



ACCOUNTANTS' COMPILATION REPORT

Management
Orange County Power Authority

Management is responsible for the accompanying financial statements of Orange County Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of July 31, 2022, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Orange County Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
September 14, 2022

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF NET POSITION
As of July 31, 2022

ASSETS

Current assets		
Cash	\$	8,513,467
Restricted cash		6,000,000
Investments		147,623
Accounts receivable, net of allowance		16,130,055
Accrued revenue		13,681,608
Other receivables		2,268,157
Prepaid expenses		6,536,005
Deposits		224,274
Total current assets		<u>53,501,189</u>

LIABILITIES

Current liabilities		
Accrued cost of energy		39,147,453
Accounts payable		358,746
Other accrued liabilities		366,396
User taxes and energy surcharges due to other governments		671,016
Accrued interest and financing costs		21,548
Total current liabilities		<u>40,565,159</u>
Noncurrent liabilities		
Note payable		2,550,000
Loan payable		7,652,380
Accrued interest and financing costs		99,699
Total noncurrent liabilities		<u>10,302,079</u>
Total liabilities		<u>50,867,238</u>

NET POSITION

Unrestricted		2,633,951
Total net position		<u>\$ 2,633,951</u>

**ORANGE COUNTY POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
One Month Ended July 31, 2022**

OPERATING REVENUES	
Electricity sales, net	\$ 20,911,814
OPERATING EXPENSES	
Cost of energy	18,482,158
Contract services	294,089
Staff compensation	118,321
General and administration	63,713
Total operating expenses	<u>18,958,281</u>
Operating income (loss)	<u>1,953,533</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	36
Interest and financing expense	<u>(29,320)</u>
Nonoperating revenues (expenses), net	<u>(29,284)</u>
CHANGE IN NET POSITION	1,924,249
Net position at beginning of period	<u>709,702</u>
Net position at end of period	<u><u>\$ 2,633,951</u></u>

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS
One Month Ended July 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 15,555,965
Receipts from market settlements	1,523,106
Payments to suppliers for electricity	(10,525,269)
Payments for goods and services	(499,553)
Payments to employees for services	(133,453)
Payments of taxes and energy surcharges to other governments	(368,110)
Net cash used by operating activities	<u>5,552,686</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Proceeds from note payable	1,800,000
Principal payments on note payable	(6,900,000)
Interest and related expense payments	(31,626)
Net cash provided by non-capital financing activities	<u>(5,131,626)</u>

Net change in cash	421,060
Cash at beginning of period	<u>14,092,407</u>
Cash at end of period	<u>\$ 14,513,467</u>

Reconciliation to the Statement of Net Position

Cash (unrestricted)	\$ 8,513,467
Restricted cash	<u>6,000,000</u>
Cash	<u>\$ 14,513,467</u>

ORANGE COUNTY POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
One Month Ended July 31, 2022

**RECONCILIATION OF OPERATING LOSS TO NET
CASH USED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 1,953,533
Adjustments to reconcile operating loss to net cash used by operating activities	
Revenue adjusted for allowance for uncollectible accounts	264,707
(Increase) decrease in:	
Accounts receivable	(5,393,443)
Other receivables	(395,241)
Accrued revenue	(671,456)
Prepaid expenses	(732,105)
Deposits	302
Increase (decrease) in:	
Accrued cost of electricity	10,546,286
Accounts payable	(225,006)
Other accrued liabilities	128,877
User taxes and energy surcharges due to other governments	76,232
Net cash used by operating activities	<u>\$ 5,552,686</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Orange County Power Authority

Management is responsible for the accompanying special purpose statement of Orange County Power Authority (OCPA), a California Joint Powers Authority, which comprise the budgetary comparison schedule for the period ended July 31, 2022, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of OCPA.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. OCPA's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to OCPA because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
September 14, 2022

ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
One Month Ended July 31, 2022

	YTD Actual	YTD Budget	YTD Budget Variance (under) Over	YTD Actual as a Percent of Budget	Annual Budget	Annual Budget Variance (under) Over
OPERATING REVENUES						
Electricity Sales, net	\$ 20,911,814	\$ 25,612,556	\$ (4,700,742)	81.6%	\$ 301,750,000	\$ (280,838,186)
OPERATING EXPENSES						
Cost of Energy	18,482,158	23,709,428	(5,227,270)	78.0%	285,342,000	(266,859,842)
Data Manager	-	-	-		1,839,000	(1,839,000)
Utilities Service Fees	141,299	58,636	82,663	241.0%	532,000	(390,701)
Staffing Costs	118,321	292,116	(173,795)	40.5%	4,046,000	(3,927,679)
Contract Services	73,448	107,653	(34,205)	68.2%	1,302,000	(1,228,552)
Legal Services	47,579	48,333	(754)	98.4%	580,000	(532,421)
Marketing and Customer Enrollment	31,763	186,417	(154,654)	17.0%	1,597,000	(1,565,237)
Other G&A	56,779	215,078	(158,299)	26.4%	844,000	(787,221)
Energy Programs	6,934	42,440	(35,506)	16.3%	500,000	(493,066)
Total operating expenses	18,958,281	24,660,101	(5,701,820)		296,582,000	(277,623,719)
Operating income (loss)	1,953,533	952,455	1,001,078		5,168,000	(3,214,467)
NONOPERATING REVENUES (EXPENSES)						
Investment and miscellaneous income	36	-	36	N/A	1,000	(964)
Interest and financing expense	(29,320)	(24,889)	(4,431)	117.8%	(329,000)	299,680
Capital Outlay	-	-	-		(110,000)	110,000
Nonoperating revenues (expenses), net	(29,284)	(24,889)	(4,395)		(438,000)	408,716
CHANGE IN NET POSITION	<u>\$ 1,924,249</u>	<u>\$ 927,566</u>	<u>\$ 996,683</u>		<u>\$ 4,730,000</u>	<u>\$ (2,805,751)</u>

**ORANGE COUNTY POWER AUTHORITY
BUDGETARY COMPARISON REPORT
One Month Ended July 31, 2022**

Budget Item	Actual / Budget %	Comment
Electric Sales Revenue	81.6%	Year-to-date energy sales are lower than budget by approx. \$4.7mil. The preparation of the FY2022/23 budget required the use of outdated SCE 2019 dataset to calculate the load projections (Note: 2020 dataset was deemed unreliable due to the usage anomalies caused by global pandemic). Despite continued requests, SCE has been unable to generate a correct 2021 dataset for OCPA. Lower energy sales are primarily the result of the actual enrolled customer mix being weighted more heavily within the smallest commercial GS-1 category than expected. Additionally, the actual load consumption from our industrial TOU-8 customers has been lower than the forecast derived from SCE's 2019 historical dataset. The change in customer usage patterns since the 2019 period resulted in actual revenues being lower than projected. However, the lower-than-expected sales have not negatively impacted bottom line results as the power supply costs are below budget by approx. \$5.2mil or 22% accordingly. Staff will update projections and related financial impacts utilizing actual enrollment data in FY2022/23 Mid-Year Budget Update.
Cost of Energy	78.0%	Corresponding to the lower-than-expected energy sales, cost of energy is below budget by approx. \$5.2mil or 22%. In addition to the lower projected volume used by customers, the variance is typically due to timing difference between projected and actual Renewable Energy Certificates (RECs) deliveries as well as fluctuating market prices.
Service Fees - SCE	241.0%	Actual costs exceeded budget due to timing that the Phase 2 mass enrollment fee of \$129k for residential customers was being budgeted in the enrollment month of October 2022 instead of July 2022, partially offset by the new project management fees of \$54k which was incurred in June 2022.
Personnel	40.5%	Staffing expenses are under budget due to the timing delay of new hires.
Professional Services	68.2%	This category includes accounting, rates and financial & planning analysis, portfolio management, scheduling coordinator, HR and board clerk, and other consultants
Legal Costs	98.4%	This category includes outside legal costs for general counsel, energy procurement transactional support, labor, clerk support, regulatory, and RA appeal services.
Marketing and customer enrollment	17.0%	This category includes customer noticing, advertising and other customer communications.
Other General & Administrative	26.4%	This category includes occupancy costs, industry membership dues, general business insurance, and other general and administrative costs.
Interest and financing expenses	117.8%	This category includes interest and fees related to debt. Variance predominately due to the timing of loan draws and letters of credit posted for collateral for energy supply.

ORANGE COUNTY POWER AUTHORITY
 SCHEDULE OF OUTSTANDING DEBT
 As of July 31, 2022

CITY OF IRVINE

On January 2021, OCPA borrowed \$2,500,000 from the City of Irvine for working capital costs associated with OCPA's pre-launch. On September 2021, OCPA borrowed \$5,000,000 from the City of Irvine for cash collateral in the credit facility associated with OCPA's launch. The loan repayment date for the above is January 1, 2027. Interest is due on the loan in an amount based on the gross earnings for the respective quarter as reported in the City Treasurer's pooled investment portfolio report.

Also included as a loan payable are formation related costs - \$152,380 paid directly from the City to the vendors. OCPA will reimburse the City no later than January 1, 2027. Interest does not accrue on the formation costs advanced by the City.

Principal	Maturity	Interest Rate	Payments	Outstanding Principal
\$ 152,380	January 2027	0.00%	\$ -	\$ 152,380
		Variable - City Treasurer's report		
\$ 7,500,000	January 2027		\$ -	\$ 7,500,000

MUFG UNION BANK, N.A. CREDIT FACILITY

On September 2021, OCPA and MUFG Union Bank, N.A. entered into a Revolving Credit Agreement for a \$35 million credit facility OCPA has borrowed \$2,550,000 as of July 31, 2022, of which \$1,000,000 was used as a reserve for the lockbox account.

MUFG, N.A. has also issued a \$2,611,947.50 Letter of Credit to Pacific Gas & Electric; a \$2,870,000.00 Letter of Credit to Southern California Edison Company and a \$703,000 Letter of Credit to California ISO. This leaves an unused credit balance of \$26,265,053

Credit Facility	Letter of Credit	Borrowing	Unused Credit
\$ 35,000,000	\$ 6,184,948	\$ 2,550,000	\$ 26,265,053