1988-1989 RIVERSIDE PUBLIC UTILITIES ANNUAL REPORT

PUBLIC UTILITIES

RIVERSIDE



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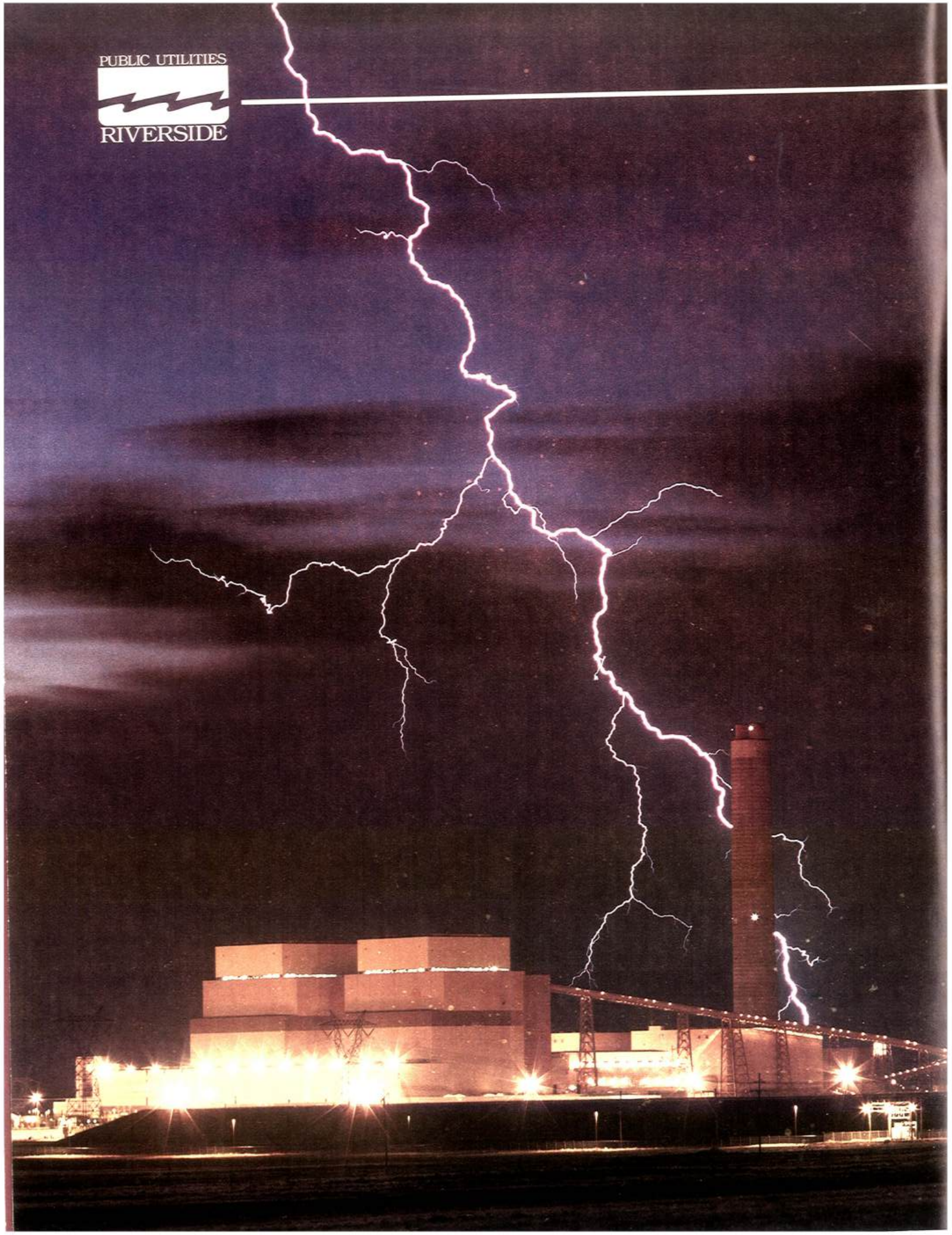
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PUBLIC UTILITIES
RIVERSIDE

A Message from the Director

The Annual Report provides an opportunity to look back over the year to highlight the achievements and measure the success of Riverside Public Utilities. Unfortunately, when it comes to measuring success, public utilities are not easily measured. There are no Super Bowls or Oscars to clearly indicate which utility is the best. There aren't even any guidebooks like those which rate such things as restaurants. If there were such a guidebook, Riverside Public Utilities would receive a five star rating.

Here's how we did it:

- ★ ***Rates*** — Rates remained unchanged for water and on July 1, 1989 we reduced rates for our electric customers. Currently, electric rates for our residential and small commercial customers are approximately 25% below those of nearby communities served by Southern California Edison. Water rates are approximately 62% of those for neighboring areas served by Eastern Municipal Water District.
- ★ ***Reliability and Service Restoration*** — In a recent customer survey, the utility received very high marks from customers in the areas of maintaining continuous service and response to outages. Our customers do not worry about electricity or water being there when they need it.
- ★ ***Direct Customer Service*** — Riverside Public Utilities has placed a great deal of emphasis on providing quality customer service. This can be seen in many forms within the utility from the courteous and helpful clerks at the counter to the crews working in the field. In 1988/89, we improved customer service with a new location. Our expanded facilities included better parking and street access in addition to doubling the number of telephone answering stations.
- ★ ***Planning for the Future*** — The Board of Public Utilities, City Council and Utilities staff have consistently planned effectively for the future, without losing sight of the necessity to provide for customer needs today. Both the water and electric utilities are in an aggressive capital expansion program to upgrade the existing system as well as build for the future.
- ★ ***Returns to the City*** — In addition to the substantial tangible benefits of creating an employee base of over 350 and purchasing goods and services exceeding $200 million per year, the Utilities provided other returns as a public power system. The General Fund of the City received approximately $8.5 million in direct support for City programs and City operations received more than $4 million in payments for shared services.

Riverside Public Utilities certainly earned its (★★★★★) rating for last year and is planning to perform even better in the future. The Utilities staff has consistently shown that they are highly skilled people who genuinely want to provide quality service in their own community. The citizens of Riverside can be justly proud of their public utility system. After all, the real beneficiaries of the success of Riverside Public Utilities are the customer-owners of the system providing service to them.

It continues to be a pleasure and an honor for me to be associated with the Riverside Public Utilities. With the dedicated Board of Public Utilities and the professional Utilities staff, no obstacle is too large to overcome and no goal is unattainable.

Bill D. Carnahan
Director



(Above) Bill D. Carnahan, Director, Riverside Public Utilities.

(Left) Riverside Public Utilities is one of the 36 public utilities to participate in the construction of Intermountain Power Project, completed in 1987.

PUBLIC UTILITIES

RIVERSIDE



The Economics of Enterprise

A Public Interest Partnership

The first duty of a public utility is to serve the public's interest. It is owned by the people it serves.

Achieving this goal requires service, financial strength, and future security. Riverside Public Utilities has met these objectives, forging a partnership with the community to share the goals and aspirations of its customer-owners.

The skills required are complex because the business of public utilities has become complex. When Riverside Public Utilities first provided customers with electricity in 1895 and water in 1913, it was enough simply to generate or buy the product and deliver it to the customers.

The Mission and the Marketplace

Today's demands are quite different. Riverside Public Utilities' mission, "the safe, reliable, environmentally sensitive and fiscally responsible" delivery of water and electricity exists in a complex marketplace.

The energy industry has become increasingly deregulated. It includes many supply options ranging from purchases in the wholesale electric power market to building and operating electric generating facilities. Farsighted, economically shrewd decision-making requires initiative and enterprise. Riverside Public Utilities has consistently demonstrated its initiative by performing in the energy marketplace to produce significant customer savings.

Strategies for Security

The circumstances of water supply in California are perhaps the most complex in North America. While Riverside residents benefit from Riverside Public Utilities' foresight in developing supplies which meet over 90% of its own needs, a secure future will also require great enterprise.

Riverside is at the heart of one of the nation's highest growth regions. By the year 2000 Riverside's population will increase from 213,000 to 235,000, straining the local water resource. Riverside Public Utilities currently buys 5% of its water to meet peak demands. Recent decreases in Colorado River and Northern California supplies make purchases of imported water an expensive and uncertain second choice.

An effective policy of water conservation coupled with an aggressive stance to protect the quality of our groundwater supplies are the keystones in Riverside Public Utilities' long term water management strategy. Wellhead treatment, reclamation and reuse, and the use of nonpotable water for landscaping and agriculture are options which can reduce or eliminate dependence on imported supplies.

A Promise of Performance

Riverside Public Utilities' ability to perform in the business world of utilities is a product of the policy leadership of its Board of Public Utilities and the knowledge and skills of its staff. The City of



(Above) This 25 ton transformer is being put in place at Orangecrest substation as a part of a $107 million 6 year Capital Improvement Program.

(Left) The water utility met 95% of its supply needs in 1988-89 from the 46 domestic wells it operates in the Riverside region.



Riverside Public Utilities Board members: (seated, left to right) Roger A. Luebs, Robert A. Krieger (chair), Esteban Soriano, (standing, left to right) Gerald M. Garat, Mary H. Curtin, Glen E. Stephens, John F. Tavaglione.



(From left to right) Riverside Public Utilities Assistant Directors: Brian G. Thomas, Finance and Administration; Michael J. Baldwin, Operations; Dieter P. Wirtzfeld, Engineering and Resources.

Riverside Energy Commission assists by providing guidance on the use of energy resources throughout the City. As partners in public service they are ever conscious that the services they provide are not luxuries but necessities: electricity to illuminate homes and drive industry, and the water which gives life to us all.

Riverside Public Utilities also goes beyond these necessities to help sustain the life of the City itself through its $8.4 million annual contribution to the City's General Fund. Our police, our fire fighters, our parks, and many other services are paid for in part by this contribution. Next year, Riverside Public Utilities will undertake two building projects that will also contribute to the local economy. Plaza Las Fuentes, a $25 million office complex in Downtown Riverside, will be constructed to house administration, engineering, and customer service under one roof. A new $5 million corporate service center will provide sorely needed operations facilities.

Riverside Public Utilities is determined to remain responsive and flexible, developing innovative and practical ways to meet the challenges posed by the City's future. Goals of community service will continue to be met with programs to maximize customer services, education and participation.

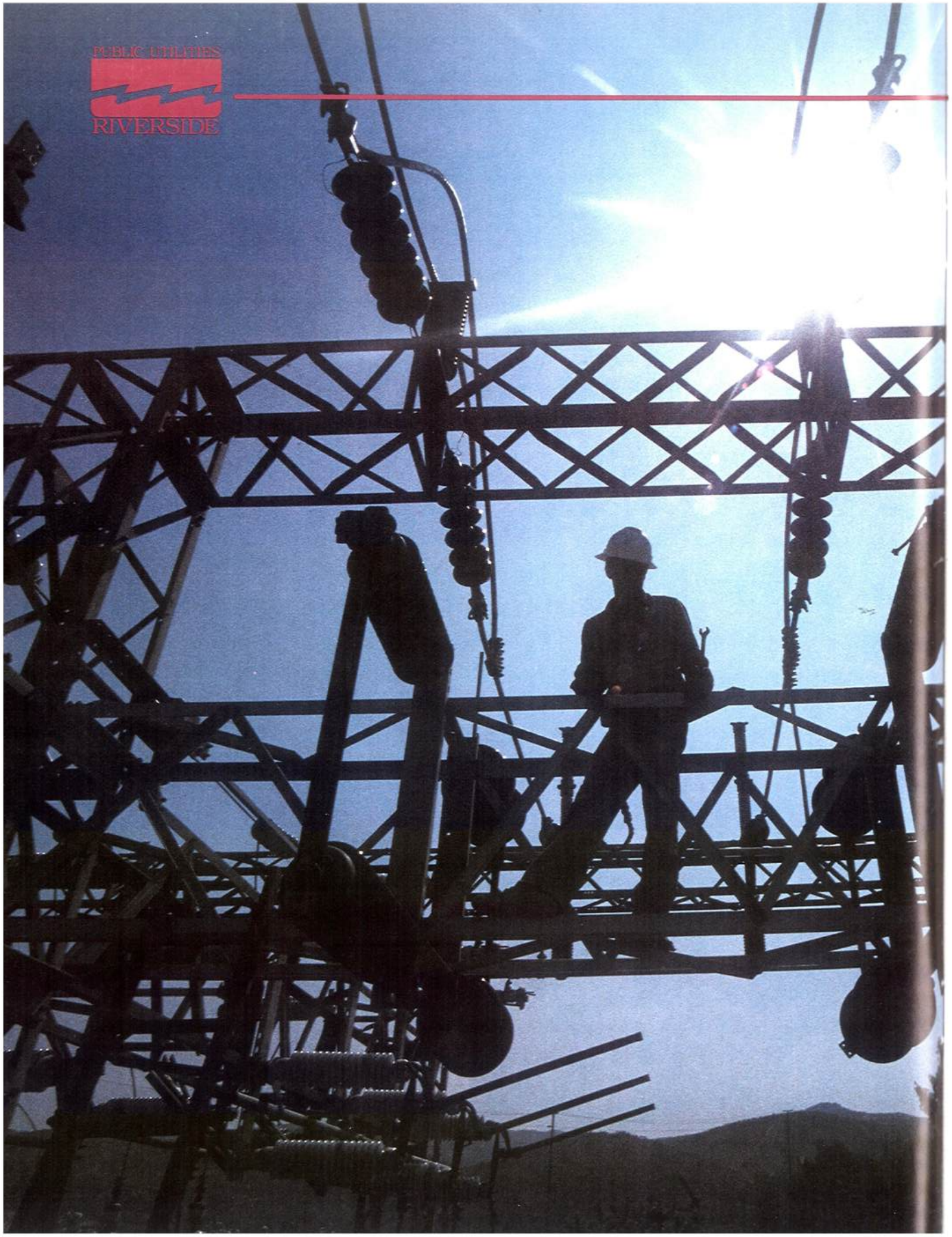
The economics of enterprise are complex. For those who dare, the future holds promise as well as challenge. Riverside Public Utilities will continue to serve the public interest, maintaining and fostering low rates and maximizing financial performance.



(Above) The City of Riverside has been providing electricity for 95 years and water for 77 years through a publicly owned utility.

1988 - 1989 FISCAL YEAR HIGHLIGHTS

	ELECTRIC		WATER	
	YEAR ENDED JUNE 30		YEAR ENDED JUNE 30	
OPERATIONS	1988	1989	1988	1989
Production	1,341 million kilowatt-hours	1,460 million kilowatt-hours	60,660 acre feet	63,948 acre feet
System peak requirements	317,600 kilowatts	367,200 kilowatts	91 million gallons	89 million gallons
Average number of customers	82,000	84,000	57,000	59,000
FINANCIAL (in thousands)				
Total operating revenues	$118,250	$119,712	$15,815	$16,482
Transfered to City of Riverside General Fund	$ 6,446	$ 6,581	$ 1,814	$ 1,835
CREDIT RATING	MOODY'S INVESTORS SERVICE		STANDARD AND POOR'S CORPORATION	
Electric Revenue Bonds	Aa		A+	
Water Revenue Bonds	A1		A+	


PUBLIC UTILITIES
RIVERSIDE

The Power of Opportunity

Managing the future, not being managed by it, has driven Riverside Public Utilities' performance in the energy marketplace.

Beginning in 1976, Riverside Public Utilities refused to depend on any single source, creating an opportunity for its future energy independence. Riverside Public Utilities has achieved the freedom to make the best deals for the power it buys. Advantageous purchases in the marketplace in combination with generating 68.2% of its own electricity in 1988-89 has consolidated Riverside Public Utilities' position as a regional leader in municipal power.

The results are tangible. Public power means savings to the public. Last year Riverside Public Utilities customer rates for both commercial and residential users averaged approximately 25% less than Southern California Edison (SCE).

Riverside Public Utilities serves as the operating agent for Azusa, Banning and Colton. Services include the scheduling and dispatching of firm and non-firm energy from various sources including the Western Systems Power Pool, at a savings of approximately $4.3 million in energy costs to those cities. These cities share the cost of Riverside Public Utilities' Power Supply Operations Center. Working together on a regional basis has reduced the cost of the center to Riverside Public Utilities' customers by 25%.

POWER SUPPLY

Performance

Having achieved the ability to generate 68% of its own supply, last year Riverside Public Utilities was free to concentrate on optimizing its power purchases. Purchased power is an important component in developing an ideal mix of resources to provide consumers with the most economical power possible.

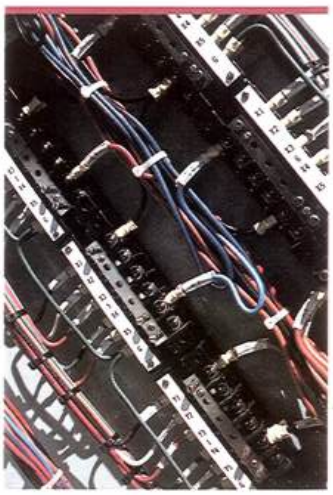
In 1988-89 the Power Supply Operations groups enhanced their ability to plan, develop, manage, and operate Power Supply Resources. This effort, including economy energy purchased in the real time marketplace, created savings of $1.9 million over normal purchases from SCE under the Integrated Operations Agreement. Sales of 150.4 million kWh of excess energy from Riverside resources resulted in $400,000 in net revenues to offset power supply costs.

Planning

A Load Forecast and Power Supply Plan developed last year led the Riverside Board of Public Utilities to adopt a plan that called for the addition of new seasonal and peaking capacity power supply contracts in 1995 and 1997. Riverside Public Utilities is negotiating with various parties to fulfill this plan.

In addition, Riverside Public Utilities executed a Power Supply Agreement for 20 MW of seasonal peaking capacity with the California Department of Water Resources (DWR). As a result, Riverside's firm power resources have increased to 266 MW of summer capacity and 246 MW of winter capacity. The DWR contract will be used to meet peak load requirements for the next five years.

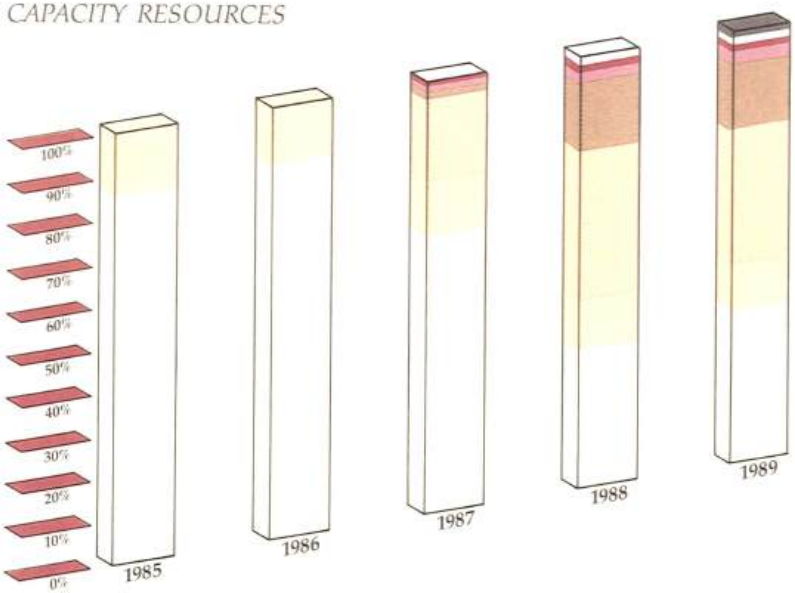
Regional transmission line projects continue as a part of a plan to assure future ability to import electricity into Southern California. Riverside Public Utilities is a participant in the California Oregon Transmission Project. This project will help provide a transmission link to inexpensive power from the Northwest. This project includes participants from every major utility in California and is expected to be in service by the mid 1990's. Riverside Public Utilities also participates in two transmission projects that will provide access to the southwest and midwest regions. These projects, the Utah-Nevada Transmission System and the Mead-Adelanto project are also expected to be completed in the next 6 or 7 years. These efforts have become critical as increasingly stringent air quality regulations governed by the SCAQMD have made the creation of local generating stations both more difficult and expensive.



(Above) Vista substation is the entry point for energy supplies to the City.

(Left) New facilities at La Colina substation are a part of the plans for a 69kV transmission line to the new Springs substation.

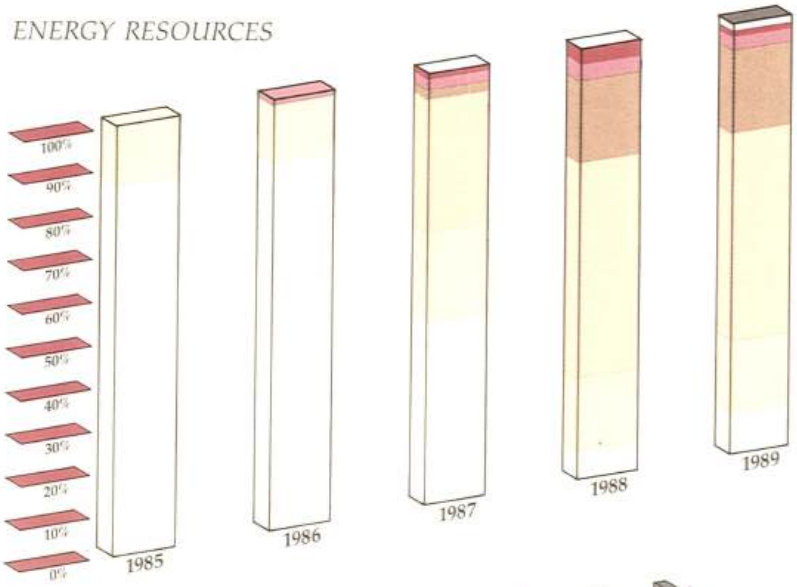
CAPACITY RESOURCES

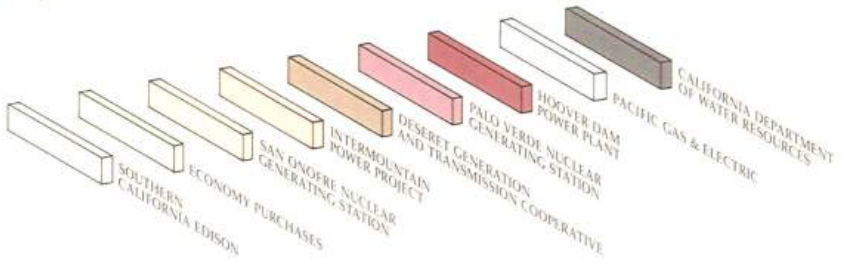




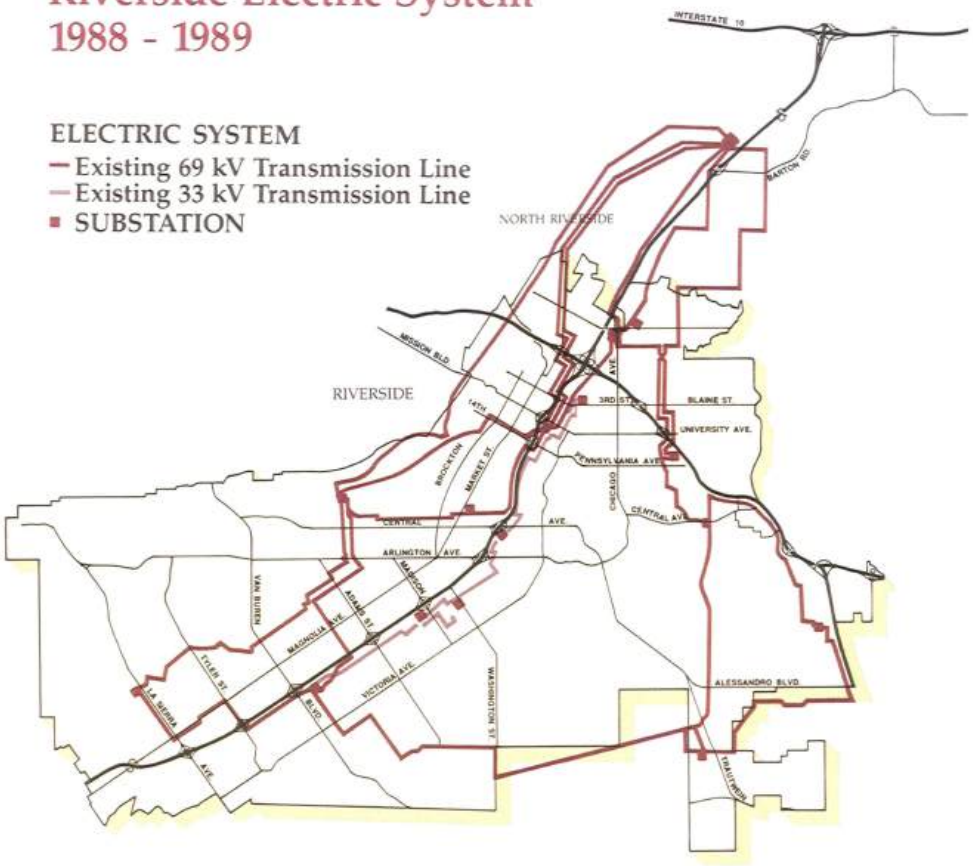
(Above) Riverside Public Utilities has 72.5 miles of transmission and 1,010 miles of distribution lines.

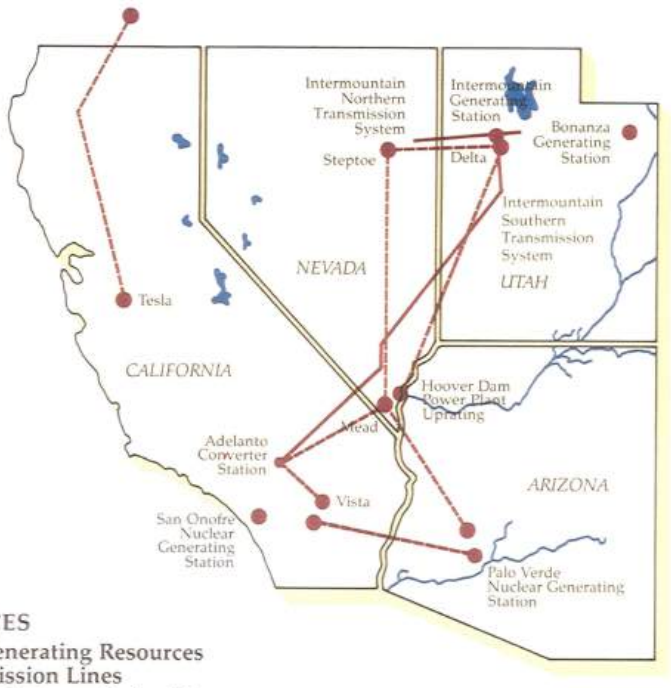
ENERGY RESOURCES





Riverside Electric System
1988 - 1989





RESOURCES
- Firm Generating Resources
- Transmission Lines
- Proposed Transmission Lines

SYSTEM SERVICES

During the 1988-89 fiscal year, Riverside Public Utilities installed 1,300 new residential and 400 new commercial/industrial services. Four circuit miles of overhead distribution lines and thirty miles of underground distribution lines were installed as a part of the system's expansion.

Twelve separate service areas, totaling two and one half square miles were acquired from SCE. Canyon Springs, a commercial/industrial development, and Lusk-Highlander, a residential project, were among the areas annexed. Annexation prior to development is indicative of Riverside Public Utilities foresight, ensuring minimum acquisition costs.

Five miles of older 4 kV overhead and underground lines were converted to more efficient 12 kV lines. The conversion program is an important part of Riverside Public Utilities' effort to meet distribution needs in an efficient manner.

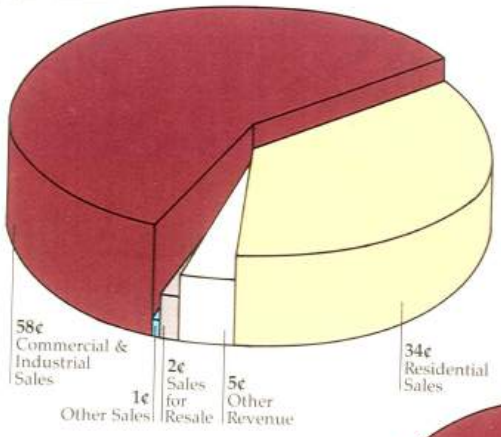
Riverside Public Utilities initiated a needs assessment for a computer aided drafting, mapping and engineering (CADME) system in early 1989. The system, accessible to all City departments, will allow Riverside Public Utilities to automate electric and water planning, design and record keeping functions. The net effect will be lower costs and better, more efficient service.

The Canyon Springs and Orangecrest substations are major features of Riverside Public Utilities 1989-1990 Capital Improvement Program (CIP). The $107 million six-year CIP fulfills a crucial mission to provide facilities for the future. Canyon Springs and Orangecrest represent a $5 million investment. They will be supplied by a 69kV transmission line from the La Colina substation.

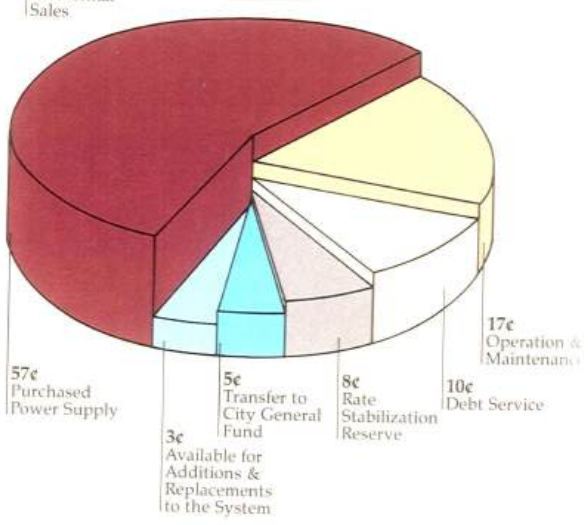
The University of California, Riverside (UCR) poses an opportunity for Riverside Public Utilities in the 1990's. As the campus increases from 8,000 to 18,000 students, it will place increasing demands on the system. In 1989 a mobile substation was installed at UCR to meet already increasing loads. Riverside Public Utilities will take advantage of this opportunity by helping to plan throughout the 1990's so the University may meet its expansion goals.

The 1988 - 1989 Electric Dollar

Source of Revenue

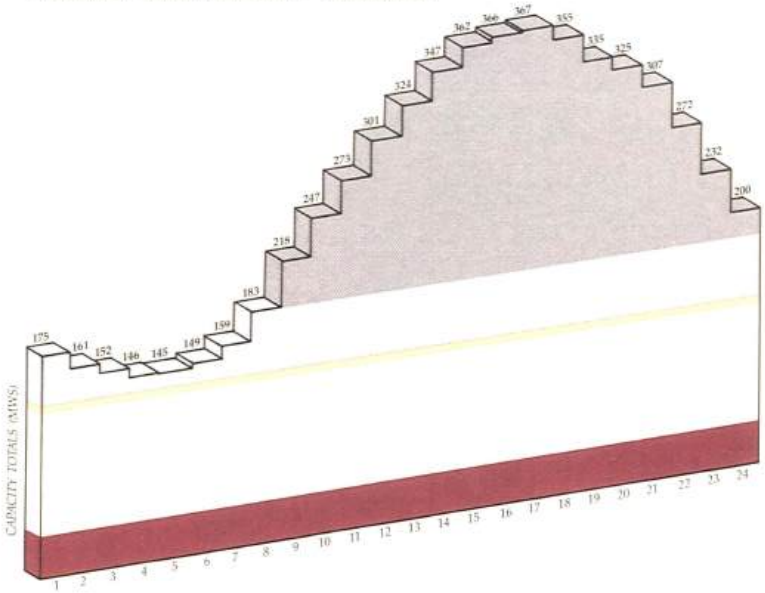


Distribution of Revenue

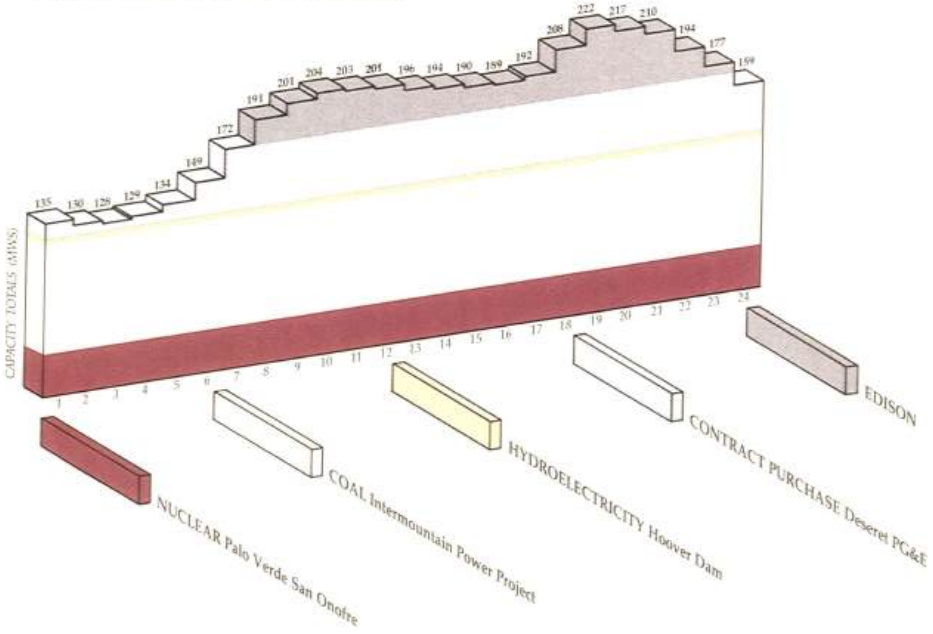


Both Orangecrest and Canyon Springs offer Riverside Public Utilities a chance to meet its goal of environmental sensitivity in a practical and meaningful way. Both substations will have low visual profiles, leaving the aesthetics of their neighborhoods undisturbed by their presence.

SUMMER PEAK CAPACITY SUMMARY



WINTER PEAK CAPACITY SUMMARY

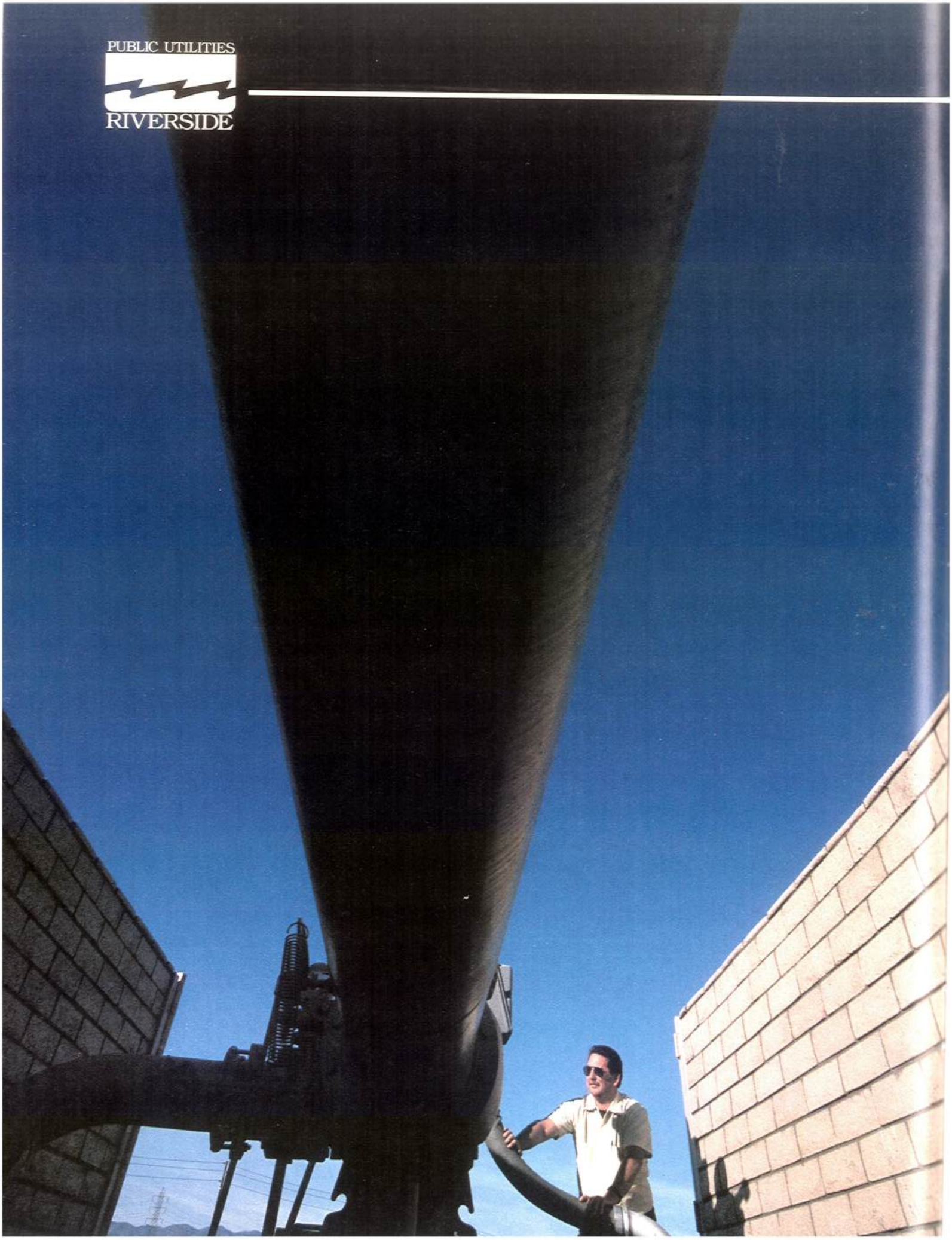




(Above) A new $5 million corporate service center will relieve crowded conditions at the existing facility.

PUBLIC UTILITIES

RIVERSIDE



Liquid Assets

Water Quality and Water Conservation will continue to drive the water supply management strategy of Riverside Public Utilities.

Riverside is uniquely fortunate among thirsty Southern California cities. It owns over 90% of its requirements. That supply is an incomparable asset. Each year 10 to 15 inches of precipitation runs off the mountains as rain or snow. It percolates through sand and gravel to create a naturally filtered water resource of very high quality. Riverside has 41 operating domestic wells which tap the resources of the Bunker Hill Basin in San Bernardino and the North Riverside Basin.

Riverside Public Utilities' water currently meets or exceeds all federal and state standards for water quality. Annually more than 3,300 samples are tested for bacteria and chemicals. But monitoring is not enough.

The Riverside Board of Public Utilities has initiated basin wide coordination and cooperation among groundwater users. This has been an important move in coping with the threat of groundwater contamination posed by chemicals at the Norton Air Force Base. Named as an EPA Superfund site, Norton has groundwater contamination which has the potential to damage Riverside's supply. Riverside Public Utilities is a regional leader in forcing action and examining decontamination and treatment alternatives.

In California, 75% of the state's precipitation falls in the north and 75% of the demand is in the semi-arid populous south. Imported water is expensive and future supplies are uncertain. Politics, drought, and competing demands have decreased both Colorado River and Northern California supplies.

Growth over the next 10 years could mean as much as 20% of our water needs will be supplied by sources other than our own wells. Water purchases on that scale raise important questions about the future.

Security of supply may encourage solutions which include wellhead treatment, reclamation, reuse, and use of nonpotable supplies for agriculture and landscaping. An aggressive conservation program is necessarily an important element in the strategy to manage the future of our water resource.

Performance

In 1988-89 Riverside Public Utilities produced 20.8 billion gallons for domestic sales. Only 5% of this production was purchased from Metropolitan Water District. Riverside Public Utilities customers again experienced excellent water quality and lower rates than surrounding water utilities.

Planning

Riverside Public Utilities continues to pursue its goal of meeting one day's peak demand with its own storage system.

This goal fulfills two purposes. It allows Riverside Public Utilities to store water against peak demands, thereby decreasing the need for purchases. It also provides additional non-peak emergency capacity in the event of a disaster such as an earthquake.

The Capital Improvement Program provides for 48 million gallons of reservoir storage to meet these objectives.



(Above) Water quality is monitored through extensive sampling at all facilities. Groundwater quality is safeguarded through a six point Water Quality Assurance Policy adopted by the Board in 1988.

(Left) Van Buren 1 and 2 are two new wells added to the water system in 1989.

SYSTEM SERVICES

Over 900 new water services were installed in 1988-89. Additional new facilities included 15.6 miles of water mains and related appurtenances, a new booster pump at the Ross Booster Pumping Station, and Phase I of the 36" Van Buren Transmission Pipeline.

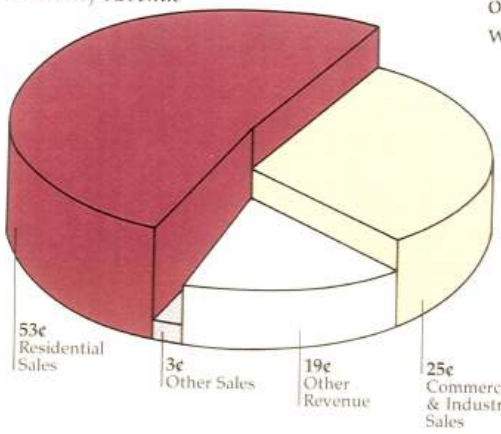
Phase II of the Van Buren Boulevard pipeline will be completed in 1990. The completed project will deliver purchased water to the Van Buren and Mockingbird Canyon reservoirs.

The Water Utility's Capital Improvement Program (CIP) reflects the need to be sensitive to the local environment and neighborhood concerns. Eight of the new reservoirs which form a part of this $78.6 million six year plan will be constructed underground. As a result, this new construction will not disturb sensitive views and neighborhood aesthetic qualities.

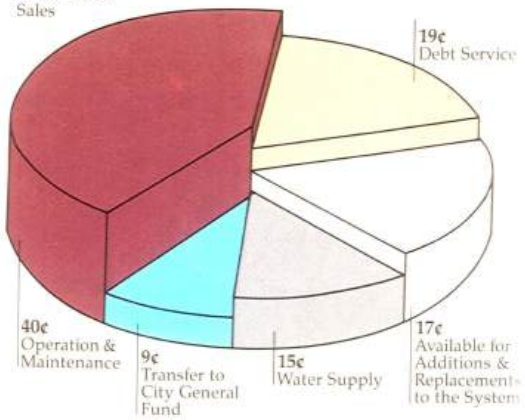
Other CIP projects include four new wells and ten replacement wells, two booster pumping stations, and the construction of additional transmission lines.

The 1988 - 1989 Water Dollar

Source of Revenue



Distribution of Revenue



Rehabilitation of 16 existing wells and the replacement of five miles of old water mains of various sizes were completed as a part of Riverside Public Utilities' ongoing upgrading and maintenance program.



(Left) Test well drilling is a part of a program to improve existing facilities and locate wells where the best quality groundwater is available.

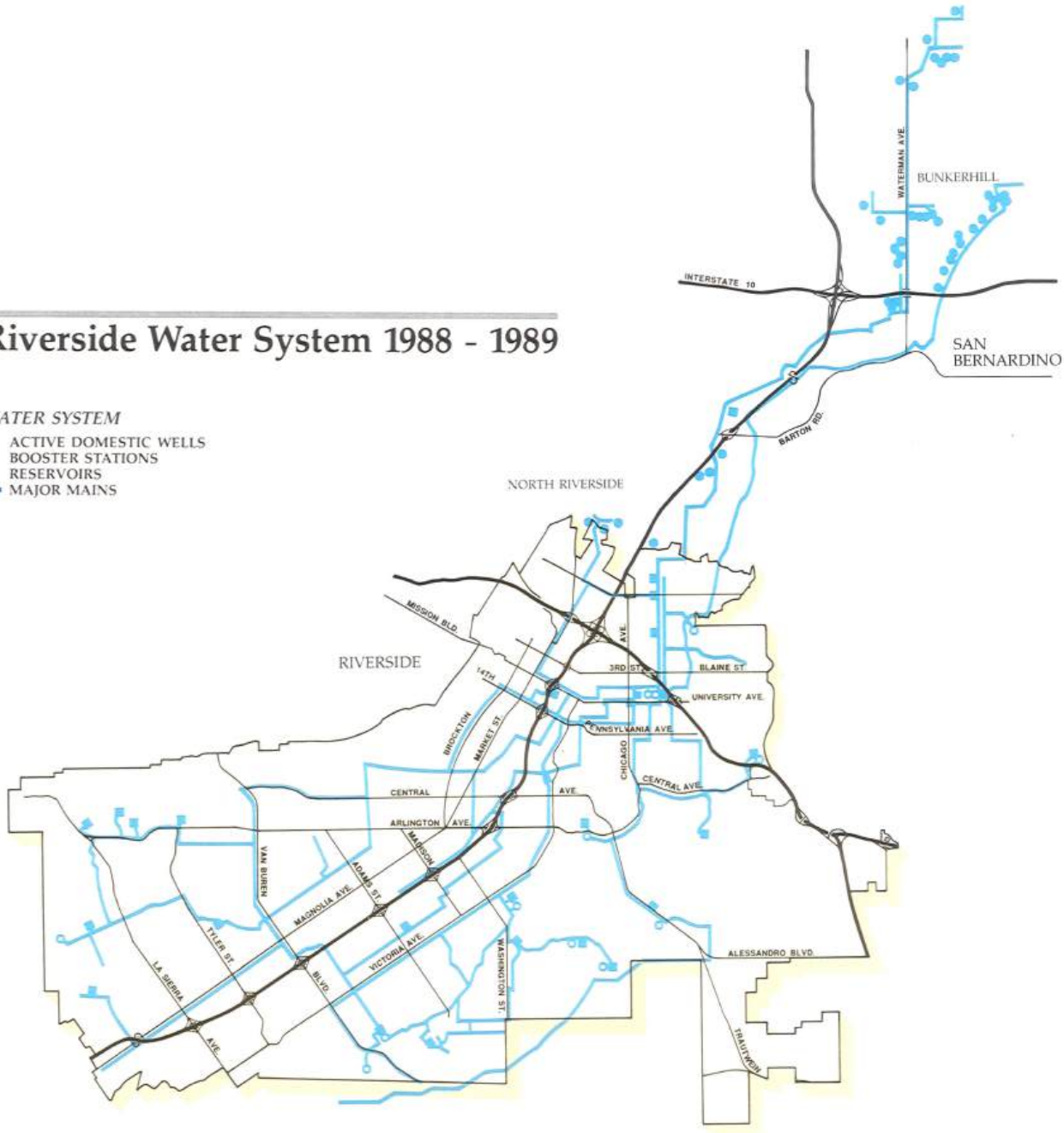
(Graph, right) Indicative of Riverside's continuing population growth, water sales have increased steadily since 1986.



Riverside Water System 1988 - 1989

WATER SYSTEM

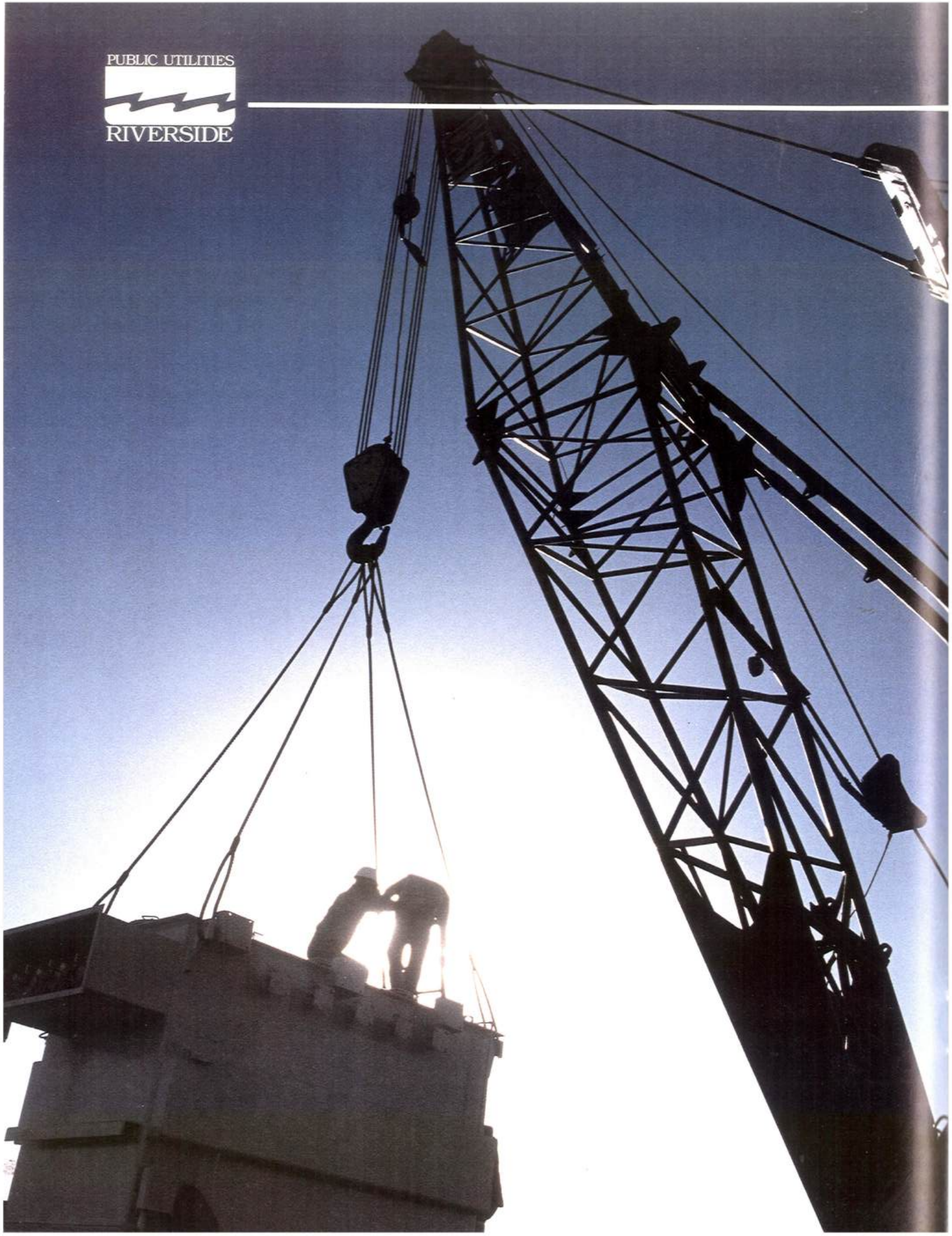
- ACTIVE DOMESTIC WELLS
- BOOSTER STATIONS
- RESERVOIRS
- MAJOR MAINS



WATER PRODUCTION 1988-1989



4.8% PURCHASED WATER	25.6% LOCAL WELLS	69.6% BUNKER HILL BASIN


PUBLIC UTILITIES
RIVERSIDE

Owned by the People It Serves

Delivering the product is only part of the picture. The business of a customer-owned utility begins with service.

And in order that service not become a hollow word it must be defined by concrete programs which streamline procedures and offer customers greater ease of access. In 1988-89 Riverside Public Utilities improved the quality of customer service significantly by greatly increasing and improving access.

Customer Service

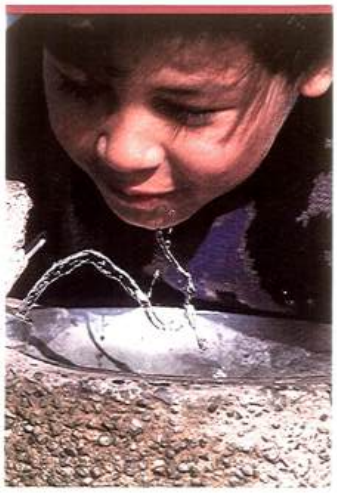
In January 1989, Customer Service moved to new quarters at University and Orange Streets in Downtown Riverside. Expanded facilities include improved parking, easy main floor entrance, increased walk-in counter service, a customer seating area, drive through payment services, and twice as many telephone answering stations.

In 1988-89 Customer Service answered 207,000 phone calls, a 30% increase, resulting from both system growth and improved access. In addition, callers experienced an 82% decrease in the incoming call waiting period.

Meter reading and service personnel were added to Customer Service Field Operations as a result of new water and electric service connections. But access is more than improving customer visits and phone calls. Access is also access to information.

Both field operations and billing will be focuses for improving customer access in 1990. Hand held electronic meter reading will improve accuracy and speed, streamlining information retrieval. Customers will benefit through easier and quicker access to account information. A new billing program is being designed to make the bills easier to read and provide more complete information on rates and charges.

Continually improving the quality of service is a strong and vital element in Riverside Public Utilities' partnership with the community.





(Above) Last year the Power Supply Operations group created savings of $1.9 million over normal SCE purchases.

(Top) Riverside Public Utilities is committed to serving its customer-owners with reliable service at stable rates.



(Above) The SCADA System is a part of a sophisticated monitoring system for the electric utility.

(Left) Capital improvements over the next 5 years will include two new substations, a 69kV addition to another, as well as additional transmission facilities.



A Public Trust

"To use its resources in an efficient manner," Riverside Public Utilities' commitment to the future is manifested not only in its operations and capital programs but in its public service programs as well.

Education

Today's market has determined that conservation play a key role in strategies to manage resources efficiently. But, improving conservation practices relies on public education.

In 1988-89 Riverside's Board of Public Utilities expanded its public education capacity by forming a Public Affairs committee to direct policy in the Utilities' public information efforts. In 1990, these efforts will result in Riverside Public Utilities first coordinated electrical demand side management and water conservation campaigns.

The decision to undertake a demand side management effort is supported by customer participation in four existing load management programs.

Riverside Public Utilities' Swimming Pool Pump Credit Program offers a monthly credit to pool owners operating their pumps during off peak hours. Approximately two-thirds of pool owning customers participate in the program.

Cool Ca$h helped 270 customers purchase energy efficient cooling systems in 1988-89, providing a rebate on the replacement of central air conditioners and heat pumps.

CHOICE, offered to 159 high use residential customers in a pilot program, provides time differentiated rates for on and off peak usage. Commercial and industrial customers able to use off peak cooling and storage technology were offered a thermal energy storage (TES) incentive program.

Other programs also showed increasing customer awareness of electrical use. Utiligraph provided 585 customers with an analysis of their home electrical use. Requests for commercial onsite audits increased 15% over 1988.

Riverside Public Utilities school education program reaches students in more than 100 classrooms with energy and water education materials each year.

In 1989, water education efforts were supported primarily by this activity. More than 800 5th graders participated in a multi-agency sponsored Water is Life Poster Contest. Riverside Public Utilities, Elsinore Valley Municipal Water District, Rancho California Water District and Western Municipal Water District combined efforts to publish the results in a school year calendar. Elementary school children also kicked off 1989's Water Awareness Week with a balloon launch on the steps of City Hall on May 1st.

In 1990, Riverside Public Utilities will undertake its first water conservation campaign directed at the general public. Coinciding with Water Awareness activities in May, the program includes brochure inserts with customer bills, newspaper advertisements and radio announcements.

Public Service

Seniors and handicapped households are the focus of a special effort by Riverside Public Utilities, the We Care/HHEARTS program. Each year, part-time senior citizen employees visit more than 1,000 homes giving conservation advice and installing weather stripping, water heater blankets, and low flow shower heads as a part of We Care/HHEARTS. Reduced Life Line rates are offered to customers on life support equipment.



(Above) Meter reading will be improved in 1990 by the introduction of hand held electronic meter reading equipment.

(Left) Riverside Public Utilities serves over 76,000 residential customers through the Electric Utility.

FINANCIAL REVIEW

Riverside Public Utilities is a model of consistent financial performance. The Electric Utility has not had a rate increase for 6 years, while the Water Utility has not increased rates since 1983. This history of stable rates is accompanied by consistently strong financial performance. Riverside Public Utilities' electric revenue bonds are rated Aa by Moody's and A+ by Standard and Poor's. The Water Utility's revenue bonds are rated A1 by Moody's and A+ by Standard and Poor's.

Riverside Public Utilities is a municipal corporation, and as part of the City of Riverside has no stockholders, pays no dividends and does not distribute earnings. Riverside Public Utilities pays for the costs of operation and debt service through revenues from our customers. Approximately 50% of annual capital expenditures are made from revenues, with the remaining capital facilities financed via electric and water revenue bonds and contributions in aid of construction.

In June of 1987, Riverside's Board of Public Utilities implemented a Rate Stabilization Account in the Electric Utility. This account was initially funded with refunds from Southern California Edison (SCE), sales of pre-release energy from San Onofre Nuclear Generating Station Units 2 & 3, and net revenues resulting from lower than anticipated power expenses. In addition, the difference between revenues and expenses flows through the Rate Stabilization Account. Careful management of the Rate Stabilization Account and control of expenses allowed the Electric Utility to reduce electric bills to our residential and small commercial customers by 8%, beginning July 1, 1989.

Riverside Public Utilities' service area continued to experience strong growth with electric customers increasing by 2.5% and water customers by 1.5%. Sales revenues in the Electric Utility increased from $123.9 million to $130.6 million, or 5.4%. Sales in the Water Utility also increased, from $15.8 million to $16.4 million. This represents an increase of 3.8%. Expenses in the Electric Utility increased from $107.2 million to $109.9 million. The increase in operating expenses was mitigated by a $20.7 million credit from the Intermountain Power Project resulting from a distribution of excess construction funds from the project. The resulting savings were included in the Rate Stabilization Account at June 30, 1989. The Water Utility experienced a slight decrease in operating costs due to lower pumping costs.

Capital expenditures in both utilities continued at a brisk pace. Construction on two new substations was initiated in the Electric Utility, along with a large number of transmission, distribution, and service additions. These expenditures totalled $14.2 million in 1988-89, up over 35% from 1987-88. In the Water Utility, capital outlays for transmission mains and distribution facilities totalled $9.4 million, doubling last year's efforts.

In addition to the costs of operation, Riverside Public Utilities pays for all services rendered by other City departments and, in accordance with the City Charter, transfers up to 11.5% of its prior year revenues to the City's General Fund. In fiscal year 1988-89, the Electric Utility transferred $6.6 million to the General Fund, while the Water Utility transferred $1.8 million.

ELECTRIC UTILITY
SELECTED FINANCIAL STATISTICS

POWER SUPPLY (mWh)

	1988/89	1987/88	1986/87	1985/86	1984/85
San Onofre	272,540	237,088	263,714	168,410	159,397
Intermountain Power	716,123	641,301	396,830		
Palo Verde	58,323	51,458	42,321		
Hoover	16,838	38,356			
Firm Contracts	229,741	292,312	156,130	7,888	
Non-Firm Contracts	111,980	63,386	202,645	228,244	153,025
Southern California Edison	54,449	20,775	196,679	803,388	892,973
Total	1,459,994	1,344,676	1,258,319	1,207,930	1,205,395
System Peak (mW)	367.2	317.6	292.2	323.4	331.6

ELECTRIC USE

Average Number of Customers					
Residential	76,087	74,195	72,197	68,579	64,506
Commercial	7,619	7,619	6,677	6,282	5,974
Industrial	196	193	330	301	243
Other	149	148	150	252	255
Total	84,051	81,705	79,354	75,414	70,978
Millions of Kilowatt-hour Sales					
Residential	503	452	431	421	427
Commercial	333	298	279	265	249
Industrial	534	480	439	449	425
Other	43	41	42	38	40
Total	1,413	1,271	1,191	1,173	1,141
Average Annual kWh per Residential Customer	6,611	6,092	5,970	6,139	6,620
Average Price (cents/kWh)	9.04	9.28	9.27	9.00	8.64
Debt as a percent of Net Plant*	85.4%	89.1%	93.6%	96.7%	81.1%
Operating income as a percent of Operating Revenues	8.2%	13.5%	19.6%	16.6%	17.7%
Employees	259	243	225	190	186

*Net plant includes Nuclear Fuel inventory and Work in Progress.

City of Riverside Electric Utility

BALANCE SHEET

	June 30	
	1989	1988
	(In Thousands)	
Assets		
Utility plant:		
Production	$111,694	$109,086
Transmission	8,206	7,370
Distribution	90,680	77,543
General	4,871	2,988
	215,451	196,987
Less accumulated depreciation	(60,903)	(53,695)
	154,548	43,292
Construction in progress	10,895	15,891
Nuclear fuel, at amortized cost	7,122	8,734
Total utility plant	172,565	167,917
Restricted assets	30,824	28,596
Current assets:		
Cash and investments	49,912	44,596
Accounts receivable, net	15,674	18,125
Accrued interest receivable	1,353	1,428
Prepaid expenses	2,964	1,349
Nuclear materials inventory	386	455
Total current assets	70,289	65,953
Other assets:		
Unamortized project costs	427	639
Total assets	$274,105	$263,105

The notes to the financial statements are an integral part of this statement.

City of Riverside Electric Utility

BALANCE SHEET

	June 30	
	1989	1988
	(In Thousands)	
Capitalization and liabilities		
Equity:		
Retained earnings		
Reserved	$17,810	$17,829
Unreserved	10,000	10,000
Total retained earnings	27,810	27,829
Contributed capital	19,692	18,374
Total equity	47,502	46,203
Long-term obligations, less current portion	144,665	146,897
Total capitalization	192,167	193,100
Non-current liabilities:		
Decommissioning liability	3,014	767
Rate stabilization account (less current portion)	40,428	45,381
Total non-current liabilities	43,442	46,148
Current liabilities payable from restricted assets:		
Accrued interest payable	2,628	2,681
Current portion of long-term obligations	2,959	2,750
Total current liabilities payable from restricted assets	5,587	5,431
Current liabilities:		
Accounts payable	8,643	10,457
Accrued liabilities	3,426	2,983
Rate stabilization account	20,840	4,986
Total current liabilities	32,909	18,426
Commitments and contingencies		
Total capitalization and liabilities	$274,105	$263,105

The notes to the financial statements are an integral part of this statement.

City of Riverside Electric Utility

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the Fiscal Years Ended	June 30	
	1989	1988
	(In Thousands)	
Operating revenues:		
Residential	$46,836	$42,877
Commercial and industrial	80,190	75,037
Sales to other utilities	2,344	4,965
Other	1,243	1,000
Provision for rate stabilization	(10,901)	(5,629)
Total operating revenues	119,712	118,250
Operating expenses:		
Purchased power	78,699	81,280
Other	18,843	14,835
Maintenance	4,516	3,821
Depreciation and amortization	7,804	7,232
Total operating expenses	109,862	107,168
Operating income	9,850	11,082
Non-operating revenues (expenses):		
Interest income	5,938	5,671
Interest expense	(10,727)	(10,779)
Loss on retirement of utility plant	(97)	(70)
Other	1,598	613
Non-operating revenues (expenses)	(3,288)	(4,565)
Income before operating transfers	6,562	6,517
Operating transfer out:		
General fund contribution	(6,581)	(6,446)
Net income (loss)	(19)	71
Retained earnings, July 1 as restated	27,829	27,758
Retained earnings, June 30	$27,810	$27,829

The notes to the financial statements are an integral part of this statement.

City of Riverside Electric Utility

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Fiscal Years Ended	June 30	
	1989	1988
	(In Thousands)	
Sources of working capital:		
Operations:		
Net income (loss)	($19)	$71
Expenses not requiring current outlay of financial resources:		
Depreciation and amortization	7,804	7,232
Loss on retirement of utility plant	97	70
Amortization of nuclear fuel	2,276	1,715
Provision for decommissioning liability	2,247	298
Decrease in unamortized project costs	212	
Working capital provided by operations	12,617	9,386
Increase in contributed capital	1,318	1,387
Increase in current liabilities payable from restricted assets	156	212
Decrease in restricted assets		5,753
Increase in rate stabilization account		9,964
Total sources of working capital	14,091	26,702
Uses of working capital:		
Acquisition of utility plant	14,164	10,484
Reduction of long-term obligations	2,232	2,342
Purchase of nuclear fuel	662	3,693
Increase in restricted assets	2,227	
Decrease in rate stabilization account	4,953	
Total Uses of Working Capital	24,238	16,519
Net increase (decrease) in working capital	($10,147)	$10,183
Component elements of net increase (decrease) in working capital:		
Cash and investments	$5,316	$10,499
Receivables, net	(2,526)	2,501
Prepaid expenses	1,615	(4,016)
Nuclear materials inventory	(69)	(96)
Accounts payable	1,814	(2,605)
Accrued liabilities	(443)	(436)
Rate stabilization account	(15,854)	4,336
Net increase (decrease) in Working Capital	($10,147)	$10,183

The notes to the financial statements are an integral part of this statement.

City of Riverside Electric Utility NOTES TO FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 1989

1. Summary of Significant Accounting Policies

The Electric Utility exists under, and by virtue of, the City Charter enacted in 1883, and is a component unit of the City of Riverside (City). The Electric Utility is responsible for the generation, transmission and distribution of electric power for sale in the City.

A. Basis of Accounting

The Financial Statements of the Electric Utility are presented in conformity with generally accepted accounting principles as applicable to governments and substantially in conformity with accounting principles prescribed by the Federal Energy Regulatory Commission, except for the method of accounting for contributed capital described below. The Electric Utility is not subject to the regulations of the Federal Energy Regulatory Commission.

B. Utility Plant and Depreciation

All utility plant is valued at historical cost or estimated historical cost, if actual historical cost is not available. Contributed plant is valued at its estimated fair market value on the date contributed. Cost includes labor, materials, allocated indirect charges such as engineering, supervision, construction and transportation equipment, retirement plan contributions and other fringe benefits, and certain administrative and general expenses. The cost of relatively minor replacements are included in maintenance expense.

Depreciation is provided over the estimated useful lives of the related assets using the straight line method. The estimated useful lives are as follows:

Production Plant	30 years
Transmission and Distribution Plant	20-50 years
Equipment	5-15 years

C. Nuclear Fuel

The Electric Utility amortizes the cost of nuclear fuel to expense using the "as burned" method. In accordance with the Nuclear Waste Disposal Act of 1982, the Electric Utility is charged one mill per kilowatt-hour of energy that is generated by the City's share of San Onofre Nuclear Generating Station's Units 2 and 3 to provide for estimated future storage and disposal of spent fuel. The Electric Utility pays this fee to its operating agent, Southern California Edison Company, on a quarterly basis.

D. Nuclear Decommissioning

Federal regulations require the Electric Utility to provide for the future decommissioning of its ownership share of the nuclear units at San Onofre. The Electric Utility has established a reserve fund for the decommissioning of the nuclear power plant and restoration of the beach front at San Onofre. The Electric Utility funds the reserve and recognizes expense over the useful life of the generating plant. Decommissioning is projected to commence around 2015. To date, the Electric Utility has set aside $3,014,000 in cash and investments as its estimated share of the decommissioning cost of the San Onofre Nuclear Generating Station. Based on a cost estimate completed by Southern California Edison (SCE) the utility plans to set aside approximately $1,377,000 per year to fund this liability.

E. Cash and Investments

The City Treasurer deposits idle funds in accordance with Section 53601 of the California Government Code and the City's general investment policy. In accordance with the City's policy, the Electric Utility's cash and investments are invested in a pool managed by the Treasurer of the City. The Electric Utility does not own specific, identifiable investments of the pool. At June 30, 1989, cost approximated the market value of the Electric Utility's share of pooled cash and investments. The bank balance was covered by federal depository insurance or by collateral held in the pledging bank's trust department for the benefit of the City. At June 30, 1989, the City has

invested principally in medium term and floating rate notes, certificates of deposit and U.S. Treasury obligations which were insured, registered or collateralized, with securities held by the City or its agent in the City's name. Investments held at June 30, 1989 under Repurchase and Reverse Repurchase Agreements and Investments in Deferred Compensation Plans were uninsured and unregistered with securities held by the counter-party or by its trust department or agent but not in the City's name. Disclosure of the legal and contractual provisions of the City's investment policy and carrying amounts by type of investment categorized by credit risk may be found in the notes to the City's "Comprehensive Annual Financial Report" for the fiscal year ended June 30, 1989.

F. Revenue Recognition

The Electric Utility uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Electric Utility customers are billed monthly. Unbilled electric service charges are recorded at year end and are included in accounts receivable. Unbilled accounts receivable totalled $5,111,000 at June 30, 1988 and $4,631,000 at June 30, 1989. An allowance for doubtful accounts is maintained for utility and miscellaneous accounts receivable. The balance in this account is adjusted at fiscal year end to approximate the amount anticipated to be uncollectible. The balance in the allowance acount was $733,000 at June 30, 1988 and $854,000 at June 30, 1989. During the fiscal year, accounts determined to be uncollectible are recorded as bad debt expense.

G. Inventories

The City maintains a separate Central Stores inventory. The Electric Utility expenses items as they are drawn out of Central Stores. As such, the Electric Utility does not include inventories on its financial statements.

H. Contributed Capital

Under the provisions of the City Charter, amounts received from customers and others for constructing utility plant are combined with retained earnings to represent equity. Accordingly, contributed capital is shown in the accompanying balance sheet as an equity account and is not offset against utility plant. Depreciation provided for the related utility plant is expensed.

I. Compensated Absences

The accompanying financial statements include accruals for salaries, fringe benefits and compensated absences due employees at June 30, 1989. The Electric Utility treats compensated absences due employees as a current liability.

Employees receive ten to twenty vacation days a year based upon length of service. A maximum of two years vacation can be accumulated and unused vacation may be redeemed for cash upon separation.

Employees receive one day of sick leave for each month of employment with unlimited accumulation. Employees who terminate for reasons other than retirement or death lose all accumulated sick leave. Upon retirement or death, a percentage of unused sick leave is paid to certain employees or their estates in a lump sum based on longevity. Employees hired in the general bargaining unit after July 1, 1979 cannot redeem unused sick leave. A liability is recognized for the portion of accumulated sick leave benefits which is estimated to be settled upon retirement or death.

J. Self-Insurance Program

The Electric Utility participates in a self-insurance program for workers' compensation and general liability coverage which is administered by the City. The Electric Utility pays an amount to the City representing an estimate of amounts to be paid for reported claims incurred and unreported claims based upon past experience, modified for current trends and information.

While the ultimate losses incurred through June 30, 1989 are dependent upon future developments, the Utility's management believes that amounts paid are sufficient to cover such losses.

K. Deferred Compensation and Employees' Retirement Plans

Deferred Compensation Plan:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits deferral of a portion of employee salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employees or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

Employees' Retirement Plan:

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agency for participating public entities within California. All permanent full-time and selected part-time employees are eligible for participation in PERS. Benefits vest after five years of service and are determined by a formula that considers the employee's age, years of service and salary. As an example, employees may retire at age 60 and receive 2 percent of their highest average annual salary for each year of service completed. Employees retiring at age 50 to 59 receive a lesser

percentage for each year of service. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance.

Employee contributions are 7 percent, while the Utility is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by the PERS actuaries and consultants and adopted by the PERS Board of Administration. These benefit provisions and all other requirements are established by state statute and City ordinance. The Utility pays both the employee and employer contributions. Allocation of PERS financial data related to the Electric Utility is not available. City wide information concerning elements of unfunded pension benefit obligation, contributions to PERS for the year ended June 30, 1989, and recent trend information may be found in the notes to the City's "Comprehensive Annual Financial Report" for the fiscal year ended June 30, 1989.

L. Rate Stabilization Account

The Electric Utility's rules and regulations provide for a Rate Stabilization Account (RSA) which is used to offset changes in the cost of power. Wholesale rate refunds and over or under collections of revenues resulting from the difference between the Electric Utility's actual costs of supplying electric power and energy and the amount billed to customers through existing rates are recorded in the RSA. The amount of the RSA is determined in accordance with a formula based on retained earnings not exceeding the required reserve for debt service plus a $10,000,000 reserve for working capital. The Electric Utility's fiscal 1989-90 budget includes the recognition of revenues in the amount of $20,840,000 from the RSA to be used to offset fiscal year 1989-90 rate increases. Customer billings were reduced by $418,000 during the year ended June 30, 1989 through credits to customer power bills.

M. General Fund Contribution

Pursuant to the City Charter, the Electric Utility may transfer up to 11.5 percent of its prior year's gross operating revenues to the City's General Fund. In fiscal years 1987-88 and 1988-89 the Electric Utility transferred 5.6 percent of the prior year's gross operating revenues to the General Fund. This amounted to $6,446,000 in 1987-88 and $6,581,000 in 1988-89.

N. Budgets and Budgetary Accounting

The Electric Utility presents, and the City Council adopts, an annual budget. The proposed budget includes estimated expenditures and forecasted revenues. The City Council adopts the Electric Utility's budget at its last meeting in June via an adopting resolution. The Electric Utility's budgeted expenditures for fiscal year 1988-89 amounted to $140,487,000 while the adopted 1989-90 budget totals $158,141,000.

O. Restatements and Reclassifications

Effective for the fiscal year ending June 30, 1987, the Board of Public Utilities, (Board) and City Council combined the Power Cost Adjustment Balancing Account and Edison Refund Account into the Rate Stabilization Account, which was presented as a liability for the year then ended. In fiscal year 1988 management believed that this account should be presented as reserved retained earnings and accordingly, financial statements for fiscal year 1987 were restated to reflect this presentation.

During fiscal year 1989, the Board of Public Utilities and management reconsidered the appropriateness of classifying the RSA in fiscal year 1988 as reserved retained earnings. The intent of the Board is to refund to customers, over future periods, amounts previously received by the Electric Utility as reductions in the cost of purchased power and other items. Accordingly, the RSA has been retroactively classified as a liability in fiscal year 1989. Retained earnings as of July 1, 1987, net income for fiscal year 1988 and the RSA (liability) as of June 30, 1988 were restated as follows (in thousands):

	As previously Reported	Change	As Restated
Retained earnings as of July 1, 1987	$ 72,496	($ 44,738)	$ 27,758
Net income for fiscal year 1988	5,700	(5,629)	71
Rate stabilization account (liability as of June 30, 1988)	—	50,367	50,367

As a result of the aforementioned reclassification, the Electric Utility recorded, as a reduction of operating revenues, a provision for Rate Stabilization in the amount of $18,237,000 for the fiscal year ended June 30, 1987. Prior to this reclassification, the Electric Utility reported net income in fiscal year 1987 of $9,104,000 and a debt service coverage ratio of 2.22. After this reclassification, the Electric Utility reported a fiscal year 1987 net loss of $9,133,000 and a debt service coverage ratio of 1.10. During the fiscal years 1987 through 1989, all debt service payments were made when due.

Certain other reclassifications have been made to the prior year's financial statements to conform with the current year's presentation.

2. *Long-Term Obligations*

The following is a summary of changes in long-term obligations of the Electric Utility for the year ended June 30, 1989 (in thousands):

	Balance July 1, 1988	Increase	Decrease	Balance June 30, 1989
Certificates of participation	$437	$765	$223	$979
Revenue bonds payable	149,210		2,565	146,645
Total	$149,647	$765	$2,788	$147,624

Annual debt service requirements to maturity as of June 30, 1989 are as follows (in thousands):

	1990	1991	1992	1993	1994	Thereafter	Total
Certificates of participation	$223	$198	$185	$164	$97	$112	$979
Bond interest payable	10,396	10,159	9,902	9,640	9,370	108,642	158,109
Bond principal payable	2,735	2,905	3,110	3,320	3,575	131,000	146,645
	$13,354	$13,262	$13,197	$13,124	$13,042	$239,754	$305,733

The Electric Utility's share of outstanding Certificates of Participation are due in annual installments through January 1, 1996; interest rates range from 5.75 percent to 9.4 percent.

Revenue bonds payable at June 30, 1989 are as follows:

$80,000,000 1980 Electric Revenue serial bonds due in annual installments from $850,000 to $1,250,000 through October 1, 1993; interest from 8.1 percent to 10.0 percent $5,175,000

$9,070,000 1980 Electric Revenue Refunding serial bonds due in annual installments from $470,000 through October 1, 1993; interest from 8.1 percent to 10.0 percent $2,350,000

$35,000,000 1983 Electric Revenue serial bonds due in annual installments from $395,000 to $680,000 through October 1, 1995; interest from 8.5 percent to 10.5 percent $3,725,000

$16,500,000 1985 Electric Revenue bonds; $6,110,000 serial bonds due in annual installments from $295,000 to $650,000 through October 1, 2000; interest from 6.5 percent to 8.3 percent; $4,155,000 term bonds due October 1, 2005 at 8.4 percent; and $6,235,000 term bonds due October 1, 2010 at 8.5 percent $15,720,000

$121,025,000 1986 Electric Revenue Refunding Serial A bonds; $36,410,000 serial bonds due in annual installments from $725,000 to $4,740,000 through October 1, 2001; interest from 5.0 percent to 6.8 percent, $15,705,000 term bonds due October 1, 2004 at 7.0 percent; and $68,910,000 term bonds due October 1, 2013 at 7.0 percent $119,675,000

Total Electric Revenue Bonds Payable $146,645,000

The Electric Utility's bond indentures require the Utility to maintain a debt service coverage ratio as defined by the bond covenants of 1.25. The Electric Utility's debt service coverage ratio was 1.90 at June 30, 1989.

3. *Reserved Retained Earnings*

A reserve for debt service has been established pursuant to applicable bond indentures. The reserve for debt service at June 30, 1989 is equal to the maximum annual debt service required in future years plus three months' interest and nine months' principal due in the next fiscal year.

4. *Litigation*

In April, 1985, Southern California Edison Company filed a lawsuit in the amount of $4,747,000 regarding costs related to nuclear fuel purchases made by Edison for San Onofre Nuclear Generating Station Units 2 and 3. The City believes that this claim is without merit and has denied the claim. This case is proceeding and no opinion as to the probable outcome can be rendered at this time. No amounts have been accrued for this contingency in the accompanying financial statements.

On March 2, 1978, the Cities of Anaheim, Riverside, Banning, Colton

and Azusa filed an action in the Federal District Court for the Central District of California alleging that Edison was involved in a conspiracy to restrain and monopolize trade and price discrimination, all in violation of the Sherman Antitrust Act and the Robinson-Patman Price Discrimination Act. This case was completed in October 1986, and the parties are currently awaiting the judge's decision.

Rate Cases and Other Proceedings

The City is a party plaintiff intervenor in various rate cases and other proceedings affecting the Electric Utility. The City does not believe that any of these proceedings will have an adverse effect upon the financial condition of the Electric Utility.

The Electric Utility is a defendant in various lawsuits arising in the normal course of business. Management, based in part on the opinion of outside legal counsel, does not believe that the ultimate resolution of these matters will have a material effect on the financial position or results of operations of the Electric Utility.

5. *Commitments*

A. *Take or Pay Contracts*

The Electric Utility has entered into a Power Sales Contract with the Intermountain Power Agency (IPA) for the delivery of electric power. The Electric Utility's share of IPA power is equal to 7.6 percent of the generation output of IPA's 1,600 megawatt coal-fueled generating station, located in Central Utah.

The contract constitutes an obligation of the Electric Utility to make payments solely from operating revenues. The Power Sales Contract requires the Electric Utility to pay certain minimum charges which are based on debt service requirements. Such payments are considered a cost of purchased power.

As of July 1, 1988, an amendment to the IPA bond resolution provided for the use of surplus construction funds to reduce power costs to purchasers. As a participant in the project, the Electric Utility received $20,700,000 of these surplus funds in the form of credits on its power bill. These credits have been included in the Rate Stabilization Account and will be used to offset future rate increases.

The Electric Utility is a member of the Southern California Public Power Authority (SCPPA), a joint powers agency. SCPPA provides for the financing and construction of electric generating and transmission projects for participation by some or all of its members. To the extent the Electric Utility participates in projects developed by SCPPA, the Electric Utility will be obligated for its proportionate share of the cost of the project. The projects and the Electric Utility's proportionate share of SCPPA's obligations are as follows:

Project	Percent Share
Palo Verde Nuclear Generating Station	5.4 percent
Southern Transmission System	10.1 percent
Hoover Dam Uprating	31.9 percent

As part of the take or pay commitments with IPA and SCPPA, the Electric Utility has agreed to pay its share of current and long-term obligations. Payment for these obligations will be made from operating revenues received during the year that payment is due. Interest rates on the outstanding debt associated with the take or pay obligations range from 5.0 percent to 8.5 percent. The following schedule details the amount of principal which is due and payable by the Electric Utility for each project in the fiscal year indicated.

Principal Payments (in thousands)

Year Ending June	Intermountain Power Project	SCPPA: Palo Verde Nuclear Generating Station	SCPPA: Southern Transmission System	SCPPA: Hoover Uprating	Total
1990	$3,570	$776	$588	—	$4,934
1991	3,825	824	999	—	5,648
1992	4,984	882	1,065	—	6,931
1993	5,177	947	1,141	—	7,265
1994	5,658	1,018	1,223	156	8,055
Thereafter	384,924	52,680	98,071	10,787	546,462
Total	$408,138	$57,127	$103,087	$10,943	$579,295

B. Power Sales Agreements

The Electric Utility has executed three firm Power Sales Agreements. These agreements allow the Electric Utility to purchase capacity and energy to offset purchases from SCE. The agreements are with the Deseret Generation and Transmission Co-operative (Deseret) of Sandy, Utah, the Pacific Gas and Electric Company (PG&E) and the California Department of Water Resources (CDWR). The agreement with Deseret is a fixed price purchase of 46.7 megawatts of firm capacity and associated energy for a period of eight years, ending December 31, 1994. The agreement with PG&E is a purchase of 5 megawatts of firm capacity and associated energy, renewable on an annual basis. The agreement with CDWR is a purchase of 20 megawatts of firm capacity and associated energy during the months of May through October each year, which was initiated on May 1, 1989 and expires on October 31, 1993. The CDWR contract may be terminated upon one year's notice by either party. The sale and acceptance of capacity and energy is contingent upon available transmission service.

C. Joint Ventures

Pursuant to a Settlement Agreement with SCE, dated August 4, 1972, the City was granted the right to acquire a 1.79 percent ownership interest in San Onofre Nuclear Generating Station (SONGS) Units 2 and 3. Pursuant to the Settlement Agreement, SCE agreed to provide the necessary transmission service to deliver the output of SONGS to Riverside. SCE and the City entered into the SONGS Participation Agreement which sets forth the terms and conditions under which the City, through the Electric Utility, participates in the ownership and output of SONGS. Maintenance and operation of SONGS remains the responsibility of SCE, as operating agent for the City.

The Electric Utility's share of the capitalized construction cost and operating expenses is included in the Electric Utility financial statements. As of June 30, 1989, Riverside's 1.79 percent share of the capitalized construction costs for SONGS totaled $111,695,000 with accumulated depreciation of $21,312,000. The Electric Utility's portion of current and long term debt associated with SONGS is included in the accompanying financial statements.

As a participant in SONGS, the Electric Utility could be subject to assessment of retrospective insurance premiums in the event of a nuclear incident at San Onofre or any other licensed reactor in the United States.

Report of Independent Accountants

November 17, 1989

To the City Council and Board of Public Utilities of the City of Riverside, California

In our opinion, the accompanying balance sheet and the related statements of operations and retained earnings and of changes in financial position, after the restatement described in Note 1, present fairly, in all material respects, the financial position of the City of Riverside Electric Utility at June 30, 1989 and 1988, and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the management of the City of Riverside; 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.

As described in Note 1, the Rate Stabilization Account has been reclassified from retained earnings to a liability retroactive to June 30, 1987.

Price Waterhouse

WATER UTILITY
SELECTED FINANCIAL STATISTICS

WATER SUPPLY (acre-ft)

	1988/89	1987/88	1986/87	1985/86	1984/85
Pumping	60,815	57,446	57,267	53,314	53,623
Purchases	3,133	3,214	3,417	3,454	2,702
Total	63,948	60,660	60,684	56,768	56,325
% Pumped	95.2%	94.7%	94.4%	93.9%	95.2%
System Peak Day (gals)	89,248,000	90,858,000	86,025,000	92,894,000	82,946,000

WATER USE

Average Number of Customers					
Residential	52,076	51,018	50,132	49,212	48,270
Commercial/Industrial	3,862	3,757	3,670	3,553	3,504
Other	3,237	2,942	2,528	2,603	2,504
Total	59,175	57,717	56,330	55,368	54,278
CCF Sales					
Residential	16,527,248	15,156,174	15,417,373	14,616,402	14,493,140
Commercial/Industrial	8,266,856	7,805,421	7,896,845	7,184,416	6,521,106
Other	564,663	1,254,534	1,511,726	1,696,000	1,362,218
Total	25,358,767	24,216,129	24,825,944	23,496,818	22,376,464
Average Annual CCF per Residential Customer	317	297	308	297	300
Average Price (cents/ccf)	61.2	63.5	62.5	62.0	62.3
Debt as a percent of Net Plant	42.73%	47.50%	47.96%	52.70%	36.30%
Operating income as a percent of Operating Revenues	16.0%	6.0%	12.8%	13.6%	8.9%
Employees	129.5	124.5	119.5	122.0	116.0

City of Riverside Water Utility

BALANCE SHEET

	June 30	
	1989	1988
	(In Thousands)	
Assets		
Utility plant:		
Source of supply	$10,500	$10,308
Pumping	4,642	4,478
Treatment	319	316
Transmission and distribution	94,632	86,235
General	3,260	2,770
Intangible	5,542	5,543
	118,895	109,650
Less accumulated depreciation	(33,836)	(31,273)
	85,059	78,377
Construction in progress	7,527	7,453
Total utility plant	92,586	85,830
Restricted Assets	5,239	5,615
Current Assets:		
Cash and investments	33,556	30,821
Accounts receivable, net	1,909	2,039
Accrued interest receivable	666	710
Total current assets	36,131	33,570
Other assets	151	160
Total assets	$134,107	$125,175

The notes to the financial statements are an integral part of this statement.

City of Riverside Water Utility

BALANCE SHEET

	June 30	
	1989	1988
	(In Thousands)	
Capitalization and liabilities		
Equity:		
Retained earnings		
Reserved	$5,239	$5,302
Unreserved	25,266	23,124
Total retained earnings	30,505	28,426
Contributed capital	61,624	53,365
Total equity	92,129	81,791
Long-term obligations, less current portion	37,890	39,198
Total capitalization	130,019	120,989
Current liabilities payable from restricted assets:		
Accrued interest payable	648	665
Current portion of long-term obligations	1,674	1,571
Total current liabilities payable from restricted assets	2,322	2,236
Current liabilities:		
Accounts payable	401	821
Accrued liabilities	1,365	1,129
Total current liabilities	1,766	1,950
Commitments and contingencies		
Total capitalization and liabilities	$134,107	$125,175

The notes to the financial statements are an integral part of this statement.

City of Riverside Water Utility

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

For the Fiscal Years Ended	June 30	
	1989	1988
	(In Thousands)	
Operating revenues:		
Water sales		
Residential	$10,861	$10,400
Commercial	5,043	4,971
Other	578	444
Total operating revenues	16,482	15,815
Operating expenses:		
Operations	6,361	7,168
Maintenance	1,806	1,486
Purchased energy	2,190	1,987
Purchased water	833	843
Depreciation	2,659	2,416
Total operating expenses	13,849	13,900
Operating income	2,633	1,915
Non-operating revenues (expenses):		
Interest income	2,985	2,779
Interest expense	(2,666)	(2,738)
Loss (gain) on retirement of utility plant	59	(48)
Other	903	882
Total non-operating revenues (expenses)	1,281	875
Income before operating transfers	3,914	2,790
Operating transfer out:		
General fund contribution	(1,835)	(1,814)
Net income	2,079	976
Retained earnings, July 1	28,426	27,450
Retained earnings, June 30	$30,505	$28,426

The notes to the financial statements are an integral part of this statement.

City of Riverside
Water Utility

STATEMENT OF CHANGES IN FINANCIAL POSITION

For the Fiscal Years Ended	June 30	
	1989	1988
	(In Thousands)	
Sources of working capital:		
Operations:		
Net income	$2,079	$976
Expenses not requiring current outlay of financial resources:		
Depreciation and amortization	2,659	2,416
(Gain) loss on retirement of utility plant	(59)	48
Amortization of debt issuance costs	10	9
Working capital provided by operations	4,689	3,449
Increase in contributed capital	8,259	4,716
Decrease in restricted assets	375	4,162
Increase in current liabilities payable from restricted assets	86	29
Total sources of working capital	13,409	12,356
Uses of working capital:		
Acquisition of utility plant	9,356	4,506
Reduction of long-term obligations	1,308	1,458
Total uses of working capital	10,664	5,964
Net increase in working capital	$2,745	$6,392
Component elements of net increase (decrease) in working capital:		
Cash and investments	$2,735	$6,904
Receivables, net	(174)	62
Accounts payable	420	(351)
Accrued liabilities	(236)	(223)
Net increase in working capital	$2,745	$6,392

The notes to the financial statements are an integral part of this statement.

City of Riverside Water Utility
NOTES TO FINANCIAL STATEMENTS

Fiscal Year Ended June 30, 1989

1. Summary of Significant Accounting Policies

The Water Utility exists under, and by virtue of, the City Charter enacted in 1883, and is a component unit of the City of Riverside (City). The Water Utility is responsible for the production, transmission and distribution of water for sale in the City.

A. Basis of Accounting

The Financial Statements of the Water Utility are presented in conformity with generally accepted accounting principles as applicable to governments and substantially in conformity with accounting principles prescribed by the California Public Utilities Commission, except for the method of accounting for contributed capital described below. The Water Utility is not subject to the regulations of the California Public Utilities Commission.

B. Utility Plant and Depreciation

All utility plant is valued at historical cost or estimated historical cost, if actual historical cost is not available. Contributed plant is valued at its estimated fair market value on the date contributed. Cost includes labor, materials, allocated indirect charges such as engineering, supervision, construction and transportation equipment, retirement plan contributions and other fringe benefits, and certain administrative and general expenses. The cost of relatively minor replacements are included in maintenance expense.

Depreciation is provided over the estimated useful lives of the related assets using the straight line method. The estimated useful lives are as follows:

Supply Pumping and Treatment Plant	20-50 years
Transmission and Distribution Plant	30-50 years
General Plant and Equipment	5-50 years

C. Cash and Investments

The City Treasurer deposits idle funds in accordance with Section 53601 of the California Government Code and the City's general investment policy. In accordance with the City's policy, the Water Utility's cash and investments are invested in a pool managed by the Treasurer of the City. The Water Utility does not own specific, identifiable investments of the pool.

At June 30, 1989, cost approximated the market value of the Water Utility's share of pooled cash and investments. The bank balance was covered by federal depository insurance or by collateral held in the pledging bank's trust department for the benefit of the City. At June 30, 1989, the City has invested principally in medium term and floating rate notes, certificates of deposit and U.S. Treasury obligations which were insured, registered or collateralized with securities held by the City or its agent in the City's name. Investments held at June 30, 1989 under Repurchase and Reverse Repurchase Agreements and Investments in Deferred Compensation Plans were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name. Disclosure of the legal and contractual provisions of the City's investment policy and carrying amounts by type of investment categorized by credit risk may be found in the notes to the City's "Comprehensive Annual Financial Report" for the fiscal year ended June 30, 1989.

D. Revenue Recognition

The Water Utility uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Water Utility customers are billed monthly. Unbilled water service charges are recorded at year end and are included in Accounts Receivable. Unbilled accounts receivable totaled $723,000 at June 30, 1988 and $750,000 at June 30, 1989.

An allowance for doubtful accounts is maintained for utility and miscellaneous accounts receivable. The balance in this account is adjusted at fiscal year end to approximate the amount anticipated to be uncollectible. The balance in the allowance account was $215,000 at June 30, 1988 and $212,000 at June 30, 1989. During the fiscal year, accounts determined to be uncollectible are recorded as bad debt expense.

E. Inventories

The City maintains a separate Central Stores inventory. The Water Utility expenses items as they are drawn out of Central Stores. As such, the Water Utility does not include inventories on its financial statements.

F. Contributed Capital

Under the provisions of the City Charter, amounts received from customers and others for constructing utility plant are combined with retained earnings to represent equity. Accordingly, contributed capital is shown in the accompnaying balance sheet as an equity account and is not offset against utility plant. Depreciation provided for the related utility plant is expensed.

G. Compensated Absences

The accompanying financial statements include accruals for salaries, fringe benefits and compensated absences due employees at June 30, 1989. The Water Utility treats compensated absences due employees as a current liability.

Employees receive ten to twenty vacation days a year based upon length of service. A maximum of two years vacation can be accumulated and unused vacation may be redeemed for cash upon separation.

Employees receive one day of sick leave for each month of employment with unlimited accumulation. Employees who terminate for reasons other than retirement or death lose all accumulated sick leave. Upon retirement or death, a percentage of unused sick leave is paid to certain employees or their estates in a lump sump based on longevity. Employees hired in the general bargaining unit after July 1, 1979 cannot redeem unused sick leave. A liability is recognized for the portion of accumulated sick leave benefits which is estimated to be settled upon retirement or death.

H. Self-Insurance Program

The Water Utility particiaptes in a self-insurance program for workers' compensation and general liability coverage which is administered by the City. The Water Utility pays an amount to the City representing an estimate of amounts to be paid for reported claims incurred and unreported claims based upon past experience, modified for current trends and information.

While the ultimate losses incurred through June 30, 1989 are dependent upon future developments, the Utility's management believes that amounts paid are sufficient to cover such losses.

I. Deferred Compensation and Employees' Retirement Plans

Deferred Compensation Plan:

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits deferral of a portion of employee salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employees or other beneficiary) solely the property and rights of the City, subject only to the claims of the City's general creditors. Participants' rights under the plan are equal to those of general creditors of the City in an amount equal to the fair market value of the deferred account for each participant.

Employees' Retirement Plan:

The City contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agency for participating public entities within California. All permanent full-time and selected part-time employees are eligible for participation in PERS. Benefits vest after five years of service and are determined by a formula that considers the employee's age, years of service and salary. As an example, employees may retire at age 60 and receive 2 percent of their highest average annual salary for each year of service completed. Employees retiring at age 50 to 59 receive a lesser percentage for each year of service. PERS also provides death and disability benefits. These benefit provisions and all other requirements are established by state statute and City ordinance.

Employee contributions are 7 percent, while the Utility is required to contribute the remaining amounts necessary to fund the benefits for its members using the actuarial basis recommended by the PERS actuaries and consultants and adopted by the PERS Board of Administration. These benefit provisions and all other requirements are established by state statute and City ordinance. The Utility pays both the employee and employer contributions. Allocation of PERS financial data related to the Electric Utility is not available. City wide information concerning elements of unfunded pension benefit obligation, contributions to PERS for the year ended June 30, 1989, and recent trend information may be found in the notes to the City's "Comprehensive Annual Financial Report" for the fiscal year ended June 30, 1989.

J. General Fund Contribution

Pursuant to the City Charter, the Water Utility may transfer up to 11.5 percent of its prior year's gross operating revenues to the City's General Fund. In Fiscal Years 1987-88

and 1988-89 the Water Utility transferred 11.5 percent of gross operating revenues, or $1,814,000 and $1,835,000 respectively.

K. *Budgets and Budgetary Accounting*

The Water Utility presents, and the City council adopts, an annual budget. The proposed budget includes estimated expenditures and forecasted revenues. The City Council adopts the Water Utility's budget at its last meeting in June via an adopting resolution. The Water Utility's budgeted expenditures for fiscal year 1988-89 amounted to $27,087,000 while the adopted 1989-90 budget totals $29,952,000.

L. *Reclassifications*

Certain reclassifications have been made to the prior year's financial statements to conform with the current year's presentation.

2. *Long-Term Obligations*

The following is a summary of changes in long-term obligations of the Water Utility for the year ended June 30, 1989 (in thousands):

	Balance July 1, 1988	Increase	Decrease	Balance June 30, 1989
Certificates of participation	$485	$249	$182	$552
Contracts payable	1,329	3		1,332
Revenue bonds payable	38,955		1,275	37,680
Total	$40,769	$252	$1,457	$39,564

The annual requirements to amortize all debt outstanding (including interest) as of June 30, 1989 are as follows (in thousands):

	1990	1991	1992	1993	1994	Thereafter	Total
Certificates of participation and contracts payable	$319	$316	$245	$204	$184	$616	$1,884
Bond interest payable	2,538	2,459	2,374	2,284	2,190	18,306	30,151
Bond principal payable	1,355	1,425	1,505	1,540	1,615	30,240	37,680
Total	$4,212	$4,200	$4,124	$4,028	$3,989	$49,162	$69,715

The Water Utility's share of outstanding Certificates of Participation are due in annual installments through January 1, 1996; interest rates range from 5.75 percent to 9.4 percent.

Contracts payable at June 30, 1989 consist of Water Stock acquisition rights payable on demand to various water companies.

Revenue bonds payable at June 30, 1989 are as follows:

$1,000,000 1980 Water Revenue Series 2 serial bonds due in annual installments from $35,000 to $40,000 through February 1, 1996; interest from 3.7 percent to 3.75 percent $265,000

$3,500,000 1967 Water Revenue Series A series bonds due in annual installments from $110,000 to $130,000 through June 1, 2002; interest from 4.15 perent to 4.25 percent $1,510,000

$1,500,000 1969 Water Revenue serial bonds due in annual installments from $50,000 through December 1, 1999; interest from 6.8 percent to 7.0 percent $550,000

$5,000,000 1972 Water Revenue serial bonds due in annual installments from $180,000 to $325,000 through May 1, 2002; interest from 3.0 percent to 5.6 percent $3,115,000

$6,900,000 1973 Water Revenue serial bonds due in annual installments from $235,000 to $435,000 through August 1, 2003; interest from 5.30 percent to 5.75 percent $4,750,000

$5,000,000 1974 Water Revenue serial bonds due in annual installments from $155,000 to $310,000 through December 1, 2004; interest from 7.25 percent to 7.5 percent $3,525,000

$2,000,000 1976 Water Revenue serial bonds due in annual installments from $55,000 to $145,000 through February 1, 2006; interest from 5.9 percent to 6.25 percent $1,470,000

$3,000,000 1977 Water Revenue serial bonds due in annual installments from $80,000 to $225,000 through February 1, 2007; interest from 5.0 percent to 5.75 percent $2,280,000

$6,600,000 1978 Water Revenue serial bonds due in annual installments from $175,000 to $410,000 through April 1, 2008; interest from 5.1 percent to 5.8 percent $5,060,000

$15,900,000 1985 Water Revenue bonds,

$5,845,000 serial bonds due in annual installments from $280,000 to $625,000 through October 1, 2000; interest from 6.6 percent to 8.4 percent; $4,010,000 term bonds due October 1, 2005, interest at 8.5 percent; and $6,045,000 term bonds due October 1, 2010, interest at 8.6 percent $15,155,000

Total Water Revenue Bonds Payable $37,680,000

The Water Utility's bond indentures require the Utility to maintain a debt service coverage ratio, as defined by the bond covenants, of 1.50. The Water Utility's debt service coverage ratio was 2.34 at June 30, 1989.

3. Reserved Retained Earnings

A reserve for debt service has been established pursuant to applicable bond indentures. The reserve for debt service at June 30, 1989 is equal to the maximum annual debt service required in future years plus accrued interest and principal due in the next fiscal year.

4. Litigation

The Water Utility is a defendant in various lawsuits arising in the normal course of business. Management, based in part on the opinion of outside legal counsel, does not believe that the ultimate resolution of these matters will have a material effect on the financial position or results of operations of the Water Utility.

Report of Independent Accountants

November 17, 1989

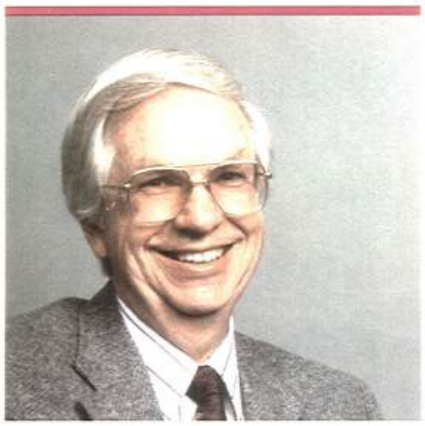
To the City Council and Board of Public Utilities of the City of Riverside, California

In our opinion, the accompanying balance sheet and the related statements of operations and retained earnings and of changes in financial position present fairly, in all material respects, the financial position of the City of Riverside Water Utility at June 30, 1989 and 1988, and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the management of the City of Riverside; 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.

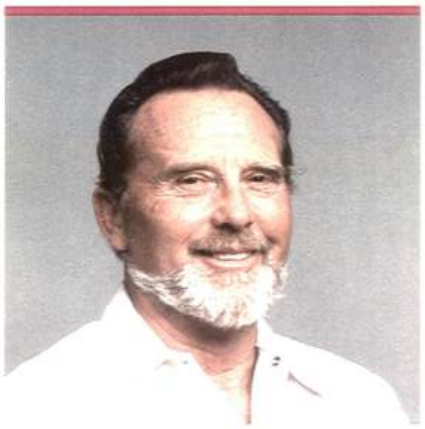
Price Waterhouse



Employee Recognition



Kenneth Anderson



Lawson (Bob) Satterfield

The staff at Riverside Public Utilities is a team of talented and committed professionals who serve their community in the highest tradition of public utilities. Beginning this year, Riverside Public Utilities takes the opportunity to recognize employees who reach 5 year service benchmarks in their careers.

In 1988-89, two employees completed 35 years of service. Kenneth Anderson joined Riverside Public Utilities as a junior draftsman. As he pursued his engineering career he rose in the Water Utility to become Water Systems Operations Manager. During the past thirty-five years, Ken has demonstrated his extensive leadership abilities and knowledge of Riverside's water system. He is a dedicated and loyal employee who has made numerous contributions to the operation of the Water Utility. These attributes, coupled with his State-recognized backflow prevention excellence, make Ken an outstanding Public Utilities employee.

When he began his career in 1954, Lawson (Bob) Satterfield was the third generation of Satterfields to work for the Riverside Water Company. When the City purchased the Riverside Water Company in 1964, Bob entered Public Utilities as Crew Leader, and soon worked his way through the classifications to his current position of Water Service Supervisor. Bob's enjoyment of his job is reflected by the good work he does, and the respect he receives from his co-workers.

Riverside Public Utilities Employees

(June 30, 1989)

Antoine S. Abu Shabakeh
Ernest W. Adams
Richard E. Adams
Wendy E. Adams
Raymond S. Aguilar
Richard C. Aguilera
Jerry C. Alexander, Jr.
David A. Alfaro
Laura D. Ammermon
Arthur V. Anaya
Doris R. Anderson
Kenneth A. Anderson
Guillermo Armenta
Alfred Arredondo
Christopher Avila
Robert S. Ayers, Jr.
Nora L. Aylward
Helen M. Azevedo
Mary S. Babin
John J. Bailey
Charles F. Baldwin
Michael J. Baldwin
Del R. Ballard
Frederick H. Barkley
Robert L. Barnekow
Ron W. Barry
Vahid Bazel
Ronald F. Becker
William D. Bedford, Jr.
Frances L. Beliveau
Harold J. Bell
Walter N. Bell, Jr.
Gary L. Bender
Dwight H. Benner
Bruce C. Benter
Jacqueline M. Bishop
Matthew Blais
Charles R. Bluemel
Craig W. Bostrom
Fernand R. Boucher
Gregory J. Bowers
Robert D. Bowes
Brian G. Bozarth
Robert Bracken
Thomas G. Bradshaw
Jeanette L. Brown
Michael L. Brown
Patrick D. Brown
Robert H. Brown
Willie L. Brown
Gerald R. Burton
David W. Butler
Jerry G. Byrd
Randell S. Carder
Maria A. Carlton
Bill D. Carnahan
Carlos Castro
Leon Chagolla
Ann R. Chaudhury
Joseph Chavez
Gail L. Chavez Muench
Joseph S. Chavez
Thomas K. Clarke
Jeffrey D. Clausen
Cheryl L. Clelland
Danny L. Clemons
James F. Coleman
Donald J. Colgan
Thomas J. Collins
Linda S. Comerly
Mark S. Connor
Cecil J. Cox
Glenn M. Cox
Alan D. Craig
Billie J. Crumley, Jr.
Arnold J. Cruz
Jackie L. Cunningham
Carl R. Danzek
James H. Deal
Robert Delgado
John T. Denham
Gregory M. Diaz
Peter F. Diaz
Richard J. Dickinson
Kerry W. Dittler
Richard W. Dolenar
Patricia J. Doonan
Russell J. Douse
Richard S. Drobek
Malcolm N. Duckett
David W. Eich
John J. Enderson
Richard L. Ennis
Mark S. Ensign
John A. Erickson
William E. Fagan
Patrick E. Fahey
Scott L. Faust
Pauline G. Finn
Ronald T. Fiske
Frank R. Fitzgerald
Ronald D. Frost
Gerald A. Gandara
David V. Garcia
Raoul B. Garcia
Yolanda C. Garcia
Steven V. Garcia
Thomas D. Garcia
Joseph A. Garozzo
Richard Gastelum
Anita L. Gatter
Paul R. Gearhart
Thomas R. Gibbins
George F. Gielish
Robert B. Gill
Arthur P. Gomez
Daniel M. Gomez
Veronica Gomez
Ronald W. Goodermuth
James G. Grady
Marilyn J. Grayston
Richard J. Greenwalt
Bacilio Gutierrez, Jr.
Luciano Guzman
John W. Hair
Ronald J. Ham
William L. Hannah
Patrick B. Hannifin
Edward P. Hansen
James H. Harmon
Robert W. Harper
Sherwin L. Harris
William W. Harris, Jr.
Lee A. Hartman
Wanda F. Hedlund
Alfred W. Heinen
James P. Henke
Patricia J. Henwood
Juan R. Hernandez
Lorraine H. Hernandez
Victor H. Hernandez
Victoria M. Herrera Ortiz
Richard A. Hinojosa
Edward K. Hogerty
Richard E. Holmes
Keith A. Hoover
James T. Hornbarger
Richard W. Houser
Woodrow Hoye
Ross Hrinko
Gloria M. Humphrey
Kenneth L. Humphrey
Roger L. Hunt
Daniel Hurtado
Tam T. Huynh
Marvin L. Infante
Roger S. Jackson
Nicolaas J. Jacobs
Lester W. Jameson, Jr.
Raymond G. Jaure
John N. Johnson
James E. Johnson
Lila M. Johnson
Sam R. Johnson
Steven T. Johnson
Wayne L. Johnson
Robert A. Joranco
Chris A. Joranco
Aileen M. Keller
George E. Kelley
Jesse K. Kent
Andrew J. Kirkland, Jr.
David R. Knapp
Gus W. Knie
Randal A. Koers
Edward L. Kostjal, Jr.
Steven E. Lafond
Pamela M. Lawrence
David C. Lawson
Judy G. Leigh
Ruben M. Leivas
Mary A. Lemon
Jeffrey J. Lewis
Peter T. Lin
Paul A. Lindsay
David M. Little
Connie L. Lizarraga
Lydann R. Lord
Robert L. Lovell
Henry A. Loya
Robert L. Lucas
Michael H. Luitwieler
Tom D. Macklin
Tammy J. Mader
Arthur P. Madril
Jaime J. Magby
Babaloloa Makinde Odus
George E. Manuel
Barry W. Marshall
Tommie Marshall
Christine Martino
Peggy I. Mayer
Christina M. McCaslin
Daniel L. McClenathan
Alison L. McDaniel
Barbara L. McDonald
Kurt McDonald
Margery I. McDowell
Lois G. McGinnis
Richard D. McGrath
Kenneth B. McGregor
Jeffrey K. McKown
Martin W. McLeod
Richard K. McKinny
David M. McLellan
Larry D. Meester
Ismael E. Mercado
Madalyn M. Mieldazis
Eddie R. Milholland
Claudie R. Miller
Donald P. Miller
Roy A. Miller
Kevin S. Milligan
William K. Modesitt
Odell Moncrief
Arthur R. Montano II
Robert A. Montano
Philip M. Montefu
Carol A. Morabito
Kevin D. Munns
Gregory L. Myers
Ray D. Neal, Jr.
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