

M-S-R Public Power Agency

MEETING OF THE COMMISSION

Wednesday, March 21, 2012, 12:00 noon
Navigant Consulting, Inc.
3100 Zinfandel Drive, Suite 600, Sierra Room
Sacramento, California

AGENDA

Distribution:

<u>Commissioners & Alternate Commissioners</u>	<u>Others</u>
Modesto:	Lisa Gast
Allen Short	Steve Gross
Roger Van Hoy (Alt)	Lou Hampel
Greg Salyer (Alt)	Alan Hockenson
Santa Clara:	Martin Hopper ¹
Pat Kolstad	Ed Oborn
John Roukema ¹ (Alt)	Jan Pepper
Redding:	Pete Scanlon
Francie Sullivan	Cindy Worley
Tim Nichols ¹ (Alt)	file/er/msr
	Rin Helzerman ¹

¹ Please post agenda.

M-S-R Public Power Agency

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AGENDA

Any member of the public who desires to address the Commission on any item considered by the Commission at this meeting before or during the Commission's consideration of that item shall so advise the Chair and shall thereupon be given an opportunity to do so.

1. Call to Order
2. Roll Call
3. *Approve meeting minutes of January 18, 2012* (attached)
4. Report on summary of invoices paid totaling \$27,427,614.47 (attached)
5. Finance (Ed Oborn/Lou Hampel)
 - a. December 2011 Unaudited Preliminary Financial Statements (attached)
 - b. February 2012 Treasurer's Report (attached)
6. Projects and Activities (Alan Hockenson)
 - a. San Juan Project Status Report (attached)
 - b. Southwest Transmission Projects Status Report (attached)
 - c. Pacific Northwest Projects Status Report (attached)
7. M-S-R Public Power Agency General Manager's Report (attached, Martin Hopper)
8. *Discussion and possible action regarding Annual Risk Management Report* (attached, Martin Hopper)
9. *Discussion and Possible Action Regarding Amendment to Navigant Consulting Inc. Professional Services Agreement* (attached, Martin Hopper)

10. ***Discussion and Possible Action Regarding 2012 San Juan Coal Pricing - Resolution 2012-01*** (attached, Martin Hopper)
11. Closed Session
 - a. Closed Session Pursuant to Government Code Section 54956.9(a) - Conference with Legal Counsel – Existing Litigation (ER11-3697, EL11-44, and 12-OIR-1-NRDC), Three cases
 - b. Closed Session Pursuant to Government Code Section 54956.9(b) - Conference with Legal Counsel - Anticipated Litigation, Significant Exposure to Litigation, Three cases
 - c. Closed Session Pursuant to Government Code Section 54956.9(c) - Conference with Legal Counsel - Anticipated Litigation, Decision on Whether to Initiate Litigation, One case
12. Announcement from Closed Session
13. Public Comment
14. ***Confirm date and time of next meeting***
15. Adjourn

ALTERNATE FORMATS OF THIS AGENDA WILL BE MADE AVAILABLE UPON REQUEST TO QUALIFIED INDIVIDUALS WITH DISABILITIES.

**M-S-R PUBLIC POWER AGENCY
DRAFT MINUTES
MEETING OF THE COMMISSION
JANUARY 18, 2012**

The Commission of the M-S-R Public Power Agency (M-S-R PPA) met January 18, 2012, at the offices of Navigant Consulting, Inc. (NCI), 3100 Zinfandel Drive, Sacramento, CA. Present from Modesto Irrigation District (MID) were Allen Short, Lou Hampel, and Ed Oborn; present from Santa Clara were Pat Kolstad and John Roukema; present from Redding was Tim Nichols. Also present were General Counsel Steven C. Gross; General Manager Martin R. Hopper; and Consultant Alan Hockenson.

Chair Short called the meeting to order at 12:00 Noon. A quorum was attained with the voting representatives being Mr. Short, Mr. Kolstad, and Mr. Nichols.

The Commission then reviewed the minutes of its November 30, 2011, meeting. It was moved by Alternate Commissioner Nichols and seconded by Commissioner Kolstad to approve the minutes. The motion carried unanimously.

The Commission then reviewed the invoices listed under Item No. 4 on the Agenda which have previously been paid pursuant to pre-existing delegations of authority.

Mr. Hampel, M-S-R PPA Treasurer, then introduced Mr. Oborn who has been recently appointed MID Controller. Pursuant to the M-S-R PPA Joint Powers Agreement the MID Controller is also the Controller of this Agency. Mr. Hampel then presented the December 2011 Account Status Report and Treasurer's Report, and the November 2011 Unaudited Financial Statements, to the Commission. He noted continuing decline of the Agency's derivative positions over the course of the year and noted while this is a non-cash item, it has inhibited potential refinancing opportunities. Net Income for the year to date totals about \$13 million which reduces the Agency's retained net deficit and is reflected on both the Income Statement and Balance Sheet. The Treasurer's Report indicates that although our investment portfolio continues to out-earn LAIF or Treasury Bills, it is earning at rate lower than 2% per

annum. He also stated that the value of the AGF Medium Term notes is currently about 95% of face value, with a coupon of 5.5%, and recommended continuing to hold these notes to maturity.

Mr. Hockenson then addressed the Commission regarding the San Juan Project, Southwest Transmission Project and Big Horn Project Status Reports. Mr. Hockenson noted San Juan Unit No. 4 continues to operate with high availability. Mr. Hopper noted that through December 31, 2011, M-S-R PPA's share of the San Juan Coal Inventory is about 6% greater than that assumed in our coal-rationing plan.

Mr. Hopper then briefly reviewed the January 2012 General Manager's Report for the Commission and addressed questions thereon. He also requested that the Members provide feedback by the end of the month on proposed dates for this Spring's Big Horn Wind Energy Project Inspection Tour.

The Commission then considered its annual election of officers. It was moved by Alternate Commissioner Nichols and seconded by Commissioner Kolstad to reelect the current slate of officers, Mr. Short, President, and Mr. Kolstad, Vice President. The motion carried unanimously.

Mr. Hampel then presented the proposed 2012 M-S-R PPA Investment Policy Guidelines to the Commission. He noted that there are no changes from the 2011 guidelines that have been required by changes in State Law. It was moved by Alternate Commissioner Nichols and seconded by Commissioner Kolstad to adopt the 2012 M-S-R PPA Investment Policy Guidelines. The motion carried unanimously.

Mr. Hopper then presented the Annual Counter-Party Credit Report prepared by the Agency's Financial Advisor, Montague DeRose & Associates. This report, which covers the activities of both M-S-R PPA and the M-S-R Energy Authority provides a narrative review of the conditions and outlooks of the Agency's major financial counterparties. It was moved by

Alternate Commissioner Nichols and seconded by Commissioner Kolstad to note and file the Annual Counter-Party Credit Report. The motion carried unanimously.

The Commission then retired into Closed Session pursuant to Government Code Section 54956.9 (a) - Existing Litigation – Three Cases; Government Code Section 54956.9 (b) - Anticipated Litigation, Significant Exposure to Litigation - Three Cases; Government Code Section 54956.9 (c) - Anticipated Litigation, and Decision on Whether to Initiate Litigation - One Case at 12:16 P.M. Upon the conclusion of the Closed Session at 1:02 P.M., the Chair reported for the record, pursuant to the Government Code, that the Commission had taken no actions which require public disclosure.

The Chair then called for Public Comment and there being none, the Chair announced that the Wednesday, February 22, 2012 meeting of the Commission will likely be cancelled and the Commission will next meet at its scheduled Wednesday, March 21, 2012, at 12:00 Noon, at NCI's offices in Sacramento. The meeting was then adjourned by the Chair at 1:03 P.M.

Martin R. Hopper
Assistant Secretary

M-S-R Public Power Agency
Invoices Paid Summary: January - March 2012

Payee	Description	Period Covered	Amount
AF Legal & Consulting Services	Legal Services	Jan 2012	12,285.00
AF Legal & Consulting Services	Legal Services	Feb 2012	16,470.00
APPA	Membership Dues	4/2012-3/2013	550.00
APPA	Registration, Legislative Rally 2012		245.00
Big Horn Wind Project	Firm Energy from Big Horn facility	Jan 2012	2,520,327.32
Big Horn Wind Project	Firm Energy from Big Horn facility	Feb 2012	2,567,833.84
City of Redding	WSPP Firm & Non-Firm San Juan Energy Sales	Jan 2012	216.00
CME Group Index	Dow Jones Index Terminal Fee	2/2012-1/2013	3,000.00
CMUA	Registration, Capitol Day, 1/23/2012		125.00
Duncan Weinberg et al	Legal Services	Dec 2011	103,234.57
Duncan Weinberg et al	Legal Services	Jan 2012	87,998.70
Government Affairs Consulting	Services rendered	Jan 2012	2,000.00
Government Affairs Consulting	Services rendered	Feb 2012	2,000.00
Iberdrola Renewables	Big Horn 2 Contract Power Delivery	Dec 2011	1,158,300.37
Iberdrola Renewables	Big Horn 2 Contract Power Delivery	Jan 2012	1,517,740.72
Iberdrola Renewables	Big Horn 2 Contract Power Delivery	Feb 2012	1,309,232.24
Iberdrola Renewables	Big Horn Shaping Fee	Jan 2012	649,363.00
Iberdrola Renewables	Big Horn Shaping Fee	Feb 2012	487,305.00
KBT, LLC	Consulting Services	Dec 2011	29,646.69
KBT, LLC	Consulting Services	Jan 2012	32,854.27
LADWP	Mead-Adelanto Operations Costs	Dec 2011	22,526.84
LADWP	Mead-Adelanto Operations Costs	Jan 2012	74,906.86
LADWP	Transmission Service Adelanto-Victorville	Dec 2011	61,595.00
LADWP	Transmission Service Adelanto-Victorville	Jan 2012	61,595.00
LADWP	Transmission Service Adelanto-Victorville	Feb 2012	61,595.00
Maricopa County Treasurer	2011-2012 Property Taxes	2 of 2 pmts	42,671.44
Martin Hopper Energy Consulting	General Manager services	Jan 2012	23,194.30
Martin Hopper Energy Consulting	General Manager services	Feb 2012	24,061.78
McCarthy & Berlin	Legal Services	Dec 2011	3,907.80
McCarthy & Berlin	Legal Services	Jan 2012	16,023.68
Modesto Irrigation District	Accounting and coordination services	Dec 2011	54,288.03
Modesto Irrigation District	Accounting and coordination services	Jan 2012	57,024.79
Modesto Irrigation District	Reimburse MID for MSR Expenses: Ferguson Invoice	Nov 2011	2,042.03
Modesto Irrigation District	Reimburse MID for MSR Expenses: Ferguson Invoice	Dec 2011	2,829.00
Modesto Irrigation District	Reimburse MID for MSR Expenses: Ferguson Invoice	Nov 2011	14,586.00

M-S-R Public Power Agency
Invoices Paid Summary: January - March 2012

Payee	Description	Period Covered	Amount
Mohave County Treasurer	2011-2012 Property Taxes	2 of 2 pmts	9,661.83
Montgomery & Andrews	Professional services	Feb 2012	2,461.27
Navigant	Special assistance	Dec 2011	7,053.94
Navigant	Special assistance	Jan 2012	21,897.99
Nevada Dept of Taxation	2011-2012 Property Taxes	4 of 4 pmts	25,026.50
PNM	Estimated Coal	Dec 2011	3,025,289.72
PNM	Estimated Coal	Jan 2012	2,377,487.01
PNM	Estimated Coal	Feb 2012	1,878,840.60
PNM	Monthly Net Due for San Juan Construction	Dec 2011	208,918.89
PNM	Monthly Net Due for San Juan Construction	Jan 2012	143,359.88
PNM	Weekly Advance	011812	175,000.00
PNM	Weekly Advance	020112	18,000.00
PNM	Weekly Advance	020812	175,000.00
PNM	Weekly Advance	021512	79,000.00
PNM	Weekly Advance	022212	320,000.00
PNM	Weekly Advance	022912	18,000.00
PNM	Weekly Advance	030712	194,000.00
Porter Simon	Legal Services	Jan 2012	4,927.65
Salt River Project	Mead-Phoenix O&M Costs	Dec11/Feb12	16,575.30
Salt River Project	Mead-Phoenix O&M Costs	Jan12/Mar12	35,017.49
San Juan County Treasurer	2011 Property Taxes	2nd Half	353,150.79
Southern California Edison	Firm Transmission between Victorville-Lugo and Midway	Jan 2012	165,000.00
Southern California Edison	Firm Transmission between Victorville-Lugo and Midway	Feb 2012	165,000.00
Southern California Edison	Firm Transmission between Victorville-Lugo and Midway	Mar 2012	165,000.00
State of Arizona	Penalty for late filing in April 2009		2,400.00
US Bank	Administrative & Transaction Fees for Series 2007K	2012	4,050.00
US Bank	Administrative & Transaction Fees for Series E	Feb2012-Jan2013	1,100.00
US Bank	Debt Service for Series 1997D, F, K, 2008L, 2011O	Jan 2012	2,993,571.40
US Bank	Debt Service for Series 1997D, F, K, 2008L, 2011O	Feb 2012	2,993,571.40
US Bank	Debt Service for Series 2008M&N	Mar 2012	69,421.66
US Bank	Debt Service Payment for Series 2008M & N	Feb 2012	66,087.39
US Bank	Swap Payment for 1998F & G	Feb 2012	282,263.21
US Bank	Swap Payment for 1998F & G	Mar 2012	304,805.31
US DOE	Mead-Phoenix Firm Energy Losses	Dec 2011	52,894.84
US DOE	Mead-Phoenix Firm Energy Losses	Jan 2012	44,860.65

M-S-R Public Power Agency
Invoices Paid Summary: January - March 2012

Payee	Description	Period Covered	Amount
Willey Printing	Letterhead, envelopes, business cards		300.76
WREGIS	Transfer Volume Fee	Jan 2012	1,578.08
WREGIS	Transfer Volume Fee	Feb 2012	199.51
Yavapai County Treasurer	2011-2012 Property Taxes	2 of 2 pmts	3,266.13
TOTAL			\$27,427,614.47

MSR PUBLIC POWER AGENCY

BALANCE SHEET

December 31, 2011

UNAUDITED

ASSETS	12/31/2011	12/31/2010	Change
Current Assets			
Cash	\$27,654,860	\$27,444,672	\$210,188
Market Adj-Temp Cash Investments	(41,302)	(13,202)	(28,100)
Receivables	11,941,512	12,626,322	(684,810)
Inventory	1,563,793	1,821,187	(257,394)
Other Current Assets	1,588,650	1,430,576	158,074
Total Current Assets	42,707,513	43,309,555	(602,042)
Utility Plant			
Electric Plant in Service	349,621,948	349,537,946	84,002
Less: Accumulated Depreciation	208,997,100	199,552,483	9,444,617
Net Utility Plant	140,624,848	149,985,463	(9,360,615)
Utility Plant Under Construction	6,274,085	4,101,158	2,172,927
Total Utility Plant	146,898,933	154,086,621	(7,187,688)
Other Assets			
Intangible Assets	15,383,000	15,383,000	-
Less Nonutility Depreciation	9,266,868	8,710,856	556,012
Net Intangible Assets	6,116,132	6,672,144	(556,012)
Deferred Effective Derivative Position	23,548,759	16,131,827	7,416,932
Reserve Funds Held by Trustee	34,295,771	35,043,660	(747,889)
Unamortized Debt Issuance Costs	3,022,722	3,198,341	(175,619)
Total Other Assets	66,983,384	61,045,972	5,937,412
TOTAL ASSETS	\$256,589,830	\$258,442,148	(\$1,852,319)
LIABILITIES & EQUITY			
Current Liabilities			
Accounts Payable	8,550,775	7,689,549	861,225
Interest Payable	6,418,004	7,169,873	(751,869)
Current Portion Long Term Debt	23,890,000	24,915,000	(1,025,000)
Current Portion Asset Retirement Obligation	1,292,000	1,094,759	197,241
Total Current Liabilities	40,150,779	40,869,181	(718,402)
Long Term Liabilities			
Senior Lien Bonds	4,580,000	43,270,000	(38,690,000)
Subordinate Lien Bonds	308,865,000	294,385,000	14,480,000
Unamortized Loss on Refunding	(15,401,268)	(17,851,849)	2,450,581
Debt Discount & Premium	7,301,958	7,720,600	(418,642)
Total Long Term Liabilities	305,345,690	327,523,751	(22,178,061)
Other Liabilities			
Asset Retirement Obligation	24,937,311	24,406,308	531,003
Derivative	23,548,759	16,131,827	7,416,932
Other Deferred Credits	29,441	39,720	(10,279)
Total Other Liabilities	48,515,511	40,577,855	7,937,656
Total Liabilities	394,011,980	408,970,787	(14,958,807)
Members Equity			
Beginning Balance	(150,528,639)	(159,726,519)	9,197,880
Member Reimbursement	-	-	-
Unrealized Holding Loss/Equity Adj	-	-	-
Net Income	13,106,489	9,197,880	3,908,609
Total Equity	(137,422,150)	(150,528,639)	13,106,489
TOTAL LIABILITIES & EQUITY	\$256,589,830	\$258,442,148	(\$1,852,318)

MSR PUBLIC POWER AGENCY

INCOME STATEMENT

December 31, 2011

UNAUDITED

	Budget	Actual	Variance
OPERATING REVENUE			
Wholesale Revenue-Members	147,833,999	\$141,593,493	(\$6,240,506)
Wholesale Revenue-Others	-	687	(687)
Total Operating Revenue	<u>\$147,833,999</u>	<u>\$141,594,180</u>	<u>(\$6,239,819)</u>
OPERATING EXPENSES			
Generation Production Cost	40,755,406	39,948,695	(806,711)
Generation A&G	1,454,000	660,694	(793,306)
Transmission Expenditures	3,990,847	4,203,885	213,038
Purchase Power-Members	-	687	687
Purchase Power-Renewable 1	37,247,113	37,725,742	478,629
Purchase Power-Renewable 2	16,196,500	13,826,312	(2,370,188)
Purchase Power-Other	-	0	0
Renewable A&G	754,000	928,941	174,941
Agency A&G	403,400	412,320	8,920
Debt Administration	680,000	384,800	(295,200)
Total Operating Expenses	<u>\$101,481,266</u>	<u>\$98,092,076</u>	<u>(\$3,389,190)</u>
OTHER INCOME & (EXPENSE)			
Interest Income	831,670	729,435	(102,235)
Other Non-Operating Revenue	-	10	10
Gain/Loss on Investments	-	147,312	147,312
Interest Expense	(17,853,682)	(17,038,373)	815,309
Amortization	(1,545,440)	(1,378,876)	166,564
Depreciation/Accretion	(11,867,958)	(11,864,772)	3,186
Change in Derivative Valuation	-	0	0
Change in Fair Value on Investments	-	(217,565)	(217,565)
Loss/Gain on Sales of Assets	-	(772,786)	(772,786)
Total Other Income & Expense	<u>(\$30,435,410)</u>	<u>(\$30,395,615)</u>	<u>\$39,795</u>
NET INCOME FROM OPERATIONS	<u>\$15,917,323</u>	<u>\$13,106,489</u>	<u>(\$2,810,834)</u>

MSR PUBLIC POWER AGENCY

MEMBERS' EQUITY STATEMENT

December 31, 2011

UNAUDITED

	Modesto	Santa Clara	Redding	Total
Member Equity Percentage	50%	35%	15%	100%
Equity at December 31, 2010	(\$75,264,318)	(\$52,685,025)	(\$22,579,296)	(\$150,528,639)
Member Reimbursement	-	-	-	-
Debt Service Reimbursement	-	-	-	-
2011 Portion of Net Income	6,553,245	4,587,271	1,965,973	13,106,489
Equity at December 31, 2011	<u>(\$68,711,073)</u>	<u>(\$48,097,754)</u>	<u>(\$20,613,323)</u>	<u>(\$137,422,150)</u>



Treasurer's Report

February 2012



**M-S-R Public Power Agency
Treasurer's Report
Index**

Treasurer's Report for the Month of February 2012

Investment Activity, All Funds

General Fund Investment Portfolio Guideline Compliance

Investment Portfolio Pie Chart

General Fund Portfolio Average Maturity Report

MSR / LAIF / US Treasury 2-Year

General Fund:

 Portfolio Summary

 Portfolio Details – Investments

 Portfolio Details – Cash

 Investment Status Report – Investments

 Investment Status Report – Cash

 Investment Activity by Type

 Received Interest

 Realized Gains and Losses

 Activity Report – LAIF

 Investment Maturity Report

Trust Funds:

 Portfolio Summary

 Portfolio Details – Investments

 Portfolio Details – Cash

 Investment Status Report – Investments

 Investment Status Report – Cash

 Investment Activity by Type

 Investment Purchases Report

**MSR PUBLIC POWER AGENCY
TREASURER'S REPORT
FOR THE MONTH OF FEBRUARY 2012**

FUND BALANCES

<u>UNRESTRICTED FUNDS</u>	01/31/12			02/29/12	02/29/12	Unrealized
	Cost Value	Receipts	Disbursements	Cost Value	Mkt. Value	Gain/Loss
General Fund	22,436,067	13,471,864	13,319,546	22,588,384	22,416,732	(171,652)
 <u>RESTRICTED FUNDS</u>						
MSR MASTER RESERVE	0	0	0	0	0	0
MSR Series F	2,566,403	405,231	(1)	2,971,635	2,971,847	211
MSR Series I	0	0	0	0	0	0
MSR 2004 Series J	0	0	0	0	0	0
MSR 2007 Series K	11,074,739	1,267,609	(1)	12,342,349	12,486,802	144,453
MSR 2008 Series L	7,924,267	547,455	(1)	8,471,724	8,511,913	40,190
MSR 2008 Series M	3,081,150	0	0	3,081,150	3,100,220	19,071
MSR 2008 Series N	1,116,807	0	0	1,116,807	1,123,717	6,910
MSR 2011 Series O	4,752,566	552,309	(1)	5,304,876	5,441,535	136,659
MSR Series 97D	453,009	220,963	(0)	673,972	674,017	45
MSR Big Horn Wind Collat Acct.	3,628,541	2,520,327	2,520,327	3,628,541	3,628,541	0
MSR Big Horn Shaping Acct.	1,042,482	649,363	649,363	1,042,482	1,042,482	0
	<u>35,639,964</u>	<u>6,163,257</u>	<u>3,169,686</u>	<u>38,633,535</u>	<u>38,981,074</u>	<u>347,539</u>
 TOTAL FUNDS	 <u>58,076,030</u>	 <u>19,635,121</u>	 <u>16,489,232</u>	 <u>61,221,920</u>	 <u>61,397,806</u>	 <u>175,887</u>

CASH & INVESTMENTS

DEMAND ACCOUNTS


Union Bank - General Fund 325,584


<u>INVESTMENTS (See Attached)</u>	Standard per Gov't Code	<u>Actual</u>	
Bankers Acceptances	40%	0.0%	0
Certificates of Deposit(Coll./Ins.)	No Limit	0.0%	0
Commercial Paper(A1/P1)	25%	0.0%	0
Corporate Notes-Medium Term	30%	6.6%	4,016,832
Federal Agencies	No Limit	56.1%	34,178,141
Local Agency Investment Fund	\$50,000,000	25.0%	15,245,968
Money Market Accounts	No Limit	9.8%	5,975,478
Repurchase Agreements	No Limit	0.0%	0
U.S. Treasury Instruments	No Limit	<u>2.4%</u>	<u>1,479,916</u>
TOTAL INVESTMENTS		<u>100.0%</u>	<u>60,896,335</u>

Add: Deposits in transit 0
Less: Outstanding checks 0

TOTAL CASH & INVESTMENTS 61,221,920

We certify that this statement is a true and correct record of transactions in the Treasury since the prior report. The agency has sufficient liquid assets on deposit to meet its obligations over the next 6 months. All investments are in compliance with the agency's investment policy guidelines.


Lou Hampel -- Treasurer


Don Dermond -- Asst. Treasurer

**Investment Activity, All Funds
February 2012**

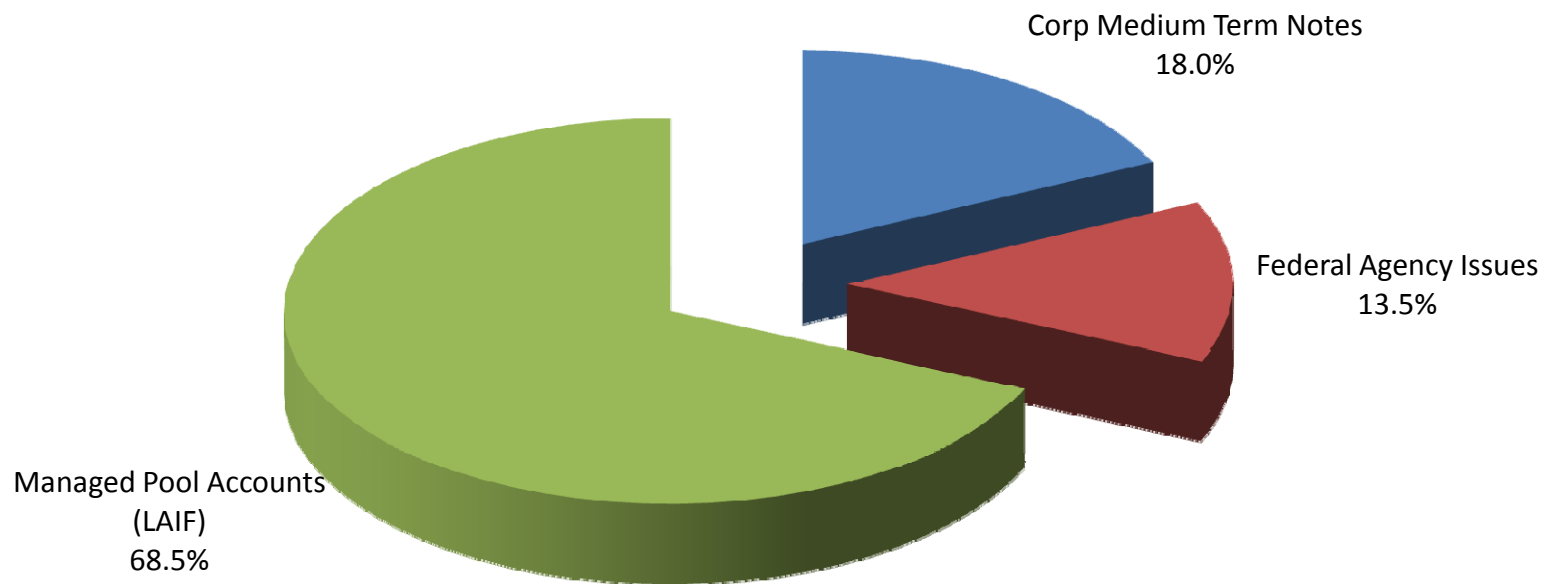
Portfolio	Beginning Balance (Cost)	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance (Cost)	Market Value*
MSR	\$22,436,067	\$4,900,000	\$4,747,682	\$22,588,384	\$22,416,732
MSR Trusts	<u>\$35,639,964</u>	<u>\$9,156,239</u>	<u>\$6,162,667</u>	<u>\$38,633,535</u>	<u>\$38,981,074</u>
	<u><u>\$58,076,030</u></u>	<u><u>\$14,056,239</u></u>	<u><u>\$10,910,350</u></u>	<u><u>\$61,221,920</u></u>	<u><u>\$61,397,806</u></u>

**General Fund Investment Portfolio Guideline Compliance
February 2012**

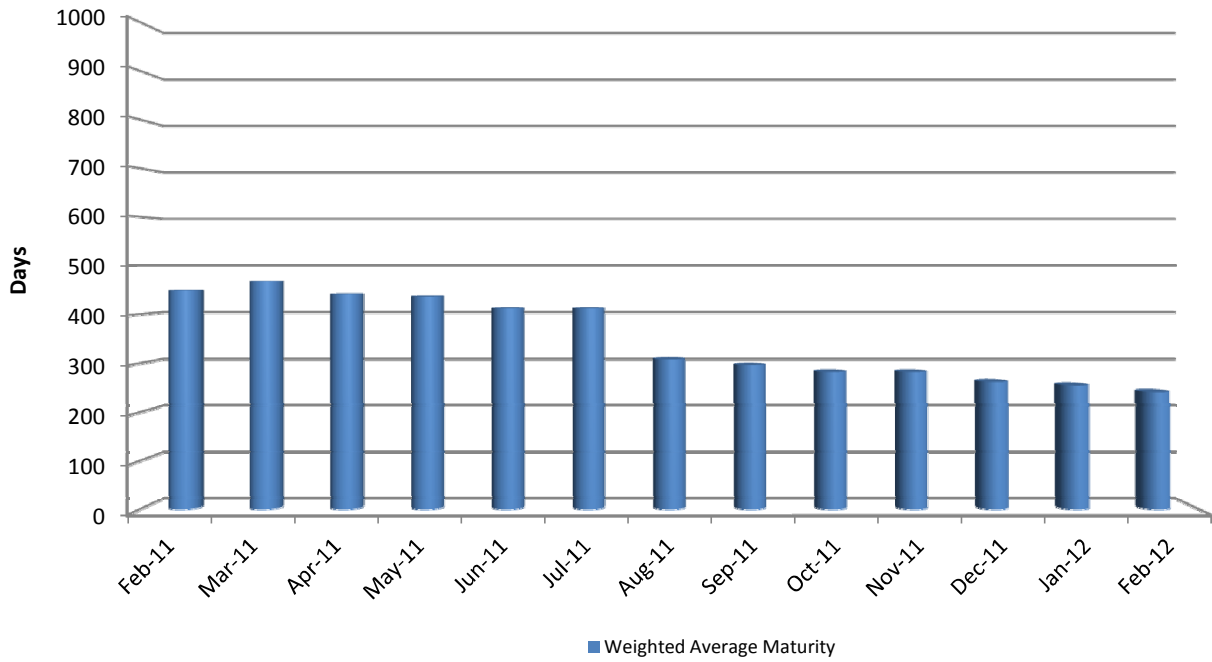
	Standard	Actual	Cost	Market Value*
Corp Medium Term Notes	30%	18.0%	\$4,016,832	\$3,842,240
Federal Agency Issues	No Limit	13.5%	\$3,000,000	\$3,002,940
Managed Pool Accounts (LAIF)	40M	68.5%	\$15,245,968	\$15,245,968
Treasury Securities	No Limit	0.0%	\$0	\$0
Municipal Bonds	No Limit	<u>0.0%</u>	<u>\$0</u>	<u>\$0</u>
		<u>100.0%</u>	<u>\$22,262,800</u>	<u>\$22,091,148</u>
Demand Account Balance	No Limit		<u>\$325,584</u>	<u>\$325,584</u>
Total			<u><u>\$22,588,384</u></u>	<u><u>\$22,416,732</u></u>

* Source of Market Value information is Union Bank and Bloomberg Financial Systems

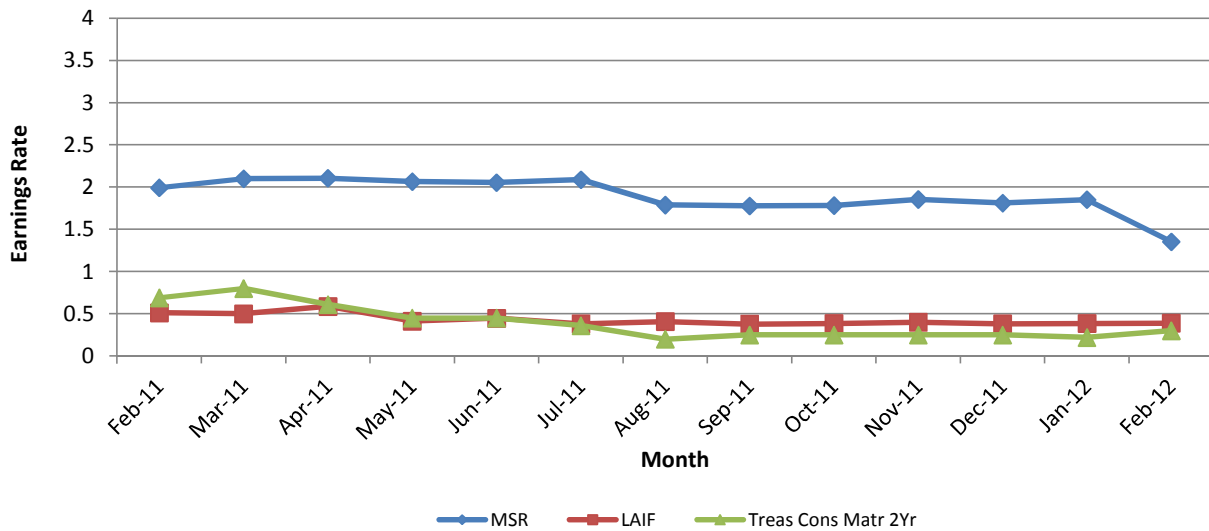
M-S-R Public Power Agency Investment Portfolio February 2012



General Fund Portfolio Average Maturity Report



MSR / LAIF / US Treasury 2-Year





**MSR Public Power Agency
Portfolio Management
Portfolio Summary
February 29, 2012**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Managed Pool Accounts	15,245,968.03	15,245,968.03	15,245,968.03	68.48	1	1	0.389
Corporate Medium Term Notes	4,000,000.00	3,842,240.00	4,016,832.08	18.04	1,827	343	4.903
Federal Agency Issues - Coupon	3,000,000.00	3,002,940.00	3,000,000.00	13.48	1,826	1,327	1.500
Investments	22,245,968.03	22,091,148.03	22,262,800.11	100.00%	576	241	1.353
Cash							
Passbook/Checking (not included in yield calculations)	325,584.33	325,584.33	325,584.33		1	1	0.000
Total Cash and Investments	22,571,552.36	22,416,732.36	22,588,384.44		576	241	1.353
Total Earnings	February 29 Month Ending	Fiscal Year To Date					
Current Year	28,848.99	16,671,489.86					
Average Daily Balance	21,020,629.44						

Lou Hampel, Treasurer

Portfolio MSRG
CP

**MSR Public Power Agency
Portfolio Management
Portfolio Details - Investments
February 29, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts												
SYSLAIF	LAIF	Local Agency Investment Fund		01/01/1999	15,245,968.03	15,245,968.03	15,245,968.03	0.389		0.389	1	
Subtotal and Average			12,183,899.06		15,245,968.03	15,245,968.03	15,245,968.03			0.389	1	
Corporate Medium Term Notes												
02639ENF7	13575	American General Finance		12/06/2007	2,000,000.00	1,759,460.00	2,000,000.00	5.500		5.500	289	12/15/2012
06406HBJ7	13699	Bank of New York Mellon		04/08/2008	2,000,000.00	2,082,780.00	2,016,832.08	4.500		4.310	396	04/01/2013
Subtotal and Average			5,465,107.94		4,000,000.00	3,842,240.00	4,016,832.08			4.903	343	
Federal Agency Issues - Coupon												
31331JT45	15393	Federal Farm Credit Banks		10/19/2010	3,000,000.00	3,002,940.00	3,000,000.00	1.500		1.500	1,327	10/19/2015
Subtotal and Average			3,000,000.00		3,000,000.00	3,002,940.00	3,000,000.00			1.500	1,327	
Total Investments and Average			21,020,629.44		22,245,968.03	22,091,148.03	22,262,800.11			1.353	241	

**MSR Public Power Agency
Portfolio Management
Portfolio Details - Cash
February 29, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Passbook/Checking Accounts											
SYSGENERAL FUND	GENERAL FUND	Union Bank of California		01/01/1999	325,584.33	325,584.33	325,584.33			0.000	1
		Average Balance	0.00								1
Total Cash and Investments			21,020,629.44		22,571,552.36	22,416,732.36	22,588,384.44			1.353	241

**MSR Public Power Agency
Portfolio Management
Investment Status Report - Investments
February 29, 2012**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Managed Pool Accounts												
SYSLAIF	LAIF	LAIF	15,245,968.03	0.389		01/01/1999	0.384	0.389	01/15 - Quarterly		15,245,968.03	15,245,968.03
Managed Pool Accounts Totals			15,245,968.03				0.384	0.389		0.00	15,245,968.03	15,245,968.03
Corporate Medium Term Notes												
02639ENF7	13575	AMERIC	2,000,000.00	5.500	12/15/2012	12/06/2007	5.425	5.500	06/15 - 12/15		2,000,000.00	2,000,000.00
06406HBJ7	13699	BNYM	2,000,000.00	4.500	04/01/2013	04/08/2008	4.251	4.310	10/01 - 04/01	Received	2,016,832.08	2,016,832.08
Corporate Medium Term Notes Totals			4,000,000.00				4.836	4.903		0.00	4,016,832.08	4,016,832.08
Federal Agency Issues - Coupon												
31331JT45	15393	FFCB	3,000,000.00	1.500	10/19/2015	10/19/2010	1.479	1.500	04/19 - 10/19		3,000,000.00	3,000,000.00
Federal Agency Issues - Coupon Totals			3,000,000.00				1.479	1.500		0.00	3,000,000.00	3,000,000.00
Investment Totals			22,245,968.03				1.335	1.353		0.00	22,262,800.11	22,262,800.11

**MSR Public Power Agency
Portfolio Management
Investment Status Report - Cash
February 29, 2012**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Passbook/Checking Accounts												
SYSGENERAL FUND	GENERAL FUND	UBC	325,584.33			01/01/1999	0.000	0.000	/ - Monthly		325,584.33	325,584.33
Cash Totals			325,584.33							0.00	325,584.33	325,584.33
Totals for Cash and Investments			22,571,552.36				1.335	1.353		0.00	22,588,384.44	22,588,384.44

**MSR Public Power Agency
Portfolio Management
Investment Activity By Type
February 1, 2012 through February 29, 2012**

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance
Managed Pool Accounts (Monthly Summary)								
SYSLAIF	LAIF	Local Agency Investment Fund		0.389		4,900,000.00	1,700,000.00	
		Subtotal	12,045,968.03			4,900,000.00	1,700,000.00	15,245,968.03
Passbook/Checking Accounts (Monthly Summary)								
SYSGENERAL FUND	GENERAL FUND	Union Bank of California				0.00	47,682.32	
		Subtotal	373,266.65			0.00	47,682.32	325,584.33
Corporate Medium Term Notes								
36966RW44	13634	General Electric Capital Corp		4.000	02/15/2012	0.00	3,000,000.00	
		Subtotal	7,016,832.08			0.00	3,000,000.00	4,016,832.08
Federal Agency Issues - Coupon								
		Subtotal	3,000,000.00					3,000,000.00
		Total	22,436,066.76			4,900,000.00	4,747,682.32	22,588,384.44



MSR Public Power Agency
Received Interest
Sorted by Date Received
Received February 1, 2012 - February 29, 2012

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

Date Received	CUSIP	Investment #	Investment Type	Par Value	Current Rate	Date Due	Received	Interest		Variance
								P & I Due	Amount Received	
February 2012	36966RW44	13634	MTN	0.00	4.000	02/15/2012	02/15/2012	60,000.00	60,000.00	-
							Subtotal	60,000.00	60,000.00	
							Total	60,000.00	60,000.00	
							Total Cash Overpayment	0.00		
							Total Cash Shortfall	0.00		

Portfolio MSRG
 CP

RI (PRF_RI) SymRept V6.00f2
 Report Ver. 5.00



MSR Public Power Agency
Activity Report
Issuer: Local Agency Investment Fund
February 1, 2012 - February 29, 2012

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Sales/Calls/Maturities or Withdrawals	
Issuer: Local Agency Investment Fund									
Managed Pool Accounts									
SYSLAIF	LAIF	Local Agency Investment Fund			0.389		4,900,000.00	1,700,000.00	
		Subtotal and Balance		12,045,968.03			4,900,000.00	1,700,000.00	15,245,968.03
		Issuer Subtotal	67.545%	12,045,968.03			4,900,000.00	1,700,000.00	15,245,968.03
		Total		12,045,968.03			4,900,000.00	1,700,000.00	15,245,968.03

Portfolio MSRG
 CP

DA (PRF_DA) SymRept V6.00f2
 Report Ver. 5.00



**MSR Public Power Agency
Realized Gains and Losses
Sorted By Maturity/Sale/Call Date**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Sales/Calls/Maturities: February 1, 2012 - February 29, 2012

<u>Investment #</u>	<u>Inv. Type</u>	<u>Purchase Date</u>	<u>Par Value</u>	<u>Sale Date</u>	<u>Days Held</u>		<u>Maturity/Sale</u>	<u>Realized</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
<u>Issuer</u>			<u>Current Rate</u>	<u>Maturity Date</u>	<u>Term</u>	<u>Book Value</u>	<u>Proceeds</u>	<u>Gain/Loss</u>	<u>Earnings</u>	<u>Net Earnings</u>	<u>Yield 365</u>
13634	MTN	02/28/2008	3,000,000.00	02/15/2012	1,448	3,000,000.00	3,000,000.00	0.00	475,666.67	475,666.67	3.997
General Electric Capital Corp			4.000	02/15/2012	1,448						
Total Realized Gains/Losses						3,000,000.00	3,000,000.00	0.00	475,666.67	475,666.67	3.997



**MSR Public Power Agency
Investment Maturity Report
Sorted by Maturity Date**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Amounts due during February 1, 2012 - February 29, 2012

CUSIP	Investment #	Fund	Inv. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Maturity Interest	Maturity Proceeds	Net Income
36966RW44	13634	CORP	MTN	GEC	3,000,000.00	02/15/2012	02/28/2008	4.000	3,000,000.00	60,000.00	3,060,000.00	60,000.00
Total Maturities					3,000,000.00				3,000,000.00	60,000.00	3,060,000.00	60,000.00



**MSR Public Power Agency Trust
Portfolio Management
Portfolio Summary
February 29, 2012**

Modesto Irrigation District
1231 - 11th St.
Modesto, CA 95352
(209)526-7308

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 365 Equiv.
Federal Agency Issues - Coupon	13,217,000.00	13,454,877.32	13,245,049.47	40.56	1,254	896	1.351
Federal Agency Issues - Discount	17,938,000.00	17,934,412.40	17,933,091.61	54.91	150	120	0.068
Treasury Securities - Coupon	1,390,000.00	1,616,305.90	1,479,915.63	4.53	2,576	2,266	2.856
Investments	32,545,000.00	33,005,595.62	32,658,056.71	100.00%	708	532	0.714
Cash							
Passbook/Checking (not included in yield calculations)	5,975,478.37	5,975,478.37	5,975,478.37		1	1	0.010
Total Cash and Investments	38,520,478.37	38,981,073.99	38,633,535.08		708	532	0.714
Total Earnings	February 29 Month Ending	Fiscal Year To Date					
Current Year	20,935.90	8,833,217.76					
Average Daily Balance	36,696,521.94						

Lou Hampel, Treasurer

Portfolio MSRT
CP

MSR Public Power Agency Trust
Portfolio Management
Portfolio Details - Investments
February 29, 2012

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3133XRFL9	13816	Federal Home Loan Bank		06/11/2008	2,600,000.00	2,732,132.00	2,588,341.89	4.250		4.351	470	06/14/2013
3137EACY3	16188	Federal Home Loan Mortgage Corp		11/07/2011	6,440,000.00	6,504,142.40	6,464,085.60	0.750		0.616	999	11/25/2014
3137EACY3	16189	Federal Home Loan Mortgage Corp		11/07/2011	3,066,000.00	3,096,537.36	3,077,466.84	0.750		0.631	999	11/25/2014
3137EACY3	16190	Federal Home Loan Mortgage Corp		11/07/2011	1,111,000.00	1,122,065.56	1,115,155.14	0.750		0.631	999	11/25/2014
Subtotal and Average			13,245,049.47		13,217,000.00	13,454,877.32	13,245,049.47			1.351	896	
Federal Agency Issues - Discount												
313396YT4	16283	Freddie Mac Discount Note		01/25/2012	221,000.00	220,955.80	220,942.54			0.061	120	06/29/2012
313396YT4	16284	Freddie Mac Discount Note		01/25/2012	45,000.00	44,991.00	44,988.30			0.061	120	06/29/2012
313396YT4	16285	Freddie Mac Discount Note		01/25/2012	2,521,000.00	2,520,495.80	2,520,344.54			0.061	120	06/29/2012
313396YT4	16286	Freddie Mac Discount Note		01/25/2012	137,000.00	136,972.60	136,964.38			0.061	120	06/29/2012
313396YT4	16287	Freddie Mac Discount Note		01/25/2012	7,918,000.00	7,916,416.40	7,915,941.32			0.061	120	06/29/2012
313396YT4	16288	Freddie Mac Discount Note		01/25/2012	485,000.00	484,903.00	484,873.90			0.061	120	06/29/2012
313396YT4	16289	Freddie Mac Discount Note		01/25/2012	434,000.00	433,913.20	433,887.16			0.061	120	06/29/2012
313396YT4	16290	Freddie Mac Discount Note		01/25/2012	114,000.00	113,977.20	113,970.36			0.061	120	06/29/2012
313396YT4	16291	Freddie Mac Discount Note		01/25/2012	3,069,000.00	3,068,386.20	3,068,202.06			0.061	120	06/29/2012
313396YT4	16329	Freddie Mac Discount Note		02/27/2012	221,000.00	220,955.80	220,924.48			0.101	120	06/29/2012
313396YT4	16330	Freddie Mac Discount Note		02/27/2012	45,000.00	44,991.00	44,984.63			0.101	120	06/29/2012
313396YT4	16331	Freddie Mac Discount Note		02/27/2012	360,000.00	359,928.00	359,877.00			0.101	120	06/29/2012
313396YT4	16332	Freddie Mac Discount Note		02/27/2012	138,000.00	137,972.40	137,952.85			0.101	120	06/29/2012
313396YT4	16333	Freddie Mac Discount Note		02/27/2012	1,130,000.00	1,129,774.00	1,129,613.92			0.101	120	06/29/2012
313396YT4	16334	Freddie Mac Discount Note		02/27/2012	486,000.00	485,902.80	485,833.95			0.101	120	06/29/2012
313396YT4	16335	Freddie Mac Discount Note		02/27/2012	62,000.00	61,987.60	61,978.82			0.101	120	06/29/2012
313396YT4	16336	Freddie Mac Discount Note		02/27/2012	114,000.00	113,977.20	113,961.05			0.101	120	06/29/2012
313396YT4	16337	Freddie Mac Discount Note		02/27/2012	438,000.00	437,912.40	437,850.35			0.101	120	06/29/2012
Subtotal and Average			15,249,732.88		17,938,000.00	17,934,412.40	17,933,091.61			0.068	120	
Treasury Securities - Coupon												
912828HZ6	15842	U.S. Treasury		04/26/2011	1,390,000.00	1,616,305.90	1,479,915.63	3.875		2.856	2,266	05/15/2018
Subtotal and Average			1,479,915.63		1,390,000.00	1,616,305.90	1,479,915.63			2.856	2,266	
Total Investments and Average			36,696,521.94		32,545,000.00	33,005,595.62	32,658,056.71			0.714	532	

**MSR Public Power Agency Trust
Portfolio Management
Portfolio Details - Cash
February 29, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Passbook/Checking Accounts											
SYS0741MONEY	0741MONEY	U S BANK		09/26/2001	0.00	0.00	0.00	0.010		0.010	1
SYS0744 MONEY	0744 MONEY	U S BANK		09/26/2001	0.00	0.00	0.00	0.010		0.010	1
SYS1400 MONEY	1400 MONEY	U S BANK			0.00	0.00	0.00	0.500		0.500	1
SYS1401 MONEY	1401 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1
SYS1402 MONEY	1402 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1
SYS1403 MONEY	1403 MONEY	U S BANK			0.00	0.00	0.00	0.010		0.010	1
SYS1405 MONEY	1405 MONEY	U S BANK			0.00	0.00	0.00	5.030		5.030	1
SYS2400 MONEY	2400 MONEY	U S BANK		06/06/2003	0.00	0.00	0.00	1.510		1.510	1
SYS2401 MONEY	2401 MONEY	U S BANK		06/06/2003	0.00	0.00	0.00	1.510		1.510	1
SYS2402 MONEY	2402 MONEY	U S BANK		06/27/2003	0.00	0.00	0.00	0.570		0.570	1
SYS2404 MONEY	2404 MONEY	U S BANK		05/29/2003	0.00	0.00	0.00	0.510		0.510	1
SYS30000 MONEY	30000 MONEY	U S BANK		05/01/2009	532,494.57	532,494.57	532,494.57	0.010		0.010	1
SYS30001 MONEY	30001 MONEY	U S BANK		12/24/2008	315.84	315.84	315.84	0.010		0.010	1
SYS30002 MONEY	30002 MONEY	U S BANK		01/26/2009	934.41	934.41	934.41	0.010		0.010	1
SYS30003 MONEY	30003 MONEY	U S BANK		07/23/2008	7,319.39	7,319.39	7,319.39	0.010		0.010	1
SYS30004 MONEY	30004 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS30005 MONEY	30005 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS31000 MONEY	31000 MONEY	U S BANK		05/01/2009	0.00	0.00	0.00	0.010		0.010	1
SYS31003 MONEY	31003 MONEY	U S BANK		07/23/2008	3,682.86	3,682.86	3,682.86	0.010		0.010	1
SYS31006 MONEY	31006 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS32000 MONEY	32000 MONEY	U S BANK		05/01/2009	0.00	0.00	0.00	0.010		0.010	1
SYS32003 MONEY	32003 MONEY	U S BANK		07/24/2008	1,651.49	1,651.49	1,651.49	0.010		0.010	1
SYS32006 MONEY	32006 MONEY	U S BANK		07/24/2008	0.00	0.00	0.00	0.010		0.010	1
SYS5570 MONEY	5570 MONEY	U S BANK			0.00	0.00	0.00	2.700		2.700	1
SYS5571 MONEY	5571 MONEY	U S BANK			0.00	0.00	0.00	2.700		2.700	1
SYS5572 MONEY	5572 MONEY	U S BANK			0.00	0.00	0.00	6.000		6.000	1
SYS5580 MONEY	5580 MONEY	U S BANK			0.00	0.00	0.00	0.035		0.035	1
SYS5581 MONEY	5581 MONEY	U S BANK			0.00	0.00	0.00	1.510		1.510	1
SYS5590 MONEY	5590 MONEY	U S BANK			155.19	155.19	155.19	0.010		0.010	1
SYS5591 MONEY	5591 MONEY	U S BANK			231,950.00	231,950.00	231,950.00	0.010		0.010	1
SYS5592 MONEY	5592 MONEY	U S BANK		04/30/2004	0.00	0.00	0.00	1.640		1.640	1
SYS5593 MONEY	5593 MONEY	U S BANK		05/03/2004	0.00	0.00	0.00	0.470		0.470	1
SYS5600 MONEY	5600 MONEY	U S BANK			0.00	0.00	0.00	0.520		0.520	1
SYS5601 MONEY	5601 MONEY	U S BANK			0.00	0.00	0.00	1.550		1.550	1
SYS5602 MONEY	5602 MONEY	U S BANK			0.00	0.00	0.00	5.100		5.100	1
SYS6680 MONEY	6680 MONEY	U S BANK			0.00	0.00	0.00	6.000		6.000	1
SYS6681 MONEY	6681 MONEY	U S BANK			0.00	0.00	0.00	5.020		5.020	1
SYS6810 MONEY	6810 MONEY	U S BANK			0.00	0.00	0.00	6.100		6.100	1
SYS6811 MONEY	6811 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1

MSR Public Power Agency Trust
Portfolio Management
Portfolio Details - Cash
February 29, 2012

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Passbook/Checking Accounts											
SYS6813 MONEY	6813 MONEY	U S BANK			0.00	0.00	0.00	4.400		4.400	1
SYS69000 MONEY	69000 MONEY	U S BANK		05/01/2009	371,641.03	371,641.03	371,641.03	0.010		0.010	1
SYS69001MONEY	69001 MONEY	U S BANK		12/24/2007	747.59	747.59	747.59	0.010		0.010	1
SYS69002 MONEY	69002 MONEY	U S BANK		01/25/2008	216.15	216.15	216.15	0.010		0.010	1
SYS69003MONEY	69003 MONEY	U S BANK		12/04/2007	60,930.00	60,930.00	60,930.00	0.010		0.010	1
SYS69004 MONEY	69004 MONEY	U S BANK		12/04/2007	0.00	0.00	0.00	0.035		0.035	1
SYS6990 MONEY	6990 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS6991 MONEY	6991 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS6992 MONEY	6992 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS6993 MONEY	6993 MONEY	U S BANK			0.00	0.00	0.00	1.370		1.370	1
SYS7000MONEY	7000MONEY	U S BANK		01/01/2011	3,628,541.21	3,628,541.21	3,628,541.21	0.010		0.010	1
SYS7260 MONEY	7260 MONEY	U S BANK			0.11	0.11	0.11	0.010		0.010	1
SYS7261 MONEY	7261 MONEY	U S BANK			894.25	894.25	894.25	0.010		0.010	1
SYS7262 MONEY	7262 MONEY	U S BANK			546.35	546.35	546.35	0.010		0.010	1
SYS7267 MONEY	7267 MONEY	U S BANK			0.00	0.00	0.00	5.060		5.060	1
SYS7510 MONEY	7510 MONEY	U S BANK			0.00	0.00	0.00	0.035		0.035	1
SYS7511 MONEY	7511 MONEY	U S BANK			0.00	0.00	0.00	1.400		1.400	1
SYS7512 MONEY	7512 MONEY	U S BANK		01/01/2001	0.00	0.00	0.00	5.000		5.000	1
SYS7514 MONEY	7514 MONEY	U S BANK			0.00	0.00	0.00	0.520		0.520	1
SYS785001 MONEY	785001 MONEY	U S BANK		05/25/2011	134.87	134.87	134.87	0.010		0.010	1
SYS785002 MONEY	785002 MONEY	U S BANK		07/25/2011	740.83	740.83	740.83	0.010		0.010	1
SYS785003 MONEY	785003 MONEY	U S BANK		04/26/2011	54,862.66	54,862.66	54,862.66	0.010		0.010	1
SYS785004 MONEY	785004 MONEY	U S BANK		04/26/2011	35,238.01	35,238.01	35,238.01	0.010		0.010	1
SYS8000MONEY	8000MONEY	U S BANK		01/01/2011	1,042,481.56	1,042,481.56	1,042,481.56	0.010		0.010	1
SYS8440 MONEY	8440 MONEY	U S BANK			0.00	0.00	0.00	1.500		1.500	1
SYS8441 MONEY	8441 MONEY	U S BANK			0.00	0.00	0.00	1.500		1.500	1
SYS8442 MONEY	8442 MONEY	U S BANK			0.00	0.00	0.00	4.350		4.350	1
SYS8443 MONEY	8443 MONEY	U S BANK			0.00	0.00	0.00	1.500		1.500	1
SYS8444 MONEY	8444 MONEY	U S BANK			0.00	0.00	0.00	0.970		0.970	1
SYS8940 MONEY	8940 MONEY	U S BANK		01/01/2001	0.00	0.00	0.00	0.035		0.035	1
SYS8942 MONEY	8942 MONEY	U S BANK			0.00	0.00	0.00	1.400		1.400	1
SYS8944 MONEY	8944 MONEY	U S BANK			0.00	0.00	0.00	5.500		5.500	1
SYS9000 MONEY	9000 MONEY	U S BANK		06/25/2004	0.00	0.00	0.00	0.010		0.010	1
SYS9001 MONEY	9001 MONEY	U S BANK		05/25/2004	0.00	0.00	0.00	0.010		0.010	1
SYS9002 MONEY	9002 MONEY	U S BANK		05/25/2004	0.00	0.00	0.00	0.010		0.010	1
SYS9004 MONEY	9004 MONEY	U S BANK		05/03/2004	0.00	0.00	0.00	0.510		0.510	1

**MSR Public Power Agency Trust
Portfolio Management
Portfolio Details - Cash
February 29, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
		Average Balance	0.00								1
		Total Cash and Investments	36,696,521.94		38,520,478.37	38,981,073.99	38,633,535.08			0.714	532

**MSR Public Power Agency Trust
Portfolio Management
Investment Status Report - Investments
February 29, 2012**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Federal Agency Issues - Coupon												
3133XRFL9	13816	FHLB	2,600,000.00	4.250	06/14/2013	06/11/2008	4.291	4.351	12/14 - 06/14	Received	2,588,341.89	2,588,341.89
3137EACY3	16188	FHLMC	6,440,000.00	0.750	11/25/2014	11/07/2011	0.608	0.616	11/25 - 05/25	Received	6,464,085.60	6,464,085.60
3137EACY3	16189	FHLMC	3,066,000.00	0.750	11/25/2014	11/07/2011	0.622	0.631	11/25 - 05/25	Received	3,077,466.84	3,077,466.84
3137EACY3	16190	FHLMC	1,111,000.00	0.750	11/25/2014	11/07/2011	0.622	0.631	11/25 - 05/25	Received	1,115,155.14	1,115,155.14
Federal Agency Issues - Coupon Totals			13,217,000.00				1.332	1.351		0.00	13,245,049.47	13,245,049.47
Federal Agency Issues - Discount												
313396YT4	16283	FRE	221,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		220,942.54	220,942.54
313396YT4	16284	FRE	45,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		44,988.30	44,988.30
313396YT4	16285	FRE	2,521,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		2,520,344.54	2,520,344.54
313396YT4	16286	FRE	137,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		136,964.38	136,964.38
313396YT4	16287	FRE	7,918,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		7,915,941.32	7,915,941.32
313396YT4	16288	FRE	485,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		484,873.90	484,873.90
313396YT4	16289	FRE	434,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		433,887.16	433,887.16
313396YT4	16290	FRE	114,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		113,970.36	113,970.36
313396YT4	16291	FRE	3,069,000.00		06/29/2012	01/25/2012	0.060	0.061	06/29 - At Maturity		3,068,202.06	3,068,202.06
313396YT4	16329	FRE	221,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		220,924.48	220,924.48
313396YT4	16330	FRE	45,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		44,984.63	44,984.63
313396YT4	16331	FRE	360,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		359,877.00	359,877.00
313396YT4	16332	FRE	138,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		137,952.85	137,952.85
313396YT4	16333	FRE	1,130,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		1,129,613.92	1,129,613.92
313396YT4	16334	FRE	486,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		485,833.95	485,833.95
313396YT4	16335	FRE	62,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		61,978.82	61,978.82
313396YT4	16336	FRE	114,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		113,961.05	113,961.05
313396YT4	16337	FRE	438,000.00		06/29/2012	02/27/2012	0.100	0.101	06/29 - At Maturity		437,850.35	437,850.35
Federal Agency Issues - Discount Totals			17,938,000.00				0.067	0.068		0.00	17,933,091.61	17,933,091.61
Treasury Securities - Coupon												
912828HZ6	15842	US TRE	1,390,000.00	3.875	05/15/2018	04/26/2011	2.816	2.856	05/15 - 11/15	Received	1,479,915.63	1,479,915.63
Treasury Securities - Coupon Totals			1,390,000.00				2.816	2.856		0.00	1,479,915.63	1,479,915.63
Investment Totals			32,545,000.00				0.705	0.714		0.00	32,658,056.71	32,658,056.71

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CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Passbook/Checking Accounts												
SYS0741MONEY	0741MONEY	USBANK	0.00	0.010		09/26/2001	0.010	0.010	09/26 - Monthly		0.00	0.00
SYS0744 MONEY	0744 MONEY	USBANK	0.00	0.010		09/26/2001	0.010	0.010	09/26 - Monthly		0.00	0.00
SYS1400 MONEY	1400 MONEY	USBANK	0.00	0.500			0.493	0.500	01/02 - Monthly		0.00	0.00
SYS1401 MONEY	1401 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS1402 MONEY	1402 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS1403 MONEY	1403 MONEY	USBANK	0.00	0.010			0.010	0.010	01/02 - Monthly		0.00	0.00
SYS1405 MONEY	1405 MONEY	USBANK	0.00	5.030			4.961	5.030	01/02 - Monthly		0.00	0.00
SYS2400 MONEY	2400 MONEY	USBANK	0.00	1.510		06/06/2003	1.489	1.510	07/01 - Monthly		0.00	0.00
SYS2401 MONEY	2401 MONEY	USBANK	0.00	1.510		06/06/2003	1.489	1.510	07/01 - Monthly		0.00	0.00
SYS2402 MONEY	2402 MONEY	USBANK	0.00	0.570		06/27/2003	0.562	0.570	07/01 - Monthly		0.00	0.00
SYS2404 MONEY	2404 MONEY	USBANK	0.00	0.510		05/29/2003	0.503	0.510	06/01 - Monthly		0.00	0.00
SYS30000 MONEY	30000 MONEY	USBANK	532,494.57	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		532,494.57	532,494.57
SYS30001 MONEY	30001 MONEY	USBANK	315.84	0.010		12/24/2008	0.010	0.010	01/01 - Monthly		315.84	315.84
SYS30002 MONEY	30002 MONEY	USBANK	934.41	0.010		01/26/2009	0.010	0.010	01/26 - Monthly		934.41	934.41
SYS30003 MONEY	30003 MONEY	USBANK	7,319.39	0.010		07/23/2008	0.010	0.010	08/01 - Monthly		7,319.39	7,319.39
SYS30004 MONEY	30004 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS30005 MONEY	30005 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS31000 MONEY	31000 MONEY	USBANK	0.00	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		0.00	0.00
SYS31003 MONEY	31003 MONEY	USBANK	3,682.86	0.010		07/23/2008	0.010	0.010	08/01 - Monthly		3,682.86	3,682.86
SYS31006 MONEY	31006 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS32000 MONEY	32000 MONEY	USBANK	0.00	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		0.00	0.00
SYS32003 MONEY	32003 MONEY	USBANK	1,651.49	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		1,651.49	1,651.49
SYS32006 MONEY	32006 MONEY	USBANK	0.00	0.010		07/24/2008	0.010	0.010	08/01 - Monthly		0.00	0.00
SYS5570 MONEY	5570 MONEY	USBANK	0.00	2.700			2.663	2.700	01/01 - Monthly		0.00	0.00
SYS5571 MONEY	5571 MONEY	USBANK	0.00	2.700			2.663	2.700	01/01 - Monthly		0.00	0.00
SYS5572 MONEY	5572 MONEY	USBANK	0.00	6.000			5.918	6.000	01/01 - Monthly		0.00	0.00
SYS5580 MONEY	5580 MONEY	USBANK	0.00	0.035			0.035	0.035	01/01 - Monthly		0.00	0.00
SYS5581 MONEY	5581 MONEY	USBANK	0.00	1.510			1.489	1.510	01/01 - Monthly		0.00	0.00
SYS5590 MONEY	5590 MONEY	USBANK	155.19	0.010			0.010	0.010	01/01 - Monthly		155.19	155.19
SYS5591 MONEY	5591 MONEY	USBANK	231,950.00	0.010			0.010	0.010	01/01 - Monthly		231,950.00	231,950.00
SYS5592 MONEY	5592 MONEY	USBANK	0.00	1.640		04/30/2004	1.618	1.640	04/30 - Monthly		0.00	0.00
SYS5593 MONEY	5593 MONEY	USBANK	0.00	0.470		05/03/2004	0.464	0.470	05/03 - Monthly		0.00	0.00
SYS5600 MONEY	5600 MONEY	USBANK	0.00	0.520			0.513	0.520	01/01 - Monthly		0.00	0.00
SYS5601 MONEY	5601 MONEY	USBANK	0.00	1.550			1.529	1.550	01/01 - Monthly		0.00	0.00
SYS5602 MONEY	5602 MONEY	USBANK	0.00	5.100			5.030	5.100	01/01 - Monthly		0.00	0.00
SYS6680 MONEY	6680 MONEY	USBANK	0.00	6.000			5.918	6.000	01/02 - Monthly		0.00	0.00
SYS6681 MONEY	6681 MONEY	USBANK	0.00	5.020			4.951	5.020	01/02 - Monthly		0.00	0.00

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CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Passbook/Checking Accounts												
SYS6810 MONEY	6810 MONEY	USBANK	0.00	6.100			6.016	6.100	01/02 - Monthly		0.00	0.00
SYS6811 MONEY	6811 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS6813 MONEY	6813 MONEY	USBANK	0.00	4.400			4.340	4.400	01/02 - Monthly		0.00	0.00
SYS69000 MONEY	69000 MONEY	USBANK	371,641.03	0.010		05/01/2009	0.010	0.010	05/01 - Monthly		371,641.03	371,641.03
SYS69001MONEY	69001 MONEY	USBANK	747.59	0.010		12/24/2007	0.010	0.010	01/01 - Monthly		747.59	747.59
SYS69002 MONEY	69002 MONEY	USBANK	216.15	0.010		01/25/2008	0.010	0.010	01/25 - Monthly		216.15	216.15
SYS69003MONEY	69003 MONEY	USBANK	60,930.00	0.010		12/04/2007	0.010	0.010	01/01 - Monthly		60,930.00	60,930.00
SYS69004 MONEY	69004 MONEY	USBANK	0.00	0.035		12/04/2007	0.035	0.035	01/01 - Monthly		0.00	0.00
SYS6990 MONEY	6990 MONEY	USBANK	0.00	1.370			1.351	1.370	01/02 - Monthly		0.00	0.00
SYS6991 MONEY	6991 MONEY	USBANK	0.00	1.370			1.351	1.370	01/02 - Monthly		0.00	0.00
SYS6992 MONEY	6992 MONEY	USBANK	0.00	1.370			1.351	1.370	01/02 - Monthly		0.00	0.00
SYS6993 MONEY	6993 MONEY	USBANK	0.00	1.370			1.351	1.370	/ - Monthly		0.00	0.00
SYS7000MONEY	7000MONEY	USBANK	3,628,541.21	0.010		01/01/2011	0.010	0.010	01/01 - Monthly		3,628,541.21	3,628,541.21
SYS7260 MONEY	7260 MONEY	USBANK	0.11	0.010			0.010	0.010	01/02 - Monthly		0.11	0.11
SYS7261 MONEY	7261 MONEY	USBANK	894.25	0.010			0.010	0.010	01/02 - Monthly		894.25	894.25
SYS7262 MONEY	7262 MONEY	USBANK	546.35	0.010			0.010	0.010	01/02 - Monthly		546.35	546.35
SYS7267 MONEY	7267 MONEY	USBANK	0.00	5.060			4.991	5.060	01/02 - Monthly		0.00	0.00
SYS7510 MONEY	7510 MONEY	USBANK	0.00	0.035			0.035	0.035	01/02 - Monthly		0.00	0.00
SYS7511 MONEY	7511 MONEY	USBANK	0.00	1.400			1.381	1.400	01/02 - Monthly		0.00	0.00
SYS7512 MONEY	7512 MONEY	USBANK	0.00	5.000		01/01/2001	4.932	5.000	01/02 - Monthly		0.00	0.00
SYS7514 MONEY	7514 MONEY	USBANK	0.00	0.520			0.513	0.520	01/01 - Monthly		0.00	0.00
SYS785001 MONEY	785001 MONEY	USBANK	134.87	0.010		05/25/2011	0.010	0.010	06/01 - Monthly		134.87	134.87
SYS785002 MONEY	785002 MONEY	USBANK	740.83	0.010		07/25/2011	0.010	0.010	08/01 - Monthly		740.83	740.83
SYS785003 MONEY	785003 MONEY	USBANK	54,862.66	0.010		04/26/2011	0.010	0.010	05/01 - Monthly		54,862.66	54,862.66
SYS785004 MONEY	785004 MONEY	USBANK	35,238.01	0.010		04/26/2011	0.010	0.010	05/01 - Monthly		35,238.01	35,238.01
SYS8000MONEY	8000MONEY	USBANK	1,042,481.56	0.010		01/01/2011	0.010	0.010	01/01 - Monthly		1,042,481.56	1,042,481.56
SYS8440 MONEY	8440 MONEY	USBANK	0.00	1.500			1.479	1.500	01/02 - Monthly		0.00	0.00
SYS8441 MONEY	8441 MONEY	USBANK	0.00	1.500			1.479	1.500	01/02 - Monthly		0.00	0.00
SYS8442 MONEY	8442 MONEY	USBANK	0.00	4.350			4.290	4.350	01/02 - Monthly		0.00	0.00
SYS8443 MONEY	8443 MONEY	USBANK	0.00	1.500			1.479	1.500	01/02 - Monthly		0.00	0.00
SYS8444 MONEY	8444 MONEY	USBANK	0.00	0.970			0.957	0.970	/ - Monthly		0.00	0.00
SYS8940 MONEY	8940 MONEY	USBANK	0.00	0.035		01/01/2001	0.035	0.035	07/01 - Monthly		0.00	0.00
SYS8942 MONEY	8942 MONEY	USBANK	0.00	1.400			1.381	1.400	07/01 - Monthly		0.00	0.00
SYS8944 MONEY	8944 MONEY	USBANK	0.00	5.500			5.425	5.500	/ - Monthly		0.00	0.00
SYS9000 MONEY	9000 MONEY	USBANK	0.00	0.010		06/25/2004	0.010	0.010	06/25 - Monthly		0.00	0.00
SYS9001 MONEY	9001 MONEY	USBANK	0.00	0.010		05/25/2004	0.010	0.010	05/25 - Monthly		0.00	0.00
SYS9002 MONEY	9002 MONEY	USBANK	0.00	0.010		05/25/2004	0.010	0.010	05/25 - Monthly		0.00	0.00

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Investment Status Report - Cash
February 29, 2012**

CUSIP	Investment #	Issuer	Par Value	Stated Rate	Maturity Date	Purchase Date	YTM 360	YTM 365	Payment Dates	Accrued Interest At Purchase	Current Purchase Principal	Book Value
Passbook/Checking Accounts												
SYS9004 MONEY	9004 MONEY	USBANK	0.00	0.510		05/03/2004	0.503	0.510	05/03 - Monthly		0.00	0.00
Cash Totals			5,975,478.37							0.00	5,975,478.37	5,975,478.37
Totals for Cash and Investments			38,520,478.37				0.705	0.714		0.00	38,633,535.08	38,633,535.08

**MSR Public Power Agency Trust
Portfolio Management
Investment Activity By Type
February 1, 2012 through February 29, 2012**

CUSIP	Investment #	Issuer	Beginning Balance	Stated Rate	Transaction Date	Purchases or Deposits	Sales/Maturities or Withdrawals	Ending Balance
Passbook/Checking Accounts (Monthly Summary)								
SYS30001	MONEY	30001 MONEY		0.010		485,406.58	485,833.95	
SYS30002	MONEY	30002 MONEY		0.010		62,049.91	61,978.82	
SYS5590	MONEY	5590 MONEY		0.010		220,963.20	220,924.48	
SYS69001	MONEY	69001 MONEY		0.010		137,802.55	137,952.85	
SYS69002	MONEY	69002 MONEY		0.010		1,129,807.16	1,129,613.92	
SYS7000	MONEY	7000MONEY		0.010		2,520,327.32	2,520,327.32	
SYS7261	MONEY	7261 MONEY		0.010		45,423.83	44,984.63	
SYS7262	MONEY	7262 MONEY		0.010		359,808.03	359,877.00	
SYS785001	MONEY	785001 MONEY		0.010		114,008.44	113,961.05	
SYS785002	MONEY	785002 MONEY		0.010		438,301.70	437,850.35	
SYS8000	MONEY	8000MONEY		0.010		649,363.00	649,363.00	
Subtotal			5,974,884.02			6,163,261.72	6,162,667.37	5,975,478.37
Federal Agency Issues - Coupon								
Subtotal			13,245,049.47					13,245,049.47
Federal Agency Issues - Discount								
313396YT4	16329	Freddie Mac Discount Note			02/27/2012	220,924.48	0.00	
313396YT4	16330	Freddie Mac Discount Note			02/27/2012	44,984.63	0.00	
313396YT4	16331	Freddie Mac Discount Note			02/27/2012	359,877.00	0.00	
313396YT4	16332	Freddie Mac Discount Note			02/27/2012	137,952.85	0.00	
313396YT4	16333	Freddie Mac Discount Note			02/27/2012	1,129,613.92	0.00	
313396YT4	16334	Freddie Mac Discount Note			02/27/2012	485,833.95	0.00	
313396YT4	16335	Freddie Mac Discount Note			02/27/2012	61,978.82	0.00	
313396YT4	16336	Freddie Mac Discount Note			02/27/2012	113,961.05	0.00	
313396YT4	16337	Freddie Mac Discount Note			02/27/2012	437,850.35	0.00	
Subtotal			14,940,114.56			2,992,977.05	0.00	17,933,091.61
Treasury Securities - Coupon								
Subtotal			1,479,915.63					1,479,915.63
Total			35,639,963.68			9,156,238.77	6,162,667.37	38,633,535.08



MSR Public Power Agency Trust
Investment Purchases Report
Sorted by Purchase Date
February 1, 2012 - February 29, 2012

Modesto Irrigation District
 1231 - 11th St.
 Modesto, CA 95352
 (209)526-7308

CUSIP	Investment #	Fund	Inv. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM 365	Ending Book Value
313396YT4	16329	5590	FAD	FRE	221,000.00	02/27/2012	06/29 - At Maturity	220,924.48			06/29/2012	0.101	220,924.48
313396YT4	16330	7261	FAD	FRE	45,000.00	02/27/2012	06/29 - At Maturity	44,984.63			06/29/2012	0.101	44,984.63
313396YT4	16331	7262	FAD	FRE	360,000.00	02/27/2012	06/29 - At Maturity	359,877.00			06/29/2012	0.101	359,877.00
313396YT4	16332	69001	FAD	FRE	138,000.00	02/27/2012	06/29 - At Maturity	137,952.85			06/29/2012	0.101	137,952.85
313396YT4	16333	69002	FAD	FRE	1,130,000.00	02/27/2012	06/29 - At Maturity	1,129,613.92			06/29/2012	0.101	1,129,613.92
313396YT4	16334	30001	FAD	FRE	486,000.00	02/27/2012	06/29 - At Maturity	485,833.95			06/29/2012	0.101	485,833.95
313396YT4	16335	30002	FAD	FRE	62,000.00	02/27/2012	06/29 - At Maturity	61,978.82			06/29/2012	0.101	61,978.82
313396YT4	16336	5001	FAD	FRE	114,000.00	02/27/2012	06/29 - At Maturity	113,961.05			06/29/2012	0.101	113,961.05
313396YT4	16337	5002	FAD	FRE	438,000.00	02/27/2012	06/29 - At Maturity	437,850.35			06/29/2012	0.101	437,850.35
Total Purchases					2,994,000.00			2,992,977.05	0.00				2,992,977.05

Portfolio MSRT
 CP

PU (PRF_PU) SymRept V6.00f2
 Report Ver. 5.00



PROJECTS AND ACTIVITIES
STATUS REPORTS

Presented To Commission

March 21, 2012

**M-S-R PUBLIC POWER AGENCY
SAN JUAN PROJECT
STATUS REPORT
MARCH 2012**

SAN JUAN UNIT 4 OPERATIONS

January 2012	
Net Generation (MWh)	301,818.9
Net Capacity Factor (%)	80.0
2011	
Net Generation (MWh)	3,732,031.4
Net Capacity Factor (%)	84.0
2011 (M-S-R's portion)	
Net Generation (MWh)	1,125,560.8
Net Capacity Factor (%)	88.0

San Juan Generation Station (San Juan) Unit 4 has did not experience a forced outage in January 2012, December 2011, and the last 27 days of November 2011. The net capacity factor is low, as expected, as owners are conserving coal pending the resumption of the Longwall Miner (LM) operations at the mine.

SAN JUAN MINE

The San Juan Coal Company (SJCC) re-entered the mine on November 3, 2011 and the Continuous Miner (CM) was restarted on November 19, 2011. The CM was finally used to breach the seal encasing the LM on February 26, 2012. The LM shields are in good condition however, the conveyor chain will need to be replaced (not unexpected.) SJCC has decided to abandon the current panel (2/3 complete) and move the LM to a fresh panel. SJCC is anticipating full operation by May 1, 2012.

The Public Service Company of New Mexico (PNM) has compiled the burn forecasts of the San Juan Owners. Some Owners are conserving coal and others aren't. M-S-R PPA and one other San Juan Unit 4 Owner have enough coal (assuming delay of LM operations) to continue operations through August 2012. However, other Owners will likely not have enough coal such that San Juan Unit 4 may not be able to achieve minimum loading requirements. This subject will be discussed by the San Juan Fuels Committee on or around April 26, 2012.

SAN JUAN DESIGNATED REPRESENTATIVE AGREEMENT

The Public Service Company (PNM) has yet to compile and distribute the agreement to the San Juan Owners.

**M-S-R PUBLIC POWER AGENCY
SOUTHWEST TRANSMISSION PROJECTS
STATUS REPORT
MARCH 2012**

FEDERAL ENERGY REGULATORY COMMISSION (FERC) ORDER 1000

The Northern Tier Transmission Group (NTTG) which primarily consists of the large inland utilities east of the Pacific Northwest has decided it will be a “group” and is establishing a number of rules for membership and other features required by FERC Order 1000.

Columbia Grid comprises a number of utilities in the Pacific Northwest including most of the members of the Northwest Power Pool (NWPP). Columbia Grid has had a number of webinars and discussion groups and is establishing its compliance process leading up to its next major meeting scheduled for March 12, 2012.

Utilities in the Inland Southwest (WestConnect) have formulated work groups (Strike Teams) to consider the facets of Governance, Planning, Cost Allocation, Compliance, and Communications. The next meeting of the main group has been scheduled for May 12, 2012. WestConnect has committed to Coordinating with NTTG, Columbia Grid and the California Independent System Operator (CAISO).

EFFICIENT DISPATCH TOOLKIT (EDT)

The Efficient Dispatch Toolkit (EDT) comprises the Energy Imbalance Market (EIM) and an Enhanced Curtailment Calculator (ECC) and the path of these items of these tools has split. The EIM has been sidelined by the Western Electricity Coordinating Council (WECC) in hopes that markets could be developed regionally. The ECC is being promoted by the ECC Task Force which has developed technical specifications for the tool and has drafted a motion supporting funding for the project. The motion will be reviewed and possibly approved by the Operating Committee (OC) and Market Interface Committee (MIC) at their meetings on March 27-28, 2012. If approved, the WECC moves one step closer to function like a Regional Transmission Organization (RTO).

Proponents of the EIM have shifted their focus on developing a WECC Unscheduled Flow (USF) Guideline which was approved by the OC on March 9, 2012. The critical aspect of the USF Guideline is to adjust the way schedules are curtailed after use of the phase shifter network has been maximized during emergencies. Instead of adjusting schedules that contribute the most to an overload, schedules will be curtailed based on transmission priority. This can have a significant impact on existing agreements governing transmission lines entering California.

**M-S-R PUBLIC POWER AGENCY
PACIFIC NORTHWEST PROJECT
STATUS REPORT
MARCH 2012**

BIG HORN I OPERATION

	<u>MWH</u>	<u>% of 5-Year Average</u>
February 2012	47,039	117.9
2012 (through February)	93,118	107.2
Project Life (since October 2006)	2,865,695	92.3

BIG HORN II OPERATION

	<u>MWH</u>	<u>% of 5-Year Average</u>
February 2012	12,352	115.1
2012 (through February)	26,451	112.2
Project Life (since November 2010)	168,341	92.7

Curtailments of Big Horn I energy deliveries for January were 9 MWH on January 28th, 2 MWH on February 4th, and 25 MWH on February 29th, 2012.

ENVIRONMENTAL REDISPATCH

The Federal Energy Regulatory Commission (FERC) has ordered Bonneville to not use Environmental Redispatch to mitigate Bonneville's operational issues in 2012. Although snowpack and expected runoff is much lower this winter, Bonneville projects that it will have need for approximately three times the curtailments experienced in 2011. Although counterintuitive, the root cause for this situation is that the nuclear unit that supplies Bonneville with energy was in outage in 2011 and is planned to be operation in 2012.

BONNEVILLE'S PROPOSED SOLUTION TO FERC'S ORDER

On February 7, 2012, Bonneville released its proposal for accommodating an oversupply situation in 2012. Bonneville proposes to spread the cost of mitigating oversupply across customers 50/50 between wind operators/purchasers and users of the Bonneville system. Bonneville proposes to have all utilities provide a cost stack of generation and allow Bonneville to curtail generation based upon the least cost of curtailment. Bonneville is planning to propose a long-term mechanism through its 2013-2015 rate case process. Bonneville finished collecting comments from stakeholders and filed its response to FERC on March 6, 2012. Iberdrola Renewables, Inc. (IBR) has voiced significant concerns with Bonneville's plan.

M-S-R Public Power Agency Staff Report

Date: March 15, 2012
From: Martin R. Hopper, General Manager
To: M-S-R PPA Commission
Subject: March 2012 General Manager's Report

BIG HORN WIND ENERGY PROJECT:

Biennial Big Horn Tour

The biennial Big Horn Wind Energy Project tour has been scheduled for May 16, and 17, 2012. The intended audience includes member policy-makers, managers and key personnel involved in renewable project operations. Facilities to be visited include Big Horn Wind Energy Project and Big Horn II Wind Energy Project near Bickleton, WA and the Star Point Wind Energy Project near Moro, OR.

GENERAL ISSUES:

APPA Legislative Rally

On March 12, 2012, through March 15, 2012, I attended the APPA Legislative Rally on behalf of M-S-R PPA and supported actions and amendments proposed by the M-S-R PPA Members with respect to APPA L&R Resolutions. Visits to legislative members and staff were made in company with MID, Santa Clara, and Redding representatives. Meetings with FERC Staff were also made to discuss the implications of the BPA Compliance Filing regarding Environmental Redispatch and the system reliability implications of a San Juan Generating Station shut-down due to regional haze requirements. A meeting with EPA senior staff, accompanied by SCPPA, Anaheim and Farmington representatives regarding the San Juan Regional Haze FIP and SIP status was also held.

M-S-R Public Power Agency Staff Report

Date: March 15, 2012
From: Martin R. Hopper Director
To: M-S-R Commission
Subject: 2011 Annual Risk Management Report

Pursuant to Section 6.3 of the M-S-R Energy Risk Management Policy adopted January 27, 2005, the General Manager/Director is to make an annual report to the Commission on risk management issues. The attached report from the Risk Management Committee indicates M-S-R PPA is in full compliance with the policy. No exceptions were reported and no changes were recommended for consideration by the Commission.

I recommend the M-S-R PPA Commission note and file the 2011 Annual Risk Management Report.

**M-S-R PUBLIC POWER AGENCY
MEMORANDUM**

Date: March 14, 2012
To: Martin Hopper, General Manager
From: Scott Van Vuren, Risk Management Committee
Subject: Risk Management Report for 2011

Please find enclosed the subject report, which shows M-S-R to be in compliance with the risk limits contained in its Risk Management Policy during 2011.

The Risk Management Committee (RMC) developed the report to demonstrate whether the Coordination Services Contractor (CSC) is complying with the requirements of the Policy. These requirements include:

- Total Market Activity Limit. The CSC may not transact more than \$100,000 per year of energy products on behalf of M-S-R.
- Credit Limit. The net accounts payable/receivable with any counterparty may not exceed \$100,000.
- Credit Requirement. The CSC may transact only with counterparties meeting the criteria contained in the Policy (e.g., investment grade rating or San Juan owners).
- Tenor Limit. The CSC shall transact only in the hourly “real-time” markets.

The report summary sheet tracks market activity against the limit, while the detailed monthly sheets allow the RMC to determine compliance with the credit and tenor requirements.

Distribution:

Martin Hopper, M-S-R
Mark Haddad, Redding

May Qui, SVP
Toxie Burriss, MID

Joann Snyder, MID
Scott Van Vuren, MID

M-S-R Public Power Agency **Energy Risk Management Report**

Pursuant to the M-S-R Risk Management Policy adopted by the Commission in January 2005 this report is prepared by the Risk Management Committee to determine compliance with the requirements of the Policy. The Policy requirements include a Total Market Activity Limit of \$100,000 per year, a Credit Limit of \$100,000 per counterparty, and a Tenor Limit that restricts trading to the hourly "real time" markets. In addition, each counterparty must meet criteria for creditworthiness.

Total Market Activity Limit

<u>Month</u>	<u>Activity</u>	<u>Limit</u>
January 2011	\$0	
February 2011	\$0	
March 2011	\$0	
April 2011	\$0	
May 2011	\$288	
June 2011	\$228	
July 2011	\$171	
August 2011	\$0	
September 2011	\$0	
October 2011	\$0	
November 2011	\$0	
December 2011	\$0	
Year Total	\$687	\$100,000

Credit Limit

Since there is no forward trading allowed, compliance with the Total Market Activity Limit will necessarily result in compliance with the Credit Limit.

Tenor and Creditworthiness Requirements

The Risk Management Committee determines compliance by examining the schedules that are contained in the monthly tabs.

M-S-R Public Power Agency Staff Report

Date: March 15, 2012
From: Martin R. Hopper Director
To: M-S-R Commission
Subject: Amendment to Professional Services Agreement With Navigant Consulting Inc.

Navigant Consulting Inc. has requested M-S-R PPA amend our Professional Services Agreement to clarify an ambiguity with regard to their required level of insurance and liability. M-S-R PPA General Counsel has reviewed the Professional Services Agreement and notes it specifies the levels of insurance coverage, i.e. - "Navigant...shall maintain...one million dollars ... of professional liability insurance." and agrees with their interpretation and requested clarification.

I recommend the M-S-R PPA approve the Amendment to the Professional Services Agreement With Navigant Consulting Inc.



3100 Zinfandel Drive, Suite 600
Rancho Cordova, CA 95670-6064
916.631.3200 phone
916.852.1073 fax

February 7, 2012

Mr. Martin Hopper
General Manager
M-S-R Public Power Agency
P.O. Box 4060
Modesto, CA 95352

Subject: Amendment to Navigant/M-S-R Professional Services Agreement

Dear Mr. Hopper:

Navigant proposes to clarify the following terms of the Professional Services Agreement dated July 22, 1999, between M-S-R Public Power Agency and RMI/Navigant Consulting, n/k/a Navigant Consulting, Inc. ("Agreement"), by the following amendment, in exchange for good and valuable consideration, receipt of which is hereby acknowledged.

Article VII of the Agreement is amended as follows:

(b) RMI/Navigant Consulting's obligation to indemnify and hold CLIENT harmless, and for damages of any kind to CLIENT, shall be expressly limited to the proceeds of its applicable insurance coverage in the maximum amounts set out in Article VI, and shall terminate one (1) year after termination of this Agreement.

All remaining terms of the Agreement remain unchanged and in full force and effect.

If you are in agreement with this Amendment, please sign below and return a copy of this letter to me.

Sincerely,

Patrick Mealoy
Managing Director

Agreed to by
M-S-R Public Power Agency

By: _____
Martin Hopper, General Manager

M-S-R Public Power Agency Staff Report

Date: March 15, 2012

From: Martin R. Hopper, General Manager

To: M-S-R PPA Commission

Subject: Discussion and Possible Action Regarding 2012 San Juan Coal Pricing and Resolution No. 2012-01

Pursuant to the San Juan Underground Coal Sales Agreement (UG-CSA), each year the San Juan Coal Company (SJCC) and the Utilities are to agree on an Interim Pricing Agreement (IIA) for the current year to reflect the expected actual base and incremental costs, subject to true-up at the end of the year. This structure has been used very successfully under the UG-CSA and its predecessors dating back to the early 1990's. Unfortunately agreement could not be reached with SJCC this year over various new caveats they wished to insert into the agreement regarding deliveries and coal source issues related to the mine fire. The indicative pricing of \$2.881/MMBTU and \$0.879/MMBTU for base and incremental coal respectively was not in dispute and was applied to the January 2012 invoices in anticipation of the formalization of the IIA.

The UG-CSA specifies that if an IIA is not agreed to among SJCC and the Utilities, the default pricing structure specified in UG-CSA §8.7(B) would apply. These prices have been calculated and would result in base and incremental prices of \$2.666/MMBTU and \$0.861/MMBTU respectively. A year-end true-up will still apply and if the originally indicative pricing proves accurate, M-S-R PPA, given its current coal consumption forecast, could face a year end true-up of about \$2 million. For Santa Clara and Redding, this would have the effect of shifting \$1 million of fuel cost from fiscal year 2012 to fiscal year 2013. For MID, the costs would remain in the same fiscal year.

To avoid the possibility of a large true-up and to bill costs to the Members at the time they are accrued, we have prepared a procedure by which the members will pay M-S-R for coal based on the indicative rather than the default pricing. Funds will be accrued and held in an Accounts Payable account within the Operating Fund and will be paid to PNM with the final 2012 fuels invoice when due.

I recommend the Commission adopt Resolution No. 2012-01, Regarding Timely Accrual of Expected San Juan Fuel Costs.

RESOLUTION No. 2012 – 01
RESOLUTION OF THE COMMISSION OF THE
M-S-R PUBLIC POWER AGENCY
REGARDING TIMELY ACCRUAL OF EXPECTED SAN JUAN FUEL COSTS

WHEREAS, Pursuant to the San Juan Underground Coal Sales Agreement (UG-CSA), each year the San Juan Coal Company (SJCC) and the Utilities are to agree on an Interim Pricing Agreement (IIA) for the current year to reflect the expected actual base and incremental costs, subject to true-up at the end of the year; and

WHEREAS, agreement could not be reached with SJCC this year over various new caveats they wished to insert into the agreement regarding deliveries and coal source issues related to the mine fire; and

WHEREAS, indicative pricing of \$2.881/MMBTU and \$0.879/MMBTU to be applied in the IIA for base and incremental coal respectively was not in dispute; and

WHEREAS, without agreement on an IIA, the default pricing structure specified in UG-CSA §8.7(B) would apply at base and incremental prices of \$2.666/MMBTU and \$0.861/MMBTU respectively; and

WHEREAS, use of the default rather than indicative pricing will result in under-collection of fuel costs through the course of year and a cause a substantial year-end true-up whereby M-S-R may owe at least \$2 million to PNM; and

WHEREAS, to accrue funds for payment of such a coal-pricing true-up and to invoice M-S-R Members for the underlying cost of fuel at time of consumption, M-S-R desires to apply the indicative pricing rather than default pricing in its own accounting and accrue such funds as an accounts payable to PNM.

THEREFORE, BE IT RESOLVED BY THE COMMISSION OF THE M-S-R PUBLIC POWER AGENCY that

1. For Member invoicing purposes, San Juan Project fuel expenses shall be charged at the rates of \$2.881/MMBTU and \$0.879/MMBTU for base and incremental coal respectively and that the amounts collected in excess of immediate payments to PNM shall be accrued as an accounts payable and applied to the 2012 coal pricing true-up.

PASSED AND ADOPTED this 21st day of March 2012 upon the following vote of the Members:

Modesto Irrigation District
City of Santa Clara
City of Redding

ATTEST:

PRESIDENT

SECRETARY