

State of California

Public Utilities Commission
San Francisco

M E M O R A N D U M

Date : February 18, 2015

To : The Commission
(Meeting of February 26, 2015)

From : Karen V. Clopton, Acting General Counsel

Subject : Approval of the February 2015 Addendum to Summary of Material Terms of Division of Water Resources (DWR) Financing Documents, to provide for refunding of a portion of DWR's Power Supply Revenue Bonds

RECOMMENDATION: Approve the attached February 2015 Addendum to Summary of Material Terms on the February 26, 2015 consent agenda.

BACKGROUND: In response to the California energy crisis, DWR issued Power Supply Revenue Bonds to pay for procurement of electricity for California's major investor-owned utilities. DWR is seeking to refund a portion of those bonds due to current market conditions which make it likely that debt service savings can be achieved by the issuance of refunding.

DISCUSSION: The attached memorandums and Addendum to Summary of Material Terms have been reviewed by Energy Division, our outside bond counsel, and Legal Division. DWR's request appears likely to reduce costs to ratepayers. We recommend that the Commission approve the attached Addendum to Summary of Material Terms on the consent agenda on February 26, 2015, so that DWR can proceed accordingly to meet its bond sale target week of March 30, 2015. More detail is provided in the attached documents.

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