	\$ 85	\$ 20	\$ 92	\$ 196

# DWR Contract Expenditures for the Benefit of Ratepayers

## Quarter Ended June 30, 2008 (in millions)

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<u>Utility</u>	<u>Total Power Costs</u>	<u>Total MWh</u>	<u>Total Gas Costs</u>	<u>Total MMBtu</u>
Pacific Gas & Electric	\$ 209	3.01	\$ 7	1.99
Southern California Edison	307	6.74	264	29.83
San Diego Gas & Electric	42	1.50	64	7.58
<b>Total</b>	<b>\$ 558</b>	<b>11.25</b>	<b>\$ 335</b>	<b>39.40</b>

# Power Revenue Bonds

## June 30, 2008

(in millions)

Series	Initial Principal Amount	June 30, 2008 Outstanding Principal Amount	Interest Rate Mode
Initial Issues			
Series 2002A	\$ 6,314	\$ 2,826	Fixed
Series 2002B	1,000	1,000	Variable
Series 2002C	2,750	2,333	Variable
Series 2002D	500		
Series 2002E (Taxable)	700		
Total	<u>\$ 11,264</u>		
Refunding Issues			
Series 2005F	\$ 759	\$ 759	Variable
Series 2005G	1,835	841	Variable
Series 2008H	1,007	1,007	Fixed
Series 2008I	150	150	Variable
Series 2008J	130	330	Variable
Series 2008K	279	279	Fixed
Total	<u>\$ 4,160</u>		
Total Bonds Outstanding		<u>\$ 9,525</u>	

# Appropriated Costs

## Quarter Ended June 30, 2008

(in millions)

	Annual Budget for Fiscal Year Ended June 30, 2008	Actual Expenditures through June 30, 2008
Salaries, Benefits and Distributed Administrative Costs	\$8.4	\$6.7
Consulting Companies and Personal Service Consultants	7.2	8.0
Other Operating Expenses and Equipment	1.0	0.4
Subtotal	<u>16.6</u>	<u>15.1</u>
Allocation of State Wide Pro-Rata Costs	5.9	5.9
<b>TOTAL ADMINISTRATIVE COSTS</b>	<u><u>\$22.5</u></u>	<u><u>\$21.0</u></u>