



GEOTHERMAL ENERGY



WIND ENERGY



HYDROELECTRIC



LANDFILL GAS



SOLAR ENERGY



ENERGY EFFICIENCY



CLIMATE PROTECTION



THE GREENEST LITTLE UTILITY IN AMERICA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the Fiscal Years Ended June 30, 2008 and 2007

Alameda Power & Telecom

a Component Unit of the City of Alameda, California



ALAMEDA
POWER & TELECOM

A Department of the City of Alameda

On the cover:

The electric system is comprised of overhead and underground plant requiring specialized tools, knowledge and skills to maintain to the state of readiness and reliability that has become an expectation of the community. The lineworkers and technicians that service the systems are qualified to perform this work through modern equipment, experience, training and hard work. Shown on the cover, electric lineworkers work on an overhead electric distribution line installing temporary protective equipment to allow safe working conditions while they perform alterations around the electric lines during a pole replacement project that occurred on Buena Vista Avenue during the summer.

**ALAMEDA POWER & TELECOM
A COMPONENT UNIT OF THE CITY OF ALAMEDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

**PREPARED BY THE
ADMINISTRATIVE SERVICES DIVISION**

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**ALAMEDA POWER & TELECOM
A COMPONENT UNIT OF THE CITY OF ALAMEDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

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**ALAMEDA POWER & TELECOM
A COMPONENT UNIT OF THE CITY OF ALAMEDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2008 AND 2007**

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December 18, 2008

To the Public Utilities Board and Our Customers:

We are pleased to transmit the Comprehensive Annual Financial Report of Alameda Power & Telecom, a component unit of the City of Alameda, California for the fiscal year ended June 30, 2008. In accordance with standards established by the Governmental Accounting Standards Board's Statement No. 14, the Financial Reporting Entity, Alameda P&T meets the definition of a component unit of the City of Alameda. We encourage readers to review all sections of this report and especially request that they refer to Management's Discussion and Analysis located in the Financial Section of this report.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with Alameda Power & Telecom (Alameda P&T). Alameda P&T believes that the data presented here is accurate in all material respects, that the data is presented in a manner designed to set forth fairly the financial position of the organization and that all disclosures necessary to gain an understanding of Alameda P&T's financial activities are included in this report.

Profile

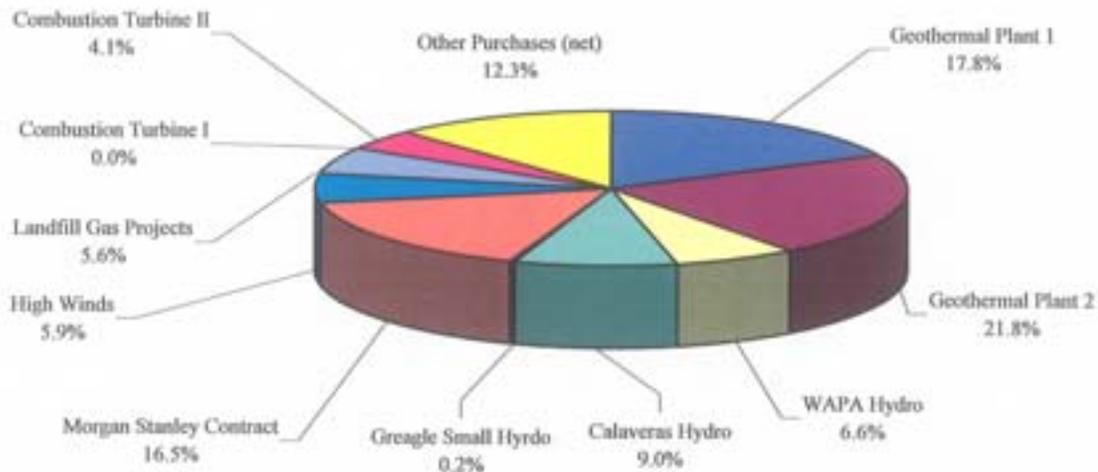
Alameda P&T is a municipal utility that provides safe, cost-effective, reliable, and environmentally responsible, electric-energy services since its founding in 1887. Additionally, until November 21, 2008, it provided cable television programming and Internet through its telecommunications system. Alameda P&T is the oldest municipal utility in California and is amongst the oldest utilities in the nation, either public or private. Alameda P&T is governed by a Public Utilities Board (Board) that establishes policy, approves major purchases, and provides for local control of Alameda P&T, one of Alameda's largest businesses.

In accordance with the City Charter, the Board is comprised of four commissioners (appointed by the Mayor with concurrence from the City Council) and the City Manager (as an ex-officio member). During fiscal year 2008, the members of the Board included President Ann McCormick, Vice-President Peter Holmes, Commissioner John McCahan, Commissioner Gregory Hamm and City Manager Debra Kurita.

Alameda P&T's rates and fees are intended to cover the actual cost of providing service to each customer, remain competitive with those providing similar services in surrounding communities, and provide a return to the City. In addition to providing quality services, Alameda P&T has transferred over \$25 million to the City's General Fund during the past 10 years, effectively reducing the tax burden and improving the quality of life in Alameda.

Alameda P&T continues to implement a successful program to plan for and acquire electric generation sources that are economical, provide stable costs over the long-term, and are environmentally benign. Managed mainly through the Northern California Power Agency (NCPA), a joint-powers agency composed of Alameda P&T and 16 other Northern California public entities, Alameda P&T has investments in geothermal, combustion turbine, hydroelectric, wind, and landfill-gas generating facilities. Carbon-free and renewable resources are used to generate over 80% of the electricity Alamedans use. The figure below illustrates Alameda's energy purchases during fiscal year 2008.

PURCHASED ENERGY SOURCES Fiscal Year 2008



In its continuing commitment to provide the most reliable power for Alameda, and in support of community development goals, Alameda P&T continues to convert 12-kilovolt overhead distribution feeders to underground installations. Noticeable underground conversion activity has been completed in the vicinity of San Antonio, Bay and St. Charles Streets known as the Underground District 30 project. In addition to the conversion construction activity, Alameda P&T continues to provide new electric services at the redevelopment of Towne Center, the new businesses location at the Harbor Bay Business Park, the new ships arriving at the Coast Guard piers, as well as a variety of system enhancements including the pilot wire relay and selected street light replacement projects.

In anticipation of the need to refinance the \$33,000,000 for the 2004 Revenue Bond Anticipation Notes (RBAN) on or before June 2009, the Board authorized Alameda P&T to retain a financial team to evaluate various options to discharge, refinance, extend, exchange, or restructure the obligations under the 2004 RBAN. The financial team identified 3 primary options for disposing of the \$33 million debt that included, 1) keeping the telecommunications business line, and refinancing the 2004 RBAN, 2) keeping the telecommunications business line, refinancing the 2004 RBAN, and adding new services such as Voice, and 3) selling the telecommunications business line. On November 18, 2008, the City Council of Alameda, CA unanimously authorized the sale of the telecommunications business line effective as of November 21, 2008.

Operational improvements had occurred over the past several fiscal years, thus eliminating new interfund advances from the electric business line to support telecommunications operations. The fiscal year 2008 net telecommunications revenue was insufficient to support the debt service needed for a refinancing of the 2004 RBAN by June 2009. Contributing to the telecommunications business line's adverse financial outlook was the change in the telecommunications business landscape over the past decade including a) multiple national providers of telecommunications services competing for Alameda P&T's customers, b) the technology to provide telecommunications services continuing to change very quickly with a need for additional capital investments to keep pace with the industry, and c) programming costs continuing to increase.

Economic Conditions and Outlook

The City of Alameda is an island community with residential neighborhoods and commercial areas. There are scenic views of Oakland, San Francisco, and other areas of the Bay shoreline. According to the California Department of Finance, there are 75,823 people living in Alameda. Nearly half the homes in Alameda are owner occupied. The City has highway and rail links to the City of Oakland to the north and east, and offers ferry services to San Francisco from two locations. In 1997, the Naval Air Station-Alameda closed. The City is continuing the process of converting these former facilities to other uses. The first stage of the redevelopment consisted of construction for 485 single-family homes. Planning has begun for other redevelopment at this portion of the island. Alameda's business enterprises range in scope from the Maritime Administration providing a ready-fleet of ships, to Legacy Partners providing commercial rental property for high-tech businesses, to Wind River providing computer programming services, to the Safeway Stores providing food and grocery products in several locations. Residential properties include low-, moderate-, and high-income housing in a variety of styles.

The population count has remained relatively constant during the past few years, although it increased slightly last year. The population for Alameda will increase slightly as new homes are constructed and occupied at Alameda Point and elsewhere in the City. Commercial development continues as new facilities are added and existing facilities are renovated.

According to the 2000 Census, there are 41,148 (57%) European-American residents, 18,894 (26%) Asian-American residents, 4,488 (6%) African-American residents, 484 (0.7%) Native-American residents, 434 (0.6%) Native-Hawaiian (and other Pacific Islander) residents, 2,380 (3.3%) "Other Race" residents and 4,431 (6%) "Two or More Races" residents.

The adult population between the ages of 25 to 54 years in Alameda is above the national average and comprises almost 50% of all Alameda residents. This implies that quality family services, parks, schools, and retail are in high demand. The percentage of adults over 60 has increased slightly from 1990 indicating that there is a continued need for quality senior services and health care. The biggest change in population and spending patterns is due to the redevelopment of the former Naval Air Station-Alameda, continued development at the business park on Harbor Bay Island, the redevelopment of shopping areas and new power requirements for the Coast Guard.

Following are some major new developments in the City of Alameda:

- Former Navy Fleet Industrial Supply Center (FISC)

The redevelopment includes homes, retail space, business properties, a community park, a new elementary school, and a dramatic waterfront promenade. Development of this property continues with phase-1 housing, a park and an elementary school completed. Planning for phase-2 homes, retail, various business areas, and redevelopment of the waterfront areas continues although experiencing delay. This redevelopment effort will continue for the next several years.

- Alameda Towne Centre (former South Shore Center) Revitalization

The renovation of this existing retail center continued during the fiscal year and will continue through fiscal year 2010. During the fiscal year, Mervyn's vacated their area and construction began for redevelopment of the space for Kohl's.

- Harbor Island Business Park - North Loop

Development is occurring at the Harbor Island Business Park and several new businesses including Hampton Inn and other new north loop businesses have recently completed their facilities. Additional development is underway as new businesses move into this waterfront setting.

- Electric system conversions

There was ongoing work to modernize certain portions of the electric system. This included installation of electric upgrades for the Coast Guard and their new fleet of ships, installation of new electric cabling at underground districts 30, demolition of unused circuits as new underground circuits were completed and design for fiscal year 2009 work.

Overall, the outlook for the City of Alameda is generally stable in terms of its local economy although the weakening state and national economies are impacting project development and contributing to the slow growth of electric revenue and electric sales of kilowatt-hours. Investors continue to demonstrate their faith in the strengths of the community by continuing shopping district capital improvements and through community planning development for Alameda Point.

Major Initiatives

Community Involvement

Through public service and participation in local events, programs, and agencies, Alameda P&T maintains a strong presence in the community. Alameda P&T joined with the Alameda Police Department for *National Night Out*, joined other City departments to sponsor a celebration of Earth Day 2008, participated in the Park Street Art & Wine Faire, the Webster and worked with the City's Recreation and Park Department on the Fourth of July activities. Through public relations mechanisms and its external customer newsletter, Alameda P&T continues its aggressive safety education initiatives.

Alternative Fuel Vehicles

Alameda P&T has a fleet of alternative-fuel vehicles, including both all-electric and hybrid electric/gasoline vehicles. While they serve business purposes, they also remind the community of Alameda P&T's commitment to a cleaner environment.

Economic Development

The City of Alameda's Development Services Department and Alameda P&T continue to encourage the siting of new businesses and the expansion of existing businesses in the City. As utility costs are often a significant factor in establishing a new business, Alameda P&T continues to offer an Economic Development Incentive Discount to attract businesses to locate or expand in Alameda. During Fiscal year 2008, the special discount incentive was available to businesses that added an annual demand of at least 50 kilowatts, the typical demand for 10,000 square feet of office space.

Alameda is an excellent choice for energy-sensitive businesses. While having one of the best records of reliability, customers enjoy electrical rates significantly lower than those of nearby cities served by other utilities.

Customer Service

Alameda P&T's may call during business hours to obtain information about their bill, energy efficiency programs, solar rebate program, to request new service, or to terminate service. Customers have seven bill payment options when paying their electric bill. There are no additional fees for any of these bill payment options, and some are available around the clock, any day of the week.

- *Automatic Payment Service*

Electric bills may be paid directly through a draft on checking or savings accounts.

- *Electronic Bill Presentment/Payment (EBPP)*

Alameda P&T customers can view and pay their electric bill at any of over 300 web sites including www.AlamedaPT.com.

- *On-line Credit Card Payment*

Customers receive their electric bill via the U.S. Postal Service and elect to pay it over the Internet using any major credit card or bank debit card.

- *Credit Card Payments by Phone*

Bills may be paid by telephone using a MasterCard or Visa credit card.

- *U.S. Mail*

Customers receive and pay their bills by U. S. mail.

- *In-Person Payments*

Payments by check may be made left in a drop box at Alameda P&T's Service Center. Special payments may be made in person at the front desk of the Service Center with a Visa card, MasterCard, money order, cash, ATM card, or personal check.

- *Pay Stations*

For customer convenience, there are three additional pay stations in Alameda that will accept electric payments.

Alameda Point Telephone System

Alameda P&T took over the operation of the telephone plant on Alameda Point, July 1, 2000 and converted the operation to a self-sustaining portion of the utility. Prior to that time, the Alameda City's Information Technology Department operated the telephone system as a caretaker using U.S. Navy funding. Installation and monthly recurring fees provide for the recovery of maintenance expenses. Capital plant investment for the Alameda Point telephone system is minimized because the cable plant was transferred to Alameda P&T at no cost. This existing cable plant provides telephone cable pairs to extend telephone services from the AT&T (formerly SBC) Minimum Point of Entry (MPOE) to tenants leasing space and housing on Alameda Point.

Until Alameda Point's redevelopment plans are implemented, the Alameda Point telephone system will continue to support residents, and business and economic development by providing access to the public dial telephone network. In the future, it is expected that a state-certified communications carrier will construct telephone facilities on Alameda Point as part of the overall development plan.

Management's Statement of Responsibility

Alameda P&T's management is responsible for the integrity and objectivity of all financial data included in this annual report. The statements have been prepared in accordance with accounting principles generally accepted in the United States. The financial data includes amounts that are based on the best estimates and judgments of management.

Alameda P&T's management takes seriously its responsibility to establish and maintain an effective internal control system. It employs a variety of administrative and accounting processes that form its internal control system. The controls reasonably assure the integrity of Alameda P&T's records and reports, and assure that Alameda P&T's assets are used appropriately and business is carried out as authorized.

The controls provide reasonable assurance that the financial records are adequate and can be relied upon to produce financial statements in accordance with generally accepted accounting principles. Management periodically reviews the internal control system. Actions are taken to correct deficiencies as they are identified. Alameda P&T maintains high standards in selecting, training, and developing personnel to assure that its operations are conducted in conformity with applicable laws and is committed to maintaining programs to encourage and assess compliance with the highest standards of personal and business conduct.

Risk Management

Alameda P&T purchases excess liability coverage annually. The self-insured retention amount is \$1,000,000 per claim. The coverage is \$35,000,000 per claim. All other coverage, beyond the City's self-insured retention level, is provided through the City's participation in public entity risk pools.

Independent Audit

California State statutes and the City of Alameda's charter require an annual audit of Alameda P&T's financial records and transactions. The City Auditor selected Maze & Associates (Maze), a certified public accounting firm, to independently audit the financial information of Alameda P&T. Alameda P&T contracted with Maze to perform the independent audit, and includes its report and opinion in the Financial Section that follows. Maze was provided access to all information and documentation necessary for the audit. In the normal course of work, the independent auditor may recommend changes in control procedures and Alameda P&T's management will take appropriate action on such recommendations.

Award

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Alameda P&T for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. A GFOA Certificate of Achievement is valid for a period of 1 year. This was the twelfth consecutive year that Alameda P&T has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report that satisfies both generally accepted accounting principles (GAAP) and applicable legal requirements.

Alameda P&T believes that its current Comprehensive Annual Financial Report will continue to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

This report is the culmination of the hard work and dedication of many Alameda P&T employees and the independent auditor, Maze & Associates. Special acknowledgment for the materials provided is due to the Administrative Services, Operations, Marketing and Customer Service, Engineering and Planning, and Power Resources divisions of Alameda P&T.

Finally, Alameda Power & Telecom staff would like to acknowledge the support of the Board for its continuing direction and oversight in providing value to the Alameda community.

Respectfully submitted,



Girish Balachandran
General Manager

Principal Officers

(As of June 30, 2008)

Public Utilities Board

Ann L. McCormick, President

Peter W. Holmes, Vice-President

John McCahan, Commissioner

Gregory Hamm, Commissioner

Debra Kurita, Commissioner and City Manager

General Manager and Board Secretary

Girish Balachandran

Managers

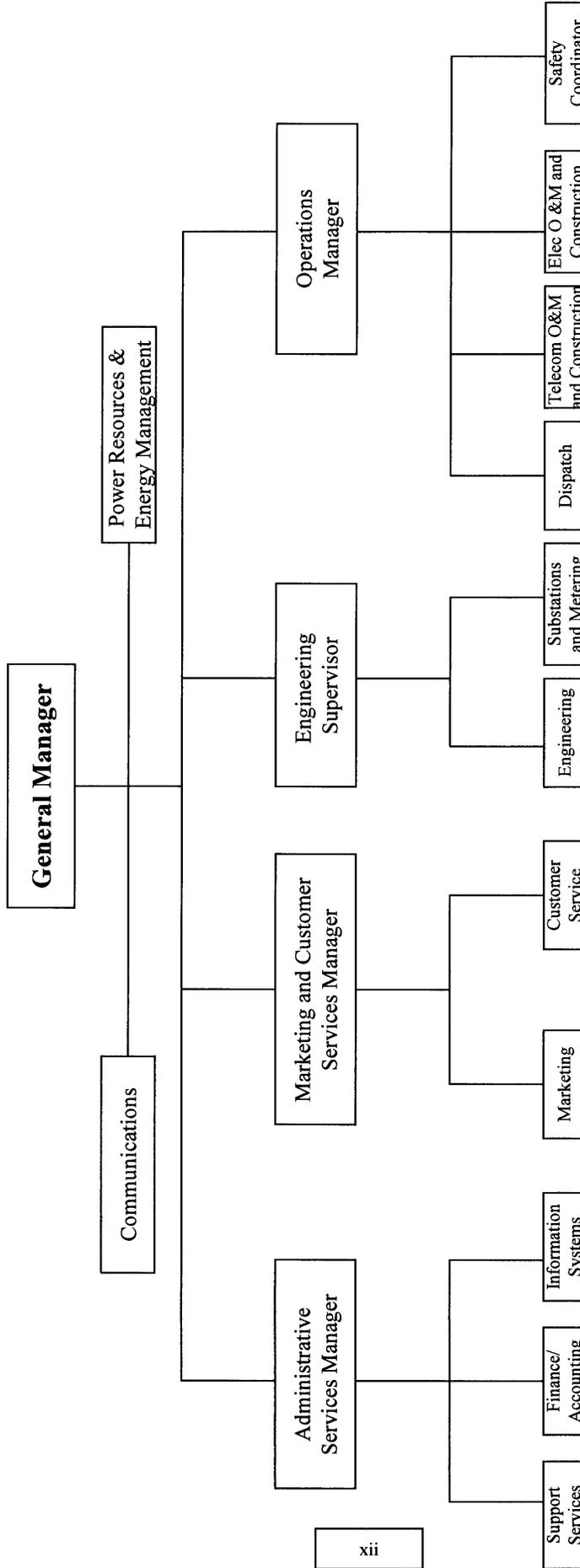
Robert J. Orbeta, Administrative Services Manager

Dean E. Batchelor, Operations Manager

William C. Garvine, Marketing and Customer Services Manager

City of Alameda Alameda Power & Telecom Organizational Chart

June 30, 2008



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**119 Total
Positions**

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Alameda Power & Telecom California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Alameda Power & Telecom for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the twelfth consecutive year that Alameda Power & Telecom achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

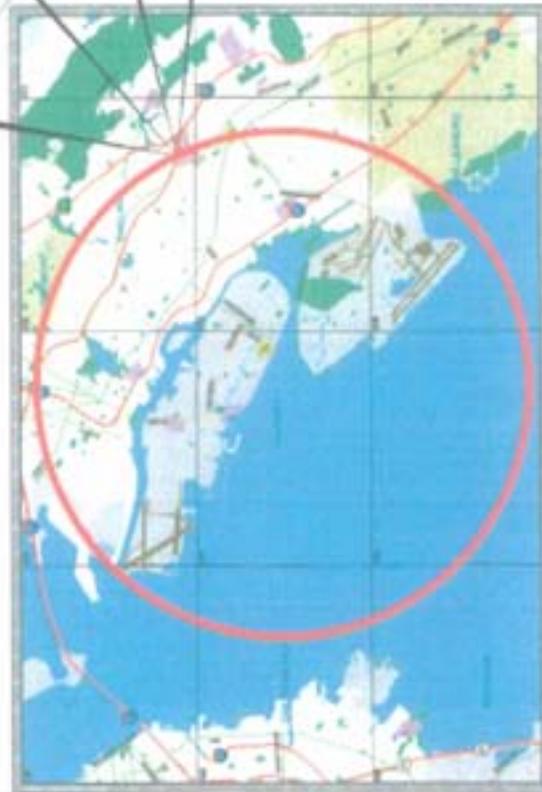
ALAMEDA POINT

COAST
GUARD ISLAND

CITY OF
ALAMEDA

BAY FARM
ISLAND

SAN FRANCISCO BAY



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INDEPENDENT AUDITOR'S OPINION

Public Utilities Board
Alameda Power & Telecom,
Department of Public Utilities,
City of Alameda, California

We have audited the basic component unit financial statements of the City of Alameda, Alameda Power & Telecom, a component unit of the City of Alameda, as of and for the year ended June 30, 2008, as listed in the Table of Contents. These financial statements are the responsibility of Alameda Power & Telecom's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the City of Alameda, Alameda Power & Telecom's 2007 financial statements and, in our report dated August 30, 2007 we expressed an unqualified opinion on these financial statements.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the basic component unit financial statements referred to above present fairly in all material respects the financial position of the City of Alameda, Alameda Power & Telecom as of June 30, 2008, and the changes in the financial position and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

As described in Note 14 to the financial statements, Alameda Power & Telecom had a material subsequent event (the sale of the telecommunications business on November 21, 2008) which required the recording of Extraordinary Items as of June 30, 2008. Generally accepted accounting principles in the United States of America require that such items be recognized effective June 30, 2008, even though the actual event occurred subsequent to year-end.

Management's Discussion and Analysis is not a required part of the basic component unit financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures to this information, principally inquiries of management regarding the methods of measurement and presentation of this information, but we did not audit this information and we express no opinion on it.

The Introductory Section and Statistical Section have not been subjected to the auditing procedure applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Maze & Associates

December 8, 2008

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Management's Discussion and Analysis

As management of Alameda P&T, we offer readers of Alameda P&T's financial statements this narrative overview and analysis of the financial activities of Alameda P&T for the years ended June 30, 2008 and 2007. Readers are encouraged to consider the information presented here in conjunction with information contained in the preceding transmittal letter and the accompanying financial statements.

Financial Highlights

- On November 21, 2008, the telecommunications business line of Alameda P&T was sold to Comcast of Alameda. This event occurred subsequent to the fiscal year ending balance sheet date of June 30, 2008, but prior to issuance of the financial statements. As a result of this subsequent event, accounting guidelines require adjustments to the financial statements that reflect changes resulting from the occurrence of the subsequent event. The reader should see Note 6 for additional information regarding long-term debt and Note 14 for additional information regarding the sale of the telecommunications business line.
- During fiscal year 2008, Alameda P&T's telecommunications fund continued to improve its operational efficiency and improved its cash flow by more than \$0.6 million. For the first time in its history, the telecommunications fund had a positive cash flow at fiscal year end.
- Although the telecommunications fund's fiscal performance improved from previous years, the profit margin to annual debt service was not sufficient to qualify for a bond refinancing of its outstanding debt obligations.
- Alameda P&T's electric fund increased revenue and decreased expense resulting in an Operating Income of \$5,969,861
- Alameda P&T's total net assets decreased by \$28.8 million due to write-offs associated with the sale of the telecommunications business line (see Note 14), decreases in purchased power expense resulting from the NCPA debt structure, and increases in receipts from customers.
- Alameda P&T's total debt increased by \$17,800.
- Total net assets of Alameda P&T exceeded its liabilities for the period ended June 30, 2008 by \$36.0 million.

Analysis of Combined Net Assets

The telecommunications business line was sold to Comcast of Alameda on November 21, 2008. Although this event occurred after the end of the fiscal year, accounting guidelines require that adjustments to the financial statements be made for the fiscal year 2008 Consolidated Annual Financial Report. Specifically, the fiscal year 2008 financial statements recognize the impairment of the value of assets associated with the telecommunications business line and recognize that the funds lent from the Electric Division to the Telecom Division will not be repaid by the Telecom Division (i.e. a change from an advance to a transfer). Please see Note 5 for additional information on interfund advances and Note 14 for additional information on the sale of the telecommunications business line.

Financial statements will be impacted due to the sale of the telecommunications business line for the next 2-3 years, or longer if prolonged litigation occurs. It can be anticipated that the fiscal year 2009 financial statements will recognize the sale of the telecommunications business line, associated fees to perform the sale, any sale post-closing adjustments made to the purchase price, any settlements to debt defeasance, and any identified litigation expense. Additionally, financial statements for fiscal year 2010 should recognize the settlement of escrow accounts and any other identified litigation expenses. Presentations by Alameda P&T's General Manager regarding the sale of the telecommunications business line indicated that an estimated \$3,000,000 will be paid by the electric fund for telecom fund expenses excluding litigation expenses, without any repayment anticipated (i.e. in fiscal year 2009 and 2010 there will likely be interfund transfers).

Alameda P&T's Combined Net Assets

(Dollars in thousands)	2008	2007
Capital Assets, net depreciation	\$ 57,271	\$ 85,590
Other Non-current Assets	\$ 43,877	92,927
Current Assets	<u>37,512</u>	<u>32,184</u>
Total Assets	\$ 138,660	\$ 210,701
Current Liabilities	\$ 63,633	\$ 23,101
Long-Term Liabilities Outstanding	<u>39,045</u>	<u>122,804</u>
Total Liabilities	102,678	\$ 145,905
Net Assets:		
Invested in Capital Assets, net of related debt	\$ (9,488)	\$ 26,916
Unrestricted	<u>45,471</u>	<u>37,879</u>
Total Net Assets	<u>\$ 35,983</u>	<u>\$ 64,795</u>

Net Assets may serve, over time, as a useful indicator of an entity's financial position. In the case of Alameda P&T, assets exceeded liabilities by \$36 million at the close of the most recent fiscal year. Compared to the previous fiscal year, Alameda P&T's Total Net Assets decreased by \$28.8 million or 45% of Total Net Assets. The decrease in Total Net Assets is primarily due to 1) the write-down of the value of the telecommunications business line 2) the recognition in non-current assets that the interfund advances will not be repaid to the Electric Division, 3) an increase in Current Assets for cash from reduced power bills, 4) a shift of debt from Long-term Liabilities to Current Liabilities, 5) a decrease in electric Capital Assets, 6) a decrease in restricted investments, and 7) a decrease in capital project spending.

The largest portion of Alameda P&T's Net Assets reflects investment in capital assets (e.g., land, utility plant, buildings, vehicles and equipment) less any related debt used to acquire those assets still outstanding. These assets are used to provide electric services to Alameda's citizens and, consequently, these assets are not available for future spending. Prior to the sale of the telecommunications business line, its assets were used to provide cable TV and Internet services and were not available for spending.

Although Alameda P&T's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities except under extraordinary circumstances.

There was a 34.2% decrease to Total Assets with a 29.6% decrease to Total Liabilities resulting in Total Net Assets decreasing 45.5% when compared to last year. Total Assets decreased approximately \$72.0 million and Total Liabilities decreased about \$43.2 million resulting in Total Net Assets decreasing by approximately \$28.8 million.

Analysis of Change in Net Assets

Alameda P&T continues to experience volatility in California energy markets as dry weather impacts hydroelectric generation, natural-gas prices impact peak-demand electricity prices, geothermal generation is impacted by aging facilities, and delays have hindered new landfill-gas generation. Although Alameda P&T recognizes that energy markets have stabilized since the energy crisis of 2000-2001, it is keenly aware that adverse energy markets may return due to a variety of factors that affect both the supply of and demand for electric energy in the Western United States. Through its planning and resource procurements, Alameda P&T continues its affiliation with NCPA and has sufficient power supplies to meet the needs of its customers and is able to offer periodic surpluses to the market to help mitigate statewide supply shortages.

During fiscal year 2008, Alameda P&T continued to selectively enhance telecommunications service while limiting capital projects and system expansions. Telecommunications revenue increased and operating expense decreased. In September 2007, a financial team began to review and evaluate the feasibility and comparative merit of potential financial transactions to discharge, refinance, extend, exchange, or restructure obligations under the 2004RBANs. Alternatives for disposing of the 2004RBANs debt that were considered included 1) Keeping the telecommunications system and refinancing the 2004RBANs, 2) Keeping the telecommunications system, refinancing the 2004RBANs, and adding new services such as Voice, and 3) Selling the telecommunications system.

In February 2008, the Alameda P&T Financial Advisor (Northcross, Hill & Ach, Inc.) observed that future telecommunications business line revenue likely would continue to be limited due to competitive forces, cable television subscriptions that are declining, Internet subscriptions that are growing modestly, and programming costs that are continuing to escalate. The Financial Advisor recognized Alameda P&T's accomplishments in managing costs and increasing profitability, and that net revenues had become slightly positive. However, the Financial Advisor also reported that market requirements for refinancing Telecommunications Division's obligations called for 1) projected net telecommunications revenues to exceed projected annual debt service by a significant margin and 2) that this goal must be met for at least one full year prior to the refinancing bond issuance.

As can be seen by the information presented on the following pages, the telecommunications fiscal performance did not provide the significant margin to projected annual debt service that is

a requirement to qualify for a refinancing bond issuance relying solely on telecommunications net revenue.

Combined Statement of Changes in Net Assets

(Dollars in thousands)	2008	2007
Operating Revenues		
Electric Sales	\$ 49,141	\$ 48,929
Telecommunications Sales	8,285	7,824
Other Services Revenue	<u>393</u>	<u>636</u>
Total Operating Revenues	57,819	57,389
Operating Expenses		
Purchased Power	27,316	29,699
Programming	4,110	3,808
Energy Efficiency	389	
Operations and Maintenance	5,936	4,879
Customer Accounts	2,107	2,360
Administrative and General	7,141	7,856
Depreciation	5,563	5,497
Other Operating Expenses	<u>2,034</u>	<u>1,945</u>
Total Operating Expenses	54,596	56,043
Operating Income		
Electric	5,970	4,313
Telecommunications	<u>(2,747)</u>	<u>(2,967)</u>
Total Operating Income	3,223	1,346
Non-operating Revenue (Expense)		
Return on Restricted Investments	1,014	1,302
Debt Related Charges	(3,613)	(3,732)
Increase in Value of NCPA Projects and Reserves	3,228	2,227
Miscellaneous Non-operating Income	191	101
Transfer to City of Alameda	(2,500)	(2,500)
Other Non-Operating Revenue (Expense)	<u>1,742</u>	<u>850</u>
Total Non-Operating Expenses	62	(1,752)
Extraordinary Items (Note 14)		
Electric	(43,616)	0
Telecommunications	<u>11,518</u>	<u>0</u>
Total Asset Impairment / Debt Forgiveness	(32,097)	0
Change In Net Assets		
Electric	(36,692)	3,767
Telecommunications	<u>7,880</u>	<u>(4,173)</u>
Total Change In Net Assets	\$ (28,813)	\$ (406)

Operating income for the electric division increased from last year due to a decrease in purchased power costs. Also contributing to the final results were cost reductions in administration and increases to operational expense. Electric division non-operating revenues increased due to the contributions from the 2000AT Certificate of Participation (COPs) which is used for purchased power cost payments to NCPA for participation obligations that Alameda P&T has for NCPA bond debts (see Note 9). These earnings were set-aside in a reserve account to pay for purchased power costs during fiscal year 2009.

Operating income results for the telecommunications division remained essentially unchanged from last year with only some slight improvement. Sales increased by \$0.5 million as customer acquisition and rate changes occurred; however, corresponding programming costs required 66%

of this revenue. Depreciation expense also negatively affected the operating income results as customer equipment technology advances occur and have a matching short depreciation period. Improvement to operating income is due to improvement in operations-maintenance and customer accounts resulting from new management programs.

Alameda P&T's Net Assets decreased by \$28.8 million for the fiscal year ended June 30, 2008 compared to a \$0.4 million decrease in fiscal year 2007. In fiscal year 2009, management anticipates slow growth to the revenue for the electric division (1-2%) and only 5 months of telecommunications revenue. Additionally, it is anticipated that operating expenses for the electric division will increase slightly for their fiscal year 2009.

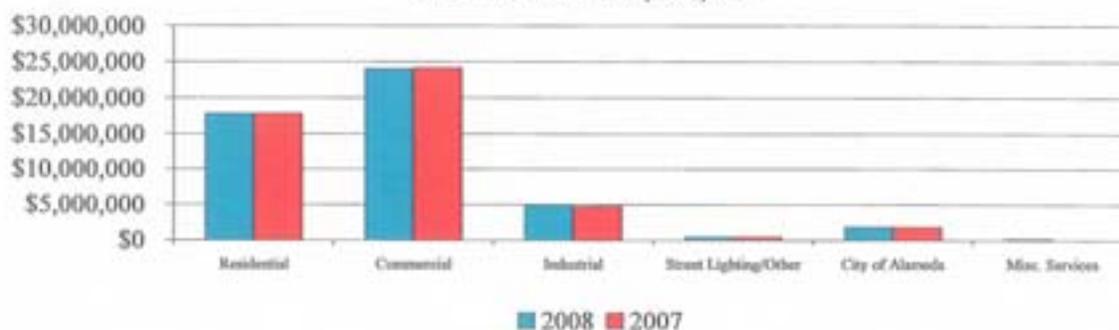
Electric Statement of Changes in Net Assets

(Dollars in thousands)	2008	2007
Operating Revenues	\$ 49,310	\$ 49,069
Operating Expenses	<u>43,340</u>	<u>44,757</u>
Operating Income	5,970	4,312
Non-operating Revenues	6,297	5,322
Non-operating (Expenses)	(5,343)	(5,868)
Non-Operating Income	954	(546)
Impairment of asset losses	0	0
Transfers in	0	0
Transfers out	(43,616)	0
Change In Net Assets	\$ (36,692)	\$ <u>3,766</u>

Electric Operating Revenues

Electric division's operating revenue increased \$240K or 0.5% in fiscal year 2008, compared to a fiscal year 2007 increase of \$2.23 million, primarily due to small increased kilowatt usage for residential, commercial, industrial, and City electric sales. Sales revenue was \$49,140, 996 or 99.7% of all electric revenues. Miscellaneous services contributed \$170K, or 0.3% of revenue,

Electric Revenues
for FY2008 = \$49,309,667



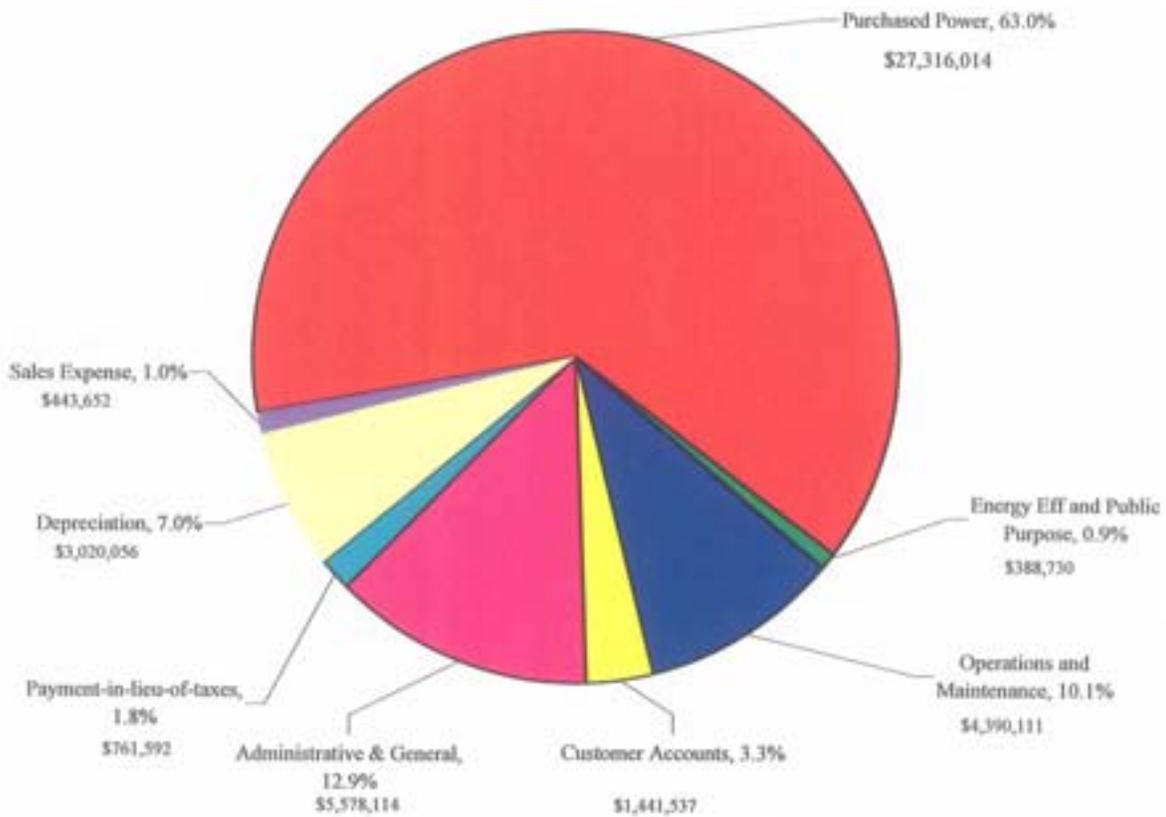
Sources of Electric Revenue

Alameda P&T's operating revenues are based on rate schedules authorized by the Board. Such rates are designed to recover Alameda P&T's cost of service and still be competitive with those in surrounding areas. Rates also provide a contribution to the City of Alameda, the level of which is defined by the Board and by the City's charter.

Electric Operating Expenses

Overall operating expenses decreased approximately 3% in 2008 primarily due to a decrease in purchased power costs. Offsetting the savings in purchased power was an increase to expense for operations-maintenance of substations, electric plant, street lighting, and customer accounts.

Electric Operating Expenses for FY2008 = \$43,339,806



Electric Non-Operating Revenues (Expenses)

Revenues exceeded expenses resulting from a combination of factors including improved return-on-investments as cash reserves earned interest at higher rates than last year's rates, consistent debt related charges for the Series 2000A and the Series 2000AT Certificates of Participation, improved leased plant income, the value of Alameda P&T's portion of NCPA projects/reserves increased, and miscellaneous non-operating income nearly doubled from last year's amount. The \$2.5 million transfer to the City is the same amount as that transferred during the previous fiscal year.

Electric Change in Net Assets

Fiscal year 2008's contribution to electric net assets has been extraordinarily impacted due to the recognition that the monies lent from the Electric Division to the Telecom Division (i.e. interfund advances) will not be repaid by the Telecom Division.

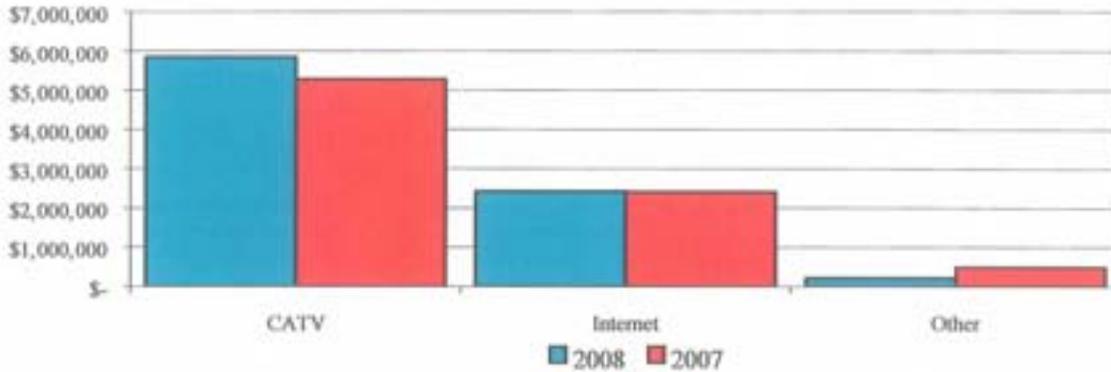
Telecommunications Statement of Change in Net Assets

<u>(Dollars in thousands)</u>	<u>2008</u>	<u>2007</u>
Operating Revenues	\$ 8,509	\$ 8,320
Operating Expenses	<u>11,256</u>	<u>11,287</u>
Operating Income (Loss)	(2,747)	(2,967)
Non-operating Revenues/Expenses	<u>(892)</u>	<u>(1,206)</u>
Impairment of asset losses	(32,097)	0
Transfers in	43,616	0
Transfers out	0	0
Change In Net Assets	\$ <u>7,880</u>	\$ <u>(4,173)</u>

Telecommunications Operating Revenues

Telecommunications operating revenue increased about \$180,000. The number of Cable TV customer accounts decreased by 292 during the year and Internet customer accounts increased by 407. The increase in operating revenue is attributed to increased levels of service for cable and internet customers and the rate adjustment that went into effect on January 7, 2007. The total number of customer accounts changed from 16,201 at the end of fiscal year 2007 to 16,316 customer accounts at the end of fiscal year 2008 or an increase of 115 accounts. Approximately 69% of revenue was generated from Cable TV services versus 68% the previous fiscal year. Internet services generated 29% of revenue and miscellaneous services generated 2% of revenue.

**Telecommunications Operating Revenue
for FY2008 = \$ 8,509,114**



Sources Of Telecommunications Revenue

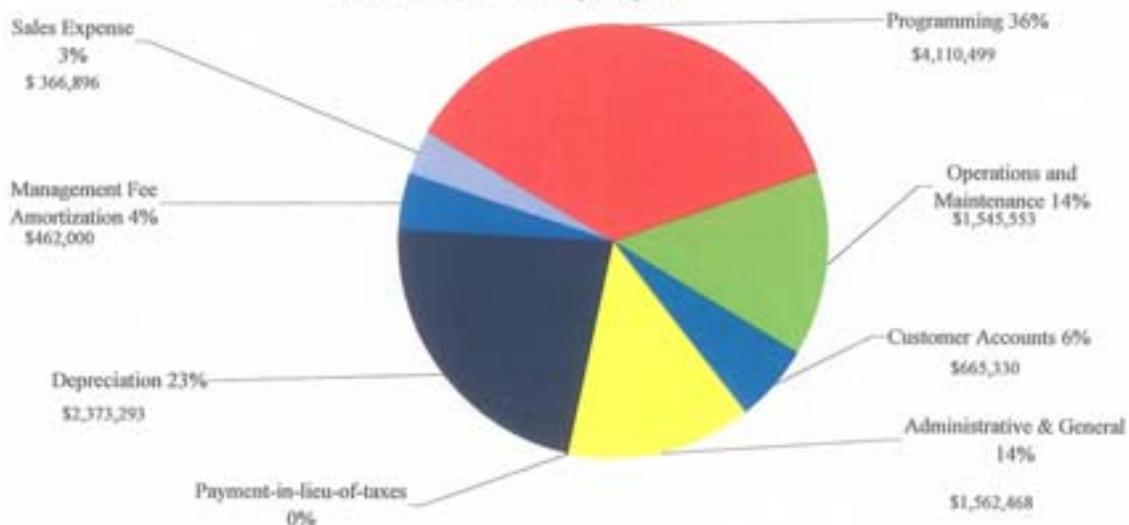
Similar to electric division operations, Alameda P&T's telecommunications operating revenues are based on rate schedules authorized by the Board. Such rates are designed to recover Alameda P&T's cost of service and still be competitive with those providing similar services in Alameda. The Public Utilities Board authorized a rate adjustment that became effective on October 7, 2007 and provided an average increase to Cable TV customers of approximately 6.4%. Additionally, a rate increase of 7% was passed by the Board during the fiscal year 2009 budget preparation.

Telecommunications Operating Expenses

Overall operating expenses remained consistent at \$11.3 million in fiscal year 2008. Generally, the cost of programming increased 8% even with the declining number of Cable TV customer accounts. The expense for Operations and Maintenance, with Administrative costs, decreased by 11% as compared to last year's values. The results of efficiency improvements could also be seen in the 9% reduction of expense for processing Customer Accounts.

The cost of programming continues to increase. The increases can be attributed to customer selection of more advanced packages, increased programming content and pricing adjustments from the suppliers. Depreciation expense increases are attributed to the addition of headend equipment, distribution and service drop plant and to providing service to the customer base. Excluding depreciation and increases to programming, operating expense has significantly decreased as management continues to implement various cost-effective programs.

**Telecommunications Operating Expenses
for FY2008 = \$ 11,256,077**



Telecommunications Non-Operating Revenues (Expenses)

The netting of non-operating revenues and expenses resulted in a net expense of \$0.89 million.

Telecommunications Change in Net Assets

The telecommunications net assets increased due 1) the extraordinary items identified in Note 14 of the Financial Statements, 2) increased programming costs, 3) increased depreciation expense and 4) on-going expense for debt-related charges. Operating expenses, excluding programming and depreciation, greatly reduced from last year.

Combined Financial Condition, Liquidity and Capital Resources

(Dollars in thousands)	2008	2007
Operating Activities	\$ 8,996	9,102
Investing Activities	5,299	10,003
Capital and Related Financing Activities	(6,988)	(7,874)
Non-capital and Related Financing Activities	<u>(2,500)</u>	<u>(2,500)</u>
Change in Cash and Equivalents	\$ 4,807	8,731

Total capital structure, defined as the sum of long-term liabilities and net assets, was \$75.0 million at June 30, 2008 reflecting 48% net assets and 52% debt. Net assets include \$21.7 million of equity in Alameda P&T's joint venture with NCPA. Alameda P&T generates cash from its electric operations sufficient to meet its electric operating needs including the PILOT/ROI, and the transfer to the City's General Fund. The revenue from telecommunications operations has been sufficient to meet the cash requirements for operating needs, but is insufficient for a refinancing bond issuance relying solely on telecommunications net revenue.

Cash Flows from Operating Activities

In fiscal year 2008, cash provided by operating activities was \$9.0 million versus \$9.1 million in fiscal year 2007. The change in cash flows from operations in fiscal year 2008 compared to fiscal year 2007 is primarily the result of increased receipts from electric customers and, to a lesser degree increased receipts from telecommunications customers, increases in supplier payments, decreases in accounts receivable, increases in stored materials, increases in accrued accounts payable, and decreases to miscellaneous non-operating income and expense.

Cash Flows from Investing Activities

In fiscal year 2008, cash provided by investing activities was \$5.3 million versus \$10.3 million in fiscal year 2007. The change from fiscal year 2007 was primarily due to additional funding of the Competitive Pricing Reserve and a reduced use of funds from restricted investments including the 2004 Revenue Bond Anticipation Notes (capitalized interest on the Notes) and the 2000AT Certificates of Participation (NCPA debt obligation payments).

Cash Flows from Capital and Related Financing Activities

During fiscal year 2008, Alameda P&T entered into a long-term vehicle lease contract (see Note 6).

Cash used in capital investing activities provides for expanding, replacing, and enhancing facilities to improve their efficiency and reliability, to extend their useful life, to comply with laws and regulations, and to meet the increasing demands on the systems.

During fiscal year 2008, Alameda P&T's construction expenditures for the electric system were \$2.4 million and included projects for Coast Guard pier electrical upgrades, Pilot Wire replacement upgrade, undergrounding at San Antonio, miscellaneous reliability upgrades, several street light replacements, new service connections at BTS-Zephyr, the Alameda Theater and Cineplex, Hampton Inns, Town Center, several Bay Farm North Loop businesses, Paden Elementary School, and transformer upgrades at Abbott. The construction expenditures for the telecommunications business line included \$1.7 million used for converting portions of the overhead system to underground, system reliability enhancements and for connecting new customers. Alameda P&T expects that internally generated funds in combination with existing external financing will provide for foreseeable capital expenditures.

Cash Flows from Non-Capital and Related Financing Activities

In fiscal year 2008, the transfer to the City's General Fund remained \$2.5 million. This amount is the same as the previous 7 years.

Capital Assets and Capital Improvements Program

Alameda P&T's investment in capital assets for its electric and telecommunications operations amounts to \$57.3 million, net of accumulated depreciation, versus \$85.6 million last year. The investment in capital assets includes land, electric and telecommunications utility plant, machinery and equipment, transportation and computer equipment. Due to the sale of the telecommunications business line and other extraordinary events described in this report, the total decrease in Alameda P&T's investment in capital assets for the current year was 33%. Readers desiring more detailed information on capital asset activity should see Note 2 and information in the Statistical Section of this report.

Alameda Power & Telecom Capital Assets June 30, 2008

<u>(Dollars in thousands)</u>	<u>Electric</u>	<u>Telecom</u>	<u>Total</u>
Utility Plant	\$ 65,547	\$ 23,148	\$ 88,695
Service Center Building	\$ 7,844		\$ 7,844
Land and Rights	\$ 154	605	\$ 759
Machinery & Equipment	\$ 8,697	\$ 212	\$ 8,909
Transportation Equipment	\$ 1,945	\$ 254	\$ 2,199
Computer Equipment	\$ 2,915	\$ 494	\$ 3,409
Furniture & Fixtures	\$ 599	\$ 1	\$ 600
Construction In Progress	\$ 1,381	\$ 19	\$ 1,400
Less Accumulated Depreciation	\$ <u>(46,454)</u>	\$ <u>(10,090)</u>	\$ <u>(56,544)</u>
 Total Net Assets	 <u>\$ 42,628</u>	 <u>\$ 14,643</u>	 <u>\$ 57,271</u>

Long-Term Debt

At the end of fiscal year 2008 Alameda P&T had \$80.6 million in long-term debt including amounts from Certificates of Participation, Revenue Bond Anticipation Notes, a loan from the City, and a capital lease for a new vehicle. The only increase to long-term debt was the addition of the vehicle capital lease. Additionally, a small portion of the Series 2002A debt was retired during the fiscal year.

The most recent bond rating received by Alameda P&T, dated November 4, 2008 from Fitch, is an underlying rating of A- and a "stable outlook". This rating is without giving preference to the third-party financial guarantees. The 2004 Revenue Bond Anticipation Notes and the 2002A Certificates of Participation have not been rated.

There was no increase to fiscal year 2008 interfund advance balance and the extraordinary event associated with the sale of the telecommunications business line caused the advance to be reclassified as a transfer resulting in the electric division writing-off the loan since it will not be paid as a consequence of the sale of the telecommunications business line. During previous years, interfund advances from the Electric Division to the Telecom Division have totaled \$43.6

million with these funds being used for equipment purchases, materials for construction, and for general technical improvements of the telecommunications business line. Additional information about interfund advances and long-term debt are presented in Notes 5, 6 and 14 to the Basic Financial Statements

Economic Factors and Next Year's Budget

The adopted budget for the fiscal year 2008-2009 reflects the local economy with low growth in customer services for the Electric and Telecom Divisions. The adopted budget had combined operating revenues that were expected to be \$61.1 million, with electric operations contributing \$52.4 million or 86% of this amount, and telecommunications operation contributing \$8.7 million or 14% of the overall revenue. With the sale of the telecommunications business line, the budgeted revenue contribution projected in the adopted budget for fiscal year 2008-2009 for the Telecom Division will not occur, although there will be a contribution of about \$2,300,000, or ~25% of the adopted FY 2009 budget amount due to the sale date being mid-fiscal year.

The combined operating and non-operating expenses for fiscal year 2008-2009 are budgeted at \$60.3 million, or \$5.9 million higher than the previous year. The primary reasons for the operating budget increase is due to increased purchased power costs and reduced funds for stranded cost financing from the 2000AT COPs. General system additions and converting overhead facilities to underground facilities account for \$3.8 million of the budgeted capital expenditures for the electric system and \$0.3 million of the budgeted capital expenditures for the telecommunications business line. Purchased power expenditures, excluding netted amounts received from reserves and non-cash items, account for \$31.8 million or 68.9% of budgeted electric operating expenses. Programming expenditures, excluding netted amounts received from reserves and non-cash items, account for \$4.5 million or 54.0% of budgeted telecommunications operating expenses. Included in projected operating expenditures are cost-of-living increases for all employees based upon existing labor agreements, the decrease in budgeted staff from 119 to 118, projected increased costs for employee health and retirement benefits, and projected increased costs for workers' compensation insurance. The budget provides \$3.6 million of budgeted expenditures for a \$2.8 million transfer to the City and a \$0.8 million PILOT/ROI. With the sale of the telecommunications system, operating budgets will be reviewed during the 3rd and 4th quarters of the fiscal year.

The budget also assumes that no additional long-term debt will be needed except that related to vehicle purchases. More detailed information about Alameda P&T's long-term debt is presented in Note 6 to the Basic Financial Statements.

The budget anticipates that operating revenues, in conjunction with the existing reserves (See Notes 3 to the Basic Financial Statements) and available working capital, will provide for projected expenditures. Restricted reserves provided by the 2000A Certificates of Participation have been used for electric operations capital projects and construction funds are no longer being withdrawn. Special reserves for the underground special fund will provide funds for these capital expenditures. Restricted reserves provided by the 2000AT COPs will provide funds for our obligations to NCPA. There are restricted reserves provided by the 2004 Revenue Bond Anticipation Notes that will be used for payment of this bond's debt service. Working capital

will be provided by electric to the telecommunications business line for budgeted expenditures exceeding revenue and additional incomes.

Market Risk

Alameda P&T's primary risk exposure arises from fluctuations in both energy prices and interest rates. Alameda P&T manages energy price risks through its involvement with NCPA. NCPA has, in place, energy commodity risk management policies, processes and procedures to help mitigate fluctuations in energy prices. NCPA also monitors and manages credit risk with its trading counter parties. Alameda P&T's portion of risk exposure with NCPA trading counter parties is estimated to be approximately 2% of annual purchased power costs at present, and will decline as new resources come on line.

Alameda P&T is exposed to changes in interest rates primarily as a result of its borrowing and investing activities used for liquidity purposes and to fund business operations as well as finance capital expenditures. In 2002, a variable interest rate applicable to approximately two-thirds of the long-term debt was replaced by a swap agreement fixing the interest. During the fiscal year, there was an additional 1.5% interest rate placed upon the 2000AT COPs due to the market upset that occurred in the bond swap markets. All debt is now calculated using fixed interest rates.

Alameda P&T's cash and investments are recorded at a fair market value of \$49.605 million. Alameda P&T's investment policy limits investments to financial instruments that maximize the safety of principal (See Note 3 to the Basic Financial Statements).

Requests for Information

This financial report is designed to provide the Board, Alameda citizens, taxpayers, creditors and investors with a general overview of Alameda P&T's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Alameda Power & Telecom; Administrative Services Manager; 2000 Grand Street; Alameda, California 94501.

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CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
STATEMENTS OF NET ASSETS
JUNE 30, 2008 AND 2007

	2008			2007		
	Electric Services	Telecommunications Services	Combined	Electric Services	Telecommunications Services	Combined
ASSETS						
Noncurrent Assets:						
Capital Assets (Notes 2 & 14)	\$89,081,503	\$24,732,704	\$113,814,207	\$87,128,692	\$49,841,999	\$136,970,691
Accumulated Depreciation (Note 2)	(46,453,449)	(10,090,048)	(56,543,497)	(43,833,510)	(7,546,718)	(51,380,228)
Capital Assets, net (Notes 2 & 14)	42,628,054	14,642,656	57,270,710	43,295,182	42,295,281	85,590,463
Restricted Investments (Note 3)	11,640,468	1,990,747	13,631,215	15,606,810	4,064,494	19,671,304
Investments designated for special purposes (Note 3)	7,370,470		7,370,470	3,863,216		3,863,216
Share of certain NCPA projects and reserve (Note 9)	21,652,807		21,652,807	18,424,997		18,424,997
Long-term portion of notes receivable (Note 4)	145,300		145,300	206,527		206,527
Interfund advances (Notes 5 & 14)				43,616,313		43,616,313
Certificates of Participation issue costs, net of amortization	979,709		979,709	1,024,241	474,498	1,498,739
Prepaid leases	98,000		98,000	101,500		101,500
Management fee buyout (Notes 6 & 14)					5,544,000	5,544,000
Total Noncurrent Assets	84,514,808	16,633,403	101,148,211	126,138,786	52,378,273	178,517,059
Current Assets:						
Cash and equivalents (Note 3)	28,270,702	332,236	28,602,938	23,794,913	600	23,795,513
Interest receivable	172,836		172,836	189,000		189,000
Accounts receivable	3,548,076	661,419	4,209,495	3,928,539	713,158	4,641,697
Notes receivable, net of long-term portion above (Note 4)	45,250		45,250	59,033		59,033
Materials and supplies	2,944,529	1,508,594	4,453,123	1,843,335	1,638,823	3,482,158
Prepaid power costs and other	28,412		28,412	16,399		16,399
Total Current Assets	35,009,805	2,502,249	37,512,054	29,831,219	2,352,581	32,183,800
Total Assets	119,524,613	19,135,652	138,660,265	155,970,005	54,730,854	210,700,859
LIABILITIES						
Current Liabilities:						
Accounts payable and accrued payroll	1,451,899	630,967	2,082,866	1,175,407	587,863	1,763,270
Interest payable	264,548	1,933,239	2,197,787	264,732	1,633,379	1,898,111
Purchased power balancing account	15,345,618		15,345,618	15,345,618		15,345,618
Certificates of Participation and BANS (Note 6)		39,145,000	39,145,000		1,357,509	1,357,509
Loan from City of Alameda (Note 6)		2,200,000	2,200,000			
Capital lease	172,836		172,836			
Deposits	552,397		552,397	569,790	50	569,840
Other accrued liabilities	1,179,687	157,566	1,337,253	1,335,230	203,960	1,539,190
Compensated absences (Note 1C)	598,967		598,967	628,121		628,121
Total Current Liabilities	19,565,952	44,066,772	63,632,724	19,318,898	3,782,761	23,101,659
Long-term Liabilities:						
Certificates of Participation and BANS (Note 6)	39,045,000		39,045,000	39,045,000	37,942,491	76,987,491
Loan from City of Alameda (Note 6)					2,200,000	2,200,000
Interfund advances (Notes 5 & 14)					43,616,313	43,616,313
Total Long-term Liabilities	39,045,000		39,045,000	39,045,000	83,758,804	122,803,804
Total Liabilities	58,610,952	44,066,772	102,677,724	58,363,898	87,541,565	145,905,463
Net Assets (Note 12):						
Invested in Capital Assets, net of related debt	15,223,522	(24,711,597)	(9,488,075)	19,856,992	7,059,775	26,916,767
Unrestricted	45,690,139	(219,523)	45,470,616	77,749,115	(39,870,486)	37,878,629
Total Net Assets (Deficit)	\$60,913,661	(\$24,931,120)	\$35,982,541	\$97,606,107	(\$32,810,711)	\$64,795,396

See accompanying notes to financial statements

CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008			2007		
	Electric Services	Telecommunications Services	Combined	Electric Services	Telecommunications Services	Combined
Operating Revenues:						
Sales	\$49,140,906	\$8,284,830	\$57,425,736	\$48,928,815	\$7,823,920	\$56,752,735
Miscellaneous service	168,761	224,284	393,045	140,531	495,721	636,252
Total Operating Revenues	49,309,667	8,509,114	57,818,781	49,069,346	8,319,641	57,388,987
Operating Expenses:						
Purchased power	27,316,014		27,316,014	29,698,559		29,698,559
Programming		4,110,499	4,110,499		3,807,937	3,807,937
Energy efficiency	388,730		388,730			
Operations and maintenance	4,390,111	1,545,553	5,935,664	2,505,658	2,373,293	4,878,951
Customer accounts	1,441,537	665,330	2,106,867	1,631,542	728,502	2,360,044
Administrative and general	5,578,114	1,562,468	7,140,582	6,735,173	1,121,179	7,856,352
Payment in-lieu of taxes	761,592		761,592	745,702		745,702
Depreciation (Note 2)	3,020,056	2,543,331	5,563,387	3,074,509	2,422,341	5,496,850
Management fee amortization (Note 6)		462,000	462,000		462,000	462,000
Sales expense	443,652	366,896	810,548	365,444	371,476	736,920
Total Operating Expenses	43,339,806	11,256,077	54,595,883	44,756,587	11,286,728	56,043,315
Operating Income	5,969,861	(2,746,963)	3,222,898	4,312,759	(2,967,087)	1,345,672
Nonoperating Revenues (Expenses):						
Return on investments	1,488,521		1,488,521	1,006,842		1,006,842
Return on restricted investments	777,725	236,254	1,013,979	1,209,936	91,880	1,301,816
Debt related charges	(2,476,808)	(1,136,290)	(3,613,098)	(2,401,292)	(1,330,544)	(3,731,836)
Losses from disposition				(444,518)		(444,518)
Plant leased to others	172,767		172,767	72,060	28,506	100,566
Other revenue (deductions)	(366,558)	(40)	(366,598)	(521,751)	(25,811)	(547,562)
Increase in value of certain NCPA projects and reserves	3,227,810		3,227,810	2,226,928		2,226,928
Jobbing sales	392,298	7,278	399,576	709,065	25,365	734,430
Alameda Point Phone Maintenance-Net	48,020		48,020			
Miscellaneous non-operating income	190,231	535	190,766	96,770	5,000	101,770
Transfers to City of Alameda (Note 7)	(2,500,000)		(2,500,000)	(2,500,000)		(2,500,000)
Net Nonoperating Revenue (Expense)	954,006	(892,263)	61,743	(545,960)	(1,205,604)	(1,751,564)
Income (loss) before Extraordinary Items	6,923,867	(3,639,226)	3,284,641	3,766,799	(4,172,691)	(405,892)
Extraordinary Items (Note 14):						
Impairment of assets		(32,097,496)	(32,097,496)			
Transfers in		43,616,313	43,616,313			
Transfers (out)	(43,616,313)		(43,616,313)			
Net Extraordinary Items	(43,616,313)	11,518,817	(32,097,496)			
Change in Net Assets	(36,692,446)	7,879,591	(28,812,855)	3,766,799	(4,172,691)	(405,892)
Net assets (deficit), beginning of year	97,606,107	(32,810,711)	64,795,396	93,839,308	(28,638,020)	65,201,288
Net assets (deficit), end of year	\$60,913,661	(\$24,931,120)	\$35,982,541	\$97,606,107	(\$32,810,711)	\$64,795,396

See accompanying notes to financial statements

CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008			2007		
	Electric Services	Telecommunications Services	Combined	Electric Services	Telecommunications Services	Combined
Cash Flows from Operating Activities						
Receipts from customers	\$49,690,130	\$8,560,853	\$58,250,983	\$48,663,178	\$8,245,356	\$56,908,534
Payments to suppliers	(33,886,661)	(6,464,762)	(40,351,423)	(32,303,183)	(6,640,166)	(38,943,349)
Payments to employees	(7,252,423)	(1,651,322)	(8,903,745)	(7,110,174)	(1,753,284)	(8,863,458)
Cash Flows from Operating Activities	8,551,046	444,769	8,995,815	9,249,821	(148,094)	9,101,727
Cash Flows from Investing Activities						
Interest receipts	2,282,410	236,254	2,518,664	2,194,090	91,880	2,285,970
Loans receivable	75,010		75,010	58,728		58,728
Plant leased to others	172,767		172,767	72,060	28,506	100,566
Investments reserved for special purposes	(3,507,254)		(3,507,254)	433,999		433,999
Restricted investments	3,966,342	2,073,747	6,040,089	4,905,689	2,218,119	7,123,808
Cash Flows from Investing Activities	2,989,275	2,310,001	5,299,276	7,664,566	2,338,505	10,003,071
Cash Flows from Capital and Related Financing Activities						
Capital asset additions, net	(2,352,928)	(1,684,468)	(4,037,396)	(3,644,393)	(2,013,084)	(5,657,477)
Proceeds from sale of capital assets				840,530		840,530
Proceeds from capital lease	172,836		172,836			
Long term debt repayments		(155,000)	(155,000)			
Debt related charges	(2,384,440)	(583,666)	(2,968,106)	(2,356,760)	(700,000)	(3,056,760)
Cash Flows from Capital and Related Financing Activities	(4,564,532)	(2,423,134)	(6,987,666)	(5,160,623)	(2,713,084)	(7,873,707)
Cash Flows from Noncapital and Related Financing Activities						
Interfund cash inflow	43,616,313		43,616,313		522,673	522,673
Interfund cash outflow		(43,616,313)	(43,616,313)	(522,673)		(522,673)
Transfers to General Fund	(2,500,000)		(2,500,000)	(2,500,000)		(2,500,000)
Cash Flows from Noncapital and Related Financing Activities	41,116,313	(43,616,313)	(2,500,000)	(3,022,673)	522,673	(2,500,000)
Net Cash Flows before Extraordinary Items	48,092,102	(43,284,677)	4,807,425	8,731,091		8,731,091
Cash Flows from Extraordinary Items						
Transfers in (Note 14)		43,616,313	43,616,313			
Transfers (out) (Note 14)	(43,616,313)		(43,616,313)			
Net Cash Flows after Extraordinary Items	4,475,789	331,636	4,807,425			
Cash and equivalents at beginning of year	23,794,913	600	23,795,513	15,063,822	600	15,064,422
Cash and equivalents at end of year	\$28,270,702	\$332,236	\$28,602,938	\$23,794,913	\$600	\$23,795,513
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Adjustments to reconcile operating income to cash flows from operating activities:	\$5,969,861	(\$2,746,963)	\$3,222,898	\$4,312,759	(\$2,967,087)	\$1,345,672
Depreciation and amortization	3,020,056	3,005,331	6,025,387	3,074,509	2,884,341	5,958,850
Decrease (increase) in accounts receivable	380,463	51,739	432,202	(406,168)	(74,285)	(480,453)
Decrease (increase) in materials and supplies	(1,101,194)	130,229	(970,965)	(363,053)	141,634	(221,419)
Decrease (increase) in prepaids	(8,513)		(8,513)	7,734	12,186	19,920
Increase (decrease) in accounts payable and accrued payroll	276,492	43,104	319,596	190,902	(140,223)	50,679
Increase (decrease) in balancing account				1,969,418		1,969,418
Increase (decrease) in other accrued liabilities	(155,543)	(46,394)	(201,937)	(94,516)	(8,814)	(103,330)
Increase (decrease) in refundable deposits	(17,393)	(50)	(17,443)	76,391	(400)	75,991
Increase (decrease) in compensated absences	(29,154)		(29,154)	97,406		97,406
Miscellaneous non-operating income	582,529	7,813	590,342	805,835	30,365	836,200
Miscellaneous non-operating expenses	(366,558)	(40)	(366,598)	(421,396)	(25,811)	(447,207)
Cash Flows from Operating Activities	\$8,551,046	\$444,769	\$8,995,815	\$9,249,821	(\$148,094)	\$9,101,727
Noncash Investing, Capital & Financing Activities						
Impairment of assets (Note 14)		(\$32,097,496)	(\$32,097,496)			

See accompanying notes to financial statements

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CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

Alameda Power & Telecom (Alameda P&T) is a department of the City of Alameda (the City) that owns and operates the electric and telecommunication systems and provides these services to the businesses and residents of the City, Alameda Point (former Alameda Naval Air Station) and Coast Guard Island. Alameda P&T is under the policy control of the Public Utilities Board, (Board) as set forth in the City Charter. The Board consists of five members appointed by the City Council, one of who must be the City Manager, who may hold no office on the Board. The accompanying financial statements only reflect the activity of Alameda P&T as it does not have any component units. Alameda P&T is an integral part of the City and its financial statements are included in the basic financial statements of the City. In addition, Alameda P&T provides a financial benefit to the City as the City Charter provides that Alameda P&T transfer to the City's General Fund certain excess earnings as defined in the City Charter.

B. Basis of Presentation

Alameda P&T's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America (U.S.A.). The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

C. Basis of Accounting

Alameda P&T is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the financial position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of the private sector in which the purpose is to conserve and add to economic resources. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Alameda P&T follows those Financial Accounting Standard Board Statements issued on or before November 30, 1989 unless they conflict with the Governmental Accounting Standards Board Statements.

Joint Powers Authorities - Alameda P&T records its equity in the general operating reserve of the Northern California Power Agency (NCPA), and its net equity in those projects in which it participates, as discussed in Note 9. Alameda P&T's share of individual project obligations has been netted against its share of the related project assets, as reported by NCPA, because Alameda P&T does not actively manage these projects and does not expect to become directly liable for any of the obligations of these projects. Amounts paid to the Transmission Agency of Northern California (TANC) are expensed currently because Alameda P&T's estimated equity, if any, in TANC is not material, as discussed in Note 10. Amounts paid to the Local Agency Workers Compensation Excess Joint Powers Authority are charged currently to insurance expense, as discussed in Note 11.

Materials and Supplies are valued at average cost and are used primarily for internal purposes.

Maintenance and Repairs are charged to maintenance expense as incurred.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certificates of Participation Original Issue Premiums and Issuance Costs are capitalized and amortized over the life of the related certificates.

The Purchased Power Balancing Account is used by Alameda P&T to help stabilize earnings. Specifically, the balancing account accumulates differences between the actual cost of purchased power and the revenues designated for recovery of such costs. Deferred amounts are refunded to or recovered from customers through authorized rate adjustments. The effect of using the balancing account is that unanticipated changes in sales levels and purchased power costs do not immediately affect Alameda P&T's earnings because they are included in operating expenses as they are matched by revenues.

Deposits from Customers are required by Alameda P&T from commercial customers when they establish their account. Deposits from residential customers are not required unless they abuse their credit privileges. Significant customer deposits may be held in the form of certificates of deposit, in Alameda P&T's name with the interest paid to the customer.

Compensated Absences including accumulated unpaid vacation, sick pay and other employee benefits are accounted for as expenses in the year earned.

Changes in compensated absences payable consist of the following:

	<u>2008</u>	<u>2007</u>
Balance at beginning of fiscal year	\$628,121	\$530,715
Compensated absences earned	162,155	272,326
Compensated absences taken	<u>(191,309)</u>	<u>(174,920)</u>
Balance at end of fiscal year	<u><u>\$598,967</u></u>	<u><u>\$628,121</u></u>

Sales Revenues - Sales of electricity are recorded based on customer meter readings that are performed on a cycle basis throughout the month. Billings to customers are included in revenue in the period in which the meters are read. Unbilled amounts were not material at the fiscal year end. Sales of telecommunications services are recorded monthly in advance of services received.

D. Budgets and Budgetary Accounting

Alameda P&T follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The General Manager submits to the Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Ratepayer comments are solicited during regular Public Utilities Board meetings.
3. The budget is legally enacted through passage of a resolution.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. The General Manager is authorized to transfer budgeted amounts between divisions; however, any revisions that increase the total expenditures must be approved by the Board. Expenditures may not legally exceed budgeted appropriations at the fund level without Board approval. Unexpended appropriations lapse at year-end and must be reappropriated in the following year.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets are adopted on a basis consistent with generally accepted accounting principles, except that Alameda P&T budgets capital asset outlays as current year expenditures.

E. *Deferred Compensation Plan*

Alameda P&T's employees may defer a portion of their compensation under an Alameda P&T sponsored Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. Under this plan, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plan.

Alameda P&T's administrative agreements require plan assets to be held by a Trust for the exclusive benefit of plan participants and their beneficiaries. Since the assets held under these new plans are not Alameda P&T's property and are not subject to claims by general creditors of Alameda P&T, they have been excluded from these financial statements.

F. *Classification of Revenues*

Operating revenues consist mainly of electric and telecommunication services sales. Operating revenues are used to finance the cost of operations, including the cost of delivering and providing services, maintenance and recurring capital replacement. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

G. *Accumulated Deficit*

The Telecommunications Fund had an accumulated deficit of \$24,931,120 at June 30, 2008.

NOTE 2 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Alameda P&T capitalizes all assets with a historical cost of at least \$5,000 and a useful life of at least three years.

All capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 2 – CAPITAL ASSETS (Continued)

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. Alameda P&T has assigned the useful lives listed below to capital assets:

Plant and Buildings	30-50 years
Machinery and Equipment	10-40 years
Transportation Equipment	5-10 years
Computer Equipment	5 years
Furniture and Fixtures	25 years

Major outlays for capital assets and improvements are capitalized as projects are constructed.

With the sale of the telecommunications business line, there is an adjustment to the value of the utility plant reflecting the fact that the capital assets for the telecommunications business line are changing in use from one of service production to one of resale. See Note 14 for additional information.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 2 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance July 1, 2007	Additions & Adjustments	Retirements & Adjustments	Transfers	Balance June 30, 2008
Capital assets not being depreciated:					
Land and Rights	\$758,672				\$758,672
Construction Work in Progress	4,458,643	\$4,033,897		(\$7,091,996)	1,400,544
Total capital assets not being depreciated	<u>5,217,315</u>	<u>4,033,897</u>		<u>(7,091,996)</u>	<u>2,159,216</u>
Capital assets being depreciated:					
Utility Plant	109,296,995	6,237,677	(26,839,930)		88,694,742
Service Center Building	7,843,585	51			7,843,636
Machinery and Equipment	8,704,021	204,883			8,908,904
Transportation Equipment	2,177,077	372,064	(350,449)		2,198,692
Computer Equipment	3,131,850	277,321			3,409,171
Furniture and Fixtures	599,846				599,846
Total capital assets being depreciated	<u>131,753,374</u>	<u>7,091,996</u>	<u>(27,190,379)</u>		<u>111,654,991</u>
Less accumulated depreciation for:					
Utility Plant	39,508,125	4,469,244	(46,168)		43,931,201
Service Center Building	2,385,775	172,658			2,558,433
Machinery and Equipment	4,631,295	711,804			5,343,099
Transportation Equipment	1,567,813	109,572	(350,449)		1,326,936
Computer Equipment	2,954,556	76,777			3,031,333
Furniture and Fixtures	332,664	19,831			352,495
Total accumulated depreciation	<u>51,380,228</u>	<u>5,559,886</u>	<u>(396,617)</u>		<u>56,543,497</u>
Total depreciable assets	<u>80,373,146</u>	<u>1,532,110</u>	<u>(26,793,762)</u>		<u>55,111,494</u>
Business activity capital assets, net	<u>\$85,590,461</u>	<u>\$5,566,007</u>	<u>(\$26,793,762)</u>	<u>(\$7,091,996)</u>	<u>\$57,270,710</u>

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 2 – CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. Contributions are accounted for as revenues at the time the capital assets are contributed.

NOTE 3 - CASH AND INVESTMENTS

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of Alameda P&T's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in Alameda P&T's name and places Alameda P&T ahead of general creditors of the institution.

Alameda P&T and its fiscal agents invest in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. Individual investments are generally made by the Alameda P&T's fiscal agents as required under its debt issues.

Alameda P&T's investments are carried at fair value, as required by generally accepted accounting principles. Alameda P&T adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

For purposes of the statements of cash flows, Alameda P&T defines cash and equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition.

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of Alameda P&T debt instruments.

Cash and investments as of June 30, 2008 are as follows:

	<u>2008</u>	<u>2007</u>
Restricted investments	\$13,631,215	\$19,671,304
Investments designated for special purposes	7,370,470	3,863,216
Cash and equivalents	<u>28,602,938</u>	<u>23,795,513</u>
Total cash and investments	<u>\$49,604,623</u>	<u>\$47,330,033</u>

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. Investments Authorized by the California Government Code and Alameda P&T's Investment Policy

Alameda P&T's investment policy and the California Government Code allow Alameda P&T to invest in the following, provided the credit ratings of the issuers are acceptable to Alameda P&T, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the Alameda P&T's Investment Policy where Alameda P&T's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of Alameda P&T, rather than the general provisions of the California Government Code or Alameda P&T's investment policy.

Alameda P&T's investment policy and the California Government Code allow Alameda P&T to invest in the following:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
Local Agency Municipal Bonds	5 years	N/A	No Limit	No Limit
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
State of California Obligations	5 years	N/A	No Limit	No Limit
CA Local Agency Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Securities (A)	5 years	N/A	No Limit	No Limit
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 days	A1	25%	10%
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Repurchase Agreements	1 year	N/A	No Limit	No Limit
Reverse Repurchase Agreements (requires Board approval)	92 days	N/A	20 % of base value	No Limit
Medium Term Corporate Notes	5 years	Top three ratings categories	30%	No Limit
Mutual Funds	N/A	Top rating category	20%	10%
Money Market Mutual Funds	N/A	Top rating category	20%	10%
Collateralized Bank Deposits	N/A	N/A	No Limit	No Limit
Mortgage Pass-Through Securities	5 Years	Top rating category	20%	No Limit
County Pooled Investment Funds	N/A	N/A	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	\$40,000,000 per account	\$40,000,000 per account

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Loan Mortgage Corporation (FHLMC).

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Investments Authorized by Debt Agreements

Alameda P&T must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if Alameda P&T fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Alameda P&T's ordinance, bond indentures or State statute. The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	N/A	N/A	No Limit	No Limit
State Obligations	N/A	N/A	No Limit	No Limit
U.S. Agency Securities (A)	N/A	N/A	No Limit	No Limit
Commercial Paper	180 days	A	10%	No Limit
Certificates of Deposit	N/A	A-1	No Limit	No Limit
Bankers Acceptances	N/A	A-1	No Limit	No Limit
Money Market Mutual Funds	N/A	AA	No Limit	No Limit
Repurchase Agreements	30 days	A	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	\$40,000,000 per account	\$40,000,000 per account
Investment Agreements	N/A	AA-	No Limit	No Limit

(A) Securities issued by agencies of the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC).

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that Alameda P&T manages its exposure to interest rate risk is by purchasing a combination of shorter term 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.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of Alameda P&T's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of Alameda P&T's investments by maturity:

	12 Months or less	One to Five Years	Total
<i>Investments :</i>			
U.S. Bank Cash equivalents, mutual funds of U.S. Securities	\$4,035,461		\$4,035,461
Investment Agreement		\$7,617,148	7,617,148
U.S. Treasury Bond Stripped Principal Payment	959,364		959,364
U.S. Treasury Stripped Interest Payment	1,002,194		1,002,194
U.S. Treasury Notes	2,387,713		2,387,713
Money Market	162,476		162,476
Local Agency Investment Fund	22,422,998		22,422,998
Federal Agency Issue:			
Federal Home Loan Bank	2,894,838		2,894,838
Certificate of Deposits	6,545,792		6,545,792
	<hr/>	<hr/>	<hr/>
Total Investments	40,410,836	7,617,148	48,027,984
<i>Cash with Banks and Petty Cash</i>	1,576,639		1,576,639
	<hr/>	<hr/>	<hr/>
Total Cash and investments	\$41,987,475	\$7,617,148	\$49,604,623

Alameda P&T is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Alameda P&T reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2008, these investments had an average maturity of 212 days.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2008 for all the Money Market funds are AAA and Federal Agency Issues are AAA as provided by Standard and Poor's. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2008.

Investment Type	
<i>AAA:</i>	
U.S. Bank Cash equivalents, mutual funds of U.S. Securities	\$4,035,461
<i>Federal Agency Issue:</i>	
Federal Home Loan Bank	2,894,838
<i>AI+:</i>	
Certificate of Deposit (U.S. Bank)	3,300,102
<i>Not rated:</i>	
Certificate of Deposits (Morgan Stanley)	2,468,758
Certificate of Deposit (Bank of Alameda)	776,932
Money Market	162,476
Investment Agreement	7,617,148
Local Agency Investment Fund	22,422,998
<i>Exempt:</i>	
U.S. Treasury Notes	2,387,713
U.S. Treasury Bond Stripped Principal Payme	959,364
U.S. Treasury Stripped Interest Payment	1,002,194
Total Investments	\$48,027,984

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

G. Concentration of Credit Risk

Alameda P&T investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the Alameda P&T is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual Funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools. At June 30, 2008, those investments consisted of (dollars in thousands):

Issuer	Investment Type	Reported Amount
Federal Home Loan Bank	Federal Agency Securities	\$2,894,838

H. Restricted Investments

Restricted investments comprise the following:

	June 30	
	2008	2007
Restricted by Certificates of Participation Series 2000A Indenture	\$4,021,689	\$3,905,070
Restricted by Certificates of Participation Series 2000AT Indenture	7,618,779	11,701,740
Restricted by Revenue Bond Anticipation Notes Series 2004 Indenture	1,990,747	4,064,494
Total Restricted Investments	<u>\$13,631,215</u>	<u>\$19,671,304</u>

Restricted by Certificates of Participation Series 2000A Indenture represents investments held with a fiscal agent as required by the Certificates of Participation Series 2000A indenture. The funds held by the trustee are to be used for the costs of certain improvements to the electric system.

Restricted by Certificates of Participation Series 2000AT Indenture represents investments held with a fiscal agent as required by the Certificates of Participation Series 2000AT indenture. The funds held by the trustee are to be used for the defeasance of certain obligations with respect to the NCPA.

Restricted by Revenue Bond Anticipation Notes Series 2004 Indenture represents investments held with a fiscal agent as required by the Revenue Bond Anticipation 2004 indenture. The funds held by the trustee are to be used to finance and refinance the completion of the citywide hybrid fiber coaxial telecom system and to provide funds for the payment of capitalized interest on the Notes through their maturity date.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

I. Designated Investments

Investments designated for special purposes comprise the following:

	<u>2008</u>	<u>2007</u>
Insurance Reserve	\$1,200,000	\$1,200,000
Underground Special Fund	922,544	698,607
Major Contingency Reserve	1,000,612	1,000,612
Competitive Pricing Reserve	3,423,759	313,997
Operating Contingency Reserve	650,000	650,000
Solar PV Rebate Reserve	<u>173,555</u>	<u> </u>
Total Investments Designated for Special Purposes	<u>\$7,370,470</u>	<u>\$3,863,216</u>

Insurance Reserve represents a portion of the retained risk, or deductible amount under Alameda P&T's liability insurance policy, which is purchased independent of the City's overall insurance program.

Underground Special Fund represents the amount set aside for the funding of the conversion of overhead facilities to underground facilities.

Major Contingency Reserve represents the amount set aside to cover Alameda P&T's exposure to possible failure of any element of its Transmission System or any other contingencies which would affect the economic viability of Alameda P&T.

Competitive Pricing Reserve represents the amount set aside to keep Alameda P&T rates as low as possible during changing economic conditions.

Operating Contingency Reserve represents the amount set aside for emergency operations.

Solar PV Rebate represents the amount set aside for the new solar rebate program.

J. Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

Alameda P&T's investments include a Federal Home Loan Bank investment of \$1,748,355 with a maturity date of June 24, 2009. This investment has an embedded call feature, and is callable on September 24, 2008.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 4 - NOTES RECEIVABLE

Notes receivable consisted of the following at June 30:

	<u>2008</u>	<u>2007</u>
City of Alameda:		
Streetlight Improvement	\$185,300	\$225,300
Underground Streetlights		18,662
Historic Pole Replacement		11,098
Telecommunications	5,250	10,500
Less: Current Portion	<u>(45,250)</u>	<u>(59,033)</u>
Long-Term Portion of Notes Receivable	<u>\$145,300</u>	<u>\$206,527</u>

The City entered into a loan agreement with Alameda P&T for the replacement of deteriorated street lights. Through June 30, 2007, Alameda P&T had expended \$627,300 for street light replacement and the City had made payments of \$402,000. Annual installments of \$40,000 are scheduled until the loan is repaid. At June 30, 2008 the outstanding balance was \$185,300.

The City entered into a loan agreement with Alameda P&T for \$79,000 to underground streetlights owned by the City's Underground Districts #21 and #16 and maintained by the City's Public Works Department. The loan carries an interest rate of 2% and is to be repaid in annual installments through fiscal year 2009. At June 30, 2008 the remaining balance has been repaid.

In April 2003, the City reached an agreement with Alameda P&T to study the best method to replace historic streetlight poles. The original agreement was for a \$70,000 loan to be paid back over ten years. However, on August 17, 2004, the street lights were transferred to Alameda P&T after incurring study related costs of \$36,868. The loan principal was reduced by \$34,089 to reflect only the costs incurred prior to the transfer. The City agreed to pay annual payments ranging from \$3,116 to \$8,160 through July 1, 2012. Annual loan payments include interest at the rate of 2.89%. At June 30, 2008 the remaining balance has been repaid.

The City entered into a loan agreement with Alameda P& T in April 2005 for \$21,000 to provide the City's Recreation and Parks Department's new facility at 2226 Santa Clara Avenue with telecommunications capabilities. The loan is to be repaid over four years with equal installments of \$5,250 and has a zero percent interest rate. The second payment was made July 17, 2006. At June 30, 2008 the outstanding balance was \$5,250.

NOTE 5 – INTERFUND ADVANCES

As of June 30, 2008, the Electric Services Fund had advanced a total of \$43,616,313 to the Telecommunications Services Fund to finance the expansion and operations of the telecommunication services. The advance was charged simple interest at 4%. Repayment was to commence within twenty years from the recording date of each advance installment and was to be paid in ten equal annual installments. The first payment was scheduled for fiscal year 2020. See Note 14 for subsequent event.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 6 – LONG-TERM DEBT

A. Composition and Changes

Alameda P&T generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. Alameda P&T's debt issues and transactions are summarized below and discussed in detail thereafter.

Long-term debt activity for the year ended June 30, 2008 is as follows:

	Original Issue Amount	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Current Portion
Electric System Revenue Taxable COPs, Series 2000AT	\$29,500,000	\$29,500,000			\$29,500,000	
Electric System Revenue COPs, Series 2000A	9,545,000	9,545,000			9,545,000	
Telecom System Revenue Taxable COPs, Series 2002A	6,300,000	6,300,000		\$155,000	6,145,000	\$6,145,000
Telecom System Revenue Bond Anticipation Notes, Series 2004	33,000,000	33,000,000			33,000,000	33,000,000
2008 Truck (Altel Model AM-55) - Capital Lease	176,295		\$176,295	3,459	172,836	\$17,707
Loan from City of Alameda	2,200,000	2,200,000			2,200,000	2,200,000
Total long-term debt		<u>\$80,545,000</u>	<u>\$176,295</u>	<u>\$158,459</u>	<u>\$80,562,836</u>	<u>\$41,362,707</u>

B. Description of Long-Term Debt Issues

Electric System Revenue Taxable Certificates of Participation, Series 2000AT -- On April 6, 2000, Alameda P&T issued \$29,500,000 of Certificates of Participation, Series 2000AT. Proceeds were used to refinance certain obligations of the Electric System with respect to NCPA. The Series 2000AT matures semi-annually through July 1, 2030 with annual principal debt service commencing on July 1, 2011. The certificates bear interest at an auction rate fluctuating around the one-month LIBOR rate. On July 24, 2001, Alameda P&T entered into a Swap agreement with UBS Warburg to establish a set interest rate of 6.23% on the certificates. Interest amounts are payable monthly. The auction rate market disruptions have resulted in Alameda P&T paying an additional 1.5% interest on the certificates since February, 2008. All principal and interest payments are to be made from Alameda P&T's operating revenues and are secured by a pledge of these revenues.

Electric System Revenue Certificates of Participation, Series 2000A -- On April 1, 2000, Alameda P&T issued \$9,545,000 of Electric System Revenue Certificates of Participation, Series 2000A bearing interest at 5% to 5.75%. Proceeds were used to defease the remaining outstanding 1992 Certificates of Participation, finance certain electric system improvements, and pay cost of delivery of the 2000A Certificates. The Series 2000A Certificates of Participation mature annually through July 1, 2030. Principal amounts are payable annually July 1 commencing 2011. Interest amounts are payable semiannually on January 1 and July 1.

Alameda P&T is required to maintain amounts of cash and investments with trustees or fiscal agents under the terms of the Series 2000A Certificates of Participation, as discussed at Note 3.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 6 – LONG-TERM DEBT (Continued)

The continuing disclosure agreement required notification that work related to the acquisition, construction and installation of the Electric System improvements projects provided for by this financing began in fiscal year 2001.

Telecom System Revenue Taxable Certificates of Participation, Series 2002A -- Alameda P&T purchased VECTREN Communications Services, Inc.'s (VCS) right to operate the telecommunications system and to receive any Management fee for the purchase price of \$6,300,000 under an installment sale agreement in which periodic payments of principal and interest will be paid to VCS. Simple interest shall accrue at the rate of 5% per annum of the purchase price from the effective date of the agreement, which is June 28, 2002. Subject to the availability of telecommunications system net revenues, Alameda Power & Telecom will repay this obligation with periodic payments; however, these payments will only be made to the extent the telecommunications system generated 'Net Revenues' as defined in the 2004 Agreements (which defined terms include sale proceeds). Since the telecommunications system did not generate 'Net Revenues' in 2003, 2004, 2005, 2006 and 2007, no such payments were made to Vectren. The net revenues available, and paid, for the payment due in May 2008 was \$38,665.64. As a result of insufficient net revenues, the Telecommunications Division accrued \$183,526 of additional interest payable in fiscal year 2008. The purchase price is amortized over 15 years and an amortization expense of \$462,000 was recorded in fiscal year 2008. As a result of the subsequent sale of the telecommunications system, there will no longer be telecommunications system net revenues available for future payments (see Note 14).

Telecom System Revenue Bond Anticipation Notes, Series 2004 -- On April 8, 2004, Alameda P&T issued \$33,000,000 of Revenue Bond Anticipation Notes. Proceeds were used to pay the balance of the Certificates of Participation 2000B, to finance additional costs of the construction, equipping and improvement of the Telecom System and to establish a reserve to pay capitalized interest on the Notes through their maturity dates. The Notes mature on June 1, 2009. The Notes bear interest at 7% and interest payments are made semi-annually on December 1 and June 1 from funds provided by the capitalized interest reserve. Principal on the Notes was payable at maturity only from available telecommunications system net revenues, including the proceeds of a sale of the telecommunications system, or from refinancing of the obligation. As a result of the subsequent sale of the telecommunications system, there will no longer be telecommunications system net revenues available for future payments (see Note 14).

Loan from City of Alameda -- On December 16, 2003, at the request of the Public Utilities Board, the Alameda City Council authorized a loan of \$2,200,000 to Alameda P&T for the purpose of construction of the hybrid fiber-optic/coaxial telecom system. The loan is interest free and is due on June 1, 2009.

Capital Lease Obligation -- On June 1, 2008, Alameda P&T entered into a long-term contract for the lease of a vehicle for maintenance operations use. Total cost of the vehicle was \$176,295 and is due in monthly principal and interest installments of \$2,533 through June, 2015.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 6 – LONG-TERM DEBT (Continued)

C. Debt Service Requirements

Annual debt service requirements are as follows:

For the Year Ending June 30	Principal	Interest
2009	\$41,362,707	\$5,021,935
2010	22,332	2,397,341
2011	23,591	2,397,342
2012	999,920	3,314,981
2013	1,116,325	3,365,351
2014-2018	6,454,705	16,586,385
2019-2023	8,915,000	16,657,355
2024-2028	12,205,000	16,688,783
2029-2031	9,465,000	10,067,856
Total	<u>\$80,564,569</u>	<u>\$76,497,329</u>

NOTE 7 - TRANSACTIONS WITH THE CITY OF ALAMEDA

The City Charter provides that Alameda P&T transfer to the City's General Fund certain excess earnings as defined in the Charter. In accordance with these provisions, Alameda P&T contributed \$2,500,000 to the City's General Fund during the year ended June 30, 2008 and \$2,500,000 during the year ended June 30, 2007. This amount represented excess earnings from the Electric Division and not from the Telecommunications Division.

Billings of electricity to the City for the years ended June 30, 2008 and 2007 were \$2,045,454 and \$1,974,668, respectively. Billings to the City for other services provided by Alameda P&T for the years ended June 30, 2008 and 2007 were \$195,123 and \$196,601, respectively.

Disbursements by Alameda P&T to the City for services provided by the City for the years ended June 30, 2008 and 2007 were \$3,438,070 and \$2,500,586, respectively. Utility taxes collected by Alameda P&T and remitted to the City for the years ended June 30, 2008 and 2007 were \$3,455,496 and \$3,424,373, respectively.

Alameda P&T pays the City an annual amount equal to one percent of the net book value of Alameda P&T's utility plant in service at the previous fiscal year end. Alameda P&T paid \$760,592 and \$745,702 in lieu of taxes to the City during the fiscal years ended June 30, 2008 and 2007.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 8 – PERS PENSION PLAN

A. CALPERS Safety and Miscellaneous Employees Plans

Substantially all City employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2008, are summarized as follows:

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	55
Monthly benefits, as a % of annual salary	3.000%	2.000%
Required employee contribution rates	9.000%	7.000%
Required employer contribution rates	29.972%	12.588%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 8.25% is assumed, including inflation at 3.5%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 8 - PENSION PLANS (Continued)

The Plans' actuarial value (which differs from market value) and funding progress over the most recently available past three years is set forth below at their actuarial valuation date of June 30:

Safety Plan:

Actuarial						Unfunded (Overfunded)
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Liability as % of Payroll
2004	\$198,572,604	\$150,663,110	\$47,909,494	75.9%	\$20,542,771	233.2%
2005	213,699,436	163,233,739	50,465,697	76.4%	21,213,748	237.9%
2006	228,039,491	176,569,200	51,470,291	77.4%	21,904,057	235.0%

Miscellaneous Plan:

Actuarial						Unfunded (Overfunded)
Valuation Date	Entry Age Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Liability as % of Payroll
2004	\$143,447,821	\$127,047,861	\$16,399,960	88.6%	\$32,848,338	49.9%
2005	154,416,758	137,051,641	17,365,117	88.8%	31,220,941	55.6%
2006	166,354,514	148,421,494	17,933,020	89.2%	30,099,641	59.6%

Audited annual financial statements are available from CALPERS at PO Box 942709, Sacramento, CA 94229-2709.

PERS has reported that the value of the net assets in the Plan held for pension benefits changed as follows during the year ended June 30, 2006, the most recently available information:

Actuarially required contributions for fiscal years 2008, 2007, and 2006 were \$10,940,032, \$10,513,857, \$11,569,361. The City made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

B. Other Retirement System

Effective September 1, 2001, the City adopted a Money Purchase Plan for a limited group of employees and appointees as a part of the City Retirement Program, which includes the Housing Authority and Alameda P&T. The employees include all department directors. The appointees include the City Clerk and the City Attorney. Under the Money Purchase Plan, the employer contributes 1% of the individual's salary and the employee contributes a mandatory 2% of his or her salary. This plan is qualified under Section 401(a) of the Internal Revenue Code. Each participant has a plan account to which contributions are made. Plan benefits are based on the total amount of money in the account at retirement. Since the assets held under these plans are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 9 - NORTHERN CALIFORNIA POWER AGENCY (NCPA)

A. General

Alameda P&T participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of Alameda P&T and the other participating entities unless assumed by them.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence by member agencies beyond their representation on the board.

The JPAs are discussed in this note and in Note 10.

Alameda P&T is a member of NCPA, a joint powers agency which operates under a joint powers agreement among 18 public agencies. The purpose of NCPA is to use the combined strength of its members to purchase, generate, sell and interchange electric energy and capacity through the acquisition and use of electrical generation and transmission facilities, and to optimize the use of those facilities and the member's position in the industry. Each agency member has agreed to fund a pro rata share of certain assessments by NCPA and certain members have entered into take-or-pay power supply contracts with NCPA. While NCPA is governed by its members, none of its obligations are those of its members unless expressly assumed by them.

Amounts paid by Alameda P&T to NCPA during the years ended June 30, 2008 and 2007 for purchased power were \$27,316,014 and \$27,729,141, respectively. Amounts paid reflect that NCPA invoiced amounts include payments received by NCPA from the Certificates of Participation 2000AT trustee for Alameda P&T's costs.

Alameda P&T receives no income from NCPA, and does not participate in all of its projects. Further, NCPA does not measure or determine Alameda P&T's equity in NCPA as a whole. NCPA reports only Alameda P&T's share of its General Operating Reserve, comprised of cash and investments, and Alameda P&T's share of those projects in which Alameda P&T is a participant. These amounts are reflected in the financial statements as share of Certain NCPA Projects and Reserve.

Effective July 1, 1998, Alameda P&T restated its Retained Earnings to include its share in NCPA projects and reserve, and its Statement of Revenues and Expenses to include the effects of changes in its share in NCPA projects and reserve. These changes are set forth below:

	<u>Fiscal Year Ended June 30</u>	
	<u>2008</u>	<u>2007</u>
Beginning balance	\$18,424,997	\$16,198,069
Increase in equity in NCPA projects	<u>3,227,810</u>	<u>2,226,928</u>
Ending balance	<u><u>\$21,652,807</u></u>	<u><u>\$18,424,997</u></u>

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 9 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

Alameda P&T's interest in NCPA Projects and Reserve, as computed by NCPA, is set forth below.

	June 30	
	2008	2007
General Operating Reserve	\$ 18,172,110	\$15,915,878
Associated Member Services	297,361	285,497
Net book value of amounts contributed to fund		
Alameda P&T's share of NCPA power projects:		
Geothermal Projects/Power Line	2,288,434	1,255,049
Calaveras Hydroelectric Project	631,003	891,334
Combustion Turbine Project No. 1	193,808	7,416
Combustion Turbine Project No. 2	70,091	69,823
	\$ 21,652,807	\$18,424,997

The General Operating Reserve represents Alameda P&T's portion of funds which resulted from the settlement in prior years of issues with financial consequences and reconciliations of several prior years' budgets for programs. These funds are available on demand and earn interest, but Alameda P&T has left them with NCPA as a reserve against contingencies identified by NCPA.

Members of NCPA may participate in an individual project of NCPA without obligation for any other project. Member assessments collected for one project may not be used to finance other projects of NCPA without the member's permission.

B. *Projects in which Alameda P&T is a Participant*

Geothermal Projects

A purchased power agreement with NCPA obligates Alameda P&T for 17.05407% of the debt service for two NCPA 110-megawatt geothermal steam powered generating plants, Plant Number 1 and Plant Number 2 located in the Geysers area in Northern California. Alameda P&T is obligated to pay 16.8825% of the operating costs of both plants.

NCPA has continued to monitor the geothermal steam production wells while pursuing alternatives for improving and extending steam field reservoir performance, including supplemental water reinjection, plant equipment modifications, and changes in operating methodology. NCPA, along with other steam field operators, has observed a substantial increase in steam production in the vicinity of reinjection wells and has evaluated a number of alternatives to increase water reinjection at strategic locations. NCPA, together with other steam developers and the Lake County Sanitation District, has completed the construction of a wastewater pipeline project that greatly increased the amount of water available for reinjection.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 9 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

In January 1996, NCPA issued \$167,940,000 (1996 Refunding Series B), and \$5,420,000 (1996 Taxable Series C) in variable rate revenue bonds, the proceeds of which were used to refund a portion of the 1987 Refunding Series A Revenue Bonds. In August 1998, NCPA remarketed \$121,590,000 (1996 Refunding Series A) of revenue bonds changing the interest rate from a weekly interest rate to a long-term rate. Alameda P&T is obligated to pay its contractual share of the debt until it is fully satisfied, regardless of resulting cost or availability of energy. At June 30, 2008, the book value of this Project's plant, equipment and other assets was \$125,495,074 while its long-term debt totaled \$76,903,557 and other liabilities totaled \$7,283,364. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$14,357,321 at that date.

Based on an internal assessment of the melded costs of power from the Geothermal Project and all other resources available to the members, NCPA believes its members will continue to be able to operate their electric utilities on a competitive basis, while meeting all electric system obligations including those to NCPA.

Geothermal Public Power Line

In 1983, NCPA, Sacramento Municipal Utility District, the City of Santa Clara and the Modesto Irrigation District (joint owners) initiated studies for a Geothermal Public Power Line (GPPL) which would carry power generated at several existing and planned geothermal plants in the Geysers area to a location where the joint owners could receive it for transmission to their load centers. NCPA has an 18.5% share of this Project and Alameda P&T has a 30.359% participation in NCPA's share. In 1989, the development of the proposed Geothermal Public Power Line was discontinued because NCPA was able to contract for sufficient transmission capacity to meet its needs in the Geysers. However, because the project financing provided funding for an ownership interest in a PG&E transmission line, a central dispatch facility and a performance bond pursuant to an Interconnection Agreement with PG&E, as well as an ownership interest in the proposed GPPL, NCPA issued \$16,000,000 in long-term, fixed-rate revenue bonds in November 1989 to defease the remaining variable rate refunding bonds used to refinance this project. In December 1998, NCPA issued \$9,920,000 in fixed rate revenue bonds, the proceeds of which were used to refund outstanding transmission project revenue bonds and to pay costs of issuance of the debt. Alameda P&T is obligated to pay its 30.359% share of the related debt service, but debt service costs are covered through NCPA billing mechanisms that allocate the costs to members based on use of the facilities and services.

At June 30, 2008, the book value of this Project's plant, equipment and other assets was \$2,562,599 while its long-term debt totaled \$1,714,034, and other liabilities totaled \$848,570. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$777,981 at that date.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 9 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

Calaveras Hydroelectric Project

In July 1981, NCPA agreed with Calaveras County Water District to purchase the output of the North Fork Stanislaus River Hydroelectric Development Project, during the initial 50-year Federal Energy Regulatory Commission license period, and to finance its construction. Debt service payments to NCPA began in February 1990 when the project was declared substantially complete and power was delivered to the participants. In April 2002, NCPA issued \$86,620,000 (2002 Refunding Series A for \$43,310,000 and 2002 Refunding Series B for \$43,310,000) in variable rate demand bonds for the purpose of providing funds, together with available funds, to refund a portion of the bonds issued in 1992 in order to realize debt service savings. In March 2003, NCPA issued \$55,040,000 (2003 Refunding Series A for \$49,130,000 and 2003 Refunding Series B for \$5,910,000) in variable rate demand bonds for the purpose of providing funds, together with other available moneys, to refund a portion of NCPA's outstanding Hydroelectric Project Number One Revenue Bonds, 1993 Refunding Series A, in order to realize debt service savings. Under its power purchase agreement with NCPA, Alameda P&T is obligated to pay 10% of this Project's debt service and operating costs. At June 30, 2008, the book value of this Project's plant, equipment and other assets was \$505,026,397 while its long-term debt totaled \$468,727,669 and other liabilities totaled \$26,426,485. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$49,515,415 at that date.

Combustion Turbine Project No. 1

In October 1984, NCPA financed a five-unit, 125-megawatt combustion turbine project. The project, built in three member cities including Alameda, began full commercial operation in June 1986, providing reserve and peaking power. In December 1989, NCPA issued \$68,958,257 in fixed rate revenue bonds, the proceeds of which were used to defease the bonds then outstanding. In December 1998, NCPA issued \$43,165,000 in fixed rate revenue bonds, the proceeds of which were used to refund outstanding revenue bonds and to pay costs of issuance of the debt. Under the NCPA power purchase agreement, Alameda P&T is obligated to pay 13.092% of this Project's debt service and operating costs. At June 30, 2008, the book value of this Project's plant, equipment and other assets was \$15,509,751 while its long-term debt totaled \$7,959,793, and other liabilities totaled \$4,231,677. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$1,596,107 at that date.

Combustion Turbine Project No. 2 (Steam Injected Gas Turbine Project)

Alameda P&T is a participant in a 49.8 megawatt Steam Injected Gas Turbine project which was built under turnkey contract near the City of Lodi and declared substantially complete on April 23, 1996. In October 1992, NCPA issued \$152,320,000 of Multiple Capital Facilities Revenue Bonds to finance this project, a similar project for the Turlock Irrigation District in Ceres, and Lodi system facilities. In January 1999, NCPA issued \$67,875,000 in fixed rate revenue bonds to refund a portion of outstanding Capital Facilities Bonds and to pay debt service (consisting of interest only) on the 1999 Bonds through August 1, 2002 and a portion of the interest due on the 1999 Bonds on February 1, 2003, and to pay costs of the issuance of the debt. Under the NCPA power purchase agreement, Alameda P&T is obligated to pay 19.00% of the debt service and operating costs for the Lodi unit.

Alameda P&T's participation in procurement of natural gas for fuel for existing and new combustion turbine units was approved in 1993. Although there is currently no additional debt financing, Alameda P&T and NCPA have committed to long-term payments for gas transmission pipeline capacity, and entered a purchase contract for natural gas. Alameda P&T is obligated to pay 19.0%.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 9 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

At June 30, 2008, the book value of this Project's plant, equipment and other assets was \$66,790,121 while its long-term debt totaled \$63,390,629 and other liabilities totaled \$2,738,703. Alameda P&T's share of the Project's long-term debt and other liabilities amounted to \$12,564,573 at that date.

Graeagle Hydroelectric Project

Alameda P&T's participation in this small hydroelectric project was approved in 1993. Although this project does not involve any financing, it does involve a long-term contractual commitment to purchase the power produced by the project. Alameda P& T receives 50% of the power from this small hydroelectric project.

Western Geo Power

In May 2008, NCPA entered into a power purchase agreement with Western Geo Power, Inc. for the supply of clean, renewable power for 20 years. The power will come from Western Geo Power's 35 MW geothermal power plant which is scheduled to come online in early 2010 at the Geysers geothermal field in northern California. Alameda P&T's share of the project is 5.95%.

Western Area Power Administration

Alameda P&T has an allocation of power from the Federal Central Valley Project generating resources contracted through the U.S. Department of Energy's Western Area Power Administration. This allocation has been temporarily assigned to NCPA for scheduling and delivery to Alameda P&T.

Other Power Purchase Agreements

Alameda P&T has also entered into a number of other power purchase agreements which are scheduled by or through NCPA.

• ***Morgan Stanley Power Purchase Contract***

In April 2002, Alameda P&T entered into a contract with Morgan Stanley Capital Group (MSCG) for the delivery of power. From January 1 through March 31 and from October 1 through December 31 during each of the calendar years 2005-2014 MSCG has agreed to deliver 15 megawatts of power 24-hours per day.

• ***Highwinds Project Power Purchase***

In December 2004, Alameda P&T entered into a long-term power purchase agreement with PPM Energy, Inc. for power supplied by the Highwinds Project in Solano County, California. Alameda P&T will receive 6.17% of the output of the 162 megawatt project (nameplate rating) or 10 megawatts until June 30, 2028.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 9 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

• *Landfill Gas Projects Power Purchase*

Since 2004, Alameda P&T has entered into five long-term power purchase agreements for power supplied by multiple existing and proposed generating facilities. These facilities utilize combustible gaseous emissions from landfills, located in or near the San Francisco Bay area to create power. Alameda P&T began receiving nearly 4 megawatts of base-load power from the first 2 facilities in early 2006. An additional 7 megawatts of base-load output from the 2 facilities under construction is expected to begin when they become operational by early 2009. The fifth agreement was recently executed for a new project proposed for northern California.

California Electric Industry Restructuring

In September 1996, the California State legislature signed into law Assembly Bill 1890 (AB 1890) deregulating the electric power supply market and restructuring the electric power industry in California. While the majority of the legislation was directed at investor-owned utilities (IOUs), Alameda P&T and other California publicly owned utilities were greatly affected by the restructuring of markets and the ensuing wild fluctuations in prices that resulted from a deficiency in generating capacity and an immature and flawed market structure.

Because Alameda P&T has its own generating resources and is not dependent on the wholesale market to purchase power, it was not negatively impacted by these price swings.

Proposals by the California Independent System Operator to redesign the wholesale electricity market in California are now under development, and in some cases being implemented. These proposals contain their own set of risks and uncertainties for Alameda P&T and the other NCPA members.

NCPA plays an active role in protecting members' contractual rights in Federal Energy Regulatory Commission (FERC), California Public Utilities Commission (CPUC), and other legislative/regulatory proceedings. Priorities related to industry restructuring include the preservation of local control authority for publicly owned utilities, assuring open and fair access to wholesale markets and the transmission grid, and maintaining members' preference access to power from the Central Valley Project and Western Area Power Administration.

NCPA Financial Information

NCPA's financial statements can be obtained from NCPA, 651 Commerce Drive, Roseville, CA 95678.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 10 – TRANSMISSION AGENCY OF NORTHERN CALIFORNIA (TANC)

Alameda P&T is a member of a joint powers agreement with fourteen other entities in TANC. TANC's purpose is to provide electrical transmission or other facilities for the use of its members. While governed by its members, none of TANC's obligations are those of its members unless expressly assumed by them. Alameda P&T is obligated to pay 1.333% of TANC's debt-service and operating costs related to the California-Oregon Transmission Project (COTP) and 1.6424% of the tax exempt portion of the commercial paper program. Alameda P&T is also obligated to pay for a portion of the debt associated with the South of Tesla transmission which is provided under an agreement between TANC and Pacific Gas & Electric Company.

According to the 1985 Project Agreement with TANC for the development of the COTP and subsequent related project agreements, Alameda P&T is obligated to pay its share of the project's costs, including debt service and is entitled to the use of a percentage of the project's transmission or transfer capacity. TANC has issued Revenue Bonds for \$357,030,000 and Tax Exempt Commercial Paper notes for \$40,270,000 as of June 30, 2008. Alameda P&T's share of this debt is \$4,759,210 and \$661,393 respectively.

TANC Financial Information

TANC's financial statements can be obtained from TANC, P.O. Box 15129, Sacramento, CA 95851.

NOTE 11 - RISK MANAGEMENT

Alameda P&T, as a component unit of the City, is included in the City's risk management program. The City manages risk by participating in the public entity risk pool described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of this risk pool are not Alameda P&T's or the City's responsibility.

Alameda P&T has not significantly reduced its insurance coverage from the prior year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

A. *Risk Coverage*

The City is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which covers workers' compensation claims up to \$1,000,000 and provides additional coverage up to statutory limits. The City has a deductible or uninsured liability of up to \$250,000 per claim. During the fiscal year ended June 30, 2008, Alameda P&T contributed \$113,103 for current year coverage.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 11 - RISK MANAGEMENT (Continued)

Alameda P&T has purchased commercial insurance against general liability claims.

The following types of loss risks are covered by the above authority under the terms of their respective joint-powers agreements and through commercial insurance policies as follows:

Type of Coverage	Coverage Limits
Excess General Liability	\$35,000,000
Auto - Physical damage	Actual Cash Value
Workers' Compensation	Statutory
Boiler & Machinery	Replacement Cost
Computer Software	5,320,000
Property	300,000,000
Terrorism	35,000,000

Financial statements for the risk pool may be obtained from LAWCX, c/o Bickmore & Associates, 6371 Auburn Boulevard, Citrus Heights, CA 95621.

B. Workers' Compensation Claims Payable

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed above, Alameda P&T has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The change in workers' compensation claims liability, including claims incurred but not reported as estimated by the City's Risk Manager, is based on historical trend information provided by its third party administrators and was computed as follows at June 30:

	2008	2007
Beginning balance	\$973,915	\$1,079,088
Change in liability for current and prior fiscal year claims	409,248	284,169
Payments made on claims	(269,618)	(389,342)
Ending balance	<u>\$1,113,545</u>	<u>\$973,915</u>

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 12 - NET ASSETS

A. Net Assets

Net Assets is the excess of all Alameda P&T's assets over all its liabilities, regardless of fund. Net Assets are divided into the captions below:

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of Alameda P&T's capital assets, less the outstanding balance of any debt issued to finance these assets.

Invested in NCPA projects and reserve describes the portion of Net Assets which is represented by the current net book value of Alameda P&T's investment in NCPA.

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which Alameda P&T cannot unilaterally alter.

Unrestricted describes the portion of Net Assets which is not restricted to use.

B. Designations

Designations are imposed by the Board to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action.

Unrestricted net assets consists of the following at June 30:

	<u>2008</u>	<u>2007</u>
Designated for investment in NCPA projects and reserves	\$21,652,807	\$18,424,997
Designated for special purposes	7,370,470	3,863,216
Undesignated	<u>16,447,339</u>	<u>15,590,416</u>
Total Unrestricted	<u>\$45,470,616</u>	<u>\$37,878,629</u>

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 13 – COMMITMENT AND CONTINGENT LIABILITIES

A. *Take -or- Pay Agreements*

Under the terms of its NCPA and TANC joint venture agreements, Alameda P&T is liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements, as discussed in Note 9. Alameda P&T's estimated share of such debt outstanding at June 30, 2008 was \$84,232,000. Under certain circumstances, Alameda P&T may also be responsible for a portion of the costs of operating these entities. Under certain circumstances, such as default or bankruptcy of other participants, Alameda P&T may also be liable to pay a portion of the debt of these joint ventures on behalf of the other participants. These "step up" provisions are generally capped at a 25 percent increase.

Alameda P&T is a defendant in a number of lawsuits which have arisen in the normal course of business. While substantial damages are alleged in some of these actions, the outcome of these actions cannot be predicted with certainty. In the opinion of the City Attorney, the outcome of these actions will not have a material adverse effect on the financial position of Alameda P&T.

B. *Franchise Agreement*

On August 18, 2004, City of Alameda Ordinance No. 2930 granted a five-year extension of non-exclusive cable communication franchise to Alameda P&T. See Note 14 for discussion on the future operations of the Telecommunications Division.

C. *Lease Agreement with Alameda Reuse and Redevelopment Authority*

In June 2007, Alameda P&T entered into two lease agreements with the Alameda Reuse and Redevelopment Authority. The lease terms for each agreement are for two years beginning June 1, 2007 and expiring on May 30, 2009. Alameda P&T will occupy the premises for minimum monthly payments of \$1,053 and \$10,780 respectively.

NOTE 14 – SUBSEQUENT EVENT AND EXTRAORDINARY ITEMS

The Public Utilities Board recommended and City Council directed at its November 18, 2008 meeting that the telecommunication system be sold effective November 21, 2008 at a price significantly less than the aggregate carrying values of the Telecommunication Division's assets. While the authorization to sell the telecommunication system did not occur prior to the fiscal year end, generally accepted accounting principles require the reduction of asset values as of June 30, 2008 due to the subsequent sale.

The sales price is estimated to be \$15.227 million, with the final price to be determined after a 120 day look-back period. Additionally, an indemnity escrow of \$2,000,000 has been funded that may be drawn down in subsequent years. The final impact of these uncertainties will be reported in future audited financial statements. Generally accepted accounting principles, through Government Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Assets*, require that capital asset values be reduced as a result of changes in intended use of capital assets. During fiscal 2007-08, these assets had been accounted for as capital assets in service and had been expected to be used to provide service to customers over many future years. However, because of the change in use from one of service production to one of resale, the capital asset values as of June 30, 2008 have been reduced to the net realizable amount expected from the subsequent sale, even though the sale took place substantially after June 30, 2008.

CITY OF ALAMEDA, ALAMEDA POWER & TELECOM
Notes to Financial Statements
June 30, 2008

NOTE 14 – SUBSEQUENT EVENT AND EXTRAORDINARY ITEMS (Continued)

In addition, during fiscal 2007-08, Alameda Power & Telecom had accounted for \$43.616 million advances made by the Electric Division to the Telecommunications Division as interfund advances. Generally accepted accounting principles, through GASB Statement No. 34, *Basic Financial Statements for State and Local Governments*, state that such advances may be reflected as interfund payables/receivables as long as there is an expectation of repayment. Due to the subsequent sale of the telecommunications system at an amount insufficient to repay these advances, the advances have been reported as interfund transfers effective June 30, 2008, as required by generally accepted accounting principles. In other words, The Telecommunications Division will not repay the Electric Division the \$43.616 million.

Lastly, Alameda Power & Telecom has been in negotiations with holders of its 2004 Bonds, 2002 Certificates of Participation and its loan with the City of Alameda which were used to finance the Telecommunications Division capital assets and operations, in an attempt to negotiate settlement of the remaining debt service due. Certain debt holders have filed suit seeking damages arising from the City's obligations under the aforementioned agreements and from issuance of the 2004 Bonds.

The agreements that govern the 2004 Bonds and 2002 Certificates of Participation limit the repayment of these obligations to Net Revenues generated by the Telecom System, and subordinate the 2002 Certificates of Participation to the 2004 Bonds. The Telecom System did not generate Net Revenues in 2005, 2006 or 2007. The sale of the Telecom System in 2008 generated sale proceeds that were categorized as Net Revenues, and were distributed pro rata to the holders of the 2004 Bonds. There are no further Net Revenues available for the remaining amounts claimed by the holders of the 2004 Bonds or the 2002 Certificates of Participation.

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STATISTICAL SECTION

This part of the Alameda Power & Telecom's (Alameda P&T) Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Alameda P&T's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how Alameda P&T's financial performance and well being have changed over time:

1. Net Assets by Component
2. Changes in Earned Surplus Of Consolidated Operations
3. Changes in Earned Surplus Of Electric Operations and Telecommunication Operations

Revenue Capacity

These schedules contain information to help the reader assess Alameda P&T's revenue sources:

1. Electric Operating Revenues by Source
2. Telecommunication Operating Revenues by Source
3. Customer Accounts
4. Pricing Changes

Debt Capacity

These schedules present information to help the reader assess the affordability of Alameda P&T's current levels of outstanding debt and Alameda P&T's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Certificates of Participation Coverage – Electric Operations
3. Certificates of Participation Coverage – Telecommunication Operations

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which Alameda P&T's financial activities take place:

1. Demographic and Economic Statistics
2. Top Ten Customers and Top Ten City Principal Employers

Operating Information

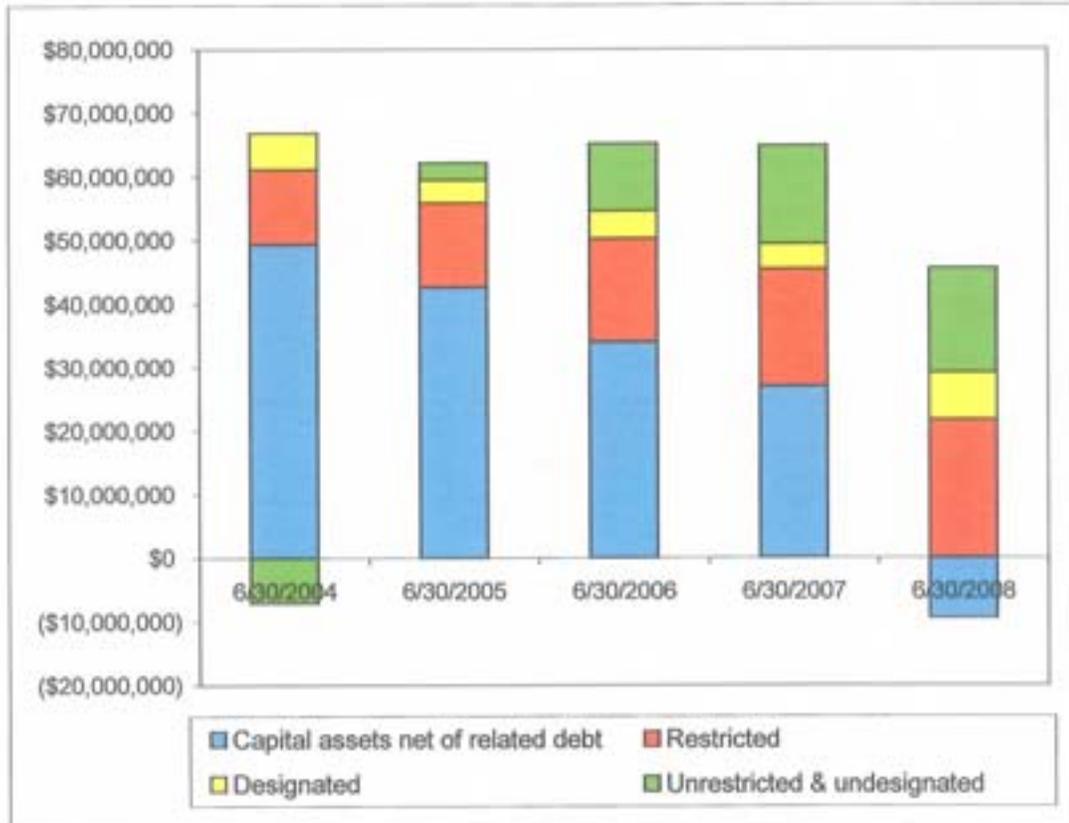
These schedules contain service and infrastructure data to help the reader understand how the information in Alameda P&T's financial report relates to the services that Alameda P&T provides and the activities it performs:

1. Operating Expenses by Function – Electric Operations
2. Operating Expenses by Function – Telecommunications Operations
3. Capital Asset Statistics by Function/Program
4. Operation Indicators
5. Operation Indicators - Continued

Sources

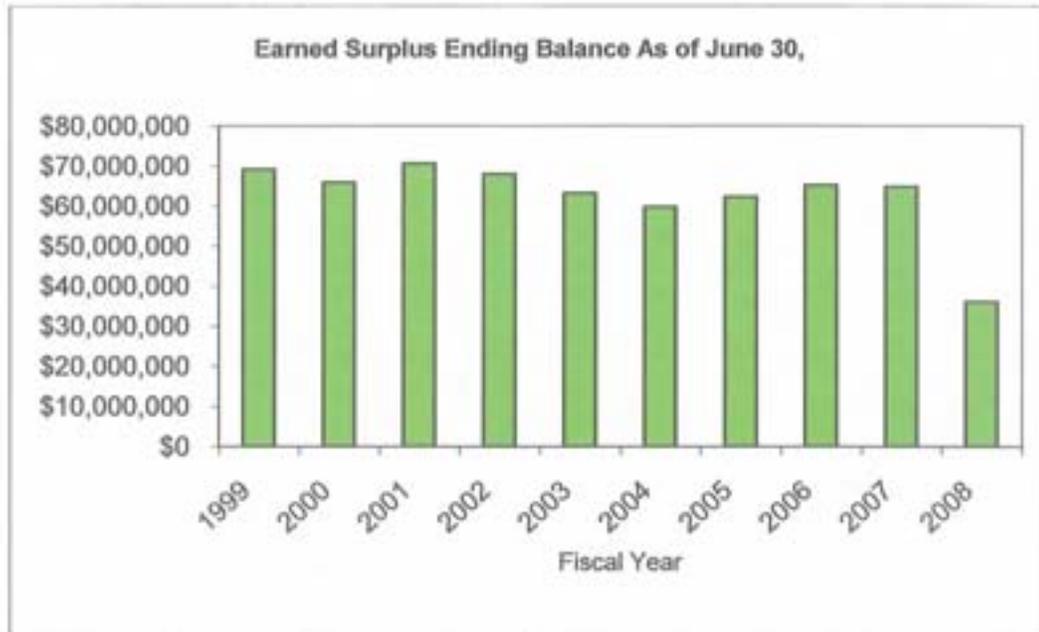
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. Alameda P&T implemented GASB Statement 34 in 2006; schedules presenting government-wide information include information beginning in that year.

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS**



	Fiscal Year Ended,				
	6/30/2004	6/30/2005	6/30/2006	6/30/2007	6/30/2008
Business-type activities					
Invested in capital assets, net of related debt	\$49,336,812	\$42,612,831	\$33,976,678	\$26,916,767	(\$9,488,075)
Restricted for investment in NCPA projects and reserves	\$11,805,479	\$13,213,781	\$16,198,069	\$18,424,997	\$21,652,807
Unrestricted, designated for special purposes	\$5,734,918	\$3,631,328	\$4,297,215	\$3,863,216	\$7,370,470
Unrestricted, undesignated	(\$7,133,921)	\$2,752,274	\$10,729,326	\$15,590,416	\$16,447,339
Total business-type activities net assets	\$59,743,288	\$62,210,214	\$65,201,288	\$64,795,396	\$35,982,541

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
CHANGES IN EARNED SURPLUS OF CONSOLIDATED OPERATIONS
LAST TEN FISCAL YEARS**



Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Non-Operating Revenue (Expenses)	Net Income (Loss)	Earned Surplus	
						Beginning Balance	Ending Balance
1999	\$ 39,185,527	\$ 34,910,112	\$ 4,275,415	\$ (8,682,252)	\$ (4,406,837)	\$ 73,634,362	\$ 69,227,525
2000	\$ 39,329,340	\$ 38,622,254	\$ 707,086	\$ (3,974,781)	\$ (3,267,695)	\$ 69,227,525	\$ 65,959,830
2001	\$ 40,308,253	\$ 39,271,207	\$ 1,037,046	\$ 3,661,142	\$ 4,698,188	\$ 65,959,830	\$ 70,658,018
2002	\$ 39,319,787	\$ 37,189,970	\$ 2,129,817	\$ (4,823,526)	\$ (2,693,709)	\$ 70,658,018	\$ 67,964,309
2003	\$ 43,466,487	\$ 45,477,865	\$ (2,011,378)	\$ (2,745,842)	\$ (4,757,220)	\$ 67,964,309	\$ 63,207,089
2004	\$ 50,946,001	\$ 45,593,865	\$ 5,352,136	\$ (8,815,937)	\$ (3,463,801)	\$ 63,207,089	\$ 59,743,288
2005	\$ 53,356,198	\$ 49,882,237	\$ 3,473,961	\$ (1,007,035)	\$ 2,466,926	\$ 59,743,288	\$ 62,210,214
2006	\$ 54,193,731	\$ 53,139,512	\$ 1,054,219	\$ 1,936,855	\$ 2,991,074	\$ 62,210,214	\$ 65,201,288
2007	\$ 57,388,987	\$ 56,043,315	\$ 1,345,672	\$ (1,751,564)	\$ (405,892)	\$ 65,201,288	\$ 64,795,396
2008	\$ 57,818,781	\$ 54,595,883	\$ 3,222,898	\$ (32,035,753)	\$ (28,812,855)	\$ 64,795,396	\$ 35,982,541

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
CHANGES IN EARNED SURPLUS OF ELECTRIC OPERATIONS
LAST TEN FISCAL YEARS**

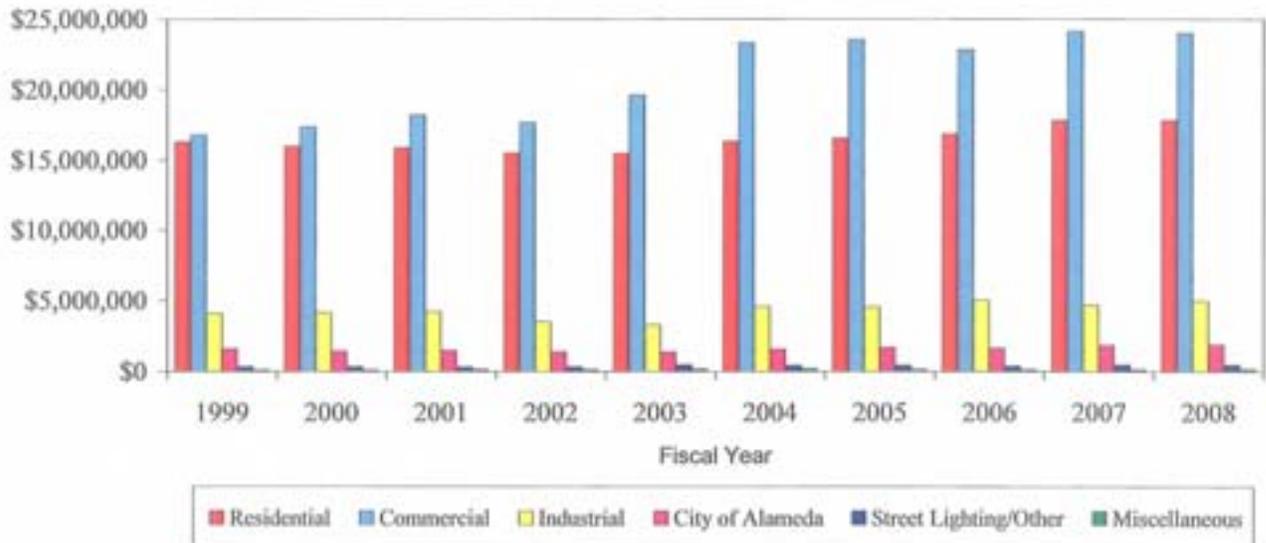
Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Non-Operating Revenue (Expenses)	Net Income (Loss)	Earned Surplus	
						Beginning Balance	Ending Balance
1999	\$ 39,185,527	\$ 34,910,112	\$ 4,275,415	\$ (8,682,252)	\$ (4,406,837)	\$ 73,634,362	\$ 69,227,525
2000	\$ 39,329,340	\$ 36,212,289	\$ 3,117,051	\$ (3,513,039)	\$ (395,988)	\$ 69,227,525	\$ 68,831,537
2001	\$ 40,203,399	\$ 35,124,709	\$ 5,078,690	\$ 3,828,201	\$ 8,906,891	\$ 68,831,537	\$ 77,738,428
2002	\$ 38,474,925	\$ 30,560,315	\$ 7,914,610	\$ (4,424,423)	\$ 3,490,187	\$ 77,738,428	\$ 81,228,615
2003	\$ 40,337,837	\$ 34,866,875	\$ 5,470,962	\$ (2,382,268)	\$ 3,088,694	\$ 81,228,615	\$ 84,317,309
2004	\$ 46,372,724	\$ 37,316,010	\$ 9,056,714	\$ (11,205,318)	\$ (2,148,604)	\$ 84,317,309	\$ 82,168,705
2005	\$ 46,817,578	\$ 40,864,737	\$ 5,952,841	\$ (1,206,779)	\$ 4,746,062	\$ 82,168,705	\$ 86,914,767
2006	\$ 46,840,300	\$ 41,316,743	\$ 5,523,557	\$ 1,400,984	\$ 6,924,541	\$ 86,914,767	\$ 93,839,308
2007	\$ 49,069,346	\$ 44,756,587	\$ 4,312,759	\$ (545,960)	\$ 3,766,799	\$ 93,839,308	\$ 97,606,107
2008	\$ 49,309,667	\$ 43,339,806	\$ 5,969,861	\$ (42,662,307)	\$ (36,692,446)	\$ 97,606,107	\$ 60,913,661

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
CHANGES IN EARNED SURPLUS OF TELECOMMUNICATIONS OPERATIONS
FOR THE FISCAL YEARS FROM 2000 THROUGH 2008**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Non-Operating Revenue (Expenses)	Net Income (Loss)	Earned Surplus	
						Beginning Balance	Ending Balance
2000		\$ 2,409,965	\$ (2,409,965)	\$ (461,742)	\$ (2,871,707)	\$ -	\$ (2,871,707)
2001	\$ 104,854	\$ 4,146,498	\$ (4,041,644)	\$ (167,059)	\$ (4,208,703)	\$ (2,871,707)	\$ (7,080,410)
2002	\$ 844,862	\$ 6,629,655	\$ (5,784,793)	\$ (399,103)	\$ (6,183,896)	\$ (7,080,410)	\$ (13,264,306)
2003	\$ 3,128,650	\$ 10,610,990	\$ (7,482,340)	\$ (363,574)	\$ (7,845,914)	\$ (13,264,306)	\$ (21,110,220)
2004	\$ 4,573,277	\$ 8,277,855	\$ (3,704,578)	\$ 2,389,381	\$ (1,315,197)	\$ (21,110,220)	\$ (22,425,417)
2005	\$ 6,538,620	\$ 9,017,500	\$ (2,478,880)	\$ 199,744	\$ (2,279,136)	\$ (22,425,417)	\$ (24,704,553)
2006	\$ 7,353,431	\$ 11,822,769	\$ (4,469,338)	\$ 535,871	\$ (3,933,467)	\$ (24,704,553)	\$ (28,638,020)
2007	\$ 8,319,641	\$ 11,286,728	\$ (2,967,087)	\$ (1,205,604)	\$ (4,172,691)	\$ (28,638,020)	\$ (32,810,711)
2008	\$ 8,509,114	\$ 11,256,077	\$ (2,746,963)	\$ 10,626,554	\$ 7,879,591	\$ (32,810,711)	\$ (24,931,120)

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
ELECTRIC OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**

ELECTRIC OPERATIONS

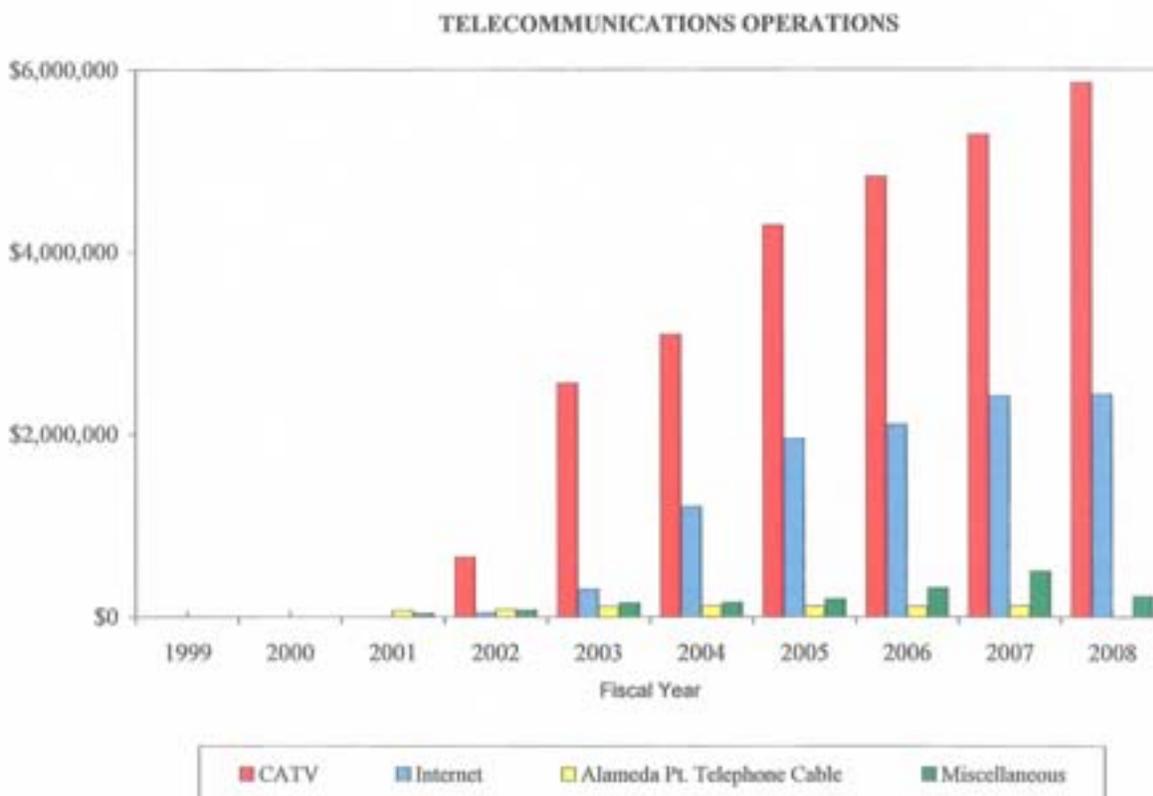


Fiscal Year	Sales of Electricity						Total
	Residential	Commercial	Industrial	City of Alameda	Street Lighting/Other	Miscellaneous	
1999	\$16,293,655	\$16,784,903	\$4,113,103	\$1,587,617	\$322,992	\$83,257	\$39,185,527
2000	\$15,967,274	\$17,350,761	\$4,165,755	\$1,434,416	\$311,169	\$99,965	\$39,329,340
2001	\$15,861,629	\$18,204,667	\$4,242,193	\$1,469,692	\$293,510	\$131,708	\$40,203,399
2002	\$15,461,290	\$17,647,770	\$3,514,836	\$1,397,365	\$320,893	\$131,771	\$38,473,925
2003	\$15,451,373	\$19,608,930	\$3,296,965	\$1,359,912	\$454,776	\$165,881	\$40,337,837
2004	\$16,285,182	\$23,345,609	\$4,586,893	\$1,580,285	\$398,729	\$176,025	\$46,372,723
2005	\$16,509,804	\$23,540,842	\$4,542,208	\$1,673,971	\$403,318	\$147,435	\$46,817,578
2006	\$16,812,415	\$22,840,128	\$5,039,371	\$1,634,793	\$368,496	\$145,097	\$46,840,300
2007	\$17,786,579	\$24,129,480	\$4,720,055	\$1,847,716	\$444,985	\$140,531	\$49,069,346
2008	\$17,783,232	\$24,021,704	\$4,982,103	\$1,897,547	\$456,320	\$168,761	\$49,309,667

Fiscal Year	Kilowatt- Hour Sales						Peak Demand (KW)
	Residential	Commercial	Industrial	City of Alameda	Street Lighting/Other	Total KWH	
1999	140,344,618	169,357,220	45,524,773	2,074,984	13,258,292	370,559,887	70,914
2000	137,241,057	173,580,597	47,497,358	2,110,671	13,787,356	374,217,039	67,405
2001	136,387,481	182,718,187	47,884,130	2,092,489	14,042,226	383,124,513	68,805
2002	132,994,407	176,305,447	41,996,906	2,252,430	13,286,156	366,835,346	67,178
2003	132,832,917	183,899,028	34,656,956	2,297,249	13,835,820	367,521,970	70,431
2004	137,229,341	184,756,585	40,788,618	2,337,963	14,740,088	379,852,595	68,085
2005	138,340,569	183,079,652	39,581,653	3,159,986	14,166,870	378,328,730	71,235
2006	139,398,004	175,347,031	46,068,294	2,896,507	14,082,202	377,792,038	66,360
2007	142,352,676	187,611,044	41,255,006	3,151,663	14,916,186	389,286,575	70,891
2008	142,718,493	187,720,577	43,966,176	3,212,483	15,202,494	392,820,223	71,937

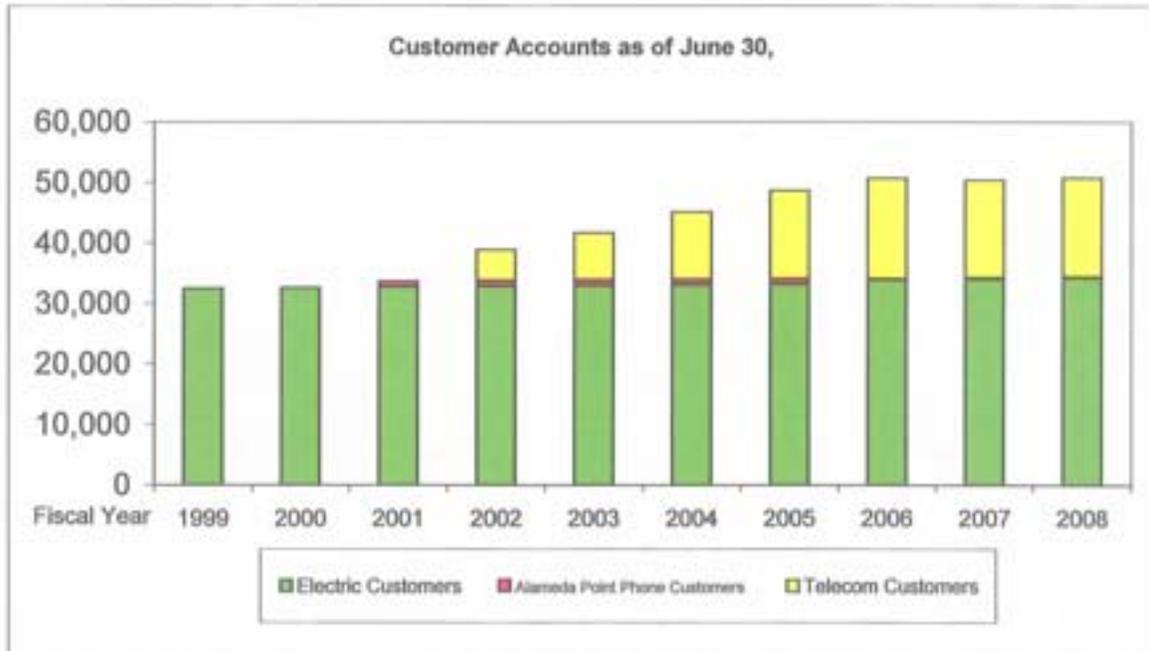
Source: Alameda Power & Telecom Administrative Services

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
TELECOMMUNICATIONS OPERATING REVENUES BY SOURCE
LAST TEN FISCAL YEARS**



<u>Fiscal Year</u>	<u>Cable Television</u>	<u>Internet</u>	<u>Alameda Point Telephone</u>	<u>Miscellaneous</u>	<u>Total</u>
1999	Telecommunications Operations Initiated July 2000				
2000					
2001			\$69,225	\$35,629	\$104,854
2002	\$651,518	\$42,724	\$80,336	\$70,284	\$844,862
2003	\$2,558,834	\$303,585	\$116,256	\$149,975	\$3,128,650
2004	\$3,090,741	\$1,206,299	\$122,552	\$153,685	\$4,573,277
2005	\$4,290,430	\$1,945,859	\$114,288	\$188,043	\$6,538,620
2006	\$4,823,889	\$2,105,896	\$110,828	\$312,818	\$7,353,431
2007	\$5,286,534	\$2,415,924	\$121,462	\$495,721	\$8,319,641
2008	\$5,850,854	\$2,433,976	No longer grouped with Telecom	\$224,284	\$8,509,114

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
CUSTOMER ACCOUNTS
LAST TEN FISCAL YEARS**



Number of Electric Customer Accounts:

Fiscal Year	Residential	Commercial	Industrial	Street Lighting & Other	City of Alameda	Total Customer Accounts
1999	28,876	3,321	13	7	278	32,495
2000	28,991	3,296	16	7	285	32,595
2001	29,126	3,318	15	8	298	32,765
2002	29,164	3,356	15	10	308	32,853
2003	29,237	3,385	11	11	313	32,957
2004	29,310	3,418	11	12	308	33,059
2005	29,405	3,447	10	13	313	33,188
2006	30,021	3,485	10	32	321	33,869
2007	29,997	3,634	9	19	330	33,989
2008	30,084	3,750	12	38	333	34,217

Number of Telecommunications and Alameda Point Telephone Customer Accounts:

Fiscal Year	Cable TV	Internet Data	Telecommunications Customer Accounts	Alameda Point Telephone* Customer Accounts
1999				
2000				
2001				898
2002	4,321	764	5,085	898
2003	5,645	2,163	7,808	900
2004	7,677	3,447	11,124	877
2005	9,433	5,198	14,631	831
2006	10,185	6,421	16,606	164
2007	9,577	6,624	16,201	173
2008	9,285	7,031	16,316	185

* Alameda Point Telephone were counted by accounts from 2001 to 2005 and was counted by customers in 2006, and was no longer grouped with telecommunication operation in 2008.

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
PRICING CHANGES**

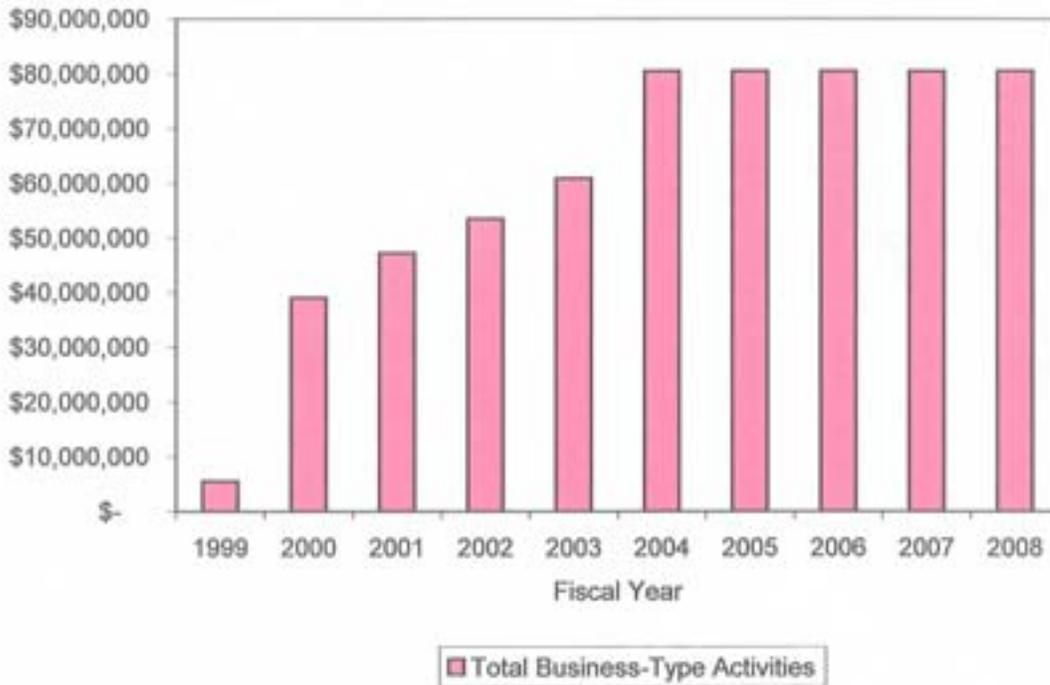
Electric Rate Changes

<u>Date</u>	<u>Percent Change</u>	
March 1, 1994	6.40%	
April 1, 1996	0.90%	
August 1, 2002	4.10%	
August 1, 2003	11.51%	
July 1, 2004	0.13%	
July 1, 2005	0.89%	
July 1, 2006	0.56%	
July 1, 2008	0.70%	(State Mandated Solar Program)

Telecommunications Rate Changes

<u>Date</u>	<u>Cable TV Percent Change</u>	<u>Internet Data Percent Change</u>
October 1, 2002	6.00%	N/A
October 1, 2003	4.27%	0.00%
October 1, 2004	6.10%	0.00%
August 5, 2005	5.60%	0.00%
January 7, 2007	7.80%	0.00%
October 7, 2007	6.40%	0.00%
October 7, 2008	6.77%	7.65%

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

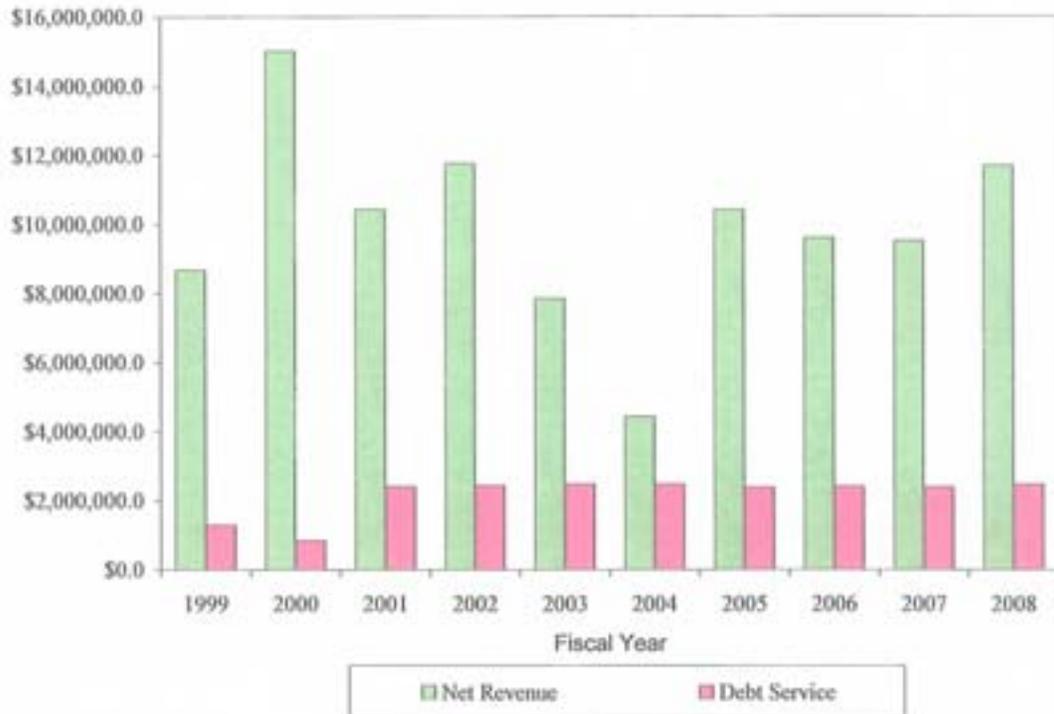


Fiscal Year	Business-Type Activities			Total	Percentage of Personal Income (a)	Per Capita (a)
	Certificates of Participation	Revenue Bonds Anticipation Notes	Loans and Lease Purchases			
1999	\$ 5,570,000			\$ 5,570,000	N/A	\$ 75.93
2000	\$ 39,045,000			\$ 39,045,000	1.74%	\$ 540.35
2001	\$ 47,230,420			\$ 47,230,420	2.02%	\$ 638.47
2002	\$ 53,502,437			\$ 53,502,437	2.20%	\$ 718.20
2003	\$ 60,836,611			\$ 60,836,611	2.39%	\$ 816.89
2004	\$ 45,345,000	\$ 33,000,000	\$ 2,200,000	\$ 80,545,000	3.04%	\$ 1,083.23
2005	\$ 45,345,000	\$ 33,000,000	\$ 2,200,000	\$ 80,545,000	2.90%	\$ 1,079.97
2006	\$ 45,345,000	\$ 33,000,000	\$ 2,200,000	\$ 80,545,000	3.03%	\$ 1,082.52
2007	\$ 45,345,000	\$ 33,000,000	\$ 2,200,000	\$ 80,545,000	2.79%	\$ 1,070.31
2008	\$ 45,190,000	\$ 33,000,000	\$ 2,372,836	\$ 80,562,836	2.87%	\$ 1,062.51

Source: (a) California State Department of Finance (population)

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
CERTIFICATES OF PARTICIPATION COVERAGE
LAST TEN FISCAL YEARS**

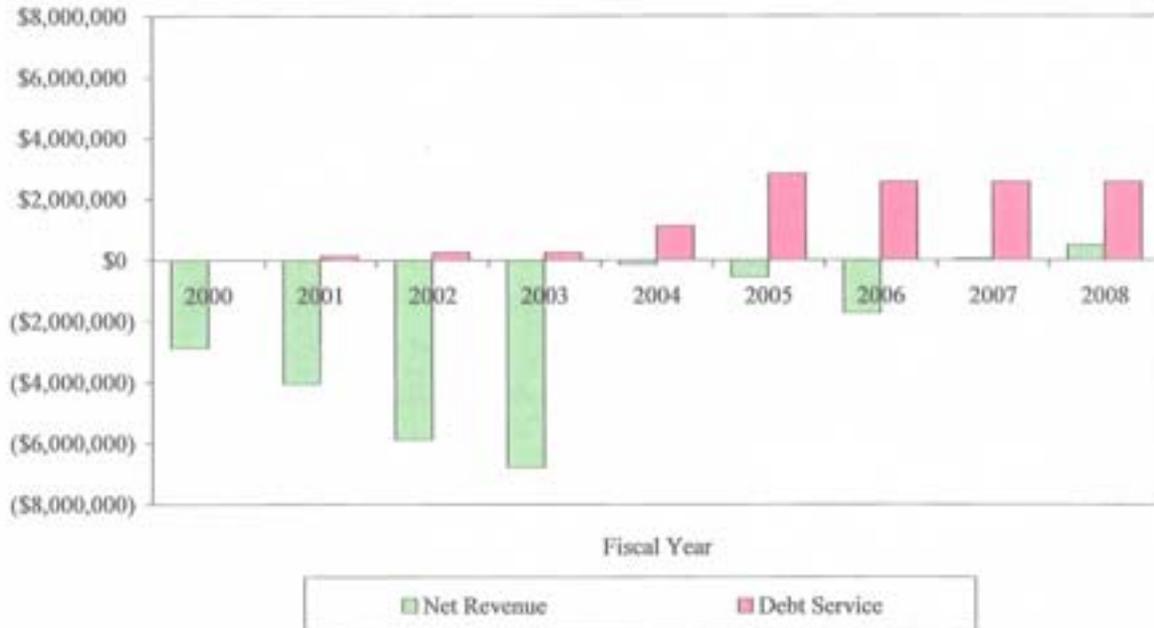
ELECTRIC OPERATIONS



Fiscal Year	Electric Gross Revenue Including Non-Operating Revenue	Electric Direct Operating Expenses (Excluding Depreciation)	Net Revenue Available for Debt Service, Renewals, Replacements and Additions	Debt Service			Coverage
				Principal	Interest and Fiscal Charges	Total	
1999	\$ 41,688,901	\$ 33,013,896	\$ 8,675,005	\$ 905,000	\$ 396,487	\$ 1,301,487	6.67
2000	\$ 49,018,365	\$ 34,003,396	\$ 15,014,969	\$ -	\$ 839,551	\$ 839,551	17.88
2001	\$ 43,239,078	\$ 32,805,949	\$ 10,433,129	\$ -	\$ 2,418,019	\$ 2,418,019	4.31
2002	\$ 39,822,375	\$ 28,067,281	\$ 11,755,094	\$ -	\$ 2,433,102	\$ 2,433,102	4.83
2003	\$ 41,528,315	\$ 33,678,243	\$ 7,850,072	\$ -	\$ 2,485,418	\$ 2,485,418	3.16
2004	\$ 39,623,723	\$ 35,188,984	\$ 4,434,739	\$ -	\$ 2,480,305	\$ 2,480,305	1.79
2005	\$ 49,371,293	\$ 38,955,688	\$ 10,415,605	\$ -	\$ 2,380,392	\$ 2,380,392	4.38
2006	\$ 49,236,715	\$ 39,635,990	\$ 9,600,725	\$ -	\$ 2,405,764	\$ 2,405,764	3.99
2007	\$ 51,197,750	\$ 41,682,078	\$ 9,515,672	\$ -	\$ 2,401,292	\$ 2,401,292	3.96
2008	\$ 52,012,671	\$ 40,319,750	\$ 11,692,921	\$ -	\$ 2,476,808	\$ 2,476,808	4.72

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
CERTIFICATES OF PARTICIPATION COVERAGE
FOR THE FISCAL PERIOD FROM 2000 TO 2008**

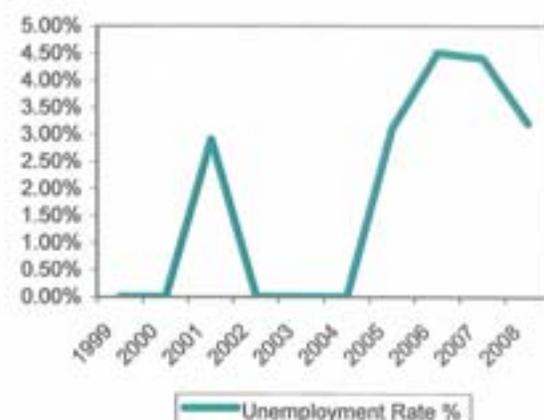
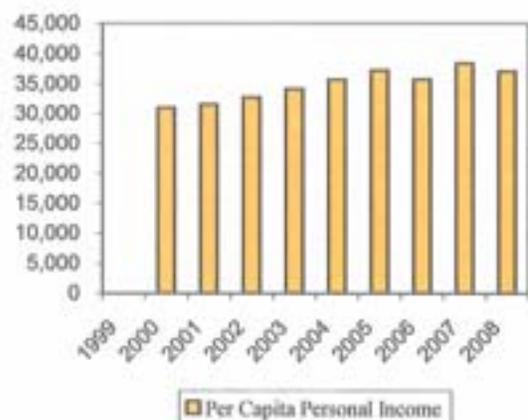
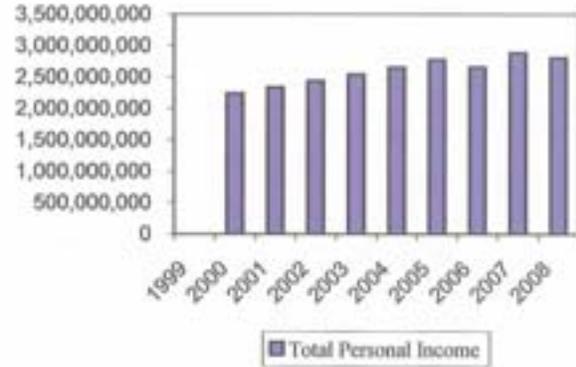
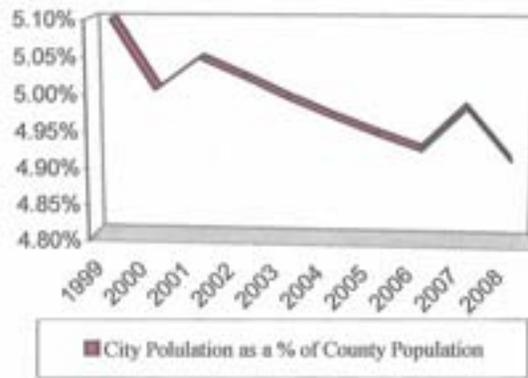
TELECOMMUNICATIONS OPERATIONS



Fiscal Year	Gross Revenue Including Non-Operating Revenue	Direct Operating Expenses (Excluding Depreciation)	Net Revenue Available for Debt Service, Renewals, Replacements and Additions	Debt Service			Coverage
				Principal	*Interest and Fiscal Charges	Total	
2000	\$ (461,742)	\$ 2,409,965	\$ (2,871,707)	\$ -	\$ -	\$ -	
2001	\$ 102,537	\$ 4,158,500	\$ (4,055,963)	\$ -	\$ 150,000	\$ 150,000	(27.04)
2002	\$ 840,605	\$ 6,726,192	\$ (5,885,587)	\$ -	\$ 257,143	\$ 257,143	(22.89)
2003	\$ 3,198,773	\$ 9,994,745	\$ (6,795,972)	\$ -	\$ 257,143	\$ 257,143	(26.43)
2004	\$ 7,360,616	\$ 7,510,702	\$ (150,086)	\$ -	\$ 1,117,120	\$ 1,117,120	(0.13)
2005	\$ 6,923,868	\$ 7,481,384	\$ (557,516)	\$ -	\$ 2,819,432	\$ 2,819,432	(0.20)
2006	\$ 7,453,396	\$ 9,188,263	\$ (1,734,867)	\$ -	\$ 2,562,764	\$ 2,562,764	(0.68)
2007	\$ 8,444,581	\$ 8,402,386	\$ 42,195	\$ -	\$ 2,562,764	\$ 2,562,764	0.02
2008	\$ 8,753,141	\$ 8,250,746	\$ 502,395	\$ -	\$ 2,562,764	\$ 2,562,764	0.20

Note*: Interest included capitalized interest paid in the current year but excluded accrued interest not due.

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
DEMOGRAPHIC AND ECONOMICS STATISTICS
LAST TEN FISCAL YEARS**



Fiscal Year	City Population	Total Personal Income	Per Capita Personal Income	Unemployment Rate %	Alameda County Population	City Population % of County
1999	73,353	(A)	(A)	(A)	1,438,516	5.10%
2000	72,259	\$ 2,238,728,338	\$ 30,982	(A)	1,443,939	5.00%
2001	73,974	\$ 2,335,665,275	\$ 31,574	2.9%	1,465,508	5.05%
2002	74,495	\$ 2,436,799,581	\$ 32,711	(A)	1,483,311	5.02%
2003	74,473	\$ 2,542,313,003	\$ 34,137	(A)	1,491,209	4.99%
2004	74,356	\$ 2,652,395,156	\$ 35,672	(A)	1,496,968	4.97%
2005	74,581	\$ 2,774,114,876	\$ 37,196	3.1%	1,507,500	4.95%
2006	74,405	\$ 2,659,309,105	\$ 35,741	4.5%	1,510,303	4.93%
2007	75,254	\$ 2,889,453,000	\$ 38,396	4.4%	1,509,981	4.98%
2008	75,823	\$ 2,810,758,610	\$ 37,070	3.2%	1,543,000	4.91%

Source: California State Department of Finance
Note: (A) Information not available

City Of Alameda
Alameda Power & Telecom
Top 10 Customers
For the Fiscal Year Ended June 30, 2008

<u>No.</u>	<u>Customer</u>	<u>Type of Business</u>	<u>KWHS</u>	<u>Percent of System Total</u>
1	Maritime Administration	Regulation, Admin. of Transportation	21,649,267	5.51%
2	US Coast Guard Integrated Support	Regulation, Admin. of Transportation	12,430,084	3.16%
3	Legacy Partners I Alameda, LLC	Lessors of Nonresidential Building	7,650,806	1.95%
4	Alameda Unified School District	Public School District	7,068,860	1.80%
5	Alameda Waterfront Investors	Lessors of Nonresidential Building	6,589,480	1.68%
6	Abbott Diabetes Care	Drug & Clinical Research	6,010,848	1.53%
7	Wind River	Computer Programming Services	5,806,312	1.48%
8	Applera Corp	Research and Development - Life Science	5,086,528	1.29%
9	GSA - Federal Government	Food & Drug Administration	4,612,500	1.17%
10	Safeway Stores Inc.	Grocery Retailer	4,455,840	1.13%
	Top 10 Customers KWHS		81,360,525	20.71%
	Total Kilowatt Hour Sales		392,820,223	100%

City Of Alameda
Principal Employers
Last Fiscal Year and Nine Years Ago

<u>No.</u>	<u>Business Name</u>	<u>2007-08</u>		<u>1998-99</u>	
		<u>Number of Employees</u>	<u>% of Total Employment</u>	<u>Number of Employees</u>	<u>% of Total Employment</u>
1	US Coast Guard	2,200	5.47%	0	0.00%
2	Alameda Unified School District	1,068	2.66%	0	0.00%
3	Abbott Diabetes Care Inc	900	2.24%	0	0.00%
4	Alameda Hospital	692	1.72%	0	0.00%
5	*City of Alameda	620	1.54%	0	0.00%
6	Wind River Systems	400	1.00%	0	0.00%
7	Bay Ship & Yacht Company	370	0.92%	0	0.00%
8	College of Alameda	358	0.89%	0	0.00%
9	**Safeway Stores	345	0.86%	0	0.00%
10	Celera	330	0.82%	0	0.00%
	Total Top 10 Employers	7,283	18.12%		
	Total City Labor Force (1)	40,200			

Source: MuniServices, LLC

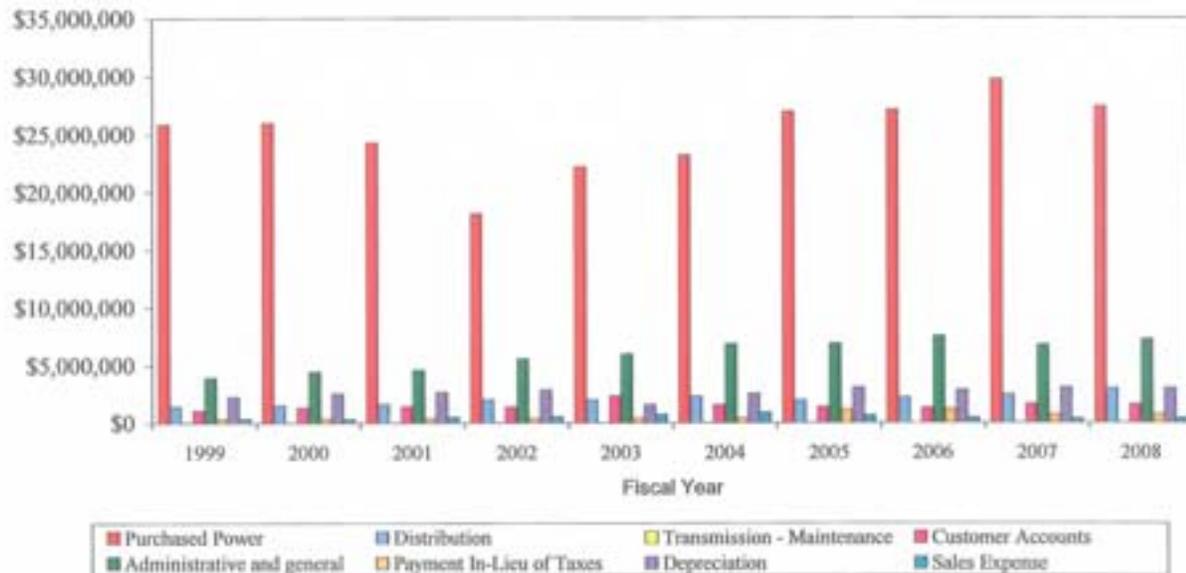
(1) Total City Labor Force provided by EDD Labor Froce Data

*City of Alameda count represents FTE's only

**Safeway Stores total is a combination of two separate locations within the City.

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
OPERATING EXPENSES BY FUNCTION PER FERC CODES
LAST TEN FISCAL YEARS**

ELECTRIC OPERATIONS

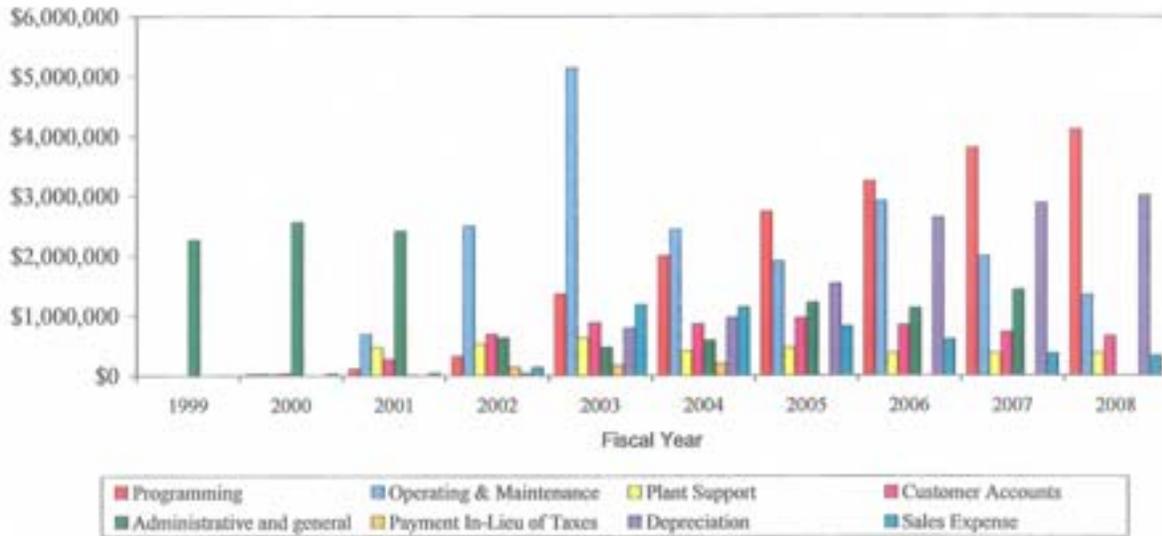


Fiscal Year	Purchased Power	Distribution Operation	Transmission-Maintenance	Customer Accounts	Administrative and General	Payment In-lieu of Taxes	Depreciation	Sales Expense	Total
1999	\$25,855,299	\$1,432,788	\$16,827	\$1,075,150	\$3,904,370	\$366,628	\$2,262,847	\$362,831	\$35,276,740
2000	\$25,979,473	\$1,536,649	\$9,707	\$1,328,449	\$4,442,269	\$380,013	\$2,588,906	\$326,836	\$36,592,302
2001	\$24,288,510	\$1,633,324	\$19,685	\$1,410,480	\$4,565,869	\$381,079	\$2,699,839	\$507,002	\$35,505,788
2002	\$18,125,734	\$2,015,828	\$31,003	\$1,391,077	\$5,546,993	\$399,843	\$2,892,877	\$556,803	\$30,960,158
2003	\$22,151,181	\$2,012,163	\$25,244	\$2,366,382	\$5,967,191	\$411,145	\$1,599,777	\$744,937	\$35,278,020
2004	\$23,126,189	\$2,337,269	\$36,460	\$1,549,782	\$6,806,595	\$417,000	\$2,544,026	\$915,689	\$37,733,010
2005	\$26,921,105	\$1,978,019	\$17,167	\$1,399,162	\$6,842,287	\$1,165,512	\$3,074,561	\$632,436	\$42,030,249
2006	\$27,045,097	\$2,219,074	\$11,264	\$1,269,025	\$7,469,094	\$1,178,333	\$2,859,085	\$444,103	\$42,495,075
2007	\$29,698,559	\$2,484,258	\$21,400	\$1,631,542	\$6,735,174	\$745,702	\$3,074,509	\$365,444	\$44,756,588
2008	\$27,316,014	\$2,998,729	\$27,189	\$1,606,950	\$7,205,310	\$761,592	\$3,020,056	\$403,966	\$43,339,806

Source: Alameda Power & Telecom Administrative Services

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
OPERATING EXPENSES BY FUNCTION PER FERC CODES
LAST TEN FISCAL YEARS**

TELECOMMUNICATIONS OPERATIONS



Fiscal Year	Programming & Access	Operating & Maintenance	Plant Support	Customer Accounts	Administrative and General	Payment In-lieu of Taxes	Depreciation	Sales Expense	Total
1999									
Telecommunication Operations Initiated July 2000									
2000	\$ 23,472	\$ 33,939	\$ 21,195	\$ 37,217	\$ 2,260,240			\$ 33,902	\$ 2,409,965
2001	\$ 111,055	\$ 688,665	\$ 477,638	\$ 272,481	\$ 2,554,167	\$ 12,710	\$ 708	\$ 41,784	\$ 4,159,208
2002	\$ 318,237	\$ 2,496,822	\$ 531,062	\$ 691,835	\$ 2,408,964	\$ 137,703	\$ 41,166	\$ 141,569	\$ 6,767,358
2003	\$ 1,355,648	\$ 5,141,092	\$ 632,202	\$ 881,928	\$ 627,682	\$ 176,554	\$ 792,798	\$ 1,179,639	\$ 10,787,543
2004	\$ 1,995,182	\$ 2,432,435	\$ 409,397	\$ 862,370	\$ 466,114	\$ 203,400	\$ 970,553	\$ 1,141,804	\$ 8,481,255
2005	\$ 2,734,080	\$ 1,911,038	\$ 466,523	\$ 964,031	\$ 582,499	\$ -	\$ 1,536,115	\$ 823,213	\$ 9,017,499
2006	\$ 3,238,430	\$ 2,911,060	\$ 379,044	\$ 843,269	\$ 1,211,439	\$ -	\$ 2,634,506	\$ 605,021	\$ 11,822,769
2007	\$ 3,807,937	\$ 1,997,119	\$ 376,173	\$ 728,503	\$ 1,121,179	\$ -	\$ 2,884,341	\$ 371,476	\$ 11,286,728
2008	\$ 4,110,499	\$ 1,349,231	\$ 371,940	\$ 660,076	\$ 1,430,034	\$ -	\$ 3,005,331	\$ 328,966	\$ 11,256,077

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
CAPITAL ASSETS
LAST TEN FISCAL YEARS**

ELECTRIC OPERATIONS

Fiscal Year	Plant	Service Center Building	Land & Rights	Machinery & Equipment	Transportation Equipment	Computer Equipment	Furniture & Fixtures	Construction in Progress	Less: Accumulated Depreciation	Net Electric Capital Assets
1999	\$ 47,074,573	\$ 4,366,229	\$ 153,644	\$ 4,808,119	\$ 1,337,099	\$ 1,984,616	\$ 330,011	\$ 1,612,805	\$ (23,665,800)	\$ 38,001,296
2000	\$ 48,504,314	\$ 4,366,229	\$ 153,644	\$ 5,236,656	\$ 1,335,099	\$ 2,217,384	\$ 453,008	\$ 2,007,995	\$ (26,166,463)	\$ 38,107,866
2001	\$ 50,645,447	\$ 4,366,229	\$ 163,252	\$ 5,423,473	\$ 1,385,077	\$ 2,299,578	\$ 477,874	\$ 4,052,865	\$ (28,829,526)	\$ 39,984,269
2002	\$ 53,309,273	\$ 4,366,229	\$ 153,644	\$ 6,555,547	\$ 1,523,670	\$ 2,358,864	\$ 598,426	\$ 3,866,373	\$ (31,691,012)	\$ 41,041,014
2003	\$ 53,880,438	\$ 4,366,229	\$ 153,644	\$ 6,639,372	\$ 1,517,838	\$ 2,360,819	\$ 598,426	\$ 5,274,468	\$ (33,117,388)	\$ 41,673,846
2004	\$ 55,299,168	\$ 4,366,229	\$ 153,644	\$ 7,323,652	\$ 1,651,452	\$ 2,372,867	\$ 598,427	\$ 6,343,690	\$ (35,580,014)	\$ 42,529,115
2005	\$ 57,826,544	\$ 7,842,230	\$ 153,644	\$ 8,264,289	\$ 1,888,495	\$ 2,459,834	\$ 598,427	\$ 2,420,742	\$ (38,406,218)	\$ 43,047,987
2006	\$ 60,320,595	\$ 7,843,583	\$ 153,644	\$ 8,479,187	\$ 2,046,814	\$ 2,474,932	\$ 599,106	\$ 3,430,631	\$ (41,237,791)	\$ 44,110,701
2007	\$ 61,679,929	\$ 7,843,583	\$ 153,644	\$ 8,492,135	\$ 1,923,324	\$ 2,637,662	\$ 599,106	\$ 3,799,309	\$ (43,833,510)	\$ 43,295,182
2008	\$ 65,547,117	\$ 7,843,636	\$ 153,644	\$ 8,697,019	\$ 1,944,940	\$ 2,914,982	\$ 599,106	\$ 1,381,059	\$ (46,453,449)	\$ 42,628,054

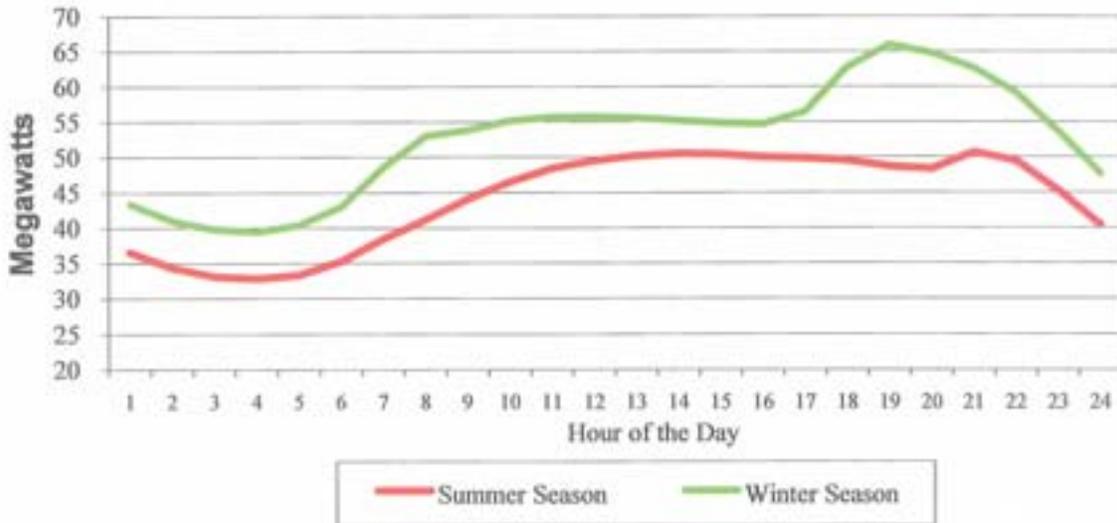
TELECOMMUNICATIONS OPERATIONS

Fiscal Year	Plant	Service Center Building	Land & Rights	Machinery & Equipment	Transportation Equipment	Computer Equipment	Furniture & Fixtures	Construction in Progress	Less: Accumulated Depreciation	Net Telecommunication Capital Assets
1999										
2000										
2001	\$ 352,589	-	\$ -	\$ 30,191	\$ 66,358	\$ 123,740	\$ 739	\$ 1,271,049	\$ (2,107)	\$ 1,271,049
2002	\$ 15,539,360	-	\$ 605,029	\$ 30,193	\$ 131,747	\$ 383,438	\$ 739	\$ 13,198,800	\$ (63,018)	\$ 13,770,310
2003	\$ 16,705,506	-	\$ 605,029	\$ 32,613	\$ 131,747	\$ 391,985	\$ 739	\$ 1,101,407	\$ (882,101)	\$ 17,728,895
2004	\$ 17,311,390	-	\$ 605,029	\$ 134,096	\$ 131,746	\$ 390,149	\$ 739	\$ 3,985,327	\$ (1,877,755)	\$ 20,970,845
2005	\$ 24,007,430	-	\$ 605,029	\$ 134,096	\$ 131,746	\$ 409,213	\$ 739	\$ 11,946,878	\$ (2,951,870)	\$ 28,642,272
2006	\$ 44,905,041	-	\$ 605,029	\$ 211,885	\$ 253,752	\$ 494,189	\$ 739	\$ 18,488,891	\$ (5,124,376)	\$ 40,825,274
2007	\$ 47,617,069	-	\$ 605,029	\$ 211,885	\$ 253,752	\$ 494,189	\$ 739	\$ 1,358,279	\$ (7,546,718)	\$ 42,704,538
2008	\$ 23,147,625	-	\$ 605,029	\$ 211,885	\$ 253,752	\$ 494,189	\$ 739	\$ 659,336	\$ (10,090,048)	\$ 42,295,281
								\$ 19,485	\$	\$ 14,642,656

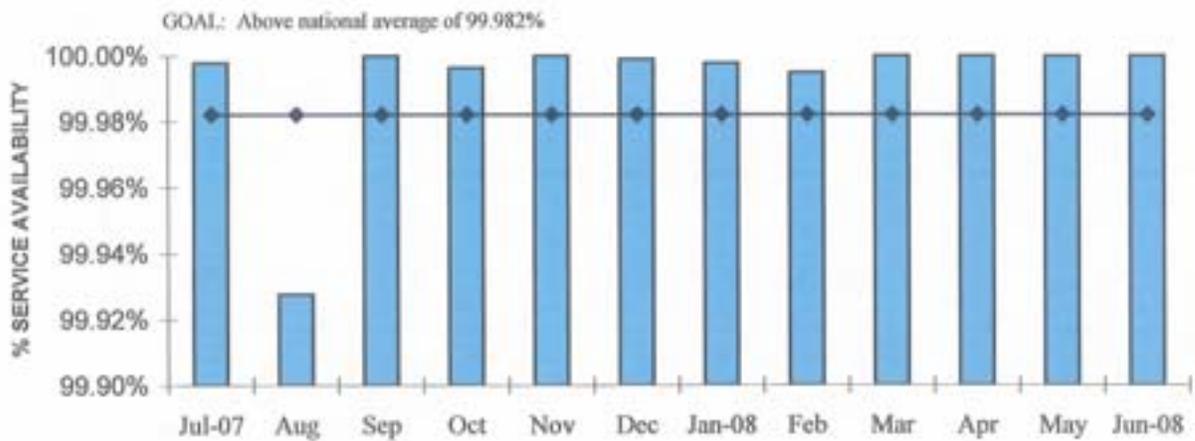
Source: Alameda Power & Telecom Administrative Services

**CITY OF ALAMEDA
ALAMEDA POWER & TELECOM
OPERATION INDICATORS**

AVERAGE DAILY LOADS FY 2008



SYSTEM RELIABILITY FY 2008



COMMITMENT:

Provide customers with reliable electric service.

GOAL:

Maintain reliability index above the national average.

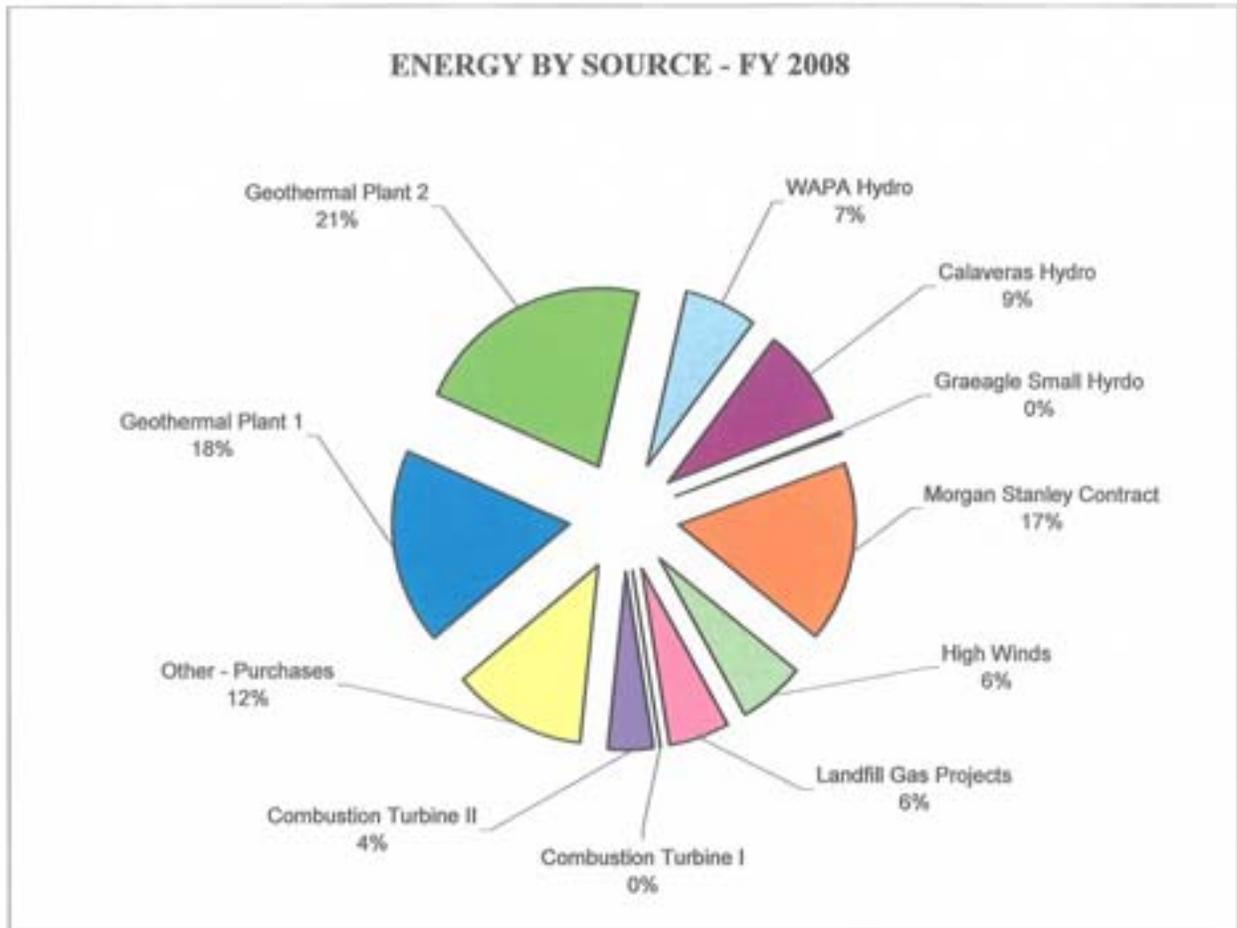
INDICATOR:

Reliability index for service reliability.

INDEX CALC:

$(\text{Customer minutes served}) / (\text{Total customer minutes in the month})$

**CITY OF ALAMEDA
ALAMEDA POWER & TELCOM
OPERATION INDICATORS**



MISCELLANEOUS STATISTICS - FY 2008

Since:	1887
Budgeted Employees	119
Vehicles:	53
Service Area (Miles):	22.80
Transmission Lines (115kV)	
Overhead Pole Miles:	7.00
Underground Circuit Miles:	1.93
Distribution Lines (12kV)	
Overhead Pole Miles:	86.56
Underground Circuit Miles:	169.98
Street Lights:	6,440
Outage Minutes (Per Customer Year FY2008):	36.68

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