STATE OF CALIFORNIA – CALIFORNIA NATURAL RESOURCES AGENCY

EDMUND G. BROWN JR., *Governor*

DEPARTMENT OF WATER RESOURCES
1416 NINTH STREET, P.O. BOX 942836
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(916) 653-5791

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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 Division's (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 September 30, 2010.

If you have any questions, please contact me at (916) 653-7007 or your staff may contact Gurdip Rehal, Acting Chief, Financial Management Office, at (916) 574-1299.

Sincerely,

Mark W. Cowin
Director

Attachments

Distribution List

Electronic copy of one-page summary distributed to all members of the Legislature

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Report to the Legislature
Assembly Bill 1X, Chapter 4, Statutes of 2001
Activities and Expenditures for Quarter Ended September 30, 2010

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 generators, created the Power Supply Revenue Bond program and required DWR to make quarterly and annual reports to the Governor and the Legislature regarding California Energy Resources Scheduling Division's (CERS) activities.

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 oversees repayment of the outstanding revenue bonds.

As required by Assembly Bill 1X, this report provides historical information with respect to cash receipts, disbursements, bonds outstanding and cash balances for the quarter ended September 30, 2010. There are no unexpected trends, and cash balances at the end of this quarter met or exceeded amounts required by the Trust Indenture for the Power Supply Revenue Bonds. The report also compares CERS' 2011 fiscal year appropriated costs to budget for the fiscal year ending June 30, 2011, and demonstrates that CERS' expenditures are within budget.

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