



2022 Audited Financial Statements - Draft

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Financial Statement Results: Statement of Net Position

- Assets - Decreased \$29.8 million or 2.6%
 - Cash and investments, regulatory assets, deferred outflows, electric plant, receivables, and net OPEB asset
- Liabilities - Decreased \$18.9 million or 1.7%
 - Current and long-term debt, net pension and OPEB liabilities, swap liability, operating reserves, lease liabilities, pension and OPEB deferrals, and accounts payable
- Net position – Decreased \$10.9 million or 31.6%

Financial Statement Results: Statement of Revenue, Expenses, and Changes in Net Position

- Operating revenues - Increased \$72.1 million or 8.9%
 - Increased LEC/Geo generation, CAISO transmission and ancillary services
- Operating expenses – Increased \$74.1 million or 9.6%
 - Purchased power, transmission, and operations and maintenance costs
- Non-operating revenues and expenses - Increased \$12.8 million or 57.8%
 - Interest, swap termination, gas credit transfer

Regulatory Asset Accounting

- GASB 62
 - Allows regulated entities to defer revenue and expenses and better match those with timing of revenue collections, smoothing impacts to members/participants /customers.
 - Requires approval

Regulatory Accounting Included In 2022 Audited Financial Statements

- Regulatory assets
 - Net change in swaps valuation
 - Swap termination fee
 - Difference between annual depreciation/debt service
 - Net pension and OPEB liabilities, accrued payroll/benefit
 - Asset Retirement Obligation (ARO)

Regulatory Accounting Included In 2022 Audited Financial Statements

- Regulatory liabilities
 - Prepaid insurance, etc.
 - MID/CDWR/NCPA LEC construction advances
 - Inventory purchases
 - Construction work in progress
 - Funds advanced for AROs
 - Net capital assets paid through operations

Recommendations

- Recommend Commission accept and file 2022 Audited Financial Statements with no substantial changes from the draft presented
- Confirm authorization of regulatory accounting for items included in 2022