



**AND**

**ASSOCIATED POWER CORPORATIONS**

**Combined Financial Statements Including Independent Auditors' Report**

**As of and For the Years Ended June 30, 2023 and 2022**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**Combined Financial Statements**

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**As of and For the Years Ended June 30, 2023 and 2022**

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The management of Northern California Power Agency (the Agency or NCPA) offers the following narrative discussion and analysis of its financial performance for the years ended June 30, 2023 and 2022. This discussion should be read in conjunction with the Agency's combined financial statements and accompanying notes, which follow this section.

## Independent Auditors' Report

To the Board of Commissioners of  
Northern California Power Agency and Associated Power Corporations

### Opinion

We have audited the accompanying financial statements of the Northern California Power Agency and Associated Power Corporations (Agency), as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of net position, combining statements of revenues, expenses and changes in net position, combining statements of cash flows (combining financial statements) as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information are fairly stated in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information. The other information comprises the schedule of generation entitlement shares as identified in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

*Baker Tilly US, LLP*

Madison, Wisconsin  
October 12, 2023

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)**

### **NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS**

#### **BACKGROUND**

The Northern California Power Agency is a joint powers agency formed by member public entities under the laws of the State of California to provide cost effective wholesale power, energy-related services, and advocacy on behalf of public power consumers. The Agency's purposes are for purchasing, generating, transmitting, and selling electrical energy and for providing other related services to its members and customers as each may require. The Agency provides a portion of certain of its members' power needs and certain of its members also self-provide and/or purchase power and transmission from other public and private sources.

NCPA is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property, and business of the Agency. Under the direction of the General Manager, the staff of the Agency is responsible for providing various administrative, operating and planning services for the Agency.

The Agency's project construction and development programs have been individually financed by project revenue bonds that are collateralized by the Agency's assignment of all payments, revenues, and proceeds associated with its interest in each project. Each of the Agency's members may choose which projects it wishes to participate in, and is known as a "project participant" for each such project. Each project participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, or reduction or curtailment of output from the project for any reason (that is, the take-or-pay member agreements).

Power sales by the Agency to its members for their resale include both sales of power to project participants generated by operating plants and power purchased from outside sources. Collections for power sales are designed to recover costs that include budgeted annual operating costs and debt service. Additional amounts for operating reserves or cost stabilization may be included in collections under the terms of bond indentures. The Agency's collections for electric service are not subject to the regulatory jurisdiction of the California Public Utilities Commission (CPUC) or the Federal Energy Regulatory Commission (FERC). Rather, the Agency's collections are established annually in connection with its budget, which is approved by its governing Commission.

Various legal and tax considerations caused the Agency to provide that separate not-for-profit corporations should be delegated by the Agency to own the geothermal electrical generating projects undertaken by the Agency ("the Associated Power Corporations"). The Associated Power Corporations, consisting of Northern California Municipal Power Corporation Nos. Two and Three, have delegated to the Agency the authority to construct, operate, and manage their respective geothermal plants and related assets. The Agency, in return for financing the costs of acquisition and construction, acquires all the capacity and energy generated by the plants.

Because the Agency is a separate, special-purpose governmental entity that serves its participating members, who are also the Agency's principal customers, the net results of operations flow through to its participating members as either net revenues or net expenses.

During the year, the impact of COVID-19 to NCPA and our members stabilized. Members' revenue and disconnections returned to pre-pandemic levels. The State of California created the California Arrearage Payment Program that offers financial assistance for California energy utility customers to help reduce past due energy bill balances accrued during the COVID-19 pandemic.

The Agency continues to follow California's COVID-19 regulations to ensure a safe workplace environment for employees, contractors and guests. This includes maintaining a clean workspace and appropriate physical distancing,

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)**

### **NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS**

and wearing facial coverings as required. The Agency continues to monitor the situation and make adjustments, as needed, to comply with California Occupational Safety and Health Administration.

During FY 2022 and most of FY 2023, the Agency face continued drought in the western region of the country. The Agency has assisted its participants in meeting hydro generation shortfalls by procuring alternative resources to ensure their loads are met. After receiving above average rainfall from November 2022 through February 2023, California terminated its emergency drought requirements. To date, the drought has not materially impacted revenue for the Hydroelectric project. The Agency has strategically placed ancillary services from the plant into the market during times of high prices, thereby essentially offsetting the reduced generation revenue from the plant.

### **FINANCIAL REPORTING**

For accounting purposes, the Agency is a special-purpose governmental entity that is engaged in a business-type activity, principally as a supplier of wholesale electricity and transmission to its member participants. As such, the Agency's financial statements are presented as an enterprise type fund.

The records of the Agency and the Associated Power Corporations are maintained substantially in accordance with the FERC Uniform System of Accounts. Accounting principles generally accepted in the United States of America are applied by the Agency in conformance with pronouncements of the Governmental Accounting Standards Board (GASB). The combined financial statements encompass the Agency and Associated Power Corporations on an accrual accounting basis. All significant intercompany balances and transactions have been eliminated from the combined amounts reported.

In accordance with GASB Statement of Government Accounting Standards No. 62, *Codification of Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting (GASB No. 62)*, the Agency has recorded as regulatory assets and liabilities certain items of expense and revenue that otherwise would have been charged to operations as such items will be recovered in future years' operations. The Agency expects to recover these items in collections over the term of the related debt obligations it has issued or when the obligation is paid.

Implemented in FY 2023, GASB Statement of Government Accounting Standards No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, established standards for recognizing a right-to-use subscription asset and a corresponding subscription liability and provides the capitalization criteria for outlays other than subscription payments. This Statement requires the measurement of SBITA assets and liabilities be based on the value of the subscription payments over the life of the contract.

### **COMBINED STATEMENTS OF NET POSITION, COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION, AND COMBINED STATEMENTS OF CASH FLOWS**

The combined statements of net position includes the Agency's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position using the accrual method of accounting, as well as information about which assets can be used for general purposes and which assets are restricted as a result of bond covenants and other commitments. The combined statements of net position provide information about the nature and amount of resources and obligations at a specific point in time. The combined statements of revenues, expenses, and changes in net position report all the revenues and expenses during the time periods indicated. The combined statements of cash flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and debt financing, and other cash uses, such as payments for debt service and capital additions.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**FINANCIAL HIGHLIGHTS**

The following is a summary of the Agency's combined financial position and results of operations for the years ended June 30, 2023, 2022, and 2021.

<b>Condensed Statement of Net Position</b>	June 30,		
	2023	(in thousands)	
	2022	2021 (Restated)	
<b>Assets and Deferred Outflows of Resources</b>			
Current assets	\$ 182,150	\$ 177,909	\$ 206,369
Non-current assets	160,869	140,337	146,024
Electric plant, net	485,517	518,691	486,541
Other assets	168,018	197,060	210,264
Total Assets	996,554	1,033,997	1,049,198
Deferred outflows of resources	88,636	77,321	91,950
	<u>\$ 1,085,190</u>	<u>\$ 1,111,318</u>	<u>\$ 1,141,148</u>
<b>Liabilities, Deferred Inflows of Resources and Net Position</b>			
Long-term debt, net	\$ 451,718	\$ 503,352	\$ 553,778
Current liabilities	138,199	137,039	137,087
Non-current liabilities	372,795	340,297	328,350
Total Liabilities	962,712	980,688	1,019,215
Deferred inflows of resources	96,123	113,933	94,305
Net position:			
Net investment in capital assets	(88,404)	(100,776)	(109,274)
Restricted	40,888	43,562	42,444
Unrestricted	73,871	73,911	94,458
	<u>\$ 1,085,190</u>	<u>\$ 1,111,318</u>	<u>\$ 1,141,148</u>

<b>Condensed Statements of Revenues, Expenses and Changes in Net Position</b>	Years ended June 30,		
	(in thousands)		
	2023	2022	2021 (Restated)
Operating revenues	\$ 1,124,914	\$ 879,672	\$ 807,535
Operating expenses	(1,076,373)	(842,096)	(767,990)
Net operating revenues	48,541	37,576	39,545
Other revenues (expenses)	82,831	(35,049)	(22,205)
Future refundable costs	(27,900)	(12,122)	(15,622)
Refunds to participants	(93,814)	(1,336)	(14,481)
Change in net position	9,658	(10,931)	(12,763)
Net position, beginning of year	16,697	27,628	40,391
Net position, end of year	<u>\$ 26,355</u>	<u>\$ 16,697</u>	<u>\$ 27,628</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

##### Current Assets

*2023 Compared to 2022* - Current assets increased \$4.2 million or 2.4% from the prior year, primarily due to an increase in cash and cash equivalents resulting from the increasing payments by members for purchased power, offset by a decrease in receivables from participants for energy and transmission due to lower generation at plants in May and June compared to prior year.

*2022 Compared to 2021* - Current assets decreased \$28.5 million or 13.8% from the prior year, primarily due to reduction in cash and investments resulting from the timing of payments for energy and transmission costs, offset by increase in receivables from participants for energy and transmission credited to them.

##### Non-current Assets

*2023 Compared to 2022* - Non-current assets, consisting mainly of long-term investments, increased \$20.5 million or 14.6% from the prior year. This is primarily due to budgeted increases to reserve and debt service accounts.

*2022 Compared to 2021* - Non-current assets, consisting mainly of long-term investments, decreased \$5.7 million or 3.9% from the prior year. This is primarily due to temporary decreases in mark to market valuation of investments.

##### Electric Plant, net

*2023 Compared to 2022* - The Agency has invested approximately \$485.5 million in capital plant assets, net of accumulated depreciation and amortization, at June 30, 2023. Net capital plant assets include \$396.3 million in net utility plant, \$89.0 million in net leased assets, and \$0.2 million in net SBITA assets. Net capital plant comprises approximately 44.97% of the Agency's assets and deferred outflows. The \$34.7 million or 6.7% decrease from the prior year consists of an increase in accumulated depreciation and amortization of \$36.7 million, offset by the addition of SBITA assets totaling \$0.3 million and the increase of \$1.6 million in capital plant expenditures. For additional detail, refer to Note B - Significant Accounting Policies.

*2022 Compared to 2021* - The Agency has invested approximately \$518.7 million in capital plant assets, net of accumulated depreciation and amortization, at June 30, 2022. Net capital plant assets include \$423.3 million in net utility plant and \$95.3 million in net leased assets. Net capital plant comprises approximately 46.7% of the Agency's assets and deferred outflows. The \$32.1 million or 6.6% increase from the prior year consists of an increase of \$61.4 million in additional leased assets, increase of \$4.1 million in capital plant expenditures, offset by an increase in accumulated depreciation and amortization of \$33.4 million. For additional detail, refer to Note B - Significant Accounting Policies.

##### Deferred Outflows

*2023 Compared to 2022* - Total deferred outflows of resources increased \$11.3 million or 14.6% due to the increase of deferred pension and OPEB related outflows of \$11.2 million, offset by the scheduled amortization and write-off of excess of cost on refunding of debt totaling decrease of \$0.6 million and the increase of deferred ARO of \$0.7 million.

*2022 Compared to 2021* - Total deferred outflows of resources decreased \$14.6 million or 15.9% due to the scheduled amortization and write-off of excess of cost on refunding of debt totaling \$10.5 million, decrease of deferred pension and OPEB contributions of \$4.0 million and decrease of deferred ARO of \$0.1 million.



**MANAGEMENT’S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)**

**NORTHERN CALIFORNIA POWER AGENCY  
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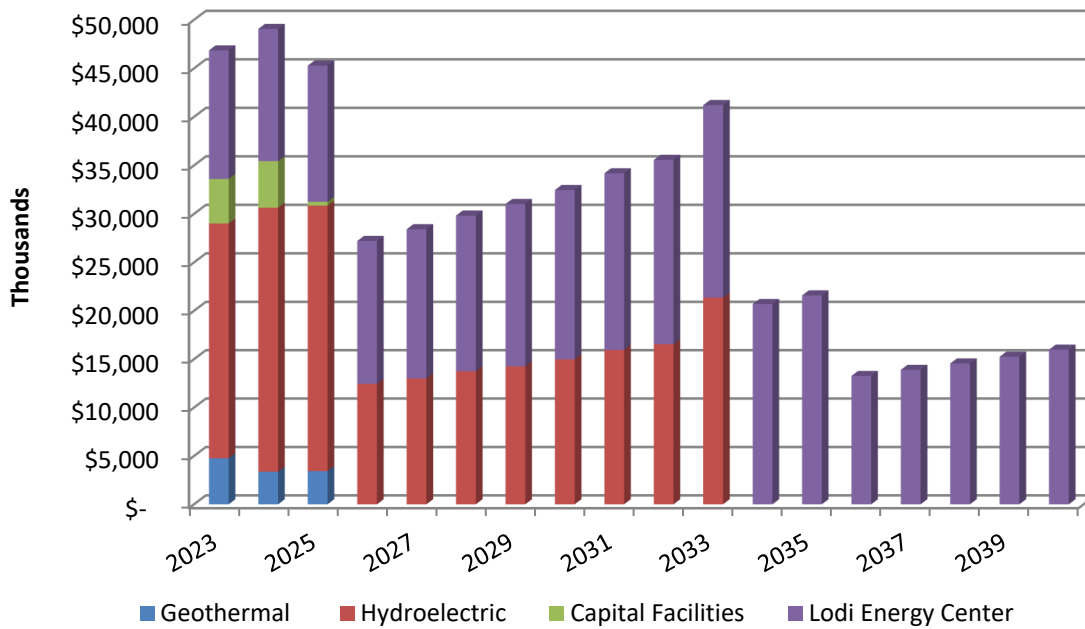
**LIABILITIES AND DEFERRED INFLOWS OF RESOURCES**

**Long-Term Debt, net**

*2023 Compared to 2022* - Long-term debt, net decreased \$51.6 million or 10.3% in 2023 as a result of scheduled principal payments of \$44.3 million, net premium amortization of \$2.8 million, and the net transfer of the current portion of long-term debt of \$4.5 million. For additional detail, refer to Note G - Projects and Related Financing.

*2022 Compared to 2021* - Long-term debt, net decreased \$50.4 million or 9.1% in 2022 as a result of scheduled principal payments of \$43.4 million, net premium amortization of \$7.9 million, offset a net increase for the net transfer of the current portion of long-term debt of \$0.9 million. For additional detail, refer to Note G - Projects and Related Financing.

The following table shows the Agency’s scheduled annual debt service principal payments through FY 2040 as of June 30, 2023:



## MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### Current Liabilities

*2023 Compared to 2022* - Current liabilities increased by \$1.2 million or 0.8% in 2023. This is primarily due to increases in operating reserves of \$4.7 million, increases in the current portion of long-term debt of \$4.6 million, and increases in the accrued interest payable of \$0.9 million. The current liabilities also include increases in lease liabilities of \$0.1 million and the addition of SBITA liabilities of \$0.1 million. Increases to current liabilities are offset by a decrease in accounts payable of \$9.2 million.

*2022 Compared to 2021* - Current liabilities decreased by \$0.1 million or 0.1% in 2022. This is primarily due to increases in lease liabilities of \$5.7 million. The current liabilities also include increases in the current portion of long-term debt of \$0.9 million, decreases in project operating reserves of \$3.6 million, decreases in accounts payable of \$1.5 million and decreases in accrued interest payable of \$1.6 million.

#### Other Non-Current Liabilities

*2023 Compared to 2022* - Non-current liabilities increased by a net amount of \$31.6 million or 9.3% in 2023. This was primarily due to increased operating reserves of \$17.0 million, increased net pension obligations of \$19.4 million, increased asset retirement obligations of \$1.6 million and the implementation of a new accounting standard resulting in the recognition of \$0.1 million related to subscription-based information technology contracts, offset by a decrease in lease liabilities of \$6.4 million.

*2022 Compared to 2021* - Non-current liabilities increased by a net amount of \$11.9 million or 3.6% in 2022. This was primarily due to increased lease liability of \$52.3 million and increased asset retirement obligations of \$1.5 million, offset by decreased net pension and OPEB obligations of \$21.0 million, decreased operating reserves of \$4.9 million and termination of interest rate swap liability of \$16.0 million.

#### Deferred Inflows

*2023 Compared to 2022* - Total deferred inflows of resources decreased \$17.8 million or 15.6% due to deferral of certain gains related to the pension liability and OPEB asset of \$17.8 million and deferral of refunding gains of \$0.5 million. These deferrals are offset by a decrease in deferrals of certain revenues related to the amortization of construction advances and operating fixed assets totaling \$0.5 million.

*2022 Compared to 2021* - Total deferred inflows of resources increased \$19.6 million or 20.8% due to deferral of certain gains related to pension and OPEB liability of \$17.7 million and deferral of refunding gains of \$5.2 million. These deferrals are offset by a decrease in deferrals of certain revenues related to the amortization of construction advances and operating fixed assets totaling \$3.3 million.

### CHANGES IN NET POSITION

The Agency is intended to operate on a not-for-profit basis. Therefore, net position primarily represents differences between total revenues collected, based on estimated operating expenses and debt service, and the total actual expenses incurred. In subsequent periods of operation, excess collections (net of encumbrances) may be refunded to participants or appropriated for other uses at the discretion of the Agency's governing Board of Commissioners. In the event the Agency incurs a net expense at year-end, the balance would be subject to recovery from participants under the terms of the related participating member agreements. See Notes A, B and F to the Combined Financial Statements.

#### Operating Revenues

Operating revenues consist of Participants Revenue, California Independent System Operator (CAISO) Energy Sales and Ancillary Services (A/S) Revenues and Other Revenues.

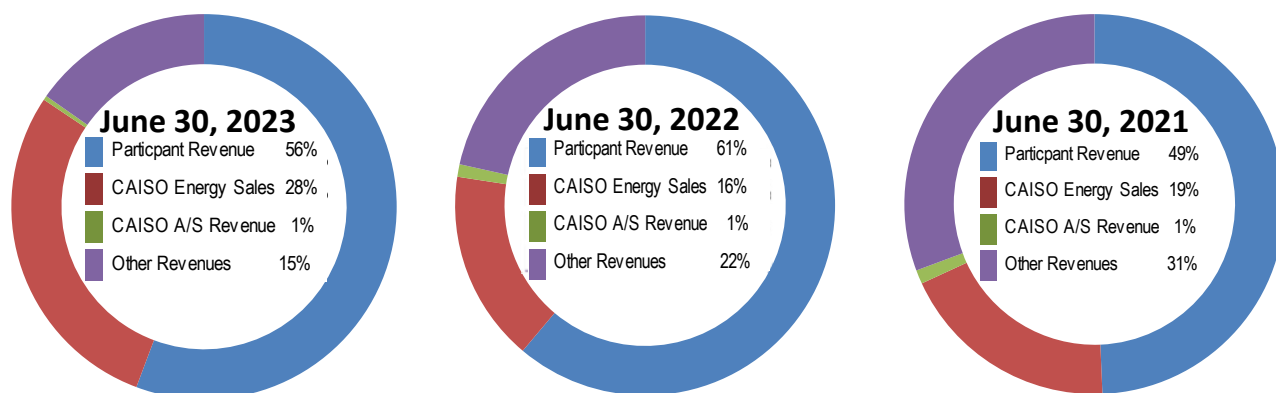
## MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

*2023 Compared to 2022* - Operating revenues for fiscal year 2023 were approximately \$245.2 million or 27.9% more than in the prior fiscal year. This was the net result of increased revenue from members of \$89.0 million for the sale of energy, and the increase to non-member revenue of \$156.2 million for their share of energy contracts and transmission costs.

*2022 Compared to 2021* - Operating revenues for fiscal year 2022 were approximately \$72.1 million or 8.9% more than in the prior fiscal year. This was the net result of increased revenue from members of \$139.3 million for the sale of energy, offset by decreased non-member revenue of \$67.2 million for their share of energy contracts and transmission costs.

#### OPERATING REVENUES BY SOURCES



#### Operating Expenses

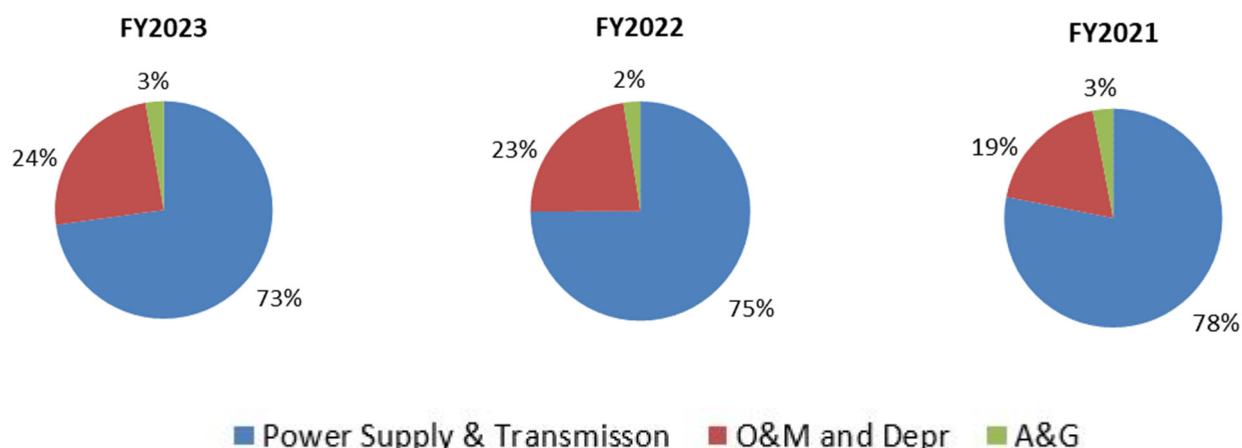
*2023 Compared to 2022* - Operating expenses were \$1.1 billion in FY 2023, an increase of \$234.3 million from FY 2022. Purchased power expense was \$155.4 million higher in FY 2023 primarily due to increased costs for energy purchased. Operations expense increased \$65.3 million primarily due to increased fuel costs for the natural gas combustion turbine plants. Administrative and General expenses were \$8.2 million higher in FY2023 primarily due to costs associated with the purchase of a Disaster Recovery Center. Maintenance expenses were \$5.0 million higher in FY 2023 primarily due to increased maintenance projects at the plants resulting in higher maintenance costs.

*2022 Compared to 2021* - Operating expenses were \$842.1 million in FY 2022, an increase of \$74.1 million from FY 2021. Purchased power expense was \$1.7 million higher in FY 2022 primarily due to increased energy purchased to fulfill energy requirements for member and non-member participants. Operations expense increased \$39.3 million primarily due to increased fuel usage for the natural gas combustion turbine plants. Transmission expense increased \$29.0 million primarily due to increased ISO wheeling charges. Maintenance expenses were \$7.7 million higher in FY 2022 primarily due to increased maintenance projects at the plants resulting in higher maintenance costs.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

The following charts compare the components of Operating Expenses in fiscal years ended June 30, 2023, 2022, and 2021:



**FINANCING ACTIVITIES**

In April 2022, the Agency issued Hydroelectric Project Number One Revenue Bonds, 2022 Refunding Series A (\$120,300,000) to refund Hydroelectric Project Number One Revenue Bond, 2012 Refunding Series A and Hydroelectric Project Number One Revenue Bond, 2008 Refunding Series A and 2022 Refunding Series B (\$12,010,000) to terminate the variable rate swap. The refunding was completed through the issuance of \$132,310,000 fixed rate debt (2022 Series A and B) with a yield of 1.84% with varying principal maturities ranging from a total of \$1,770,000 to \$21,370,000 through July 1, 2032. The refunding is estimated to have decreased project debt service by an estimated \$28.34 million over the next 10 years, which results in an estimated economic gain to the Agency of approximately \$12.25 million.

The Agency on a periodic basis has informal discussions and formal presentations with each of the credit rating agencies in order to maintain ongoing communications. During fiscal year 2022, Fitch performed a surveillance review for the Lodi Energy Center project and concluded no change to the existing rating or outlook; Fitch also affirmed the AA- rating on the Hydroelectric project during the year. In fiscal year 2022, Moody’s affirmed the Aa3 rating on the Hydroelectric project and issued a credit opinion on the Lodi Energy Center project affirming the A1 rating with a stable outlook.

Ratings assigned to the Agency’s outstanding project bonds as of June 30, 2023 are as follows:

<b>Debt Credit Ratings:</b>	Standard & Poor’s	Fitch	Moody’s
Geothermal	A-, stable	A+, stable	A1, stable
Hydroelectric	A+, stable	AA-, stable	Aa3, stable
Capital Facilities	A-, stable	Not rated	A1, stable
Lodi Energy Center (Issue One)	A-, stable	A, stable	A1, stable
Lodi Energy Center (Issue Two)	AAA, stable	Not rated	Aa2, stable

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (REQUIRED SUPPLEMENTARY INFORMATION - UNAUDITED)**

### **NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS**

#### **INVESTMENT IN ASSOCIATED COMPANY**

Effective June 2018, the Agency invested a 16.67% interest in the not-for-profit corporation Hometown Connections, Inc. (HCI) for \$265,000. HCI is a national service corporation that provides consulting, management and metering services to public power utilities on a national level. HCI has contracted with the Agency to provide monthly accounting services. This investment is accounted for using the equity method of accounting.

#### **SUMMARY**

The management of the Agency is responsible for preparing the information in this management's discussion and analysis, combined financial statements and notes to the combined financial statements. Financial statements were prepared according to accounting principles generally accepted in the United States of America, and they fairly portray the Agency's financial position and operating results. The notes to the financial statements are an integral part of the basic financial statements and provide additional financial information.

#### **CONTACTING AGENCY MANAGEMENT**

This financial report is designed to provide our members, investors, and creditors with a general overview of Northern California Power Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Northern California Power Agency, 651 Commerce Drive, Roseville, CA 95678.

# Agency Financials

**COMBINED STATEMENTS OF NET POSITION**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

	June 30,	
	2023	2022
	(in thousands)	
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents		
Restricted	\$ 25,279	\$ 53,301
Unrestricted	98,219	55,571
Investments		
Restricted	31,282	12,969
Unrestricted	12,039	14,411
Accounts receivable		
Participants	52	22,257
Other	4,272	9,463
Interest receivable	865	667
Inventory and supplies	6,494	6,055
Prepaid expenses	3,648	3,215
TOTAL CURRENT ASSETS	<u>182,150</u>	<u>177,909</u>
<b>NON-CURRENT ASSETS</b>		
Investments		
Restricted	10,721	6,048
Unrestricted	150,148	134,289
Electric plant in service, including lease assets	1,602,650	1,600,677
Less: accumulated depreciation and amortization	(1,118,690)	(1,082,013)
Construction work-in-progress	1,557	27
TOTAL NON-CURRENT ASSETS	<u>646,386</u>	<u>659,028</u>
<b>OTHER ASSETS</b>		
Regulatory assets	162,952	184,932
Net OPEB assets - Restricted	4,801	11,863
Investment in associated company	265	265
TOTAL OTHER ASSETS	<u>168,018</u>	<u>197,060</u>
TOTAL ASSETS	<u>996,554</u>	<u>1,033,997</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Excess cost on refunding of debt	813	1,416
Pension and OPEB deferrals	25,345	14,141
Asset retirement obligations	62,478	61,764
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>88,636</u>	<u>77,321</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,085,190</u>	<u>\$ 1,111,318</u>

**COMBINED STATEMENTS OF NET POSITION**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

	June 30,	
	2023	2022
	(in thousands)	
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 52,069	\$ 61,287
Member advances	993	993
Operating reserves	24,236	19,557
Current portion of lease liability	6,424	6,303
Current portion of SBITA liability	65	-
Current portion of long-term debt	48,880	44,315
Accrued interest payable, restricted	5,532	4,584
TOTAL CURRENT LIABILITIES	<u>138,199</u>	<u>137,039</u>
<b>NON-CURRENT LIABILITIES</b>		
Net pension liability	61,357	41,975
Operating reserves and other deposits	156,574	139,607
Asset retirement obligations	72,116	69,677
Long-term lease liability	82,615	89,038
Long-term SBITA liability	133	-
Long-term debt, net	451,718	503,352
TOTAL NON-CURRENT LIABILITIES	<u>824,513</u>	<u>843,649</u>
TOTAL LIABILITIES	<u>962,712</u>	<u>980,688</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Regulatory credits	89,316	88,796
Pension deferrals	-	12,887
OPEB deferrals	2,112	7,062
Deferred gain on debt refunding	4,695	5,188
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>96,123</u>	<u>113,933</u>
<b>NET POSITION</b>		
Net investment in capital assets	(88,404)	(100,776)
Restricted -		
Debt service	36,087	31,699
Other Postemployment Benefits	4,801	11,863
Unrestricted	73,871	73,911
TOTAL NET POSITION	<u>26,355</u>	<u>16,697</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u>\$ 1,085,190</u>	<u>\$ 1,111,318</u>



**COMBINED STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

	Years Ended June 30,	
	2023	2022
	(in thousands)	
OPERATING REVENUES		
Participants	\$ 626,753	\$ 537,723
Other Third-Party	498,161	341,949
TOTAL OPERATING REVENUES	<u>1,124,914</u>	<u>879,672</u>
OPERATING EXPENSES		
Purchased power	571,804	416,422
Operations	194,006	128,671
Transmission	211,731	214,673
Depreciation and amortization	36,826	33,545
Maintenance	32,937	27,909
Administrative and general	29,069	20,876
TOTAL OPERATING EXPENSES	<u>1,076,373</u>	<u>842,096</u>
NET OPERATING REVENUES	<u>48,541</u>	<u>37,576</u>
NON-OPERATING (EXPENSES) REVENUES		
Interest expense	(22,128)	(26,169)
Interest income (loss)	6,111	(9,926)
Loss on swap termination	-	(11,928)
Other	98,848	12,974
TOTAL NON-OPERATING EXPENSES	<u>82,831</u>	<u>(35,049)</u>
FUTURE RECOVERABLE AMOUNTS	<u>(27,900)</u>	<u>(12,122)</u>
REFUNDS TO PARTICIPANTS	<u>(93,814)</u>	<u>(1,336)</u>
(DECREASE) INCREASE IN NET POSITION	9,658	(10,931)
NET POSITION, Beginning of year	<u>16,697</u>	<u>27,628</u>
NET POSITION, End of year	<u>\$ 26,355</u>	<u>\$ 16,697</u>

**COMBINED STATEMENTS OF CASH FLOW****NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

	Years Ended June 30,	
	2023	2022
	(in thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Received from participants	\$ 651,649	\$ 517,571
Received from others	519,751	343,597
Payments for employee services	(44,712)	(44,565)
Payments to suppliers for goods and services	(1,002,274)	(780,245)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>124,414</b>	<b>36,358</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from maturities and sales of investments	65,016	184,923
Interest received on cash and investments	4,768	3,085
Purchase of investments	(101,358)	(175,000)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(31,574)</b>	<b>13,008</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of electric plant	(3,709)	(4,270)
Swap termination fee	-	(11,928)
Interest paid on lease liability	(1,713)	(1,254)
Interest paid on long-term debt	(21,032)	(26,128)
Payments on lease liability	(6,304)	(3,369)
Principal repayment on long-term debt	(44,106)	(43,389)
Proceeds from bond issues	-	157,405
Payments to refund debt	-	(155,885)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(76,864)</b>	<b>(88,818)</b>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from U.S. Bureau of Reclamation judgement	81,872	-
Other proceeds	13,016	12,297
Refunds to participants	(96,238)	(1,209)
<b>NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(1,350)</b>	<b>11,088</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>14,626</b>	<b>(28,364)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	108,872	137,236
End of year	\$ 123,498	\$ 108,872

**COMBINED STATEMENTS OF CASH FLOW-Continued**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

	Years Ended June 30,	
	2023	2022
(in thousands)		
<b>RECONCILIATION OF NET OPERATING REVENUES TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 48,541	\$ 37,576
Adjustments to reconcile net operating revenues to net cash from operating activities:		
Depreciation and amortization	36,826	33,545
	<u>85,367</u>	<u>71,121</u>
<b>CASH FLOWS IMPACTED BY CHANGES IN</b>		
Accounts receivable	27,400	(15,414)
Inventory, prepaid expense, and unused vendor credits	(872)	(133)
Operating reserves and other deposits	21,646	(8,488)
Regulatory assets	-	(11,059)
Regulatory credits	91	1,864
Accounts payable and other liabilities	(9,218)	(1,533)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>\$ 124,414</u>	<u>\$ 36,358</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION</b>		
Cash and cash equivalents - restricted assets	\$ 25,279	\$ 53,301
Cash and cash equivalents - unrestricted assets	98,219	55,571
	<u>\$ 123,498</u>	<u>\$ 108,872</u>
<b>NON-CASH TRANSACTIONS:</b>		
Lease assets	\$ -	\$ 60,959
Future recoverable/(refundable) costs	(27,900)	(12,122)
Debt related amortization	1,449	(7,122)
Interest rate swap change in fair value	-	(16,045)
Gain/loss on investments	(276)	(227)

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

#### NOTE A -- ORGANIZATION

**The Agency** Northern California Power Agency (Agency) was formed in 1968 as a joint powers agency of the State of California. The membership consists of twelve cities with publicly-owned electric utility distribution systems, one port authority, a transit authority, one public utility district, and one associate member. The Agency is generally empowered to purchase, generate, transmit, distribute, and sell electrical energy. Members participate in the projects of the Agency on an elective basis.

Various legal and tax considerations caused the Agency to provide that separate Special District Entities should be delegated by the Agency to own the geothermal electrical generating projects undertaken by the Agency ("the Associated Power Corporations"). The Associated Power Corporations, Northern California Municipal Power Corporations Nos. Two and Three, have delegated to the Agency the authority to construct, operate and manage their respective geothermal plants and related assets. The Agency, in return for financing the costs of acquisition and construction, acquires all the capacity and energy generated by the plants. See Note G – Projects and Related Financing.

The Agency is governed by a Commission comprised of one representative for each member. The Commission is responsible for the general management of the affairs, property, and business of the Agency. Under the direction of the General Manager, the staff of the Agency is responsible for providing various administrative, operating, and planning services for the Agency.

#### NOTE B -- SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting and Principles of Combination** For accounting purposes, the Agency is a special-purpose governmental entity that is engaged in a business-type activity, principally as a supplier of wholesale electricity and transmission to its member participants. As such, the Agency's financial statements are presented as an enterprise type fund.

The records of the Agency and its Associated Power Corporations are maintained substantially in accordance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts. Accounting principles generally accepted in the United States of America are applied by the Agency in conformance with pronouncements of the Governmental Accounting Standards Board (GASB). When both restricted and unrestricted resources are available for use, it is the Agency's policy to use restricted resources first, then unrestricted resources as they are needed. The combined financial statements encompass the Agency and Associated Power Corporations on an accrual accounting basis. All significant intercompany balances and transactions have been eliminated from the combined amounts reported.

**Cash and Cash Equivalents** Cash and cash equivalents include all debt instruments purchased with an original maturity of 90 days or less, all investments in the Local Agency Investment Fund (LAIF) and in the California Asset Management Program (CAMP), and cash maintained in interest-bearing depository accounts, which are fully insured or collateralized in accordance with state law. Cash balances may be invested in either overnight repurchase agreements, which are fully collateralized by U.S. Government Securities, or in money market funds invested in short-term U.S. Treasury Securities. The Agency commingles operating cash for investment purposes only. Separate detailed accounting records are maintained for each account's related investments. All cash of the Agency is held by either the Agency's custodian or its primary bank and revenue bond trustee.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Custodial credit risk for cash deposits is the risk that, in the event of the failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 110% to 150% of the Agency's cash on deposit. All of the Agency's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions.

**Investments** The Agency's investments are reported at fair value. Realized and unrealized gains and losses are included in interest income in the Statement of Revenue, Expenses and Changes in Net Position.

**Accounts Receivable** Accounts Receivable consists primarily of amounts due from participants and other governmental entities related to sales of energy and transmission. Amounts are deemed to be collectible and as such, no allowance for uncollectible accounts has been recorded.

**Inventory and Supplies** Inventory and supplies consist primarily of spare parts for the maintenance of plant assets and are stated at average cost.

**Restricted Assets** Cash and cash equivalents, investments and related accrued interest, which are restricted under terms of certain agreements, trust indentures or laws and regulations limiting the use of such funds, are included in restricted assets. When NCPA has restricted assets for specific purposes, and restricted and unrestricted resources are available for use, it is NCPA's policy to use restricted resources first, then unrestricted resources as they are needed.

**Electric Plant, including Lease and SBITA Assets** Electric plant in service is recorded at historical cost. The cost of additions, renewals and betterments in excess of \$25,000 for plant assets and \$5,000 for all other assets are capitalized; repairs and minor replacements are charged to operating expenses as incurred. Depreciation and amortization expense are computed using the straight-line method over the estimated useful lives of the related assets. The provision for depreciation and amortizations was approximately 2.0% of the average electric plant in service for the Agency during both 2023 and 2022. Depreciation and amortization are calculated using the following estimated lives:

Generation and Transmission	25 to 42 years
General Plant	5 to 25 years
Furniture and Fixtures	10 years
Transportation Equipment	5 years
Computer and Electronic Equipment	5 years
Lease Assets	Term of the lease
Subscription Based Information Technology Agreement (SBITA)	Term of the contract

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

A summary of changes in electric plant for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
	(in thousands)			
Structures and Leasehold				
Improvements	\$ 322,170	\$ 143	\$ -	\$ 322,313
Reservoirs, Dams and Waterways	249,338	-	-	249,338
Equipment	753,408	1,469	(207)	754,670
Furniture and Fixtures	4,586	248	(3)	4,831
Lease Assets	99,230	-	-	99,230
SBITA Assets	-	323	-	323
	<u>1,428,732</u>	<u>2,183</u>	<u>(210)</u>	<u>1,430,705</u>
Accumulated Depreciation and Amortization	<u>(1,082,013)</u>	<u>(36,887)</u>	<u>210</u>	<u>(1,118,690)</u>
	346,719	(34,704)	-	312,015
Construction Work-In-Progress	27	1,530	-	1,557
Land and Land Rights	171,945	-	-	171,945
Electric Plant, Net	<u>\$ 518,691</u>	<u>\$ (33,174)</u>	<u>\$ -</u>	<u>\$ 485,517</u>

A summary of changes in electric plant for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
	(in thousands)			
Structures and Leasehold				
Improvements	\$ 321,804	\$ 366	\$ -	\$ 322,170
Reservoirs, Dams and Waterways	249,338	-	-	249,338
Equipment	750,326	3,208	(126)	753,408
Furniture and Fixtures	3,919	667	-	4,586
Lease Assets	37,803	61,427	-	99,230
	<u>1,363,190</u>	<u>65,668</u>	<u>(126)</u>	<u>1,428,732</u>
Accumulated Depreciation and Amortization	<u>(1,048,594)</u>	<u>(33,545)</u>	<u>126</u>	<u>(1,082,013)</u>
	314,596	32,123	-	346,719
Construction Work-In-Progress	-	27	-	27
Land and Land Rights	171,945	-	-	171,945
Electric Plant, Net	<u>\$ 486,541</u>	<u>\$ 32,150</u>	<u>\$ -</u>	<u>\$ 518,691</u>

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Construction Work-In-Progress** Construction work-in-progress (CWIP) includes the capitalized cost of land, material, equipment, labor, and an allocated portion of general and administrative expenses related to the development of electric plant. In addition, CWIP ultimately includes costs incurred prior to commencement of commercial operations during the test and start-up phase of projects.

**Regulatory Assets/Credits** In accordance with GASB Statement No. 62, the Agency has deferred certain items of expense and revenue that otherwise would have been charged to operations because it is probable that such items will be recovered in future years' operations. For items related to Net Pension and Other Post-Employment Benefits (OPEB) Assets and Liabilities, the Agency expects to recover these items through participant collections using the actuarially calculated amounts due as represented in the respective annual and biennial actuarial valuation reports. For other regulatory items, the Agency expects to recover these items through participant collections over the term of the related debt obligations it has issued. On an ongoing basis, the Agency reviews its operations to determine the continued applicability of these deferrals under GASB Statement No. 62.

The items of expense that have been deferred are net pension and OPEB liabilities, asset retirement obligations, swap termination payment and those originally paid from bond proceeds, including depreciation, certain bond amortizations, and interest paid from bond proceeds. These amounts are recorded to future recoverable amounts. Revenues used to acquire electric plant through debt issuance have also been deferred to future years. As of June 30, 2023, and 2022, the Agency had accumulated regulatory assets, net of regulatory credits, of approximately \$73,636,000 and \$96,136,000, respectively.

**Investment in Associated Company** Effective June 2018, the Agency invested \$265,000 (16.67% interest) into Hometown Connections Inc. (a not-for-profit corporation) (HCI). HCI is a national service corporation that provides consulting, management and metering services to public power utilities on a national level. This investment is accounted for using the equity method of accounting.

**Debt Related Costs** Debt issuance costs are expensed as incurred. Excess costs on refunding of bonds are considered deferred outflows of resources as prescribed by GASB Statement No. 65 and amortized over the life of the refunding bonds, or the life of the refunded bonds, whichever is shorter. Amortization is computed using the effective interest method and included in interest expense.

**Compensated Absences** Accumulated unpaid compensated absences are accrued as the obligation is incurred. Compensated absences are included in accounts payable and accrued expenses.

**Pensions** For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expenses, information about the fiduciary net position of the Agency's CalPERS plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Post-Employment Benefits (OPEB)** For purposes of measuring the net OPEB asset, deferred outflows/inflows of resources related to OPEB and OPEB expenses, information about the fiduciary net position of the Agency's California Employers' Retirement Benefit Trust (CERBT) Fund and additions to/deductions from Fund's fiduciary net position have been determined on the same basis as they are reported by CalPERS, the trust administrator. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Asset Retirement Obligations (ARO)** For purposes of measuring the ARO liability, and deferred outflows of resources related to ARO, information about the estimated costs have been determined by utilizing third party projections. Cost estimates are adjusted for inflation or deflation on an annual basis. Factors relating to estimated asset retirement outlays are evaluated annually to determine if one or more factors are expected to result in a significant change and if an ARO should be remeasured as a result. Deferred outflows of resources are reduced and recognized as an expense over the estimated life of the capital assets.

**Leases** For the purposes of measuring the lease asset and liability, interest expense and amortization expense, the present value of future payments is determined using the interest rate implicit in the lease, if available, or the incremental borrowing rate for the Agency. Any payments made to the lessor at or before the commencement of the lease term would also be included in the measurement of the lease asset, and amortized over the life of the lease. Lease modifications are only remeasured if the remeasurement would result in a material change from the initial or previous measurement. See Note E – Leases.

**Long-Term Debt** Long-term debt is stated net of unamortized discounts and premiums. Discounts and premiums are amortized over the term of the related obligation using the effective interest method. Amortization of debt discounts and premiums is included in total interest expense for the period. See Note G - Projects and Related Financing.

**Operating Reserves** The Agency has established various funded operating reserves, in accordance with various bond indentures, project agreements, and prudent utility practice, for anticipated periodic operating costs and related liabilities including, but not limited to, scheduled maintenance other than ordinary repairs and replacements. Certain amounts funded each year are charged to operating expense because the collections established by the Agency for power sales to its members include these costs on a prospective basis. Changes to operating reserve levels are periodically evaluated during the annual budgeting process. A non-project specific, individual participant controlled, general operating reserve is also maintained for participating Agency members.

Changes in long-term operating reserves for the year ended June 30, 2023, are as follows:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023
	(in thousands)			
General Operating Reserve	\$ 72,745	34,001	\$ 31,043	\$ 75,703
CAISO Security & SC Balancing Account	41,017	30,439	24,714	46,742
Capital Development Reserve	21,518	8,415	80	29,853
Disaster Recovery Center		2,200	1,557	643
Power Management Service	1,456	225	303	1,378
Transmission Upgrade & GHG Allowances	1,371	3,537	4,153	755
Special Fund Reserve	1,500	-	-	1,500
	\$ 139,607	\$ 78,817	\$ 61,850	\$ 156,574



## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Changes in long-term operating reserves for the year ended June 30, 2022, are as follows:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
	(in thousands)			
General Operating Reserve	\$ 83,933	\$ 2,564	\$ 13,752	\$ 72,745
CAISO Security & SC Balancing Account	38,473	18,940	16,396	41,017
Capital Development Reserve	18,992	2,526	-	21,518
Power Management Service	1,342	114	-	1,456
Transmission Upgrade & GHG Allowances	252	5,420	4,301	1,371
Special Fund Reserve	1,500	-	-	1,500
	\$ 144,492	\$ 29,564	\$ 34,449	\$ 139,607

**Rates** Power sales to participants for their resale include both power generated by operating plants and power purchased from outside sources. Collection rates for power sales are designed to recover costs that include budgeted annual operating costs and debt service. Additional amounts for operating reserves or rate stabilization may be included in collection rates under the terms of bond indentures. During fiscal years 2023 and 2022, no amounts were specifically collected for rate stabilization.

The Agency's collection rates for electric service are not subject to the regulatory jurisdiction of the California Public Utilities Commission (CPUC) or FERC. Rather, the Agency's rates are established annually in connection with its budget, which is approved by its governing Commission.

**Power, Transmission and Fuel Forward Transactions** In the normal course of its business, the Agency is required to manage loads, resources, and energy price risk on behalf of its members. Consequently, the Agency buys and sells power, transmission, and fuel in wholesale markets as required. The Agency does not enter into such agreements solely for trading purposes. All such transactions are normal purchases and sales subject to settlement at the agreed to contract prices for quantities delivered. While authorized to transact forward purchase contracts for terms of up to five years, forward contract purchases at fiscal years ended June 30, 2023 and 2022 were for periods not greater than three years duration beyond the current fiscal year. In the event of default, undelivered transactions are required to be marked-to-market subject to the following limitations. If the Agency, as buyer, is the defaulting entity, the Agency's termination settlement amount is capped at the agreed to contract cost for all future undelivered commodities. If the selling counterparty is the defaulting entity, the seller's termination settlement is not capped for all future undelivered commodities. The defaulting entity is also subject to resultant transmission charges, brokerage fees, attorney fees, and all other reasonable expenses. See Note J - Commitments and Contingencies, Power Purchase Contracts.

**Fair Values of Financial Instruments** The following methods and assumptions were used by the Agency in estimating its fair value disclosures for financial instruments:

*Cash and Cash Equivalents* - The carrying amount reported in the statements of net position for cash and cash equivalents approximates its fair value.

*Investments* - The fair values for investments are based on quoted market prices and significant other observable inputs. See Note D – Fair Value Measurement.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

*Swaps* - All fair values were estimated using the zero-coupon discounting method. This method calculates the future payments required by the swap, assuming that the current forward rates implied by the yield curve are the market's best estimate of future spot interest rates. These payments were then discounted using the spot rates implied by the current yield curve for a hypothetical zero-coupon rate bond due on the date of each future net settlement on the swaps. The net mark-to-market value at June 30, 2022 are zero related to the swap termination on May 5, 2022. See Note G – Projects and Related Financing.

**Net Position** The Agency classifies its net position into three components; invested in capital assets, restricted, and unrestricted. These classifications are defined as follows:

*Net Investment in Capital Assets* - This component consists of capital assets, net of accumulated depreciation reduced by outstanding debt balances, net of unspent bond proceeds.

*Restricted* - This component consists of net position with constraints placed on their use. Constraints include those imposed by debt indentures and other agreements; grants, or laws and regulations of other governments.

*Unrestricted* - This component consists of net position that does not meet the definition of “net investment in capital assets” or “restricted”. This component includes regulatory assets and credits regardless of the classification of the underlying assets and liabilities.

The Agency and the Associated Power Corporations are intended to operate on a not-for-profit basis. Therefore, any balance of net position represents differences between total revenues collected, using collection rates based on estimated operating expenses and debt service, and the total actual expenses incurred. In subsequent periods of operation, excess collections (net of encumbrances) that the participating members do not direct be held by or released to the Agency, are refunded to the participating members. Estimated encumbrances at June 30, 2023 and 2022 were \$6,118,000 and \$5,678,000, respectively. In the event the Agency incurs a negative net position balance, the balance would be subject to recovery in collection rates under the terms of the related take-or-pay member agreements. See Note G – Projects and Related Financing.

**Deferred Outflows and Inflows of Resources** The statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred Outflows of Resources consist of excess cost on refunding of debt, pension and OPEB deferrals and asset retirement obligations.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period(s) and will be recognized as revenue at that time. The Agency's deferred inflows of resources are comprised of regulatory credits intended to offset the effects of the collection rate process, pension and OPEB deferrals projected in the pension and OPEB actuarial reports and funds advanced for asset retirement obligations.

**Recent Accounting Pronouncements** In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to establish a new term to replace the previous term used by state and local governments. The Statement is effective for the periods ending after December 15, 2021, or fiscal year 2022. The Agency does not prepare Annual Comprehensive Financial Report.

## NOTES TO COMBINED FINANCIAL STATEMENTS

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In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Suppression of GASB Statement No. 32*. The objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units, (2) mitigate costs associated with the reporting of certain fiduciary component units in fiduciary fund financial statements, and (3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. The Statement is effective for the periods beginning after June 15, 2021, or fiscal year 2022. This standard did not have an impact on the Agency.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objective of the Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements. The Statement is effective for the periods beginning after June 15, 2021 or fiscal year 2022. This standard did not have an impact on the Agency.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interest*. The objective of the Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The Statement is effective for the periods beginning after December 15, 2020 or fiscal year 2022. The Agency did not have any Majority Equity Interest during FY 2023 and FY 2022.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objective of the Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for the periods beginning after December 15, 2020 or fiscal year 2022. The Agency did not incur any construction interest during FY 2023 and FY 2022.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of the Statement is to recognize in the Financial Statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement is effective for the periods beginning after June 15, 2021 or fiscal year 2022. The Agency implemented the standard effective July 1, 2021 and prior year balances were restated to comply with the standard. See Note E.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR), most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form on December 31, 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. The Statement originally is effective for the periods beginning after June 15, 2020, or fiscal year 2021. GASB 95 postponed implementation to periods beginning after June 15, 2021 or fiscal year 2022. The Agency do not currently has any obligations tied to the Interbank Offered Rates.

## NOTES TO COMBINED FINANCIAL STATEMENTS

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In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or non-governmental entity) to provide public services by conveying control of the right to operate or use a non-financial asset, such as infrastructure or other capital asset for a period of time in an exchange or exchange-like transaction. The Statement is effective for the periods beginning after June 15, 2022, or fiscal year 2023. The Agency was not engaged in any public-private partnerships, public-public partnerships, or availability payment arrangements during FY 2023 and FY 2022.

In June 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This Statement:

1. Defines a SBITA,
2. Establishes that a SBITA results in a right-to-use subscription asset and a corresponding subscription liability,
3. Provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and
4. Requires note disclosure regarding a SBITA.

The Statement is effect for the periods beginning after June 15, 2022, or fiscal year 2023. The Agency implemented the standard effective July 1, 2022. There were no material effect in prior year balances and were not restated. See Note F.

#### Accounting Pronouncements Effective in Future Fiscal Years

- **GASB Statement No. 99** – In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of the Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature. The Agency has not determined the effect of the statement.
- **GASB Statement No. 100** – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The Statement is effective for the periods beginning after June 15, 2023 or fiscal year 2024. The Agency has not determined the effect of the statement.
- **GASB Statement No. 101** – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The Statement is effective for the periods beginning after December 15, 2023 or fiscal year 2025. The Agency has not determined the effect of the statement.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

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**Use of Estimates in the Preparation of Financial Statements** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. Such reclassifications had no effect on net position.

#### **NOTE C -- INVESTMENTS**

The Agency is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, in certificates of deposit, commercial paper, banker's acceptances, repurchase agreements, passbook savings account demand deposits, municipal bonds, the State Treasurer's LAIF pool, mid-term corporate notes, and in other instruments authorized by applicable sections of the Government Code of the State of California. The Agency's investments are stated at fair value.

The Agency's investment policy requires investments that assure safety of the principal, liquidity to meet specific obligations of the Agency when due, and investment quality all in compliance with California State law and the Agency's revenue bond indentures. Generally, operating and reserve funds' investment maturities are limited to one and five years, except for Geothermal Decommissioning Reserve and debt service reserve funds, which are allowed maturities up to ten years and fifteen years, respectively.

All securities owned by, or held on behalf of, the Agency are held by either the Agency's custodian, U.S. Bank Global Custody Services, or its revenue bond trustee, U.S. Bank Trust, N.A.

The Agency's investment policy includes restrictions for investments relating to maximum amounts invested as a percentage of the portfolio and with a single issuer, maximum maturities, and minimum credit ratings.

**Credit Risk** To mitigate the risk that an issuer will not fulfill its obligation to the investment, the Agency limits investments in non-federally secured instruments to those rated, at a minimum, "A" rating category or equivalent for long/medium term notes by a nationally recognized statistical rating organization. Investments in municipal bonds, corporate bonds, and certificates of deposit in excess of the Federal Deposit Insurance Corporation (FDIC) threshold are limited to the top three ratings issued by nationally recognized statistical rating organizations and all investments must be investment grade. The Agency did not have certificates of deposit in excess of the FDIC threshold at June 30, 2023. Credit rating ranges and minimum rating requirements for the Agency's investments as of June 30, 2023, are listed below:

Description	Min Rating	Credit Rating	
		Moody's	S&P
U.S. Agencies	N/A	Aaa/NR	AA+/NR
U.S. Treasury	N/A	NR	NR
Municipal Bonds	A+	A1/Aaa	A+/AAA
Corporate Bonds	A-	A3-/Aaa	A-/AAA
Certificates of Deposit	A-	NR	NR
Local Agency Investment Fund	N/A	NR	NR
California Asset Management Program	N/A	AAAf	AAAm

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Custodial Credit Risk** This is the risk that in the event of a failure of a depository financial institution, the Agency's deposits may not be returned or the Agency will not be able to recover its deposits, investments, or collateral securities that are in the possession of another party. The Agency's policy mitigates this risk by requiring transactions with approved institutions and firms that have one or more of the following attributes: recognized as a primary government dealer as designated by the Federal Reserve Bank; regional broker/dealer headquartered in the State of California; national or state chartered bank that must be a member of the FDIC; direct issuer of securities eligible for purchase by the Agency; brokers and dealers qualify under SEC Rule 15C3-1 (Uniform Net Capital Rule), must be registered with the Financial Industry Regulatory Authority (FINRA) and must be licensed to do business in the State of California. Capitalization, credit worthiness, experience, reference checks and services offered criteria are evaluated when selecting a custodian.

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code under the oversight of the Treasurer of the State of California. The fair value of NCPA's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

**Concentration of Credit Risk** This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The investment policy of the Agency contains no limitations on the amount that may be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total Agency investments include the following at June 30, 2023 and June 30, 2022.

#### Concentration of Credit Risk, June 30, 2023

Issuer:	Investment Type	Reported Amount	Percentage of Portfolio
(in thousands)			
Federal Home Loan Bank	Federal Agency	\$51,833	17.1%
Federal Farm Credit Bank	Federal Agency	\$18,321	6.0%

#### Concentration of Credit Risk, June 30, 2022

Issuer:	Investment Type	Reported Amount	Percentage of Portfolio
(in thousands)			
Federal Home Loan Bank	Federal Agency	\$23,602	10.4%
Federal Farm Credit Bank	Federal Agency	\$17,690	7.8%

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Interest Rate Risk** Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of an investment. The Agency manages its exposure to interest rate risk by following a hold-to-maturity investment approach for some investments, purchasing a combination of shorter and longer-term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. In addition, the Agency periodically rebalances larger fund portfolios to maintain the appropriate rate of return through market cycles; such rebalances are performed only in instances when the result of the rebalance transaction is a net gain.

The following tables reflect the carrying and fair values and the weighted average maturity in years for the Agency's investment portfolio for fiscal years ended June 30, 2023 and 2022, respectively.

Investments at June 30, 2023				Wtd. Avg
<u>Description</u>	Carrying	Fair	Maturity	
	Value	Value	(In years)	
(in thousands)				
U.S. Agencies	\$ 101,746	\$ 95,931	2.42	
U.S. Treasury	8,402	8,343	0.60	
Municipal Bonds	29,203	27,313	2.30	
Corporate Bonds	78,552	72,105	2.96	
Certificates of Deposit	500	498	0.18	
<b>TOTAL INVESTMENTS</b>	<b>\$ 218,403</b>	<b>\$ 204,190</b>		

Investments at June 30, 2022				Wtd. Avg
<u>Description</u>	Carrying	Fair	Maturity	
	Value	Value	(In years)	
(in thousands)				
U.S. Agencies	\$ 54,860	\$ 50,652	4.22	
U.S. Treasury	12,662	12,636	0.56	
Municipal Bonds	33,458	31,379	2.99	
Corporate Bonds	77,470	72,298	3.29	
Certificates of Deposit	750	752	0.51	
<b>TOTAL INVESTMENTS</b>	<b>\$ 179,200</b>	<b>\$ 167,717</b>		

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

##### **NOTE D -- FAIR VALUE MEASUREMENT**

In accordance with GASB 72, Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability.

Valuation inputs are assumptions that market participants use in pricing an asset or liability. The hierarchy of inputs used to generate the valuation is classified into three different Levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in markets that are active; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for an asset, either directly or indirectly.
- Level 3 inputs are unobservable inputs from the asset or liability where there is very little market activity and they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

Fair Value of Investments under GASB 72 – Debt and other securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 Securities are valued using a multi-dimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker/dealer quotes.

The Agency's fair value measurements are performed on a recurring basis. Because investing is not a core part of the Agency's mission, the Agency determines that the disclosures related to these investments only need to be disaggregated by major type.



**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
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**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

The Agency has the following fair value measurements as of June 30, 2023:

	June 30, 2023	Fair Value Using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(in thousands)		
Investments by fair value level				
Debt Securities				
U.S. Agencies	\$ 95,931	\$ 35,771	\$ 60,160	\$ -
U.S. Treasury	8,343	8,343	-	-
Municipal Bonds	27,313	-	27,313	-
Corporate Bonds	72,105	-	72,105	-
Certificates of Deposit	498	-	498	-
Total debt securities	204,190	44,114	160,076	-
Total investments by fair value level	\$ 204,190	\$ 44,114	\$ 160,076	\$ -

The Agency has the following fair value measurements as of June 30, 2022:

	June 30, 2022	Fair Value Using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		(in thousands)		
Investments by fair value level				
Debt Securities				
U.S. Agencies	\$ 50,652	\$ 6,381	\$ 44,271	\$ -
U.S. Treasury	12,636	12,636	-	-
Municipal Bonds	31,379	-	31,379	-
Corporate Bonds	72,298	-	72,298	-
Certificates of Deposit	752	-	752	-
Total debt securities	167,717	19,017	148,700	-
Total investments by fair value level	\$ 167,717	\$ 19,017	\$ 148,700	\$ -

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**NORTHERN CALIFORNIA POWER AGENCY  
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**NOTE E – LEASES**

The Agency is leasing areas of land for 50 years, starting January 1, 2013. The largest land lease is paid monthly with payments of \$104,072 made in 2023 and payments of \$101,534 made in 2022. Two additional land leases are paid annually in amounts of \$20,310 each for 2023, and \$20,310 for 2022. The interest rate used for all land leases is the incremental borrowing rate for the Agency of 1.879%. Amortization expense for land leases totaled \$607,416 in 2023 and \$565,924 in 2022. Accumulated amortization for land leases totaled \$1,691,832 in 2023 and \$1,084,416 in 2022. Total lease asset amounts at June 30, 2023 are:

South Feather PPA	\$ 61,426,516
Land -	
Lodi Energy Center	37,201,913
Capital Facilities	601,898
	<u>\$ 99,230,327</u>

The Agency has entered a power purchase agreement which is classified as a lease due to the nature of the contract. This lease agreement is for a term of ten years, starting January 1, 2022, with monthly payments of \$560,560 using the incremental borrowing rate for the Agency of 1.879%. Monthly payments are considered to be for the initial monthly generation set out in the contract, with additional generation being purchased by the Agency at a rate of \$33.98 per MWh. Variable payments made pursuant to this lease totaled \$4.3 million in 2023, and \$1.6 million in 2022. Amortization expense for the lease asset related to the power purchase agreement totaled \$5.7 million in 2023, and \$2.8 million in 2022.

(in thousands)	Lease Liabilities		
	Principal	Interest	Total
2024	6,424	1,593	8,017
2025	6,551	1,465	8,016
2026	6,676	1,341	8,017
2027	6,793	1,223	8,016
2028	6,920	1,097	8,017
2029-2033	26,365	3,622	29,987
2034-2038	3,915	2,533	6,448
2039-2043	4,300	2,147	6,447
2044-2048	4,708	1,739	6,447
2049-2053	5,155	1,293	6,448
2054-2058	5,662	786	6,448
2059-2063	5,570	233	5,803
	<u>\$ 89,039</u>	<u>\$ 19,072</u>	<u>\$ 108,111</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
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**NOTE F – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)**

The Agency has entered into a subscription-based information technology agreement (SBITA) for enterprise online services. The subscription is paid annually with a payment of \$68,479 for 2023. Payments are for the initial core licenses outlined in the contract, with additional license subscriptions being purchased by the Agency as needed and trued up during the annual billing process. The interest rate used is the incremental borrowing rate for the Agency of 1.879%. Amortization expense for the subscription totaled \$63,332 in 2023. Accumulated amortization for the subscription totaled \$125,395 in 2023. Total subscription asset amount at June 30, 2023 is \$323,330.

	SBITA Liabilities		
	Principal	Interest	Total
2024	64,619	3,860	68,479
2025	65,906	2,573	68,479
2026	67,410	1,069	68,479
	<u>\$ 197,935</u>	<u>\$ 7,502</u>	<u>\$ 205,437</u>

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
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**NOTE G -- PROJECTS AND RELATED FINANCING**

**Financing Programs** The Agency's project construction and development programs have been individually financed by project revenue bonds that are collateralized by the Agency's assignment of all payments, revenues, and proceeds associated with its interest in each project. Each project participant is responsible to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason (that is, the take-or-pay member agreements). The project sales agreements also require project participants to step up their respective obligations in the event of a default by another project participant.

	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
	(in thousands)				
<b>Geothermal Project</b>					
2012 Series A - Original Issue Amount \$12,910 Term, 2.289% due 2023 (direct placement)	\$ 725	\$ -	\$ 725	\$ -	\$ -
2016 Series A - Original Issue Amount \$17,530 Term, 1.670% due 2024 (direct placement)	10,090	-	3,305	6,785	3,360
Total Geothermal Project	10,815	-	4,030	6,785	3,360
<b>Hydroelectric Project</b>					
2012 Refunding Series B - Original Issue Amount \$7,120 Serial, 4.32% through 2025	7,120	-	-	7,120	-
2018 Refunding Series A – Original Issue Amount \$68,875 Serial, 5.00% through 2025	37,950	-	11,850	26,100	11,855
2019 Refunding Series A - Original Issue Amount \$39,250 Serial, 4.00-5.00% through 2025	22,295	-	8,645	13,650	13,650
2022 Refunding Series A – Original Issue Amount \$120,300 Serial, 5.00% through 2032	120,300	-	-	120,300	-
2022 Refunding Series B – Original Issue Amount \$12,010 Serial, 2.36% through 2027	12,010	-	2,180	9,830	1,770
Add: Unamortized Premium, net	28,820	-	2,319	26,501	-
Total Hydroelectric Project	\$ 228,495	\$ -	\$ 24,990	\$ 203,501	\$ 27,275

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	Balance July 1, 2022	Additions	Retirements	Balance June 30, 2023	Current Portion
	(in thousands)				
Capital Facilities Project					
2019 Refunding Series A - Original Issue Amount \$39,250					
Serial, 4.00-5.00% through 2025	13,795	-	4,365	9,430	4,615
Add: Unamortized Premium	907	-	435	472	-
Total Capital Facilities Project	14,702	-	4,800	9,902	4,615
Lodi Energy Center, Issue One					
2010 Series B (Federally Taxable - Direct Payment Build					
America Bonds) - Original Issue Amount \$176,625					
Term, 7.311% due 2040	176,625	-	-	176,625	-
Lodi Energy Center, Issue Two					
2010 Series B (Federally Taxable - Direct Payment Build					
America Bonds) - Original Issue Amount \$110,225					
Term, 5.679% due 2035	94,085	-	5,770	88,315	5,985
Lodi Energy Center, Issue One					
2017 Series A – Original Issue Amount \$38,970					
Serial, 2.70% through 2025 (direct placement)	22,945	-	7,475	15,470	7,645
Total Lodi Energy Center Project	293,655	-	13,245	280,410	13,630
Total Long-Term Debt, Net	\$ 547,667	\$ -	\$ 47,067	\$ 500,598	\$ 48,880

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Debt service requirements for each of the next five years and in five-year cumulative increments thereafter as of June 30, 2023:

	Revenue Bonds		Notes from Direct Placements		Total
	Principal	Interest	Principal	Interest	
	(in thousands)				
2024	\$ 37,875	\$ 26,821	\$ 11,005	\$ 464	\$ 76,165
2025	38,440	24,935	11,250	235	74,860
2026	27,200	23,217	-	-	50,417
2027	28,410	21,685	-	-	50,095
2028	60,135	30,322	-	-	90,457
2029-2033	161,615	63,853	-	-	225,468
2034-2038	66,470	26,444	-	-	92,914
2039-2040	31,225	3,450	-	-	34,675
Add: Unamortized Bond Premium	26,973	-	-	-	26,973
	<u>\$ 478,343</u>	<u>\$ 220,727</u>	<u>\$ 22,255</u>	<u>\$ 699</u>	<u>\$ 722,024</u>

Interest includes interest requirements for fixed rate debt at their stated rate.

Changes in long-term debt obligations for the year ended June 30, 2023, are as follows:

	Balance at July 1, 2022	Increases	Decreases	Balance at June 30, 2023	Due Within One Year
	(in thousands)				
Revenue bonds	\$ 484,180	\$ -	\$ 32,810	\$ 451,370	\$ 37,875
Notes from direct placements	33,760	-	11,505	22,255	11,005
Add: Unamortized Premium, net	29,724	-	2,751	26,973	-
Total	<u>\$ 547,664</u>	<u>\$ -</u>	<u>\$ 47,066</u>	<u>\$ 500,598</u>	<u>\$ 48,880</u>

Changes in long-term debt obligations for the year ended June 30, 2022, are as follows:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022	Due Within One Year
	(in thousands)				
Revenue bonds	\$ 539,150	\$ 132,310	\$ 184,030	\$ 484,180	\$ 32,810
Notes from direct placements	45,765	-	12,005	33,760	11,505
Add: Unamortized Premium, net	12,263	25,095	10,884	29,724	-
Total	<u>\$ 597,178</u>	<u>\$ 157,405</u>	<u>\$ 206,919</u>	<u>\$ 547,664</u>	<u>\$ 44,315</u>

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The Agency's outstanding notes from direct placements of \$22,255,000 contain provisions that in an event of default, outstanding amounts become immediately due if (1) the Agency is unable to pay the principal or interest when due, (2) files bankruptcy or becomes insolvent, or (3) S&P issues a downgrade below "BBB-."

The Agency's outstanding revenue bonds of \$451,370,000 contain provisions that in the event of a participant default, the project entitlement percentage of each non-defaulting project participant will increase on a prorated basis up to a maximum of 25% for Hydroelectric, Geothermal and Capital Facilities projects and 35% for Lodi Energy Center project.

**Redemption Provisions** As set forth in the bond indentures, the term bonds are subject to redemption prior to maturity in varying amounts at specific dates. At the option of the Agency, the bonds are also subject to early redemption at specific redemption prices and dates.

**Defeased Debt** Various bond refundings were undertaken to defease debt and realize future debt service savings. Debt was defeased by using the proceeds of the refunding issues and other available monies to irrevocably place in trust cash and U.S. Government Securities, which together with interest earned thereon, will be sufficient to pay both the interest and the appropriate maturity or redemption value of the refunded bonds as required. Detailed information about the refunding transactions follow.

On April 5, 2022, the Agency issued Hydroelectric Project Number One Revenue Bonds, 2022 Refunding Series A in the amount of \$120,300,000 with an average interest rate of 5.00% to refund Hydroelectric Project Number One Revenue Bond, 2012 Refunding Series A and Hydroelectric Project Number One Revenue Bond, 2008 Refunding Series A. NCPA also issued Hydroelectric Project Number One Revenue Bonds 2022 Refunding Series B in the amount of \$12,010,000 with an average interest rate of 2.36% to terminate the variable rate swap. The refunding was completed through the issuance of \$132,310,000 fixed rate debt (2022 Series A and B) with an average interest rate of 4.91% with varying principal maturities ranging from a total of \$1,770,000 to \$21,370,000 through July 1, 2032. The cash flows of the refunded debt was \$203.8 million, and the cash flows for the refunding debt is \$189.1 million for a net decrease in project debt service of \$14.7 million over the next 10 years, which results in an estimated economic gain to the Agency of approximately \$12.25 million.

As a result, the old bonds are considered defeased and the liability for that portion of the old bonds has been removed from the statement of net position. The outstanding 2008 Series A Bonds were redeemed in full in the amount of \$79,220,000 on May 5, 2022. The outstanding 2012 Series A Bonds were redeemed in full in the amount of \$76,665,000 on July 1, 2022.

Accordingly, some of these defeased debt issues have been considered extinguished for financial reporting purposes. At year-end, the following defeased debt remained outstanding:

		2023	2022
		(in thousands)	
Hydroelectric:	Project No. One, 2012 Series A	\$ -	\$ 76,665
		-	76,665
Total Defeased Debt Outstanding		\$ -	\$ 76,665

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The Hydroelectric Project No. One 1985 Series A and 1986 Series A Bonds were redeemed in full in the amounts of \$12,150,000 and \$31,360,000, respectively, on July 1, 2021.

**Geothermal Project** In addition to a federal geothermal leasehold, steam wells, gathering system and related facilities, the project consists of two electric generating stations (Plant 1 and Plant 2) with combined 165 MW (nameplate rating) turbine generator units utilizing low temperature geothermal steam; associated electrical, mechanical and control facilities; a heat dissipation system; a steam gathering system, a transmission tap-line, and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes well pads, access roads, steam wells and re-injection wells.

**Hydroelectric Project** The Agency contracted to finance, manage, construct, and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, the Agency has the right to the electric output of the project for 50 years from February 1982. The Agency also has an option to purchase power from the project in excess of the District's requirements for the subsequent Federal Energy Regulatory Commission project license term of 30 to 50 years.

As part of a refinancing plan in November 2004, the Agency entered into two forward starting interest rate swaps in an initial notional amount of \$85,160,000 and \$1,574,000. Payments under the swap agreements with Citigroup Financial Products, Inc. began on April 2, 2008. To complete the refinancing transaction and realize the debt service savings under the 2004 swap agreement, on April 2, 2008 the Agency completed a bond refunding of 2023 to 2032 maturities of the 1998 Hydroelectric Refunding Series A bonds. These fixed rate bonds were refinanced through the issuance of tax-exempt 2008 Hydroelectric Refunding Series A (\$85,160,000) bonds and taxable 2008 Hydroelectric Refunding Series B (\$3,165,000) bonds. Both issues were variable interest rate bonds bearing interest at weekly interest rates, payable semi-annually on July 1 and January 1 each year.

To support this financing, the Agency entered into two irrevocable direct pay letter of credit agreements with Citibank that have since expired, being substituted with letters of credit with the Bank of Montreal in 2014. On April 30, 2019, the Agency terminated the 2008 Hydroelectric, Series B swap with Citigroup, and on May 14, the outstanding principal of \$910,000 on the 2008 Hydroelectric, Series B bonds was called for redemption. On June 24, 2019 the agency completed a Letter of Credit substitution for the 2008 Hydroelectric, Series A bonds replacing the Bank of Montreal with Bank of America. The Letter of Credit expires on June 21, 2024.

The remaining swap for the 2008 Hydroelectric Refunding Series A (\$85,160,000) was a separate pay-fixed, receive-variable interest rate swap to produce savings or to result in lower costs over the life of the transaction than what the Agency would have paid using fixed-rate debt. While the swap was a derivative instrument and carried additional risks, the Agency's swap policy and favorable negotiations helped to reduce such risks.

On May 5, 2022, the Agency redeemed the outstanding 2008 Hydroelectric Refunding Series A variable rate bonds with proceeds from the 2022 Hydroelectric Refunding Series A fixed rate bonds. In conjunction with this redemption, NCPA terminated the remaining 2008 Hydroelectric Refunding Series A swap with Citigroup and made a swap termination payment fee of \$11,928,000. The termination fee payment was funded with proceeds from the 2022 Hydroelectric Refunding Series B fixed rate bonds in addition to \$630,322 paid directly by NCPA from the Hydroelectric Project revenue account. Concurrently, NCPA terminated the Letter of Credit with Bank of America.



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The payment of principal and interest on the outstanding 2008 Hydroelectric Refunding Series A (\$85,160,000) bonds were not covered by any financial guaranty insurance policies. The 2008 Hydroelectric Refunding and the associated interest rate swaps were estimated to reduce project debt service by \$11.8 million over the life of the debt providing the Agency with an estimated economic gain (difference between the present values of the old and new debt service payments) of approximately \$5.9 million. The actual total savings at the time of the variable rate bond redemption and the termination of the swap and letter of credit was \$14,300,000.

The Agency deferred the loss on the swap termination and recorded \$11,928,000 in deferred outflows that will be amortized over the ten-year life of the 2022 Hydroelectric Refunding Series B fixed rate bonds when the amounts will be recovered through rates.

As noted, the swap was terminated on May 5, 2022 and as a result, there was no remaining notional value or fair value due from (to) the counterparty at June 30, 2022.

**Combustion Turbine Project** The original project consisted of five combustion turbine units, each nominally rated at approximately 25 megawatts. Concurrent with the final project bond maturity, two units located in Roseville were acquired by an Agency member. The remaining project consists of two units in Alameda and one in Lodi. The project provides capacity during peak load periods and emergency capacity reserves. Excess capacity and energy from the project are also sold to other entities from time to time.

**Capital Facilities Project** The project consists of one 49.9 megawatt natural gas-fired steam injected combustion turbine generator unit located in Lodi, California. Wastewater is reclaimed from the City of Lodi's White Slough water pollution control facility, processed to eliminate contaminants, and heated to steam and used in the turbine to produce augmented power and emissions control.

**Lodi Energy Center (LEC)** The project is a 296 MW base load, combined cycle, natural gas-fired, combustion turbine generating station (one gas turbine and one steam turbine) located in Lodi, California, next to the Capital Facilities Project discussed above. Pursuant to the Lodi Energy Center Power Sales Agreement, the Agency agreed to operate the LEC and has sold all of the capacity and energy of the LEC to thirteen participants (including four non-members) in accordance with their respective Generation Entitlement Shares (GES). Each participant has agreed to unconditionally provide for its share of the operation and maintenance expenses and all capital improvements based on its GES. The LEC will be operated and maintained by the Agency under the direction of the LEC Project Management and Operations Agreement among the Agency and the LEC Project Participants.

Lodi Energy Center Revenue Bonds, Issue One provided financing for 11 project participants with 55.7857% GES. Lodi Energy Center Revenue Bonds, Issue Two provided financing for the California Department of Water Resources 33.5% GES. The Modesto Irrigation District elected to provide its own financing for its 10.7143% GES of the costs of construction of the project. Modesto Irrigation District is not liable for any Agency debt service obligations for the project.

The Issue One Series B and the Issue Two Series B bonds were issued as Taxable Subsidy Bonds constituting Build America Bonds (BABs) for the purposes of the American Recovery and Reinvestment Act of 2009. The Act provides for a direct payment to the Agency from the federal government equal to 35% of the interest costs. The direct payment was reduced by 5.7% in 2023 and 2022 due to federal government budget sequestration. Such payments may continue to be affected by sequestrations.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

##### NOTE H – ASSET RETIREMENT OBLIGATION

NCPA constructed and operates generating plants, transmission, and other tangible assets that are used to provide its members with a portion of their power needs. For some of those assets, there are legally enforceable liabilities that require removal, disposal, remediation and other activities associated with their future retirement or with the termination of leases and licenses. The Agency has recognized Asset Retirement Obligations for those future asset retirement activities.

##### Geothermal Plant Decommissioning

The Agency developed the geothermal project (the “Geothermal Project”) located on federal land in certain areas of Sonoma and Lake Counties, California (the “Geysers Area”). In addition to the geothermal leasehold, wells, gathering system and related facilities, the Geothermal Project consists of two electric generating stations (Plant 1 and Plant 2), with combined 165 MW (nameplate rating) turbine generator units utilizing low pressure, low temperature geothermal steam, associated electrical, mechanical and control facilities, a heat dissipation system, a steam gathering system, a transmission tapline and other related facilities. Geothermal steam for the project is derived from the geothermal property, which includes wellpads, access roads, steam wells and reinjection wells.

Steam for NCPA’s geothermal plants comes from lands in the Geysers Area, which are leased by NCPA from the federal government. NCPA operates these steam-supply areas. Operation of the geothermal plants at high generation levels, together with high steam usage by others in the same area, resulted in a decline in the steam production from the steam wells at a rate greater than expected. As a result, NCPA partnered with other geothermal operators in the Geysers Area to finance and construct the Southeast Geysers Effluent Pipeline Project, which was completed in September 1997 and began operating soon thereafter. With the reduced rate of steam production decline, the useful life of the plant and associated tangible assets is projected through fiscal year 2059.

Under terms of the federal geothermal leasehold agreements, which became effective August 1, 1974, the leasehold had a 10-year primary term with provision for renewal as long thereafter as geothermal steam is produced or utilized, but not longer than 40 years. At the expiration of that period, if geothermal steam was still being produced, NCPA had a preferential right to renew the leasehold for a second term. In 2013, NCPA renewed the leasehold. The leasehold also requires NCPA to remove its leasehold improvements including the geothermal plants and steam gathering system when and if NCPA abandons the leasehold. Additionally, the United States Department of the Interior and Bureau of Land Management issued the License for Electric Power Plant Site Utilizing Geothermal Resources. The license requires that NCPA remove all structures, machinery, and other equipment and restore the land within one year following the termination of the license.

The Agency authorized a decommissioning study for the Geothermal Project, and Black and Veatch provided that study to NCPA in December 2016. The study included detailed cost estimates totaling approximately \$59.3 million (figures compiled prior to fiscal year 2016) for all retirement obligation activities. The study also projected the costs through 2020 using an Extrapolation Escalation Methodology for the following categories: 1) direct labor and subcontract costs less salvage value; 2) indirect costs; 3) construction equipment; 4) engineering and construction management; 5) and contingency. NCPA personnel then calculated the effective change between the escalated 2016 base and 2020 escalated costs to develop a composite escalation rate and assumed that the escalation rate was applicable evenly for each of the five years beginning in 2016; the resulting calculated annual escalation factor was 2.26%. The estimated retirement obligation costs for years ended June 30, 2023 and 2022 are \$71,742,000 and \$69,316,000, respectively. The annual retirement expense for years ended June 30, 2023 and 2022 are \$1,725,103 and \$1,659,534, respectively.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

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NCPA has been collecting monies to pay the expected decommissioning costs since 2007 and holds \$28.5 million in a designated reserve for such purpose as of June 30, 2023. The initial ARO recognition included a reclassification of that reserve from a liability to the members to a deferred inflow that will be reduced as the decommissioning costs are funded in the future.

#### Lodi Energy Center and Capital Facilities Project Well Plugging

The agency owns and operates the Lodi Energy Center (LEC) and Capital Facilities projects located in Lodi, California.

The Lodi Energy Center is a 296 megawatt base load, combined cycle, natural gas-fired, combustion turbine generating station (one gas turbine and one steam turbine). The electric generation components (the "Power Island") of the Lodi Energy Center consists of the following components: (1) one natural gas-fired Siemens STGS-5000F combustion turbine-generator (CTG), with an evaporative cooling system and dry low-NOx combustors to control air emissions; (2) one 3-pressure heat recovery steam generator (HRSG), (3) a selective catalytic reduction (SCR) and carbon monoxide ("CO") catalyst to further control NOx and CO emissions, respectively; (4) one Siemens SST-900RH condensing steam turbine generator ("STG"); (5) one natural gas-fired auxiliary boiler; (6) one 7-cell draft evaporative cooling tower; and (7) associated support equipment. The Lodi Energy Center was placed into commercial operation on November 27, 2012. There is also a Class I Underground Injection Control Well, located at the West side of White Slough Water Treatment Plant at LEC. The useful life of the plant and associated tangible assets including the injection well is projected through fiscal year 2040.

The Capital Facilities Project consists of a natural gas-fired combustion turbine power generating station, Unit One, with a design rating of 49.9 MW located in the City of Lodi. Construction of the Project began in September 1993, with commercial operation commencing in 1996. The power generating station consists of a single natural gas-fired steam injected gas turbine, generator, and required auxiliary and electrical interconnection systems. Additionally, the STIG project includes a Class I Underground Injection Control Well, located at the West side of White Slough Water Treatment Plant. The useful life of the plant and associated tangible assets including the injection well is projected through fiscal year 2040.

The LEC and Capital Facilities projects are located on property owned by the City of Lodi (City). The Agency entered into the Second Amended and Restated Ground Lease by and between the City of Lodi (Landlord) and the Northern California Power Agency (Tenant), dated April 29, 2013. The agreement requires that upon termination of the lease, NCPA must abandon and close any and all injection wells utilized on the premises with the exception of the Southeast Corner Test Well, which is the responsibility of the City. Additionally, Federal Environmental Protection Agency (EPA) regulations set forth requirements in subpart F of 40 CFR part 144 for the Federal Underground Injection Control (UIC) program and the plugging of injection wells.

The Agency commissioned engineering firm AECOM to develop construction cost estimates for closing the wells. The firm's estimates were included in Exhibit Q-1, Plugging and Abandonment Plan, Stig-1 & LEC-1 in a 2019 EPA permit filing. The estimated cost of plugging the Lodi Energy Center injection well totaled \$169,000, and the estimated cost of plugging the Capital Facilities injection well totaled \$149,000. The estimated costs are based on mobilization/demobilization, construction costs, contingency, and engineering and field oversight costs. The assumed escalation factor for these projects is 2.58% based on the 2018 Handy Handy-Whitman Index of Public Utility Construction Costs (Bulletin No. 187).

## NOTES TO COMBINED FINANCIAL STATEMENTS

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#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

The estimated retirement obligation costs for the LEC well plugging is \$192,330 with an annual retirement obligation expense of \$8,465 for year ended June 30, 2022. The estimated retirement obligation costs for the LEC well plugging is \$192,330 with an annual retirement obligation expense of \$8,465 for year ended June 30, 2022. The estimated retirement obligation costs for the Capital Facilities Project well plugging is \$168,976 with an annual retirement obligation expense of \$7,437 for year ended June 30, 2022. The estimated retirement obligation costs for the Capital Facilities Project well plugging is \$168,976 with an annual retirement obligation expense of \$7,437 for year ended June 30, 2022.

Currently there are no assets restricted for payment of the injection well closures. To meet the legally required funding and assurance provisions of the injection well closures, NCPA files with the EPA annually. This filing includes a financial test to demonstrate financial assurance, as specified in subpart F of 40 CFR part 144.

#### NOTE I -- RETIREMENT PLAN

##### General Information about the Pension Plans

**Plan Descriptions** The Agency provides a defined benefit retirement plan to all eligible employees under the Public Employees' Retirement System (PERS). The Plan is an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided** CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. In 2012, the Public Employees' Pension Reform Act (PEPRA) became law that implemented new benefit formulas and final compensation period, as well as new contribution requirements for new employees hired on or after January 1, 2013 who meet the definition of new member under PEPRA. Employees hired prior to January 1, 2013, and those new employees not meeting the PEPRA definition of new member, are considered classic members.

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The Plans' provisions and benefits in effect at June 30, 2023 and 2022, are summarized as follows:

Hire date	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 full-time years	5 full-time years
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	60 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	2.0% to 2.5%
Required employee contribution rates	8.00%	6.50%
Required employer contribution rates	35.227%	35.227%

**Employees Covered** – At June 30, 2023 and 2022, the following employees were covered by the benefit terms for each Plan:

	2023	2022
Inactive employees or beneficiaries currently receiving benefits	176	163
Inactive employees entitled to but not yet receiving benefits	19	16
Active employees	159	159
<b>Total</b>	<b>354</b>	<b>338</b>

**Contributions** Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2022 and 2021 (the measurement dates), the average active employee contribution rates were 7.113% and 7.022%, respectively, of annual pay and the Agency's contribution rates are 41.802% and 49.145%, respectively, of annual payroll. Employer contribution rates may change if plan contracts are amended.

**Net Pension Liability** - The Agency's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured at prior year end, using annual actuarial valuations as of the previous year end and rolled forward to the measurement date, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Actuarial Assumptions** - The total pension liabilities as of June 30, 2023 and 2022 were determined using the following actuarial assumptions:

	2023	2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	6.900%	7.150%
Inflation	2.5%	2.5%
Payroll Growth	2.75%	2.75%
Projected Salary Increase	2.75%-8.50% (1)	2.75%-8.50% (1)
Investment Rate of Return	7.000% (2)	7.000% (2)
Mortality	(3)	(3)

(1) Depending on age and service.

(2) Net of pension plan investment expenses, including inflation.

(3) Derived using CalPERS' specific membership data with projected on-going mortality improvement using Scale BB published by the Society of Actuaries.

**Discount Rate** The discount rate used to measure the total pension liability was 6.90% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.00% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.15%. For the measurement year ended June 30, 2022 and 2021, using this lower discount rate resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

To mitigate the growing unfunded accrued liability, the Agency implemented a Long-Term Funding Plan for NCPA's Employee Pension Program which includes accelerated funding of the unfunded liability over a 15-year period. The plan includes: 1) a goal for minimum funding level of 80% within 15 years and annual Commission confirmation of the continued funding of the annual required employer contribution at 100%; 2) shorten the amortization period of the liability to 15 years; 3) research other ways to limit the pension liability; and 4) annual Finance Committee review in conjunction with annual CalPERS actuarial valuations and recommendation to the Commission as needed. In addition, the Agency has a budget policy that mandates an annual reconciliation of budgeted versus actual pension costs. The policy requires that positive budget variances are contributed as payments against the unfunded liability at year end.

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#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

For measurement period ending June 30, 2022:

Asset Class	Assumed Asset	
	Allocation	Real Return <sup>1,2</sup>
Global Equity – Cap-weighted	30.00%	4.54%
Global Equity – Non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

<sup>1</sup> An expected inflation of 2.3% used for this period

<sup>2</sup> Figures are based on the 2021 Asset Liability Management study

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**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

For measurement period ending June 30, 2021:

<b>Asset Class</b>	<b>Strategic Allocation</b>	<b>Real Return Years 1-10<sup>3</sup></b>	<b>Real Return Years 11+<sup>4</sup></b>
Global Equity	50.00%	4.80%	5.98%
Private Equity	8.00%	6.30%	7.23%
Fixed Income	28.00%	1.00%	2.62%
Liquidity	1.00%	0.00%	-0.92%
Real Estate	13.00%	3.75%	4.93%
Inflation Assets	0.00%	0.77%	1.81%

<sup>3</sup> An expected inflation of 2.0% used for this period

<sup>4</sup> An expected inflation of 2.9% used for this period

**Changes in the Net Pension Liability**

The change in the Net Pension Liability for each Plan follows:

<b>Description</b>	<b>Increase/(Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability/(Asset)</b>
<b>Balance at June 30, 2021</b>	\$ 187,779,297	\$ 145,803,857	\$ 41,975,440
Service cost incurred	4,013,452	-	4,013,452
Interest on total pension liability	12,929,039	-	12,929,039
Differences between actual and expected experience	58,583	-	58,583
Change in assumption	2,419,752	-	2,419,752
Change in benefits	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contributions – employer	-	9,491,348	(9,491,348)
Contributions – employee	-	1,614,933	(1,614,933)
Net investment income`	-	(10,976,673)	10,976,673
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(9,773,955)	(9,773,955)	-
Administrative expense	-	(90,827)	90,827
Other Miscellaneous Income/(Expense)	-	-	-
<b>Net changes</b>	<b>9,646,871</b>	<b>(9,735,174)</b>	<b>19,382,045</b>
<b>Balance at June 30, 2022</b>	<b>\$ 197,426,168</b>	<b>\$ 136,068,683</b>	<b>\$ 61,357,485</b>



**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

Description	Increase/(Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2020</b>	\$ 178,863,628	\$ 116,171,774	\$ 62,691,854
Service cost incurred	3,711,215	-	3,711,215
Interest on total pension liability	12,712,760	-	12,712,760
Differences between actual and expected experience	1,671,523	-	1,671,523
Change in assumption	-	-	-
Change in benefits	-	-	-
Net Plan to Plan Resource Movement	-	-	-
Contributions – employer	-	11,158,575	(11,158,575)
Contributions – employee	-	1,594,388	(1,594,388)
Net investment income`	-	26,174,998	(26,174,998)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(9,179,829)	(9,179,829)	-
Administrative expense	-	(116,049)	116,049
Other Miscellaneous Income/(Expense)	-	-	-
Net changes	8,915,669	29,632,083	(20,716,414)
<b>Balance at June 30, 2021</b>	\$ 187,779,297	\$ 145,803,857	\$ 41,975,440

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability of the Plan, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.90% for 2023 and 6.15% for 2022) or 1-percentage point higher (7.90% for 2023 and 8.15% for 2022) than the current rate:

<b>2023</b>	<b>Discount Rate – 1% (5.90%)</b>	<b>Current Discount Rate (6.90%)</b>	<b>Discount Rate + 1% (7.90%)</b>
<b>Plan's Net Pension Liability</b>	\$ 86,505,374	\$ 61,357,485	\$ 40,419,462

<b>2022</b>	<b>Discount Rate – 1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate + 1% (8.15%)</b>
<b>Plan's Net Pension Liability</b>	\$ 65,648,144	\$ 41,975,440	\$ 22,229,985

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the years ending June 30, 2023 and 2022, the Agency incurred pension expense of \$8,291,942 and \$2,933,271, respectively. At June 30, 2023 and 2022, the Agency has deferred outflows of resources and deferred inflows of resources related to pensions as follows:

<b>2023</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 9,397,814	\$ -
Changes in assumptions	1,829,569	-
Differences between actual and expected experience	1,317,977	-
Net differences between projected and actual earnings on plan investments	7,258,595	-
<b>Total</b>	<b>\$ 19,803,955</b>	<b>\$ -</b>

<b>2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions subsequent to measurement date	\$ 9,491,683	\$ -
Changes in assumptions	-	(119,567)
Differences between actual and expected experience	2,711,522	-
Net differences between projected and actual earnings on plan investments	-	(12,767,264)
<b>Total</b>	<b>\$ 12,203,205</b>	<b>\$ (12,886,831)</b>

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

Pension contributions subsequent to measurement date of \$9,397,814 and \$9,491,683 reported as deferred outflows of resources for years ending June 30, 2023 and 2022, respectively, will be recognized as a reduction of the net pension liability in the year ended June 30, 2023 and 2022, respectively.

For reporting year ended June 30, 2023, amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in future pension expense as follows:

<u>Measurement Period Ended June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2023	\$ 2,753,536
2024	2,123,080
2025	1,258,594
2026	4,270,931
2027	-
Thereafter	-
Total	<u>\$ 10,406,141</u>

**Payable to the Pension Plan** At June 30, 2023 and 2022 the Agency did not have an outstanding amount of contributions payable to the pension plan required for the years ended.

**NOTE J -- OTHER POST EMPLOYMENT BENEFITS (OPEB)**

**General Information about the OPEB Plan**

The Agency contracts with the CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA) for employee medical insurance. In connection with this plan, the Agency provides medical insurance to all active employees and their families, as well as all qualified retirees (and spouses), subject to certain limitations. The Agency has maintained an actuarially based restricted fund for the sole purpose of paying medical insurance premiums for qualified retired employees (and spouses) participating in the CalPERS medical plan. In 2007, the Agency became a participant in the CalPERS California Employers' Retiree Benefit Trust (CERBT), a pre-funding OPEB plan, which is an irrevocable multi-employer trust and plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. CalPERS issues publicly available reports that include the net changes in Fiduciary Net Position by Employer that can be found on the CalPERS website.

The Agency makes its Actuarially Determined Contribution (ADC) to this OPEB plan annually. The ADC represents the service cost plus an amortized amount of net OPEB liabilities (NOL). The amortization of NOL is based on a 15-year level dollar amount on a "closed" basis. There are 10 years remaining as of the measurement date of June 30, 2022.

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**Summary of certain plan provisions and benefits in effect during fiscal year ended June 30, 2023 and 2022:**

Required service for eligibility	Pre-1/1/2009 Hires, 5 full-time years On or After 1/1/2009 Hires, 5 full-time years and minimum 10 years CalPERS service
Minimum retirement age	50
Benefit payments	Monthly for life
Vesting for eligible employees	Pre-1/1/2009 Hires, 100% at 5 years On or After 1/1/2009 Hires, 50% at 10 years; 5%/year up to 100% at 20 years
Maximum monthly benefit	Hired pre-1/1/2019, 90% of Kaiser Family rate for the Sacramento area (Region 1). For Hydroelectric and Geothermal based employees, their cap is increased by \$75. Hired 1/1/2019 and later, capped at 100% of Kaiser Senior Advantage rate for Sacramento area (Region 1). For Geothermal based employees where the Kaiser plan is not available, their cap is increased by \$75.

**Employees Covered** – At June 30, 2023 and 2022, the following employees were covered by the benefit terms for each Plan:

	<u>2023</u>	<u>2022</u>
Inactive employees or beneficiaries currently receiving benefits	159	159
Inactive employees entitled to but not yet receiving benefits	-	-
Active employees	<u>159</u>	<u>159</u>
Total	<u>318</u>	<u>318</u>

**Contributions** The Actuarially Determined Contribution (ADC) and funded status of the OPEB plan were determined based on current cost trends of the CalPERS health plans in which the employees currently participate at the time of the actuarial valuation. The June 30, 2021 actuarial valuation (rollforward to June 30, 2022) was prepared on the basis of the OPEB assumption model, as prescribed by the CalPERS, in effect at the time of the valuation. At fiscal year-end June 30, 2023, the Agency had 159 active eligible employees and 159 retirees drawing benefits under this program.

The ADC and funded status of the plan are subject to periodic revision based on actual results, changes in assumptions or plan provisions, and new estimates of expected future circumstances. Future actuarial valuations will be performed every two years, as prescribed by CalPERS.

The Agency's ADC (based on actuarially established rates) was determined as part of a June 30, 2021 actuarial valuation using the entry age normal actuarial cost method. The primary actuarial assumptions included: valuation using the Entry Age Normal Cost Method, 6.00% annual discount rate, payroll growth of 2.80% to 8.08%, 2.75% inflation, and maximum employer contribution increases derived from the Getzen Model for developing long-term health care cost trends.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

To mitigate the growing OPEB unfunded accrued liability, the Agency implemented a Long-Term Funding Plan for the NCPA Retiree Medical Plan which includes: 1) establish a goal to obtain a minimum funding level of 80% within 15 years and confirm the policy of funding 100% or more of the ARC each year; 2) reduce actuarial liability by developing a cap for health care premiums going forward; 3) shorten the amortization period used in the actuarial calculations from 28 years to 15 years; 4) consider additional funding sources for increased funding of the ARC, including further budget reductions or new revenues (from members or new services/customers); and 5) conduct new actuarial studies on a biennial basis as required and review the updated results with the Finance Committee, who will make recommendations for revision to the Commission as needed.

The Agency has a budget policy that mandates an annual reconciliation of budgeted versus actual OPEB costs. The policy requires that positive budget variances are contributed as payments against the unfunded liability at fiscal year-end. Additionally, effective 1/1/2019, NCPA created a third-tier level for OPEB for employees hired after that date. Employees in tier three are eligible for Agency payment of 100% of the CalPERS Kaiser Senior Advantage rate for Sacramento area (Region 1); Tier 1 and Tier 2 employees are eligible for Agency payment of 90% of the CalPERS Kaiser Family Rate for Sacramento area. The change was included in the fiscal year 2020 actuarial valuation rollforward and will reduce NCPA's OPEB liability on a going forward basis as the Agency hires future employees.

**Net OPEB Liability (Asset)** The Agency's net liability (asset) for the OPEB Plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability (asset) of the Plan is measured at prior year end, using annual actuarial valuations as of the previous year end and rolled forward to the measurement date, using standard update procedures. A summary of principal assumptions and methods used to determine the net OPEB liability (asset) follows.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Actuarial Assumptions** The total OPEB assets/liabilities as of June 30, 2023 and 2022 are determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>2023</u>	<u>2022</u>
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	6.00%	6.00%
Inflation	2.80%	2.80%
Payroll Growth	2.80%-8.08%	2.80%-8.08%
Projected Salary Increase	Varies (1)	Varies (1)
Investment Rate of Return	6.00% (2)	6.00% (2)
Mortality	(3)	(3)
Healthcare cost trend rates	(4)	(4)

- (1) Depending on age and service.
- (2) Net of OPEB trust investment expenses, including inflation.
- (3) Mortality rates are based on the 2020 California PERS (CalPERS) Pension report and includes a projection to 2028 using scale BB to account for anticipated future mortality improvement.
- (4) Medical inflation was based on the "Getzen" model published by the Society of Actuaries for purposes of evaluating long term medical trends. A margin to reflect the impact of the excise tax in future years is reflected in the assumed trend. The trend also reflects the removal of the Health Insurer Fee for calendar year 2019. This fee was assessed again in calendar year 2021.

**Discount Rate** The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that the Agency's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB trust investments was applied to all periods of projected benefit payments to determine the total OPEB liability. To the extent that OPEB trust assets are insufficient to finance all OPEB benefits, the discount rate should be based on 20-year tax-exempt AA or higher Municipal Bonds as of the measurement date.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table (net of administrative expenses):

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

For measurement period ending June 30, 2022:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	40.00%	8.96%
US Fixed Income	43.00%	4.61%
Treasury Inflation-Protected Securities	5.00%	3.36%
Real Estate Investment Trusts	8.00%	8.49%
Commodities	4.00%	4.23%

For measurement period ending June 30, 2021:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global Equity	40.00%	8.96%
US Fixed Income	43.00%	4.61%
Treasury Inflation-Protected Securities	5.00%	3.36%
Real Estate Investment Trusts	8.00%	8.49%
Commodities	3.00%	4.23%

**Changes in the Net OPEB Liability (Asset)**

<b>Description</b>	<b>Increase/(Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability/(Asset)</b>
<b>Balance at June 30, 2021</b>	\$ 37,280,520	\$ 49,143,874	\$ (11,863,354)
Service cost incurred	928,357	-	928,357
Interest on total OPEB liability	2,229,539	-	2,229,539
Differences between actual and expected experience	-	-	-
Change in assumption	-	-	-
Change in benefits	-	-	-
Contributions – employer	-	2,130,794	(2,130,794)
Contributions – employee	-	-	-
Net investment income	-	(6,022,550)	6,022,550
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(2,130,794)	(2,130,794)	-
Administrative expense	-	(12,469)	12,469
Net changes	1,027,102	(6,035,019)	7,062,121
<b>Balance at June 30, 2022</b>	\$ 38,307,622	\$ 43,108,855	\$ (4,801,233)

**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

Description	Increase/(Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
<b>Balance at June 30, 2020</b>	\$ 38,821,039	\$ 38,553,585	\$ 267,454
Service cost incurred	994,705	-	994,705
Interest on total OPEB liability	2,618,181	-	2,618,181
Differences between actual and expected experience	(3,011,160)	-	(3,011,160)
Change in assumption	(52,374)	-	(52,374)
Change in benefits	-	-	-
Contributions – employer	-	1,890,942	(1,890,942)
Contributions – employee	-	-	-
Net investment income	-	10,804,119	(10,084,119)
Differences between projected and actual earnings on plan investments	-	-	-
Benefit payments	(2,089,871)	(2,089,871)	-
Administrative expense	-	(14,901)	14,901
Net changes	(1,540,519)	10,590,289	(12,130,808)
<b>Balance at June 30, 2021</b>	\$ 37,280,520	\$ 49,143,874	\$ (11,863,354)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the net OPEB liability (asset) of the Plan, calculated using the discount rate, as well as what the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current rate:

2023	Discount Rate – 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
<b>Plan's Net OPEB Liability (Asset)</b>	\$ (499,984)	\$ (4,801,233)	\$ (8,409,440)

2022	Discount Rate – 1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate + 1% (7.00%)
<b>Plan's Net OPEB Liability (Asset)</b>	\$ (7,639,580)	\$ (11,863,354)	\$ (15,405,413)



**NOTES TO COMBINED FINANCIAL STATEMENTS**

**NORTHERN CALIFORNIA POWER AGENCY  
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**AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

**Sensitivity of the net OPEB liability (Asset) to changes in the healthcare cost trend rates.**

The following presents the net OPEB liability (asset) of the Plan, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

<b>2023</b>	<b>Healthcare Costs Trend Rate – 1%</b>	<b>Current Healthcare Costs Trend Rate</b>	<b>Healthcare Costs Trend Rate + 1%</b>
<b>Plan's Net OPEB Liability (Asset)</b>	\$ (9,263,580)	\$ (4,801,233)	\$ 623,943

<b>2022</b>	<b>Healthcare Costs Trend Rate – 1%</b>	<b>Current Healthcare Costs Trend Rate</b>	<b>Healthcare Costs Trend Rate + 1%</b>
<b>Plan's Net OPEB Liability (Asset)</b>	\$ (15,900,353)	\$ (11,863,354)	\$ (6,972,213)

**OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB**

For the year ending June 30, 2023 and 2022, the Agency incurred OPEB expense of \$351,339 and \$(858,478), respectively. At June 30, 2023 and 2022, the Agency has deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

<b>2023</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 1,470,467	\$ -
Differences between actual and expected experience	-	(2,078,873)
Changes in assumptions	90,002	(33,118)
Net differences between projected and actual earnings on plan investments	3,980,810	-
<b>Total</b>	<b>\$ 5,541,279</b>	<b>\$ (2,111,991)</b>

<b>2022</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
OPEB contributions subsequent to measurement date	\$ 1,758,163	\$ -
Differences between actual and expected experience	-	(2,807,151)
Changes in assumptions	180,006	(42,746)
Net differences between projected and actual earnings on plan investments	-	(4,212,864)
<b>Total</b>	<b>\$ 1,938,169</b>	<b>\$ (7,062,761)</b>

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Amounts reported as deferred outflows/(inflows) of resources related to OPEB will be recognized in future OPEB expense as follows:

Measurement Period Ended June 30, 2023:	Deferred Outflows/(Inflows) of	
	Resources	
2024	\$	179,478
2025		230,441
2026		2,524
2027		1,546,378
Thereafter		-
Total	\$	<u>1,958,821</u>

**Payable to the OPEB Plan** At June 30, 2023 and 2022, the Agency did not have an outstanding amount of contributions payable to the OPEB plan required for the year ended.

The funded status of the plan and the annual required contributions are subject to periodic revision based on actual results, changes in assumptions or plan provisions, and new estimates of expected future circumstances. Future actuarial valuations will be performed every two years, as prescribed by CalPERS.

#### NOTE K -- COMMITMENTS AND CONTINGENCIES

**Power Purchase Contracts** The Agency had commitments of approximately \$264 million in connection with various power purchase contracts as of June 30, 2023. The contracts, extending through November 2041, are normal purchases at agreed to contract prices for fixed quantities of energy. Certain of the Agency's members have individually entered into certain other long-term contracts, which the Agency dispatches and schedules for them. See Note B - Summary of Significant Accounting Policies.

Some of these power purchase contracts include Renewable Energy Certificates (RECs) which are qualified by Western Renewable Energy Generation Information Systems (WREGIS) and used to meet California's Renewable Energy Portfolio. Generation from solar, wind, geothermal and certain sized hydroelectric units receive RECs for each MWh of renewable generation. Excess RECs may be sold in the California compliance market. At June 30, 2023, negotiated REC prices range from \$40 to \$60 per REC.

**Resource Adequacy Contracts** The Agency had commitments of approximately \$190 million in connection with various resource adequacy capacity contracts as of June 30, 2023. The contracts, extending through November 2041, are normal purchases at agreed to contract prices for fixed quantities of capacity. Certain of the Agency's members have individually entered into other long-term capacity contracts.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Fuel Supply Agreements** The Agency has entered into the following agreements to provide natural gas fuel supply for use in its generation resources:

- A 30-year agreement terminating in October 2023 with various natural gas pipeline management companies under which the Agency has acquired firm natural gas pipeline transportation capacity in four separate natural gas pipelines between Alberta, Canada and northern California. The estimated minimum annual natural gas transmission commitment is approximately \$221,000. The Agency's firm natural gas pipeline transportation capacity is scheduled by Mercuria Energy Gas Trading, LLC (Mercuria) pursuant to the term and conditions of an Asset Management Agreement for Pipeline Transportation Capacity that became effective on January 1, 2015.
- On behalf of the participants in the Combustion Turbine Project Number One and the Capital Facilities project, the Agency entered into an agreement with EDF Trading North America, LLC (EDF) effective January 1, 2013 to provide natural gas supply and scheduling, nomination, balancing and settlement services. The contract automatically renews each year on January 1, unless terminated earlier by six-months written notice by either party.
- The Agency had approximately \$10.9 million of gas purchase commitments at June 30, 2023. The commitments, extending through December 2025, are normal purchases at agreed to prices for fixed quantities of gas.

**Western Area Power Administration Base Resource** A number of the Agency's members, who had an aggregate 18.87957% of the Base Resource Contract with the Western Area Power Administration to receive electric power from the Central Valley Project in California, have assigned their shares to the Agency in order to create a power resource portfolio for the mutual benefit of participating Agency members. The assignments terminate the earlier of December 31, 2024 or 60 days after Western approves a reassignment.

**Geothermal Royalties** Under terms of federal geothermal leasehold agreements, the Agency is required to pay royalties to the United States (U.S.) on the value of geothermal steam produced. Currently, the effective rate of such royalties is 4.05% of an amount based on the Agency's monthly weighted average cost of third-party wholesale electricity purchases made by Agency members participating in the Geothermal Project. The U.S. Department of the Interior, Office of Natural Resources Revenue maintains the right to periodically review and withdraw their approval or to change this methodology should operations, market conditions, or Federal regulations change.

#### CLAIMS AND LITIGATION

**California Energy Crisis** During 2000 and 2001, California experienced extreme fluctuations in the prices and supplies of natural gas and electricity in much of the State. While there has been progress in addressing these issues, uncertainty remains. As a result, no assurance can be given that measures undertaken, together with measures to be taken in the future, will prevent the recurrence of shortages, price volatility or other energy problems that have adversely affected California electric utilities in the past. The Agency has settled with the plaintiffs in related litigation, and all cases that had potential to impact NCPA are resolved.

**United States Bureau of Reclamation** For many years prior to filing suit, NCPA advocated at all levels of the Federal Government in an attempt to get the United States Bureau of Reclamation ("Bureau") to correctly interpret the Central Valley Project Improvement Act (CVPIA) and reduce the restoration fund charges on the power contractors. The Bureau's incorrect interpretation of CVPIA continued during drought years when the restoration fund charges surged and the amount of energy provided by the Central Valley Project decreased dramatically. On September 4, 2014, NCPA, the City of Redding, City of Roseville, and City of Santa Clara (the Cities) filed a complaint against the United States in the United States Court of Federal Claims for refund of payments unlawfully assessed and collected by the United States of America (Case No. 14-817C).

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

After initially losing in the Court of Federal Claims on July 20, 2018, NCPA, and the Cities appealed that judgment to the United States Court of Appeals for the Federal Circuit and prevailed on the question of liability on November 6, 2019 (Case No. 19-1010). NCPA and the Cities also prevailed on August 18, 2022, on the underlying theory for the calculation of the overpayment (Case No. 14-817C). On September 21, 2022, the Court of Claims awarded \$81,872,385 to NCPA and the Cities. At that time, it was still undetermined if the Bureau would pay that full amount to NCPA. NCPA Members participating in the litigation were the cities of Alameda, Biggs, Gridley, Healdsburg, Lodi, Lompoc, Palo Alto, Redding, Roseville, Santa Clara, and Ukiah and Plumas Sierra Rural Electric Cooperative, Port of Oakland, and Truckee Donner Public Utility District (the "Participating Members").

On March 8, 2023 the Bureau paid the judgement amount of \$81,872,385 to NCPA. This amount was recorded as Non-Operating Other Revenues. NCPA distributed the judgement payment less the contingency based legal fee to members based on the amount of damages calculated for each year of the claim period and then by respective Base Resource Participation Percentages for each of the years. Some members directed NCPA to send their portions of the funds directly to their organizations, and some members deposited their portion of the judgement into the GOR accounts.

**Greenhouse Gas (GHG) Emissions** The California Global Warming Solutions Act of 2006 (also known as California Assembly Bill 32 or AB 32) requires the gradual reduction of state-wide GHG emissions to the 1990 level by 2020. The California Air Resources Board (CARB) is the state agency charged with monitoring GHG levels and adopting regulations to implement and enforce AB 32. The CARB has approved various regulations, including regulations that established a state-wide, comprehensive "cap-and-trade" program that sets a gradually declining limit (or "cap") on the amount of GHGs that may be emitted by the major sources of GHG emissions each year. GHG emissions are measured in metric tons (MT) of carbon dioxide-equivalent greenhouse gases (CO<sub>2e</sub>) per year.

The cap and trade program's first two-year compliance period, which began January 1, 2013, applies to the electricity generation and large industrial sectors. The next compliance period, from January 1, 2015 through December 31, 2017, expanded to include the natural gas supply and transportation sectors, effectively covering all the capped sectors until 2020. In July 2017, CARB adopted an updated set of cap-and-trade regulations that extends the cap-and-trade program to 2030. The updated regulations continue the direct allocation of allowances to distribution utilities which in turn can be transferred by members to the Agency.

The Agency's Lodi Energy Center gas plant, Steam Injected Gas Turbine gas plant and electricity imports (purchased power) are subject to the compliance rules established by CARB for the cap-and-trade program. As such, the Agency acquires sufficient compliance instruments to cover its compliance obligations or receives transfers of required compliance instruments from its project participants. At June 30, 2023, the Agency had cumulative compliance obligations of 1,110,694 MT with 1,637,129 MT of acquired allowances to meet its compliance obligations. At June 30, 2022, the Agency had cumulative compliance obligations of 651,706 MT with 1,129,262 MT of acquired allowances to meet its compliance obligations.

**Other Factors Affecting the Electric Utility Industry** Electric industry market participants, such as the Agency and its members, continue to face numerous potential risks and uncertainties including, but not limited to, significant volatility in energy prices and increased transmission and ancillary services costs; new federal and state renewable energy requirements, operating efficiency, and environmental standards; and, global pressures on economic and financial market conditions. The Agency and its members continue to study and to take various actions in an effort to mitigate and manage these risk and uncertainties. However, the Agency cannot predict either the ultimate outcome of these ongoing changes or whether such outcome will have a material adverse effect on its financial position or results of operations.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NORTHERN CALIFORNIA POWER AGENCY AND ASSOCIATED POWER CORPORATIONS

#### AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

**Other Legal Matters** The Agency is engaged in various legal proceedings before federal and state courts and various administrative tribunals incidental to the Agency's operations.

Based on its review of the aforementioned proceedings with outside legal counsel, the Agency believes that the ultimate aggregate liability, if any, resulting from these proceedings will not have a materially adverse effect on the combined financial position or results of operations of the Agency.

**Claims** During the period of December 27, 2022 to January 31, 2023, severe winter storms caused widespread flooding, landslides, and mudslides throughout California. On February 14, 2023, a Presidential Disaster Declaration was issued and then amended several times to ultimately include most counties within the state and to make Public Assistance funding available. As a result of the storms, NCPA experienced landslides at various locations of the Hydroelectric Project including the Powerhouse system, the Collierville tailrace, and Clark's Creek Culvert including debris deposits that impacted travel access to facilities, damaged fences, weakening of the tailrace stability, and a collapsed culvert. NCPA estimates the total cost of the repairs at approximately \$1.3 million. The Agency incurred total costs of \$192,000 through June 30, 2023. NCPA seeks to recover Public Assistance grants and will record those proceeds in non-operating revenue in the fiscal year in which they are received.

During the winter of 2023, severe winter storms caused straight-line winds, flooding, landslides, mudslides, and heavy snowfall beginning on February 21, 2023 and continuing for months in the state of California. On April 3, 2023, a Presidential Disaster Declaration was issued and subsequently amended several times to ultimately include most counties within the state and to make Public Assistance funding available. As a result of the storms, NCPA realized damage from debris deposits and heavy snow loads to a road, a safety handrail system, gates and other various hardware, and a communication tower. NCPA estimates the total cost of the repairs at approximately \$0.5 million. . The Agency incurred total costs of \$82,000 through June 30, 2023. NCPA seeks to recover Public Assistance grants and will record those proceeds in non-operating revenue in the fiscal year in which they are received.

**Risk Management** The Agency is exposed to various risks of loss related to torts, theft of, damage to or destruction of assets, errors and omissions, cyber security attacks, and employees' on-the-job injuries. These risks are covered through the purchase of property, commercial, cyber liability, directors and officers, and worker's compensation insurance, with minimal deductibles. Settled claims with insurers have not exceeded the commercial liability limits in the past three years. Multiple catastrophic California wildfires that occurred over the last several years have had a significant impact on the liability insurance market in California. In addition, some insurers have left the market entirely, while others have reduced capacities and/or excluded wildfire coverage altogether. As a result, the Agency experienced upward price pressure for liability coverage during FY 2022. Wildfire liability insurance coverage limits remained the same at \$35.0 million while premiums increased by 9.5%.

NCPA contracted Property insurance with a new insurer for fiscal year 2022 who places emphasis on engineering for resilience and focuses on working with their clients to prevent losses before they occur. Working with the insurer, the Agency is implementing some additional risk mitigation measures at the generating plants. NCPA signed a two-year rate lock extending to 2023. This switch reduced the annual premium by 36.6% while increasing overall policy limits and coverages. The Agency also initiated a new cyber security liability insurance program to protect the Agency from ransomware and cyber-attacks.

In compliance with Senate Bill 901, the Agency has developed and implemented a Wildfire Risk Mitigation Plan at the Geothermal and Hydroelectric Plants to utilize proactive measures to prevent or limit fires and resulting damages before they occur.

# **Required Supplementary Information**

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)  
NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**Schedule of Changes in the Net Pension Liability and  
Related Ratios Last 10 Measurement Years\***

	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
<b>Total Pension Liability</b>					
Service cost	\$ 4,013,452	\$ 3,711,215	\$ 3,605,566	\$ 3,521,688	\$ 3,511,108
Interest on total pension liability	12,929,039	12,712,760	12,102,589	11,463,532	10,837,217
Differences between expected and actual experience	58,583	1,671,523	2,181,919	1,919,478	(324,038)
Changes in assumptions	2,419,752	-	-	-	(4,902,279)
Changes in benefits	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(9,773,955)	(9,179,829)	(8,617,434)	(7,925,026)	(7,101,870)
<b>Net change in total pension liability</b>	9,646,871	8,915,669	9,272,640	8,979,672	2,020,138
<b>Total pension liability - beginning</b>	187,779,297	178,863,628	169,590,988	160,611,316	158,591,178
<b>Total pension liability - ending (a)</b>	<u>\$ 197,426,168</u>	<u>\$ 187,779,297</u>	<u>\$ 178,863,628</u>	<u>\$ 169,590,988</u>	<u>\$ 160,611,316</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 9,491,348	\$ 11,158,575	\$ 8,878,939	\$ 8,704,519	\$ 7,769,425
Contributions - employee	1,614,933	1,594,388	2,044,537	1,826,209	1,532,206
Net investment income	(10,976,673)	26,174,998	5,409,344	6,536,424	7,654,116
Benefit payments	(9,773,955)	(9,179,829)	(8,617,434)	(7,925,026)	(7,101,870)
Administrative and other expense	(90,827)	(116,049)	(153,113)	(70,807)	(407,211)
<b>Net change in plan fiduciary net position</b>	(9,735,174)	29,632,083	7,562,273	9,071,319	9,446,666
<b>Plan fiduciary net position - beginning</b>	145,803,857	116,171,774	108,609,501	99,538,182	90,091,182
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 136,068,683</u>	<u>\$ 145,803,857</u>	<u>\$ 116,171,774</u>	<u>\$ 108,609,501</u>	<u>\$ 99,538,182</u>
<b>Net pension liability - ending (a)-(b)</b>	<u>\$ 61,357,485</u>	<u>\$ 41,975,440</u>	<u>\$ 62,691,854</u>	<u>\$ 60,981,487</u>	<u>\$ 61,073,134</u>
Plan fiduciary net position as a percentage of the total pension liability	68.92%	77.65%	64.95%	64.04%	61.97%
Covered - employee payroll	\$ 21,883,601	\$ 21,158,583	\$ 20,008,691	\$ 20,379,246	\$ 19,045,878
Net pension liability as percentage of covered-employee payroll	280.38%	198.38%	313.32%	318.60%	320.66%

**REQUIRED SUPPLEMENTARY INFORMATION - Continued**  
**(UNAUDITED)**  
**NORTHERN CALIFORNIA POWER AGENCY**  
**AND ASSOCIATED POWER CORPORATIONS**

**Schedule of Changes in the Net Pension Liability and Related Ratios Last 10 Measurement Years\***

	FY 2017	FY 2016	FY 2015	FY 2014
<b>Total Pension Liability</b>				
Service cost	\$ 3,548,776	\$ 3,152,017	\$ 3,256,167	\$ 3,220,329
Interest on total pension liability	10,678,090	10,328,232	9,734,270	9,285,364
Differences between expected and actual experience	(1,980,198)	581,539	(1,437,389)	-
Changes in assumptions	8,835,307	-	(2,354,661)	-
Changes in benefits	-	-	-	-
Benefit payments, including refunds of employee contributions	(6,410,415)	(5,988,393)	(5,522,982)	(5,059,144)
<b>Net change in total pension liability</b>	<b>14,671,560</b>	<b>8,073,395</b>	<b>3,675,405</b>	<b>7,446,549</b>
<b>Total pension liability - beginning</b>	<b>143,919,618</b>	<b>135,846,223</b>	<b>132,170,818</b>	<b>124,724,269</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 158,591,178</b>	<b>\$ 143,919,618</b>	<b>\$ 135,846,223</b>	<b>\$ 132,170,818</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 6,752,236	\$ 5,406,928	\$ 5,584,985	\$ 5,507,642
Contributions - employee	1,556,483	1,453,722	1,433,343	1,410,488
Net investment income	8,979,321	434,144	1,754,108	10,868,237
Benefit payments	(6,410,415)	(5,988,393)	(5,522,982)	(5,059,144)
Administrative and other expense	(117,127)	(47,581)	(87,934)	-
<b>Net change in plan fiduciary net position</b>	<b>10,760,498</b>	<b>1,258,820</b>	<b>3,161,520</b>	<b>12,727,223</b>
<b>Plan fiduciary net position - beginning</b>	<b>79,331,018</b>	<b>78,072,198</b>	<b>74,910,678</b>	<b>62,183,455</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 90,091,516</b>	<b>\$ 79,331,018</b>	<b>\$ 78,072,198</b>	<b>\$ 74,910,678</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 68,499,662</b>	<b>\$ 64,588,600</b>	<b>\$ 57,774,025</b>	<b>\$ 57,260,140</b>
Plan fiduciary net position as a percentage of the total pension liability	56.81%	55.12%	57.47%	56.68%
Covered - employee payroll	\$ 18,573,174	\$ 18,121,290	\$ 18,365,293	\$ 17,596,462
Net pension liability as percentage of covered-employee payroll	368.81%	356.42%	314.58%	325.41%



**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)  
NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**Notes to Schedule:**

**Benefit changes** The figures above do not include any liability impact that may have resulted from plan changes, which occurred after June 30, 2022. This applies for voluntary benefit changes as well as any offers to Two Years Additional Service Credit (aka Golden Handshakes).

**Changes in assumptions** In 2023, CalPERS reduced the discount rate from 7.15% to 6.90%. In 2022, CalPERS reduced the inflation from 2.625% to 2.50% and reduced the payroll growth rate from 2.875% to 2.75%. CalPERS also reduced the investment rate of return from 7.25% to 7.00%. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, CalPERS reduced the discount rate from 7.65% to 7.15%. In 2016, GASB 68 was modified to state that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Accordingly, the discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of June 30, 2015 measurement date to reflect this required methodology change.

\* Measurement fiscal year 2014 was the first year of implementation, therefore only nine years are shown.

**REQUIRED SUPPLEMENTARY INFORMATION  
(UNAUDITED)  
NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS**

**Schedule of Pension Plan  
Contributions  
Last 10 Fiscal Years \***

	<b>FY 2022</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>FY 2019</b>	<b>FY 2018</b>	<b>FY 2017</b>	<b>FY 2016</b>	<b>FY 2015</b>	<b>FY 2014</b>
Actuarially Determined Contribution	\$ 8,214,976	\$ 7,847,070	\$ 7,437,021	\$ 6,839,592	\$ 6,262,787	\$ 5,715,970	\$ 5,406,928	\$ 5,065,861	\$ 5,029,697
Contributions in Relation to the Actuarially Determined Contribution	(9,491,348)	(11,158,575)	(8,878,939)	(8,704,519)	(7,769,425)	(6,752,236)	(5,406,928)	(5,584,985)	(5,507,642)
Contribution Deficiency (Excess)	\$ (1,276,372)	\$ (3,311,505)	\$ (1,441,918)	\$ (1,864,927)	\$ (1,506,638)	\$ (1,036,266)	\$ -	\$ (519,124)	\$ (477,945)
Covered-Employee Payroll <sup>1</sup>	\$ 21,883,601	\$ 21,158,583	\$ 20,008,691	\$ 19,140,650	\$ 14,045,878	\$ 18,573,174	\$ 18,121,290	\$ 18,365,263	\$ 17,596,462
Contributions as a Percentage of Covered-Employee Payroll <sup>1</sup>	43.37%	52.74%	44.38%	45.48%	40.79%	36.35%	29.84%	30.41%	31.30%

<sup>1</sup> Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Pensionable earnings are covered employee payroll reduced for earnings and other earnings adjustments not subject to pension contributions.

\* Fiscal year 2014 was the first year of implementation, therefore only nine years are shown.

**REQUIRED SUPPLEMENTARY INFORMATION- Continued**  
**(UNAUDITED)**  
**NORTHERN CALIFORNIA POWER AGENCY**  
**AND ASSOCIATED POWER CORPORATIONS**

**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Last 10 Measurement Years \***

	FY2022	FY2021	FY2020	FY 2019	FY 2018	FY 2017
<b>Total OPEB Liability (Asset)</b>						
Service cost	\$ 928,357	\$ 994,705	\$ 931,808	\$ 1,036,513	\$ 970,972	\$ 909,576
Interest on total OPEB liability	2,229,539	2,618,181	2,521,369	2,456,709	2,354,734	2,256,395
Differences between expected and actual experience	-	(3,011,160)	-	(873,781)	-	-
Changes in assumptions	-	(52,374)	-	450,018	-	-
Changes in benefits	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(2,130,794)	(2,089,871)	(2,074,034)	(1,941,780)	(1,821,195)	(1,721,416)
<b>Net change in total OPEB liability</b>	<b>1,027,102</b>	<b>(1,540,519)</b>	<b>1,379,143</b>	<b>1,127,679</b>	<b>1,504,511</b>	<b>1,444,555</b>
<b>Total OPEB liability - beginning</b>	<b>37,280,520</b>	<b>38,821,039</b>	<b>37,441,896</b>	<b>36,314,217</b>	<b>34,809,706</b>	<b>33,365,151</b>
<b>Total OPEB liability - ending (a)</b>	<b>38,307,622</b>	<b>37,280,520</b>	<b>\$ 38,821,039</b>	<b>\$ 37,441,896</b>	<b>\$ 36,314,217</b>	<b>\$ 34,809,706</b>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$ 2,130,794	\$ 1,890,942	\$ 3,913,580	\$ 4,094,854	\$ 3,642,455	\$ 3,914,644
Contributions - employee	-	-	-	-	-	-
Net investment income	(6,022,550)	10,804,119	1,311,739	2,012,435	2,147,351	2,390,569
Benefit payments	(2,130,794)	(2,089,871)	(2,074,034)	(1,941,780)	(1,821,195)	(1,721,416)
Administrative expense	(12,469)	(14,901)	(17,734)	(6,837)	(14,755)	(11,683)
<b>Net change in plan fiduciary net position</b>	<b>(6,035,019)</b>	<b>10,590,289</b>	<b>3,133,551</b>	<b>4,158,672</b>	<b>3,953,856</b>	<b>4,572,114</b>
<b>Plan fiduciary net position - beginning</b>	<b>49,143,874</b>	<b>38,553,585</b>	<b>35,420,034</b>	<b>31,261,362</b>	<b>27,307,506</b>	<b>22,735,392</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>43,108,855</b>	<b>49,143,874</b>	<b>\$ 38,553,585</b>	<b>\$ 35,420,034</b>	<b>\$ 31,261,362</b>	<b>\$ 27,307,506</b>
<b>Net OPEB liability (asset) - ending (a)-(b)</b>	<b>(4,801,233)</b>	<b>(11,863,354)</b>	<b>\$ 267,454</b>	<b>\$ 2,021,862</b>	<b>\$ 5,052,855</b>	<b>\$ 7,502,200</b>
Plan fiduciary net position as a percentage of the total OPEB liability	112.5%	131.82%	99.31%	94.60%	86.09%	78.45%
Covered - employee payroll	\$ 23,321,202	\$ 22,705,335	\$ 21,671,909	\$ 20,379,246	\$ 19,556,204	\$ 18,573,174
Net OPEB liability as percentage of covered-employee payroll	-20.59%	-52.25%	1.23%	9.92%	25.84%	40.39%

**Notes to Schedule:**

**Benefit changes** The benefit payments for FY 2022, FY 2021, FY 2020, FY 2019 and FY 2018 consist of pay-as-you-go cost of \$1,760,488, \$1,719,565, \$1,653,682, \$1,521,428, and \$1,426,947, respectively, plus estimated implicit rate subsidy of \$370,306, \$370,306, \$420,352, \$420,352, and \$394,248, respectively.

**Changes in assumptions** NCPA funds, at minimum, the Actuarially Determined Contribution to the OPEB fund. During measurement period ending June 30, 2021, discount rate decreased from 6.75% to 6.00%. During measurement period ending June 30, 2017, discount rate decreased from 7.00% to 6.75%.

\* Measurement fiscal year 2017 was the first year of implementation, therefore only six years are shown.

**REQUIRED SUPPLEMENTARY INFORMATION - Continued**  
**(UNAUDITED)**  
**NORTHERN CALIFORNIA POWER AGENCY**  
**AND ASSOCIATED POWER CORPORATIONS**

**Schedule of OPEB Plan Contributions**  
**Last 10 Fiscal Years \***

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Actuarially Determined Contribution	\$ 1,106,000	\$ 1,043,000	\$ 1,718,290	\$ 1,300,000	\$ 1,676,000	\$ 1,426,947
Contributions in Relation to the Actuarially Determined Contribution	(1,840,773)	(2,128,469)	(1,939,713)	(3,911,488)	(3,674,502)	(3,454,933)
Contribution Deficiency (Excess)	(734,773)	\$ (1,085,469)	\$ (221,423)	\$ (2,611,488)	\$ (1,998,502)	\$ (2,027,985)
Covered-Employee Payroll	\$ 23,714,522	\$ 23,321,202	\$ 22,705,334	\$ 21,671,910	\$ 20,379,247	\$ 19,556,203
Contributions as a Percentage of Covered-Employee Payroll <sup>1</sup>	7.76%	9.13%	8.54%	18.05%	18.03%	17.67%

\* Fiscal year 2018 was the first year of implementation, therefore only six years are shown.

**Valuation Date:**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

**Methods and Assumptions used to Determine Contributions Rates:**

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll, closed
Amortization period	15 years
Asset valuation method	5-year smoothed market
Discount rate	6.00 percent
Healthcare cost trend rates	7.50% for pre-65 and 5.00% for post-65
Salary increases	2.80 percent
Investment rate of return	6.00 percent
Retirement age	In the 2021 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	Rates based on statistics taken from the latest California PERS (CalPERS) Pension Valuation Report. The mortality rates include an assumed improvement in future mortality based on Scale BB projected to 2028

**Supplemental Information  
For Purposes of Additional  
Analysis**

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

June 30, 2023

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash and cash equivalents										
Restricted	\$ 1,107	\$ 11,570	\$ 851	\$ -	\$ 124	\$ -	\$ 11,627	\$ -	\$ -	\$ 25,279
Unrestricted	33	1,798	1	1	5,427	-	17,260	589	73,110	98,219
Investments										
Restricted	2,310	20,029	3,630	-	5,313	-	-	-	-	31,282
Unrestricted	883	3,604	-	-	50	-	499	-	7,003	12,039
Accounts receivable										
Participants	-	-	-	-	-	-	-	-	52	52
Other	-	4	-	-	-	-	3,076	-	1,192	4,272
Interest receivable	160	240	-	-	41	-	60	-	364	865
Inventory and supplies	1,853	1,576	285	429	2,351	-	-	-	-	6,494
Prepaid expenses	595	726	38	55	759	-	-	91	1,384	3,648
Due from Agency and other programs*	11,308	2,580	3,054	3,870	8,213	-	35,109	6,814	(70,948)	-
<b>TOTAL CURRENT ASSETS</b>	<b>18,249</b>	<b>42,127</b>	<b>7,859</b>	<b>4,355</b>	<b>22,278</b>	<b>-</b>	<b>67,631</b>	<b>7,494</b>	<b>12,157</b>	<b>182,150</b>
<b>NONCURRENT ASSETS</b>										
Investments										
Restricted	-	1,808	-	-	8,913	-	-	-	-	10,721
Unrestricted	25,917	24,544	-	-	8,936	-	15,773	-	74,978	150,148
Electric plant in service	578,708	395,597	65,473	38,155	447,462	7,736	61,427	1,116	6,976	1,602,650
Less: accumulated depreciation and amortization	(553,458)	(309,559)	(59,431)	(35,593)	(138,984)	(7,736)	(8,498)	(793)	(4,638)	(1,118,690)
Construction work in progress	-	-	-	-	-	-	-	-	1,557	1,557
<b>TOTAL NONCURRENT ASSETS</b>	<b>51,167</b>	<b>112,390</b>	<b>6,042</b>	<b>2,562</b>	<b>326,327</b>	<b>-</b>	<b>68,702</b>	<b>323</b>	<b>78,873</b>	<b>646,386</b>
<b>OTHER ASSETS</b>										
Regulatory assets	-	96,227	-	-	29,145	-	-	-	37,580	162,952
Net OPEB assets	-	-	-	-	-	-	-	-	4,801	4,801
Investment in associated company	-	-	-	-	-	-	-	-	265	265
<b>TOTAL OTHER ASSETS</b>	<b>-</b>	<b>96,227</b>	<b>-</b>	<b>-</b>	<b>29,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,646</b>	<b>168,018</b>
<b>TOTAL ASSETS</b>	<b>69,416</b>	<b>250,744</b>	<b>13,901</b>	<b>6,917</b>	<b>377,750</b>	<b>-</b>	<b>136,333</b>	<b>7,817</b>	<b>133,676</b>	<b>996,554</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Excess cost on refunding of debt	294	-	-	-	519	-	-	-	-	813
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	25,345	25,345
Asset Retirement Obligations	62,104	-	175	-	199	-	-	-	-	62,478
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>62,398</b>	<b>-</b>	<b>175</b>	<b>-</b>	<b>718</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,345</b>	<b>88,636</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 131,814</b>	<b>\$ 250,744</b>	<b>\$ 14,076</b>	<b>\$ 6,917</b>	<b>\$ 378,468</b>	<b>\$ -</b>	<b>\$ 136,333</b>	<b>\$ 7,817</b>	<b>\$ 159,021</b>	<b>\$ 1,085,190</b>

\* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

June 30, 2023

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>LIABILITIES</b>										
<b>CURRENT LIABILITIES</b>										
Accounts payable and accrued expenses	\$ 478	\$ 650	\$ -	\$ 2	\$ 509	\$ -	\$ 37,092	\$ 25	\$ 13,313	\$ 52,069
Member advances	791	-	-	-	-	-	-	202	-	993
Operating reserves	1,909	250	617	3,496	17,964	-	-	-	-	24,236
Current portion of lease liability	-	-	10	-	609	-	5,805	-	-	6,424
Current portion of SBITA liability	-	-	-	-	-	-	-	-	65	65
Current portion of long-term debt	3,360	27,274	4,615	-	13,631	-	-	-	-	48,880
Accrued interest payable	56	4,268	164	-	1,044	-	-	-	-	5,532
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,594</b>	<b>32,442</b>	<b>5,406</b>	<b>3,498</b>	<b>33,757</b>	<b>-</b>	<b>42,897</b>	<b>227</b>	<b>13,378</b>	<b>138,199</b>
<b>NON-CURRENT LIABILITIES</b>										
Net pension and OPEB liabilities	-	-	-	-	-	-	-	-	61,357	61,357
Operating reserves and other deposits	1,500	29,854	-	-	166	-	46,742	1,967	76,345	156,574
Asset Retirement Obligations	71,742	-	175	-	199	-	-	-	-	72,116
Long-term lease liability	-	-	563	-	34,929	-	47,123	-	-	82,615
Long-term SBITA liability	-	-	-	-	-	-	-	-	133	133
Long-term debt, net	3,425	176,226	5,287	-	266,780	-	-	-	-	451,718
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>76,667</b>	<b>206,080</b>	<b>6,025</b>	<b>-</b>	<b>302,074</b>	<b>-</b>	<b>93,865</b>	<b>1,967</b>	<b>137,835</b>	<b>824,513</b>
<b>TOTAL LIABILITIES</b>	<b>83,261</b>	<b>238,522</b>	<b>11,431</b>	<b>3,498</b>	<b>335,831</b>	<b>-</b>	<b>136,762</b>	<b>2,194</b>	<b>151,213</b>	<b>962,712</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Regulatory credits	38,880	3,534	1,692	2,743	38,023	-	-	322	4,122	89,316
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	2,112	2,112
Deferred gain on debt refunding	-	4,599	96	-	-	-	-	-	-	4,695
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>38,880</b>	<b>8,133</b>	<b>1,788</b>	<b>2,743</b>	<b>38,023</b>	<b>-</b>	<b>-</b>	<b>322</b>	<b>6,234</b>	<b>96,123</b>
<b>NET POSITION</b>										
Net investment in capital assets	18,465	(114,736)	(4,186)	2,562	5,471	-	-	323	3,697	(88,404)
Restricted for debt service	3,360	27,272	4,317	-	1,137	-	-	-	1	36,087
Restricted for other postemployment benefits	-	-	-	-	-	-	-	-	4,801	4,801
Unrestricted	(12,152)	91,553	726	(1,886)	(1,994)	-	(429)	4,978	(6,925)	73,871
<b>TOTAL NET POSITION</b>	<b>9,673</b>	<b>4,089</b>	<b>857</b>	<b>676</b>	<b>4,614</b>	<b>-</b>	<b>(429)</b>	<b>5,301</b>	<b>1,574</b>	<b>26,555</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 131,814</b>	<b>\$ 250,744</b>	<b>\$ 14,076</b>	<b>\$ 6,917</b>	<b>\$ 378,468</b>	<b>\$ -</b>	<b>\$ 136,333</b>	<b>\$ 7,817</b>	<b>\$ 159,021</b>	<b>\$ 1,085,190</b>

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

For the Year Ended June 30, 2023

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>OPERATING REVENUES</b>										
Participants	\$ (23,288)	\$ (19,329)	\$ (1,357)	\$ 1,702	\$ 21,368	\$ -	\$ 621,160	\$ 22,836	\$ 3,661	\$ 626,753
Other Third-party	66,353	83,217	2,539	3,893	167,234	-	172,136	2,789	-	498,161
<b>TOTAL OPERATING REVENUES</b>	<b>43,065</b>	<b>63,888</b>	<b>1,182</b>	<b>5,595</b>	<b>188,602</b>		<b>793,296</b>	<b>25,625</b>	<b>3,661</b>	<b>1,124,914</b>
<b>OPERATING EXPENSES</b>										
Purchased power	1,068	7,502	425	640	8,069	-	554,100	-	-	571,804
Operations	19,375	5,396	2,322	2,185	148,700	-	2,599	13,429	-	194,006
Transmission	242	343	4	7	887	-	210,243	5	-	211,731
Depreciation & amortization	3,828	9,512	2,215	312	14,750	-	5,696	107	406	36,826
Maintenance	15,633	7,289	737	1,793	7,393	-	-	92	-	32,937
Administrative and general	6,372	5,350	792	792	5,653	-	-	8,795	1,315	29,069
Intercompany (sales) purchases, net*	(773)	280	56	93	360	-	-	(16)	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>45,745</b>	<b>35,672</b>	<b>6,551</b>	<b>5,822</b>	<b>185,812</b>	<b>-</b>	<b>772,638</b>	<b>22,412</b>	<b>1,721</b>	<b>1,076,373</b>
<b>NET OPERATING INCOME</b>	<b>(2,680)</b>	<b>28,216</b>	<b>(5,369)</b>	<b>(227)</b>	<b>2,790</b>	<b>-</b>	<b>20,658</b>	<b>3,213</b>	<b>1,940</b>	<b>48,541</b>
<b>NON OPERATING (EXPENSES) REVENUES</b>										
Interest expense	(380)	(7,015)	31	-	(13,728)	-	(1,031)	-	(5)	(22,128)
Interest income	38	1,161	158	84	1,195	-	2,126	741	608	6,111
Other	3	6	8,345	-	8,124	-	-	81,934	436	98,848
<b>TOTAL NON OPERATING (EXPENSES) REVENUES</b>	<b>(339)</b>	<b>(5,848)</b>	<b>8,534</b>	<b>84</b>	<b>(4,409)</b>	<b>-</b>	<b>1,095</b>	<b>82,675</b>	<b>1,039</b>	<b>82,831</b>
<b>FUTURE RECOVERABLE AMOUNTS</b>	<b>(990)</b>	<b>(20,760)</b>	<b>(2,983)</b>	<b>-</b>	<b>(570)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,597)</b>	<b>(27,900)</b>
<b>REFUNDS TO PARTICIPANTS</b>	<b>(2,224)</b>	<b>(646)</b>	<b>(165)</b>	<b>(1,219)</b>	<b>(140)</b>	<b>-</b>	<b>(2,279)</b>	<b>(86,086)</b>	<b>(1,055)</b>	<b>(93,814)</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(6,233)</b>	<b>962</b>	<b>17</b>	<b>(1,362)</b>	<b>(2,329)</b>	<b>-</b>	<b>19,474</b>	<b>(198)</b>	<b>(673)</b>	<b>9,658</b>
<b>NET POSITION, Beginning of year</b>	<b>15,906</b>	<b>3,127</b>	<b>840</b>	<b>2,038</b>	<b>6,943</b>	<b>-</b>	<b>(19,903)</b>	<b>5,499</b>	<b>2,247</b>	<b>16,697</b>
<b>NET POSITION, End of year</b>	<b>\$ 9,673</b>	<b>\$ 4,089</b>	<b>\$ 857</b>	<b>\$ 676</b>	<b>\$ 4,614</b>	<b>\$ -</b>	<b>\$ (429)</b>	<b>\$ 5,301</b>	<b>\$ 1,574</b>	<b>\$ 26,355</b>

\* Eliminated in Combination



SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

For the Year Ended June 30, 2023

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Received from participants	\$ (24,446)	\$ (20,085)	\$ (519)	\$ 1,828	\$ 21,458	\$ -	\$ 642,440	\$ 22,803	\$ 8,170	\$ 651,649
Received from others	67,030	91,549	2,539	3,893	167,234	-	177,089	2,790	7,627	519,751
Payments for employee services	(12,234)	(5,341)	(805)	(1,367)	(6,119)	-	-	(10,318)	(8,528)	(44,712)
Payments to suppliers for goods and services	(30,938)	(20,434)	(3,485)	(4,342)	(161,298)	-	(769,887)	(12,423)	533	(1,002,274)
Payments from(to) other programs *	773	(280)	(56)	(93)	(360)	-	-	16	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>185</b>	<b>45,409</b>	<b>(2,326)</b>	<b>(81)</b>	<b>20,915</b>	<b>-</b>	<b>49,642</b>	<b>2,868</b>	<b>7,802</b>	<b>124,414</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Proceeds from maturities and sales of investments	3,773	14,845	4,301	-	31,382	-	2,150	-	8,565	65,016
Interest received on cash and investments	817	716	84	46	(1,777)	-	2,351	743	1,788	4,768
Purchase of investments	(6,559)	(48,687)	(4,377)	-	(31,860)	-	(3,626)	-	(6,249)	(101,358)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1,969)</b>	<b>(33,126)</b>	<b>8</b>	<b>46</b>	<b>(2,255)</b>	<b>-</b>	<b>875</b>	<b>743</b>	<b>4,104</b>	<b>(31,574)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Acquisition and construction of electric plant	(982)	(88)	(3)	(467)	(3)	-	(1)	(92)	(2,073)	(3,709)
Interest paid on lease liability			(11)		(671)		(1,031)			(1,713)
Interest paid on long-term debt	(150)	(8,225)	(576)	-	(12,081)	-	-	-	-	(21,032)
Payments on lease liability			(10)		(598)		(5,696)			(6,304)
Principal repayment on long-term debt	(4,030)	(22,675)	(4,355)	-	(13,244)	-	-	-	198	(44,106)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(5,162)</b>	<b>(30,988)</b>	<b>(4,955)</b>	<b>(467)</b>	<b>(26,597)</b>	<b>-</b>	<b>(6,728)</b>	<b>(92)</b>	<b>(1,875)</b>	<b>(76,864)</b>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Proceeds from U.S. Bureau of Reclamation judgement	-	-	-	-	-	-	-	81,872	-	81,872
Other proceeds	3,848	(5,420)	7,445	1,721	11,069	-	(37,565)	57	31,861	13,016
Refunds to participants	(2,224)	(646)	(165)	(1,219)	(140)	-	(2,279)	(85,867)	(3,698)	(96,238)
<b>NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>1,624</b>	<b>(6,066)</b>	<b>7,280</b>	<b>502</b>	<b>10,929</b>	<b>-</b>	<b>(39,844)</b>	<b>(3,938)</b>	<b>28,163</b>	<b>(1,350)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,322)</b>	<b>(24,771)</b>	<b>7</b>	<b>-</b>	<b>2,992</b>	<b>-</b>	<b>3,945</b>	<b>(419)</b>	<b>38,194</b>	<b>14,626</b>
Beginning of year	6,462	38,139	845	1	2,559	-	24,942	1,008	34,916	108,872
End of year	\$ 1,140	\$ 13,368	\$ 852	\$ 1	\$ 5,551	\$ -	\$ 28,887	\$ 589	\$ 73,110	\$ 123,498

\* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF CASH FLOW - Continued

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

For the Year Ended June 30, 2023

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Operating income	\$ (2,680)	\$ 28,216	\$ (5,369)	\$ (227)	\$ 2,790	\$ -	\$ 20,658	\$ 3,213	\$ 1,940	\$ 48,541
Adjustments to reconcile net operating revenues to net cash from operating activities:										
Depreciation	3,827	9,512	2,215	312	14,750	-	5,695	104	411	36,826
	1,147	37,728	(3,154)	85	17,540	-	26,353	3,317	2,351	85,367
<b>CASH FLOWS IMPACTED BY CHANGES IN</b>										
Accounts receivable	1,940	-	-	-	-	-	20,508	26	4,926	27,400
Inventory and prepaid expense	(417)	174	58	(9)	(252)	-	-	29	(455)	(872)
Operating reserves and other deposits	(1,263)	8,336	-	460	5,186	-	5,725	(398)	3,600	21,646
Regulatory credits	(1,157)	(760)	838	126	90	-	1	(55)	1,008	91
Accounts payable and other liabilities	(65)	(69)	(68)	(743)	(1,649)	-	(2,945)	(51)	(3,628)	(9,218)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 185</b>	<b>\$ 45,409</b>	<b>\$ (2,326)</b>	<b>\$ (81)</b>	<b>\$ 20,915</b>	<b>\$ -</b>	<b>\$ 49,642</b>	<b>\$ 2,868</b>	<b>\$ 7,802</b>	<b>\$ 124,414</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION</b>										
Cash and cash equivalents - restricted	\$ 1,107	\$ 11,570	\$ 851	\$ -	\$ 124	\$ -	\$ 11,627	\$ -	\$ -	\$ 25,279
Cash and cash equivalents - unrestricted	33	1,798	1	1	5,427	-	17,260	589	73,110	98,219
<b>End of year</b>	<b>\$ 1,140</b>	<b>\$ 13,368</b>	<b>\$ 852</b>	<b>\$ 1</b>	<b>\$ 5,551</b>	<b>\$ -</b>	<b>\$ 28,887</b>	<b>\$ 589</b>	<b>\$ 73,110</b>	<b>\$ 123,498</b>

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

June 30, 2022

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission No. One	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>ASSETS</b>										
<b>CURRENT ASSETS</b>										
Cash and cash equivalents										
Restricted	\$ 6,294	\$ 30,147	\$ 844	\$ -	\$ 2	\$ -	\$ 16,014	\$ -	\$ -	\$ 53,301
Unrestricted	168	7,992	1	1	2,557	-	8,928	1,008	34,916	55,571
Investments										
Restricted	-	-	3,478	-	9,491	-	-	-	-	12,969
Unrestricted	2,603	2,543	-	-	-	-	1,749	-	7,516	14,411
Accounts receivable										
Participants	-	-	-	-	-	-	21,280	26	951	22,257
Other	1,940	-	-	-	-	-	2,304	-	5,219	9,463
Interest receivable	145	57	-	-	43	-	54	1	367	667
Inventory and supplies	1,495	1,592	324	392	2,252	-	-	-	-	6,055
Prepaid expenses	536	884	57	83	606	-	-	120	929	3,215
Due from Agency and other programs*	17,013	206	3,096	5,555	9,069	-	(2,449)	7,033	(39,523)	-
<b>TOTAL CURRENT ASSETS</b>	<b>30,194</b>	<b>43,421</b>	<b>7,800</b>	<b>6,031</b>	<b>24,020</b>	<b>-</b>	<b>47,880</b>	<b>8,188</b>	<b>10,375</b>	<b>177,909</b>
<b>NONCURRENT ASSETS</b>										
Investments										
Restricted	-	1,831	-	-	4,217	-	-	-	-	6,048
Unrestricted	22,790	11,507	-	-	8,805	-	13,271	-	77,916	134,289
Electric plant in service	577,903	395,538	65,470	37,688	447,459	7,736	61,426	1,024	6,433	1,600,677
Less: accumulated depreciation and amortization	(549,808)	(300,076)	(57,216)	(35,281)	(124,234)	(7,736)	(2,803)	(689)	(4,170)	(1,082,013)
Construction work in progress	-	-	-	-	-	-	-	-	27	27
<b>TOTAL NONCURRENT ASSETS</b>	<b>50,885</b>	<b>108,800</b>	<b>8,254</b>	<b>2,407</b>	<b>336,247</b>	<b>-</b>	<b>71,894</b>	<b>335</b>	<b>80,206</b>	<b>659,028</b>
<b>OTHER ASSETS</b>										
Regulatory assets	(869)	113,939	1,960	-	29,724	-	-	-	40,178	184,932
Net OPEB assets	-	-	-	-	-	-	-	-	11,863	11,863
Investment in associated company	-	-	-	-	-	-	-	-	265	265
<b>TOTAL OTHER ASSETS</b>	<b>(869)</b>	<b>113,939</b>	<b>1,960</b>	<b>-</b>	<b>29,724</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52,306</b>	<b>197,060</b>
<b>TOTAL ASSETS</b>	<b>80,210</b>	<b>266,160</b>	<b>18,014</b>	<b>8,438</b>	<b>389,991</b>	<b>-</b>	<b>119,774</b>	<b>8,523</b>	<b>142,887</b>	<b>1,033,997</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Excess cost on refunding of debt	561	-	-	-	855	-	-	-	-	1,416
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	14,141	14,141
Asset Retirement Obligations	61,403	-	169	-	192	-	-	-	-	61,764
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>61,964</b>	<b>-</b>	<b>169</b>	<b>-</b>	<b>1,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,141</b>	<b>77,321</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 142,174</b>	<b>\$ 266,160</b>	<b>\$ 18,183</b>	<b>\$ 8,438</b>	<b>\$ 391,038</b>	<b>\$ -</b>	<b>\$ 119,774</b>	<b>\$ 8,523</b>	<b>\$ 157,028</b>	<b>\$ 1,111,318</b>

\* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF NET POSITION

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

June 30, 2022

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>LIABILITIES</b>										
<b>CURRENT LIABILITIES</b>										
Accounts payable and accrued expenses	\$ 543	\$ 719	\$ 68	\$ 745	\$ 2,158	\$ -	\$ 40,037	\$ 76	\$ 16,941	\$ 61,287
Member advances	791	-	-	-	-	-	-	202	-	993
Operating reserves	3,172	250	617	3,036	12,482	-	-	-	-	19,557
Current portion of lease liability	-	-	10	-	597	-	5,696	-	-	6,303
Current portion of long-term debt	4,030	22,675	4,365	-	13,245	-	-	-	-	44,315
Accrued interest payable	93	3,160	254	-	1,077	-	-	-	-	4,584
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,629</b>	<b>26,804</b>	<b>5,314</b>	<b>3,781</b>	<b>29,559</b>	<b>-</b>	<b>45,733</b>	<b>278</b>	<b>16,941</b>	<b>137,039</b>
<b>NON-CURRENT LIABILITIES</b>										
Net pension and OPEB liabilities	-	-	-	-	-	-	-	-	41,975	41,975
Operating reserves and other deposits	1,500	21,518	-	-	462	-	41,017	2,365	72,745	139,607
Asset Retirement Obligations	69,316	-	169	-	192	-	-	-	-	69,677
Long-term lease liability	-	-	573	-	35,537	-	52,928	-	-	89,038
Long-term debt, net	6,785	205,818	10,337	-	280,412	-	-	-	-	503,352
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>77,601</b>	<b>227,336</b>	<b>11,079</b>	<b>-</b>	<b>316,603</b>	<b>-</b>	<b>93,945</b>	<b>2,365</b>	<b>114,720</b>	<b>843,649</b>
<b>TOTAL LIABILITIES</b>	<b>86,230</b>	<b>254,140</b>	<b>16,393</b>	<b>3,781</b>	<b>346,162</b>	<b>-</b>	<b>139,678</b>	<b>2,643</b>	<b>131,661</b>	<b>980,688</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Regulatory credits	40,038	3,897	758	2,617	37,933	-	-	381	3,172	88,796
Pension and OPEB deferrals	-	-	-	-	-	-	-	-	19,949	19,949
Deferred gain on debt refunding	-	4,996	192	-	-	-	-	-	-	5,188
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>40,038</b>	<b>8,893</b>	<b>950</b>	<b>2,617</b>	<b>37,933</b>	<b>-</b>	<b>-</b>	<b>381</b>	<b>23,121</b>	<b>113,933</b>
<b>NET POSITION</b>										
Net investment in capital assets	20,377	(118,819)	(7,866)	-	4,529	-	-	-	1,003	(100,776)
Restricted for debt service	3,522	21,494	4,067	-	887	-	-	-	1,729	31,699
Restricted for other postemployment benefits	-	-	-	-	-	-	-	-	11,863	11,863
Unrestricted	(7,993)	100,452	4,639	2,040	1,527	-	(19,904)	5,499	(12,349)	73,911
<b>TOTAL NET POSITION</b>	<b>15,906</b>	<b>3,127</b>	<b>840</b>	<b>2,040</b>	<b>6,943</b>	<b>-</b>	<b>(19,904)</b>	<b>5,499</b>	<b>2,246</b>	<b>16,697</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 142,174</b>	<b>\$ 266,160</b>	<b>\$ 18,183</b>	<b>\$ 8,438</b>	<b>\$ 391,038</b>	<b>\$ -</b>	<b>\$ 119,774</b>	<b>\$ 8,523</b>	<b>\$ 157,028</b>	<b>\$ 1,111,318</b>

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

For the Year Ended June 30, 2022

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>OPERATING REVENUES</b>										
Participants	\$ (3,516)	\$ 23,564	\$ 4,807	\$ 4,055	\$ 22,288	\$ -	\$ 461,720	\$ 22,693	\$ 2,112	\$ 537,723
Other Third-party	53,511	33,249	2,000	5,408	86,179	-	158,916	2,686	-	341,949
<b>TOTAL OPERATING REVENUES</b>	<b>49,995</b>	<b>56,813</b>	<b>6,807</b>	<b>9,463</b>	<b>108,467</b>	<b>-</b>	<b>620,636</b>	<b>25,379</b>	<b>2,112</b>	<b>879,672</b>
<b>OPERATING EXPENSES</b>										
Purchased power	686	4,496	154	740	3,515	-	406,831	-	-	416,422
Operations	18,265	4,859	2,367	3,404	82,864	-	4,059	12,853	-	128,671
Transmission	352	382	10	22	531	-	213,371	5	-	214,673
Depreciation & amortization	3,721	9,555	2,226	303	14,706	-	2,803	54	177	33,545
Maintenance	9,209	6,047	827	3,202	8,535	-	-	89	-	27,909
Administrative and general	6,422	7,708	762	1,170	5,646	-	-	9,239	(10,071)	20,876
Intercompany (sales) purchases, net*	(824)	286	62	99	393	-	-	(16)	-	-
<b>TOTAL OPERATING EXPENSES</b>	<b>37,831</b>	<b>33,333</b>	<b>6,408</b>	<b>8,940</b>	<b>116,190</b>	<b>-</b>	<b>627,064</b>	<b>22,224</b>	<b>(9,894)</b>	<b>842,096</b>
<b>NET OPERATING INCOME</b>	<b>12,164</b>	<b>23,480</b>	<b>399</b>	<b>523</b>	<b>(7,723)</b>	<b>-</b>	<b>(6,428)</b>	<b>3,155</b>	<b>12,006</b>	<b>37,576</b>
<b>NON OPERATING (EXPENSES) REVENUES</b>										
Interest expense	(456)	(10,963)	(80)	-	(14,109)	-	(561)	-	-	(26,169)
Interest income	(2,092)	(700)	26	38	(912)	-	(591)	48	(5,743)	(9,926)
Loss on swap termination		(11,928)								(11,928)
Other	853	-	2,376	-	10,165	-	(926)	219	287	12,974
<b>TOTAL NON OPERATING (EXPENSES) REVENUES</b>	<b>(1,695)</b>	<b>(23,591)</b>	<b>2,322</b>	<b>38</b>	<b>(4,856)</b>	<b>-</b>	<b>(2,078)</b>	<b>267</b>	<b>(5,456)</b>	<b>(35,049)</b>
<b>FUTURE RECOVERABLE AMOUNTS</b>	<b>(1,138)</b>	<b>431</b>	<b>(2,829)</b>	<b>(108)</b>	<b>2,649</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,127)</b>	<b>(12,122)</b>
<b>REFUNDS TO PARTICIPANTS</b>	<b>117</b>	<b>(690)</b>	<b>484</b>	<b>(172)</b>	<b>412</b>	<b>-</b>	<b>(856)</b>	<b>(3,728)</b>	<b>3,097</b>	<b>(1,336)</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>9,448</b>	<b>(370)</b>	<b>376</b>	<b>281</b>	<b>(9,518)</b>	<b>-</b>	<b>(9,362)</b>	<b>(306)</b>	<b>(1,480)</b>	<b>(10,931)</b>
<b>NET POSITION, Beginning of year</b>	<b>6,458</b>	<b>3,497</b>	<b>464</b>	<b>1,759</b>	<b>16,461</b>	<b>-</b>	<b>(10,542)</b>	<b>5,805</b>	<b>3,726</b>	<b>27,628</b>
<b>NET POSITION, End of year</b>	<b>\$ 15,906</b>	<b>\$ 3,127</b>	<b>\$ 840</b>	<b>\$ 2,040</b>	<b>\$ 6,943</b>	<b>\$ -</b>	<b>\$ (19,904)</b>	<b>\$ 5,499</b>	<b>\$ 2,246</b>	<b>\$ 16,697</b>

\* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENTS OF CASH FLOW

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

For the Year Ended June 30, 2022										
GENERATING & TRANSMISSION RESOURCES										
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Received from participants	\$ (5,288)	\$ 28,530	\$ 4,600	\$ 4,277	\$ 20,538	\$ -	\$ 440,440	\$ 22,827	\$ 1,647	\$ 517,571
Received from others	53,314	35,775	2,000	5,408	86,179	-	164,787	2,925	(6,791)	343,597
Payments for employee services	(11,467)	(5,151)	(848)	(1,477)	(6,480)	-	(1)	(10,723)	(8,418)	(44,565)
Payments to suppliers for goods and services	(23,276)	(18,282)	(3,182)	(7,590)	(101,693)	-	(622,306)	(10,555)	6,639	(780,245)
Payments from(to) other programs *	824	(286)	(62)	(99)	(393)	-	-	16	-	-
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>14,107</b>	<b>40,586</b>	<b>2,508</b>	<b>519</b>	<b>(1,849)</b>	<b>-</b>	<b>(17,080)</b>	<b>4,490</b>	<b>(6,923)</b>	<b>36,358</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Proceeds from maturities and sales of investments	19,673	52,955	3,292	-	64,987	-	5,790	-	38,226	184,923
Interest received on cash and investments	496	353	24	-	356	-	728	57	1,071	3,085
Purchase of investments	(18,923)	(49,081)	(3,897)	-	(66,919)	-	(2,703)	-	(33,477)	(175,000)
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>1,246</b>	<b>4,227</b>	<b>(581)</b>	<b>-</b>	<b>(1,576)</b>	<b>-</b>	<b>3,815</b>	<b>57</b>	<b>5,820</b>	<b>13,008</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Acquisition and construction of electric plant	(2,956)	(282)	(3)	(554)	(50)	-	-	(130)	(295)	(4,270)
Swap termination fee		(11,928)								(11,928)
Interest paid on lease liability			(11)		(682)		(561)			(1,254)
Interest paid on long-term debt	(236)	(11,978)	(792)	-	(13,122)	-	-	-	-	(26,128)
Payments on lease liability			(10)		(556)		(2,803)			(3,369)
Principal repayment on long-term debt	(4,690)	(21,750)	(4,070)	-	(12,879)	-	-	-	-	(43,389)
Proceeds from bond issues	-	157,405	-	-	-	-	-	-	-	157,405
Payments to refund debt	-	(155,885)	-	-	-	-	-	-	-	(155,885)
<b>NET CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(7,882)</b>	<b>(44,418)</b>	<b>(4,886)</b>	<b>(554)</b>	<b>(27,289)</b>	<b>-</b>	<b>(3,364)</b>	<b>(130)</b>	<b>(295)</b>	<b>(88,818)</b>
<b>CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>										
Other proceeds	(6,798)	(4,002)	2,047	80	23,076	-	23,425	209	(25,740)	12,297
Refunds to participants	117	(690)	484	(45)	412	-	(856)	(3,728)	3,097	(1,209)
<b>NET CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(6,681)</b>	<b>(4,692)</b>	<b>2,531</b>	<b>35</b>	<b>23,488</b>	<b>-</b>	<b>22,569</b>	<b>(3,519)</b>	<b>(22,643)</b>	<b>11,088</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>790</b>	<b>(4,297)</b>	<b>(428)</b>	<b>-</b>	<b>(7,226)</b>	<b>-</b>	<b>5,940</b>	<b>898</b>	<b>(24,041)</b>	<b>(28,364)</b>
Beginning of year	5,672	42,436	1,273	1	9,785	-	19,002	110	58,957	137,236
End of year	\$ 6,462	\$ 38,139	\$ 845	\$ 1	\$ 2,559	\$ -	\$ 24,942	\$ 1,008	\$ 34,916	\$ 108,872

\* Eliminated in Combination

SUPPLEMENTARY INFORMATION (UNAUDITED)

COMBINING STATEMENT OF CASH FLOW - Continued

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS  
(000's omitted)

For the Year Ended June 30, 2022

	GENERATING & TRANSMISSION RESOURCES									
	Geothermal	Hydroelectric	Multiple Capital Facilities	CT No. One	Lodi Energy Center	Transmission	Purchased Power & Transmission	Associated Member Services	Other Agency	Combined
<b>RECONCILIATION OF NET OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Operating income	\$ 12,164	\$ 23,480	\$ 399	\$ 523	\$ (7,723)	\$ -	\$ (6,428)	\$ 3,155	\$ 12,006	\$ 37,576
Adjustments to reconcile net operating revenues to net cash from operating activities:										
Depreciation	3,721	9,555	2,227	303	14,707	-	2,803	54	175	33,545
	15,885	33,035	2,626	826	6,984	-	(3,625)	3,209	12,181	71,121
<b>CASH FLOWS IMPACTED BY CHANGES IN</b>										
Accounts receivable	(1,292)	-	-	-	-	-	(17,953)	251	3,580	(15,414)
Inventory and prepaid expense	159	(14)	22	(88)	12	-	-	(36)	(188)	(133)
Operating reserves and other deposits	1,095	2,526	-	(1,185)	(3,193)	-	2,544	912	(11,187)	(8,488)
Regulatory assets	-	-	-	-	-	-	-	-	(11,059)	(11,059)
Regulatory credits	(1,772)	4,966	(208)	222	(1,751)	-	-	122	285	1,864
Accounts payable and other liabilities	32	73	68	744	(3,901)	-	1,954	32	(535)	(1,533)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>\$ 14,107</b>	<b>\$ 40,586</b>	<b>\$ 2,508</b>	<b>\$ 519</b>	<b>\$ (1,849)</b>	<b>\$ -</b>	<b>\$ (17,080)</b>	<b>\$ 4,490</b>	<b>\$ (6,923)</b>	<b>\$ 36,358</b>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENTS OF NET POSITION</b>										
Cash and cash equivalents - restricted	\$ 6,294	\$ 30,147	\$ 844	\$ -	\$ 2	\$ -	\$ 16,014	\$ -	\$ -	\$ 53,301
Cash and cash equivalents - unrestricted	168	7,992	1	1	2,557	-	8,928	1,008	34,916	55,571
End of year	\$ 6,462	\$ 38,139	\$ 845	\$ 1	\$ 2,559	\$ -	\$ 24,942	\$ 1,008	\$ 34,916	\$ 108,872

# **Other Information (Unaudited)**



OTHER INFORMATION

GENERATION ENTITLEMENT SHARES - UNAUDITED

NORTHERN CALIFORNIA POWER AGENCY  
AND ASSOCIATED POWER CORPORATIONS

	Table of Generation Entitlement Shares					LEC Debt Shares	
	Geothermal Project No. 3	Hydroelectric Project No. One	Capital Facilities Project	Combustion Turbine No. One	Lodi Energy Center (LEC)	LEC Indenture Group A	LEC Indenture Group B
<b>NCPA Member Participants:</b>							
Alameda	16.8825%	10.0000%	19.0000%	21.8200%			
BART					6.6000%	11.8310%	
Biggs	0.2270%			0.1970%	0.2679%	0.4802%	
Gridley	0.3360%			0.3500%	1.9643%	3.5212%	
Healdsburg	3.6740%	1.6600%		5.8330%	1.6428%	2.9448%	
Lodi	10.2800%	10.3700%	39.5000%	13.3930%	9.5000%	17.0295%	
Lompoc	3.6810%	2.3000%	5.0000%	5.8330%	2.0357%	3.6491%	
Palo Alto		22.9200%					
Plumas-Sierra REC	0.7010%	1.6900%		1.8170%	0.7857%	1.4084%	
Roseville	7.8830%	12.0000%	36.5000%				
Santa Clara	44.3905%	37.0200%		41.6670%	25.7500%	46.1588%	
Ukiah	5.6145%	2.0400%		9.0900%	1.7857%	3.2010%	
<b>Other Participants:</b>							
Azusa					2.7857%	4.9936%	
California Dept. of Water Resources					33.5000%		100.0000%
Modesto Irrigation District					10.7143%		
Power & Water Resources Pooling Agency					2.6679%	4.7824%	
Turlock Irrigation District	6.3305%						
	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.0000%</u>	<u>100.000%</u>	<u>100.000%</u>
	Note A	Note A, B		Note A	Note B		

Note A: Project Entitlement shares are after transfers among participants.

Note B: Project Generation Shares may vary from project cost shares due to varied financing and fuel supply arrangements.