



3. A letter from the independent auditor describing Significant Audit Findings encountered during the review and a summary of additional reviews done in support of the audit (Exhibit C); and
4. AMP's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015 (Exhibit D). The FY2015 CAFR is presented as a one year report with the 2014 amounts included for comparative purposes only. This change from prior years was made because AMP implemented Governmental Accounting Standards Board (GASB) statement No. 68, *Accounting and Financial Reporting for Pensions*, as of July 1, 2014. See Note 1 of the CAFR.

AMP's management is responsible for both the accuracy of the data contained in the CAFR and the completeness & fairness of the presentation including all disclosures. To the best of our knowledge and belief, the data presented is accurate in all material respects, and is reported in a manner that fairly sets forth the financial position and operational results of AMP. It should be noted that the independent auditor has expressed in their Independent Auditors' Report, which is included in the financial section of the CAFR, that "In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of AMP as of June 30, 2015, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America."

The letters from the independent auditor describing observations related to compliance with the City of Alameda's Charter (Exhibit A) and AMP's Investment Policy (Exhibit B) affirm that the Auditor conducted their audit in accordance with generally accepted auditing standards, performed certain tests to obtain reasonable assurance that the financial statements are free of material misstatements, and that nothing came to the attention of the auditor that caused them to believe that AMP failed to comply with applicable guidelines related to the Charter or the Investment Policy.

The letter from the independent auditor describing Significant Audit Findings (Exhibit C) affirm that the Auditor conducted their audit in accordance with generally accepted auditing standards and that AMP management was responsible for the selection and use of appropriate accounting policies. The auditor noted:

1. There were no transactions entered into by AMP during the year for which there was a lack of authoritative guidance.
2. All significant transactions have been recognized in the financial statements in the proper period.
3. Management's estimate of the green-house gas related sales accrued but uncollected, estimated liability for claims incurred but not reported, and the estimated useful lives of capital assets and the related depreciation, were reasonable.
4. There were no difficulties or disagreements encountered.

The CAFR for FY 2015 (Exhibit D), with its comparative information to the previous years, was prepared to meet the needs of a broad spectrum of financial statement readers.

The CAFR is divided into the following sections:

- *Introductory Section:* This section introduces the reader to AMP and includes a transmittal letter from the General Manager highlighting AMP's history, its recent accomplishments, and some of the economic conditions within which AMP operates. This section also contains information regarding the 18th award to AMP from the Governmental Finance Officers Association (GFOA) of the United States and Canada, for achieving the highest standards in government accounting and financial reporting.
- *Financial Section:* This section introduces the reader to specific financial data and includes the independent auditors' report, management's discussion and analysis letter, financial statements, and notes to the financial data.
- *Statistical Section:* This section introduces the reader to the history of AMP through a number of tables and graphs revealing long-term results of AMP's operations, the City's demographics and miscellaneous data that complements the financial data. Although this section contains substantial financial data, the tables and graphs differ from financial statements in that they present some non-accounting data, cover more than the current year, and are designed to reflect social and economic data, financial trends, and the fiscal capabilities of AMP.
- *Bond Disclosure Section:* This section introduces the reader to consolidated information which was previously transmitted separately as part of required bond disclosures. The information presented is for AMP's five (5) most recent fiscal years and includes those years ended June 30, 2015, 2014, 2013, 2012, and 2011.

After acceptance by the Board, the CAFR for FY 2015 will be on file with the City Clerk, and can also be reviewed at the Alameda Free Library and its branches. Additionally, the CAFR will be added to AMP's website and, in accordance with policy and lending institution covenant, will be distributed to several parties outside of AMP.

### FINANCIAL IMPACT

AMP received an unmodified opinion from the accounting firm of Vavrinek, Trine, Day & Co. LLP for the independent audit for FY 2015.

LINKS TO KEY RESULT AREAS AND GOALS

KRA 6: Financial & Organizational Stability

EXHIBITS

- A. Letter from the independent auditor describing observations related to compliance with the City of Alameda's Charter
- B. Letter from the independent auditor describing observations related to compliance with AMP's investment policy
- C. Letter from the independent auditor describing Significant Audit Findings
- D. AMP's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015



Vavrinek, Trine, Day & Co., LLP  
Certified Public Accountants

**AGENDA ITEM NO.: 5.A.**  
**MEETING DATE: 12/14/2015**  
**EXHIBIT A**

VALUE THE DIFFERENCE

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH CHARTER OF CITY OF ALAMEDA**

Public Utilities Board  
Alameda Municipal Power  
Alameda, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Alameda Municipal Power (AMP), an enterprise fund and department of the City of Alameda, California, which comprise the statement of net position as of June 30, 2015, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2015.

In connection with our audit, nothing came to our attention that caused us to believe that AMP failed to comply with Section 12-6 of the Charter of the City of Alameda, California; adopted April 27, 1937; approved May 5, 1937; amended November 2, 1982 and March 5, 1991 insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding AMP's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Charter, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Public Utilities Board, Alameda Municipal Power, City of Alameda, and management, and is not intended to be and should not be used by anyone other than these specified parties:

*Vavrinek, Trine, Day & Co. LLP*

Pleasanton, California  
November 23, 2015



Vavrinek, Trine, Day & Co., LLP  
Certified Public Accountants

**AGENDA ITEM NO.: 5.A.**  
**MEETING DATE: 12/14/2015**  
**EXHIBIT B**

**VALUE THE DIFFERENCE**

**INDEPENDENT AUDITORS' REPORT ON  
COMPLIANCE WITH INVESTMENT POLICY**

Public Utilities Board  
Alameda Municipal Power  
Alameda, California

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Alameda Municipal Power (AMP), an enterprise fund and department of the City of Alameda, California, which comprise the statement of net position as of June 30, 2015, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2015.

In connection with our audit, nothing came to our attention that caused us to believe that AMP failed to comply with the provisions of AMP's Investment Policy for the year ended June 30, 2015 approved by the Public Utilities Board on June 23, 2014, insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding AMP's noncompliance with the above referenced terms, covenants, provisions, or conditions of the Investment Policy, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Public Utilities Board, Alameda Municipal Power, City of Alameda, and management, and is not intended to be and should not be used by anyone other than these specified parties.

*Vavrinek, Trine, Day & Co. LLP*

Pleasanton, California  
November 23, 2015

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 23, 2015.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to AMP's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as AMP's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of the AMP's Proportionate Share of the City's Miscellaneous Plan Net Pension Liability, and Schedule of Contributions, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory, Statistical and Bond Disclosure Sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

Restriction on Use

This information is intended solely for the use of the Public Utilities Board, City of Alameda, and management of Alameda Municipal Power and is not intended to be, and should not be, used by anyone other than these specified parties.

*Vaurinick, Trine, Day & Co. LLP*

Pleasanton, California  
November 23, 2015



Public Utilities Board  
Alameda Municipal Power  
Alameda, California

We have audited the financial statements of Alameda Municipal Power (AMP), an enterprise fund and department of the City of Alameda, California, for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 11, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by AMP are described in Note 1 to the financial statements. As described in Note 1 to the financial statements AMP implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions —an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date — an Amendment of GASB Statement No. 68*, as of July 1, 2014. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by AMP during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting AMP’s financial statements were:

Management’s estimate of the green-house gas credit sales accrual but uncollected at June 30, 2015, the estimated liability for claims incurred but not reported, the estimated useful lives of capital assets and related depreciation expense and the estimates related to the net pension liability, deferred inflows of resources and deferred outflows of resources and related disclosures are based on actuarial valuations and a proportionate share of the City of Alameda’s Miscellaneous Plan net pension liability. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

As described in Note 6 to the financial statements, AMP’s disclosure of the defined benefit pension plan, net pension liability and related deferred inflows of resources and deferred outflows of resources required by AMP implementation of GASB 68 and GASB 71, are particularly sensitive. The valuation of the net pension liability and related deferred outflows (inflows) of resources are sensitive to the underlying actuarial assumptions used including, but not limited to, the investment rate of return and discount rate, and AMP’s proportionate share of the City of Alameda’s Miscellaneous Plan net pension liability. The disclosure on the restatement of beginning net position in Note 13 describes the impact to beginning balances of the implementation of GASB 68 and GASB 71.

# C A F R

**COMPREHENSIVE**

**ANNUAL**

**FINANCIAL**

**REPORT**

For the

Fiscal Year

Ended

2015



**ALAMEDA  
MUNICIPAL POWER**

An Enterprise Fund and Department of the City of Alameda

## **PUBLIC UTILITIES BOARD**

(as of June 30, 2015)

### **President**

Madeline Deaton

### **Vice President**

Mary Sutter

### **Commissioner**

Gregory Hamm

### **Commissioner**

Ann McCormick

### **Commissioner and Interim City Manager**

Elizabeth Warmerdam

---

## **ALAMEDA MUNICIPAL POWER**

### **General Manager**

Glenn Steiger

### **Interim Assistant General Manager, Engineering & Operations**

Cynthia Whitchurch

### **Assistant General Manager, Customer Resources**

Rebecca Irwin

### **Assistant General Manager, Administration**

Robert Orbeta

### **Assistant General Manager, Energy Resource Planning**

Barry Leska



**ALAMEDA  
MUNICIPAL POWER**

2000 Grand Street  
Alameda, CA 94501  
510.748.3900  
[www.alamedamp.com](http://www.alamedamp.com)

**ALAMEDA MUNICIPAL POWER**  
**AN ENTERPRISE FUND AND DEPARTMENT**  
**OF THE CITY OF ALAMEDA, CALIFORNIA**

**COMPREHENSIVE ANNUAL**  
**FINANCIAL REPORT**

**FISCAL YEAR ENDED**  
**JUNE 30, 2015**

**PREPARED BY THE**  
**ADMINISTRATIVE SERVICES DIVISION**

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# Introductory Section

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**ALAMEDA MUNICIPAL POWER  
AN ENTERPRISE FUND AND DEPARTMENT  
OF THE CITY OF ALAMEDA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2015**

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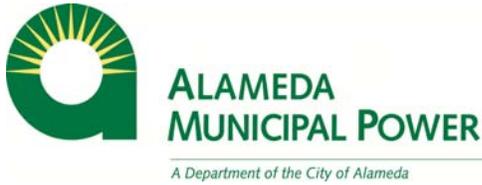
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November 23, 2015

**To the Public Utilities Board and Our Customers:**

We are pleased to transmit the Comprehensive Annual Financial Report of Alameda Municipal Power (AMP), an enterprise fund and department of the City of Alameda, California for the fiscal year ended June 30, 2015. We are only presenting a one year report for fiscal year ended June 30, 2015, with the 2014 amounts included for comparative purposes only. This change was made because under GASB 68, we are unable to restate the 2014 balance for comparative purposes. AMP encourages 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 AMP’s management. AMP 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 the financial activity are included in this report.

**Profile**

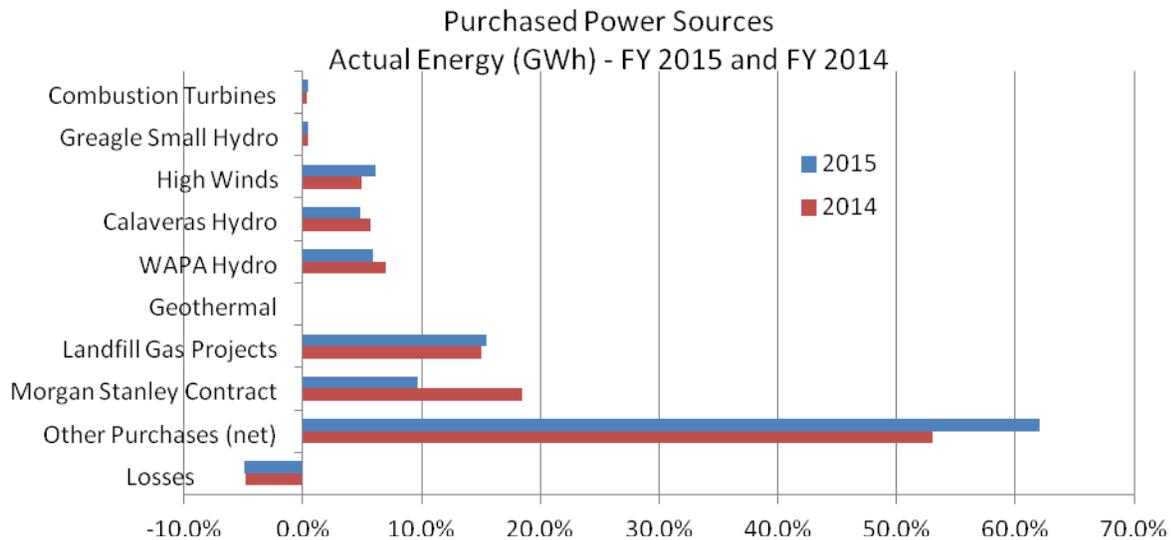
The City of Alameda - Department of Public Utilities - Bureau of Electricity, now doing business as Alameda Municipal Power, is the oldest municipal electric utility in California and is amongst the oldest in the nation, either public or private. The municipal utility has safely provided reliable, cost-effective, and environmentally responsible, electric-energy services since its founding in 1887. As a reminder to the reader, AMP sold its telecommunications business line (telecom) to Comcast of Alameda, Inc. effective November 21, 2008, changed its name from Alameda Power & Telecom to Alameda Municipal Power on January 26, 2009, and ceased to provide telecom services on March 21, 2009.

AMP is governed by a Public Utilities Board (Board). Pursuant to the Alameda City Charter, the Board has the power to control and manage the electric system, including the power to fix rates for the services provided by AMP. The Board establishes goals and policies, approves major purchases, and creates the framework for local control of AMP, one of Alameda’s largest businesses. 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 (FY) 2015, the members of the Board included President Madeline Deaton, Vice-President Mary Sutter, Commissioner Gregory Hamm, Commissioner Ann McCormick, Commissioner and Interim City Manager Elizabeth D. Warmerdam. For FY 2016, the Board members are President Mary Sutter, Commissioner Madeline Deaton, Commissioner Ann McCormick, Commissioner Laura Giuntini, and Interim City Manager Elizabeth D. Warmerham.

The appointments became effective July 1, 2015. The City of Alameda is an island community of 22.8 square miles located across the bay from San Francisco and to the southwest of the City of Oakland. AMP provides electric-energy services for the entire service area of the City. The electric system has 86.1 pole miles of overhead distribution lines, 176.4 circuit miles of underground distribution lines, 6.8 pole miles of overhead transmission lines, 1.9 circuit miles of underground transmission lines and 5,441 streetlights. During FY 2015, AMP served an average of 34,525 customer accounts, comprised of approximately 30,307 residential accounts, 3,834 commercial accounts, and 384 other accounts, with a peak demand of approximately 63.3 MW.

AMP does not independently own any generation assets at this time; but rather, it procures power through long and short-term agreements. To facilitate the acquisition of power, AMP joined the Northern California Power Agency (NCPA) in 1968. NCPA is a joint-powers agency composed of AMP and 14 other northern California public entities. NCPA provides electric scheduling, dispatch and transmission for the provision of AMP’s electric-energy services. AMP participates in the NCPA power pool and makes short-term market purchases and sales as necessary, or economical, to meet its native load requirements and dispose of surplus. Generally, AMP has entered into power purchase agreements solely or primarily for use within its own system. AMP continues its program to research, solicit and acquire electric generation sources that are economical, provide stable costs over the long-term, and are environmentally responsible.

The actual energy purchased is illustrated below:



AMP participates in most of NCPA’s generation projects, but it does not participate in the Lodi Energy Center. Approximately 11.6 % of AMP’s resources in FY2015 were sourced through NCPA including 4.9% from the Calaveras hydroelectric facilities, 6.0% from the Western Area Power Alliance’s (WAPA) hydroelectric facilities, 0.4% from the Graeagle hydroelectric facilities, and market transactions and 0.4% from the Combustion Turbine (CT) projects. NCPA market purchases for AMP accounted for another 62.1% of purchased power.

AMP procures approximately 26.3% of its power supply resources independent of NCPA and has obtained independent contracts for Morgan Stanley’s hydroelectric facilities, several landfill

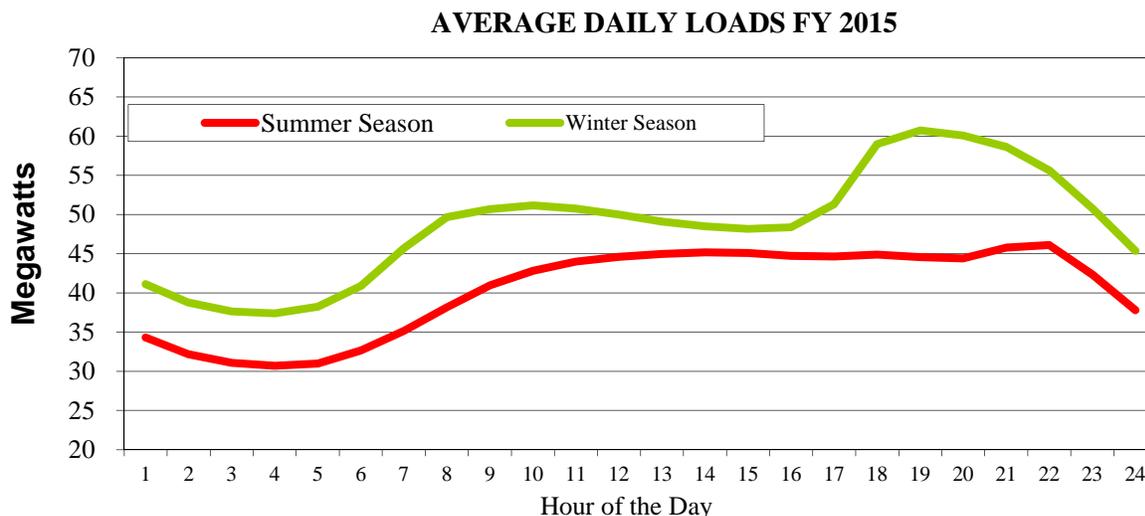
gas facilities, and for a portion of the high winds project. NCPA provides electric scheduling, dispatch and transmission for these electric-energy services.

The actual energy purchased for FY 2015 resulted in 9% higher “Other Purchases” and 1.2% higher “High Winds” categories compared to FY 2014 purchases while “Morgan Stanley’s” category decreased by 8.7% because it matured on December 31, 2014. Additionally, there was an increase of .5% on the “Landfill Gas Projects” category compared to FY 2014 purchases.

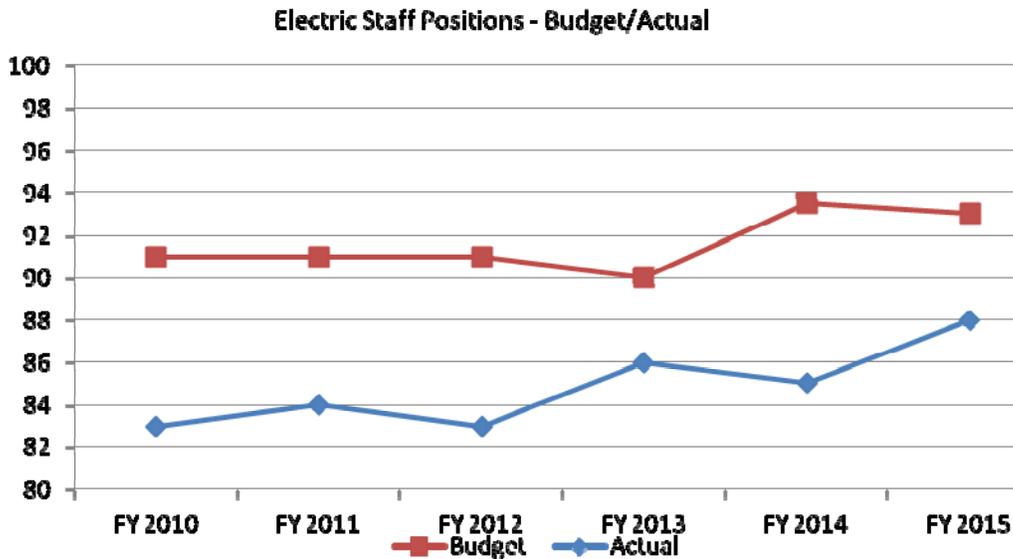
At its January 2012 meeting, the Board approved a Renewable Portfolio Power Sales Policy that directed AMP to sell all eligible renewable power through 2019 not required to comply with the revised Renewable Portfolio Standard. In October 2012, AMP sold its share of the renewable energy generated by NCPA’s Geothermal Project and Ameresco’s Ox Mountain LFGE facility through December 2016 to the California Department of Water Resources. This short-term sale is reflected above in the actual energy purchased chart. NCPA makes market purchases to replace the short-term sales and meet AMP’s load requirements. AMP continues to evaluate short-term sales for the 2017 through 2019 period.

The Board directed that the resulting revenues from the short-term sales be retained and used to support AMP directed initiatives to reduce Green House Gas (GHG) emissions associated with electricity usage and service. Additionally, the California Cap-and-Trade (C&T) program continues auction sales of directly allocated allowances from the California Air Resources Board (CARB). The resulting revenues from the C&T sales will be used for the benefit of ratepayers consistent with the goals of Assembly Bill 32. AMP has established Board designated reserves for these special sales revenues.

Each year, the energy output from the generating facilities is optimized based upon seasonal, economic and maintenance considerations. The chart below indicates the electric system’s maximum average daily load occurs about 7:00 pm during the winter and the minimum average daily load occurs about 4:00 am during the summer. This data is used by AMP to review system capacity needs and trends for time-of-use rate planning.



AMP’s employees keep the system operational 24 hours a day, 7 days a week. The utility’s professionals are represented by the Electric Utility Professionals of Alameda (“EUPA”). Non-management personnel are represented by either the International Brotherhood of Electrical Workers (“IBEW”) or the Alameda City Employees Association (“ACEA”). The current Memoranda of Understanding with each of EUPA, ACEA and IBEW expires in December 2015. Employee retirement benefits are provided by AMP through the City of Alameda’s participation in the California Public Employees Retirement System (“CalPERS”).



AMP refinanced \$31.7 million of its electric debt during August 2010 into fixed rate bonds. The Board continues to establish financial guidelines, set specific reserve targets and affirm rate principles.

In April 2015, the Board accepted the five-year strategic plan that will enable AMP to meet its obligations as Alameda’s municipal electric provider for 2015 through 2020. Critical elements that will determine AMP’s future direction include global issues, issues within Alameda, critical stakeholders, priorities, mission, vision, values, key result areas (KRA), goals, and initiatives.

The 5-Year Plan (Road Map) is based on six KRAs and their associated goals:

**1) Customer Programs & Experience**

- ❖ Ensure that customers have a positive experience
- ❖ Increase customer energy efficiency
- ❖ Provide programs that support green Alameda
- ❖ Provide programs that increase revenues
- ❖ Increase community engagement and good will

**2) Workforce**

- ❖ Achieve low OSHA incident rate
- ❖ Maintain zero preventable vehicle accidents

- ❖ Maintain low position vacancy rate
- ❖ Develop workforce skills for AMP opportunities
- ❖ Achieve high employee satisfaction

### 3) System Resiliency

- ❖ Maintain low customer outage frequency and duration
- ❖ Replace AMP infrastructure
- ❖ Improve infrastructure project management workflow
- ❖ Complete infrastructure for Alameda Point

### 4) Technology

- ❖ Achieve total Advanced Metering Infrastructure (AMI) deployment
- ❖ Implement automated distribution system
- ❖ Establish systems inter-operability
- ❖ Maintain sufficient level of cybersecurity

### 5) Energy Resources

- ❖ Develop alternative energy opportunities
- ❖ Define power procurement plan for 2025
- ❖ Achieve maximum utilization of REC funds
- ❖ Achieve sustainable level of carbon neutral

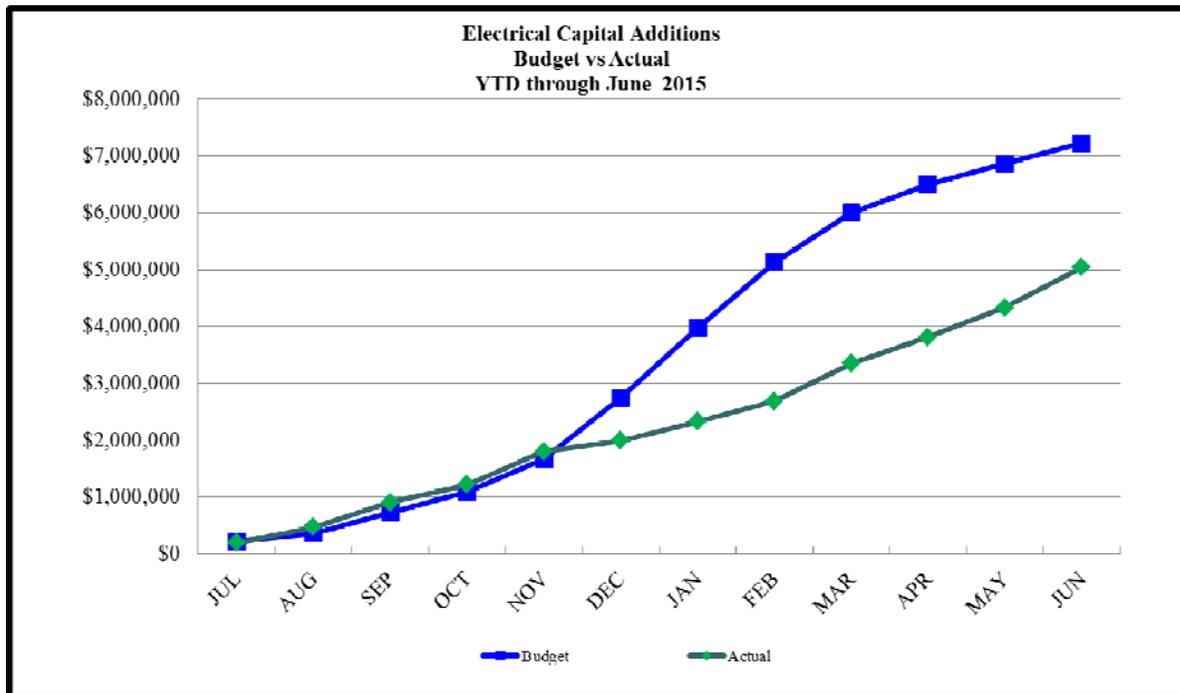
### 6) **Financial and Organizational Stability**

- ❖ Meet all bond covenants
- ❖ Ensure AMP's average rates are competitive
- ❖ Ensure mutually-agreeable transfer to City
- ❖ Ensure balanced budget
- ❖ Ensure effective organizational management

AMP's rates and fees are intended to recover 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. At its June 28, 2010 public meeting, the Board approved a five-year rate adjustment plan for FY 2011-2015 consisting of slow and steady rate increases. At its regular meeting conducted April 20, 2015, the Board approved an average rate increase of 4.6 percent for FY 2015, the fifth year in the five-year plan. The 4.6% amount was determined based on the results of the 10-year pro forma model, a tool that enables staff to incorporate key assumptions and determine the rate adjustment needed to comply with financial guidelines.

New rate planning is being developed to meet financial guidelines for the five-year period FY 2016-2020. The 10-year pro forma model will continue to be used as a tool to consider yearly adjustments. Additional rate increases could be forecast during these years as key cost drivers, such as rising power and transmission charges, increased operating expenses, and lower load forecasts (translating into lower sales and lower revenue), exert upward pressure on rates. AMP will continue to investigate options to assure that revenues are sufficient to cover the cost of providing quality service to its customers.

In its continuing commitment to provide the most reliable power for Alameda and in support of community development goals, AMP continues to improve its electric distribution network through capital improvements to the supervisory control and data acquisition (SCADA) system and electrical equipment; providing new electric services for residential and business development; providing increased circuit cleansing, maintenance and inspection of high voltage components; upgrading internal systems; as well as a variety of routine enhancements including selected street light replacements, transformer inspections, and meter work.

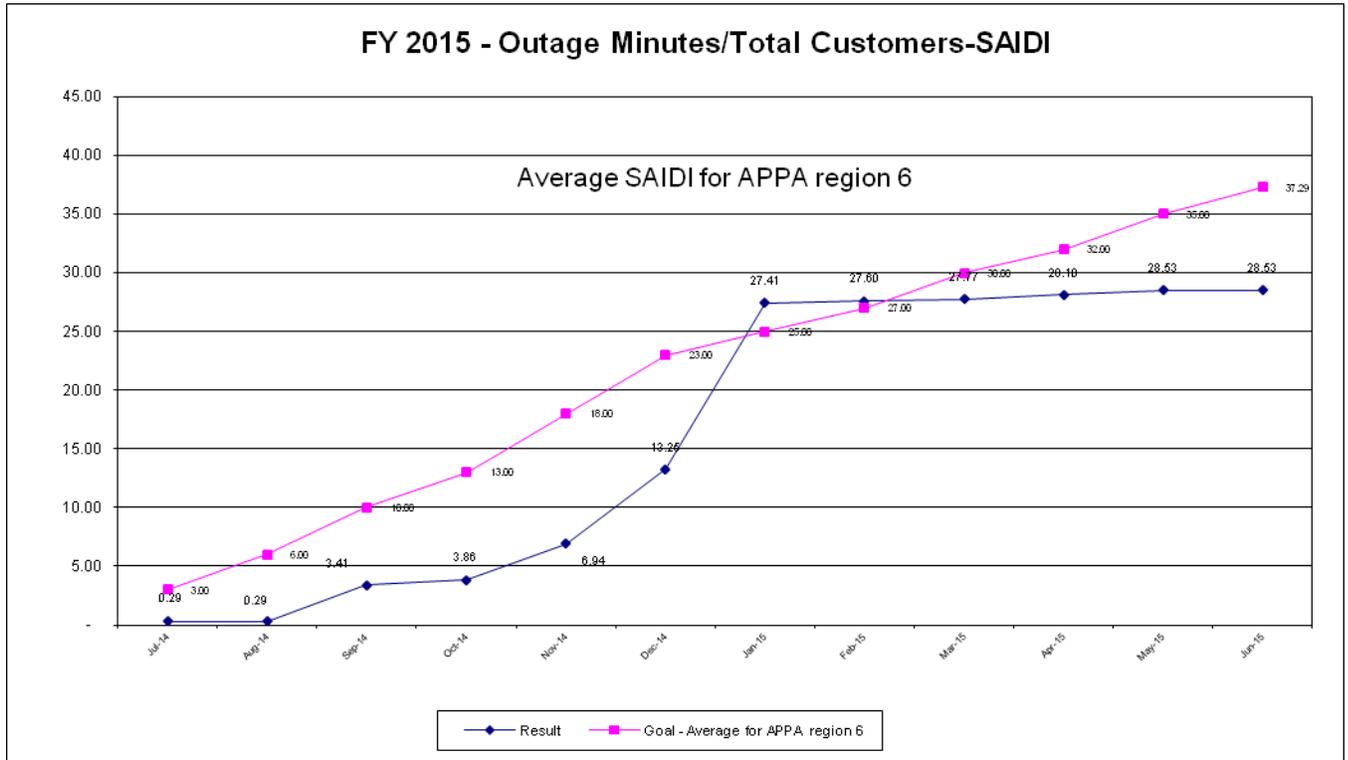


Several modifications to the CIP strategic plan occurred during FY 2015 that impacted planned construction budgets and schedules. Projects that were lower than budget because of material, labor, or contractor availability were 1) Utility IT smart maps, 2) Tri Pointe Home development delays, 3) Alameda Landing permits, 4) residential customer connections, 5) Utility underground process re-development, 6) LED streetlights which was initiated in FY 2015 and will be completed in FY 2016, 7) replacement of transmission equipment, 8) repave service center yard, 9) vehicle purchases. Projects that exceeded budgets were 1) historic streetlight replacement, 2) installation of smart grid system, 115kv relay replacement, 3) a utility “bucket” truck purchase, 4) replacement of distribution equipment and underground extension, 5) security for network firewall.

AMP has a goal to be “as reliable as the top quartile of electric utility providers in the Western United States”. AMP surpassed that goal during FY 2015, even though several unplanned events caused system outages.

In any successful strategic plan, flexibility is a fundamental element that allows for immediate assignment of resources to address specific system issues and promotes action to leverage opportunities when adapting to changing market conditions. The procurement processes that

AMP utilizes support critical capital spending plans. The success of this strategy is evidenced in our reliability record which is summarized in the chart below.



In addition to the reliable services provided to its customers, AMP has transferred \$2.8 million to the City’s General Fund in accordance with the City Charter and applicable Board resolutions, paid \$1.3 million in Payments-In-Lieu-Of-Taxes (PILOT), prepaid \$1 million of PILOT for FY 2016 and has effectively reduced the tax burden of residents thus improving the quality of life in Alameda while maintaining substantially lower rates than nearby investment-owned utilities.

**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. The City has highway links to the City of Oakland to the north and east, and offers ferry services to San Francisco from two locations.

The California Department of Finance population information from the 2010 census indicates that 73,812 people reside in 30,123 Alameda housing units as of April 1, 2010. Estimates for 2014 indicate 77,660 people, an increase of 5%, and approximately 31,600 housing units. The 2010 census information indicates that 48% of the housing units in Alameda are owner occupied dwellings. Residential properties include low-, moderate-, and high-income housing in a variety of styles. It is anticipated that the population of Alameda will continue to increase as new housing units are constructed and occupied at Alameda Point and elsewhere in the City. The 2010 census information indicates that 75% of Alameda's population is an adult between the ages of 21-54 years, which is above the California average by 5%.

Alameda's business enterprises range in scope from the Coast Guard providing homeland security functions, to the Maritime Administration providing a ready-fleet of ships, to the City of Alameda providing municipal services to residents, to Amstar providing leasing of nonresidential buildings, to the Alameda Unified School District, to BSREP Marina Village that was formerly Legacy Partners providing leasing of nonresidential buildings, to Safeway stores providing groceries to households, to Wind River providing computer programming services, to Alameda Hospital providing health services, to the Safeway Stores providing grocery products, to the Celera Diagnostics providing health care instrumentation. The diversity of businesses and their unique electricity needs continues to be reliably served by the backbone of the electric distribution network.

Overall, the outlook for the City of Alameda is generally stable although the weakening local, state and national economies are impacting project development and contributing to reduced growth of electric revenue and electric sales of kilowatt-hours. Investors continue to demonstrate their faith in the strengths of the community by continuing capital improvements and through community planning development for Alameda Point. AMP continues to recognize trends developing in the market place and has adjusted its system expansion budget.

AMP understands that in addition to being responsive to the community, it must assess its risks and plan accordingly. This planning is especially important at this time since operating expenses are expected to escalate as certain power supply contracts expire, renewable energy continues to be prominent in the portfolio, and transmission costs escalate.

## **Major Initiatives**

### *Community Involvement*

Through public service and participation in local events, programs, and agencies, AMP maintains a strong presence in the community. AMP joined other City departments to sponsor a celebration of Earth Day, sponsored the Park Street Art & Wine Faire and the Chamber of Commerce's "City Manager's Annual Report & Luncheon," purchased LED wreaths to continue the City's greening of its holiday light display at City Hall, and participated with the City at its first annual "Big Truck Bonanza" and its annual Fourth of July activities. AMP also hosted a variety of field trips and tours of its service center and geothermal plant and participated in two summer internship programs, hosting two high school students interested in utility careers. AMP joined with the Alameda Police Department for National Night Out and an outreach program to prevent customers from becoming payment scam victims. AMP hosted several activities for

Public Power Week and through its public relations mechanisms and its external customer newsletter, continues its aggressive safety-education initiatives. In addition to its community involvement, AMP continues to provide financial assistance programs for low-income customers.

### Economic Development

The City of Alameda and AMP continue to encourage new and existing businesses to develop in Alameda. Alameda is an excellent choice for energy-sensitive businesses and is centrally located within the Bay Area. While having one of the best records of reliability, customers enjoy electrical rates significantly lower than those of nearby cities served by other utilities.

A portion of the west end of Alameda known as Alameda Landing is seeing significant growth at this time. New business developments, such as Target, Safeway and others, have been developed in this area. During FY 2016, AMP will continue to build-out infrastructure and provide electric services to these businesses. Additionally, FY 2016 projects that are being undertaken to improve system reliability, and flexibility for new development, include the installation of cables, replacement of substation breakers, replacement of distribution poles, replacement of LED streetlights, install a second station for system operations, implement a Geographic Information System (GIS), continued system enhancements, and various design development activities.

### Customer Service

AMP's customers can call during business hours to obtain information about their bill, make a payment, inquire about energy efficiency programs, solar rebate program, request new service, or discontinue service. Customers have seven bill payment options when paying their electric bill. There are no additional fees for any of these bill payment options. A feature of AMP's telephone system is one that allows automated IVR billing services around the clock, any day of the week.

- *Automatic Payment Service (Easy Pay)*  
Electric bills may be paid directly through a draft on a checking or savings accounts.
  
- *Electronic Bill Presentment/Payment (EBPP)*  
AMP customers can view and pay their electric bill at any of over 300 web sites including [www.AlamedaMP.com](http://www.AlamedaMP.com).  
  
A feature with the EBPP service includes an automated email notifying customers when their electric bill is ready for viewing and payment.
  
- *On-line Credit/Debit 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 AMP'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 Station*  
For customer convenience, there is an additional pay station in Alameda that will accept electric payments.

Customers can also utilize AMP's website to obtain an array of information regarding programs, services, events, Public Utility Board meetings, and other areas of interest.

#### *Solar Rebates and Alternative Fuel Vehicles*

AMP continues to support community efforts for reducing greenhouse gases through its solar programs and by its use of alternative-fuel vehicles, including both all-electric and hybrid electric/gasoline vehicles. While the alternative-fuel vehicles serve business purposes, they also remind the community of AMP's commitment to a cleaner environment. AMP continues to install electric vehicle charging stations to assess electric-vehicle charging patterns as more all-electric vehicles begin to be utilized by the community.

#### *Alameda Point Telephone System*

AMP took over the operation of the telephone plant at Alameda Point on July 1, 2000 and converted the operation to a self-sustaining portion of the utility. AMP charges installation and monthly recurring fees to provide for the recovery of maintenance expenses. Capital plant investment for the Alameda Point telephone system have been minimized because the telephone cable pairs to extend telephone services from the AT&T Minimum Point of Entry (MPOE) to tenants leasing space and housing on Alameda Point are temporary. Existing telephone circuits will be abandoned as Alameda Point is redeveloped. 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. Until Alameda Point's redevelopment plans are implemented, the Alameda Point telephone system will continue to support residents, business and economic development by providing access to the public dial telephone network.

### **Management's Statement of Responsibility**

AMP'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.

AMP'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 provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements because internal control costs should not exceed the benefits derived. Management periodically reviews the internal control system. Actions are taken to correct deficiencies as they are identified. AMP 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.

### **Independent Audit**

California State statutes and the City of Alameda's charter require an annual audit of AMP's financial records and transactions. Vavrinek, Trine, Day & Co., LLP (VTD), a certified public accounting firm, is contracted to independently audit the financial information of AMP. VTD was provided access to all information and documentation necessary for the audit. The financial section of the Comprehensive Annual Financial Report contains the Independent Auditors' Report as well as management's discussion and analysis of the financial data, the financial statements, and the notes to the financial statements. In the normal course of work, the independent auditor may recommend changes in control procedures and AMP's management will take appropriate action on such recommendations.

### **Award**

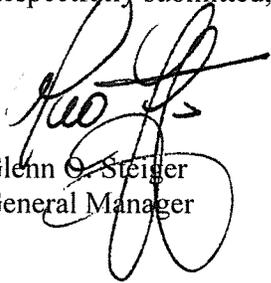
The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to AMP for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. A GFOA Certificate of Achievement is valid for a period of 1 year. This was the eighteenth consecutive year that AMP 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 and applicable legal requirements.

AMP 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 of Achievement for Excellence in Financial Reporting from GFOA.

## Acknowledgments

This report is the culmination of the hard work and dedication of many AMP employees and the independent auditor, Vavrinek, Trine, Day & Co., LLP. AMP 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,



Glenn O. Steiger  
General Manager

# Principal Officers

(As of June 30, 2015)

## **PUBLIC UTILITIES BOARD**

Madeline Deaton, President

Mary Sutter, Vice President

Gregory Hamm, Commissioner

Ann McCormick, Commissioner

Commissioner and Interim City Manager, Elizabeth Warmerdam

## **GENERAL MANAGER**

Glenn Steiger

## **MANAGERS**

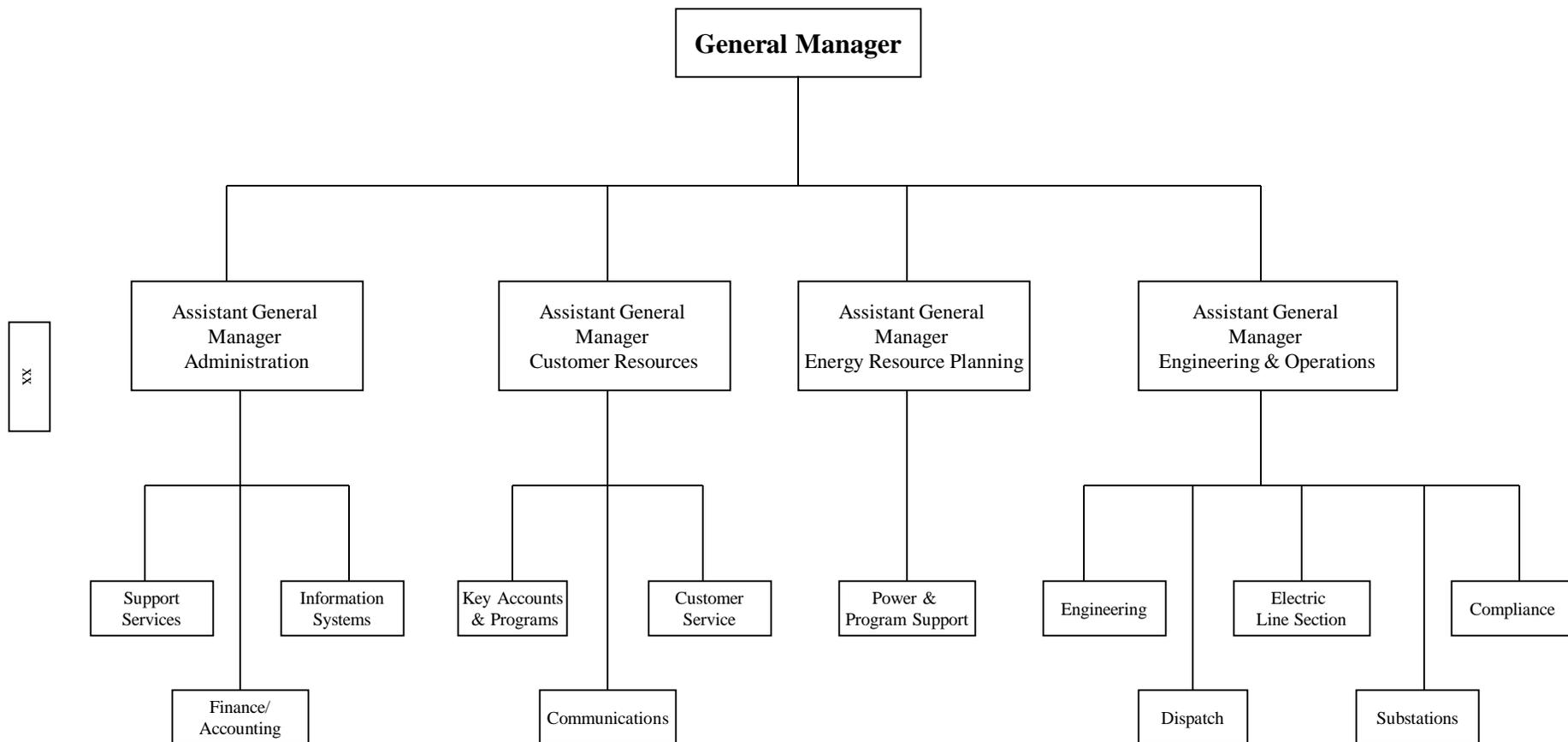
Robert J. Orbeta, Assistant General Manager – Administration

Rebecca Irwin, Assistant General Manager – Customer Resources

Barry Leska, Assistant General Manager – Energy Resource Plannin

Cynthia Whitchurch, Interim Assistant General Manager – Engineering & Operations

City of Alameda  
Alameda Municipal Power  
Organizational Chart





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

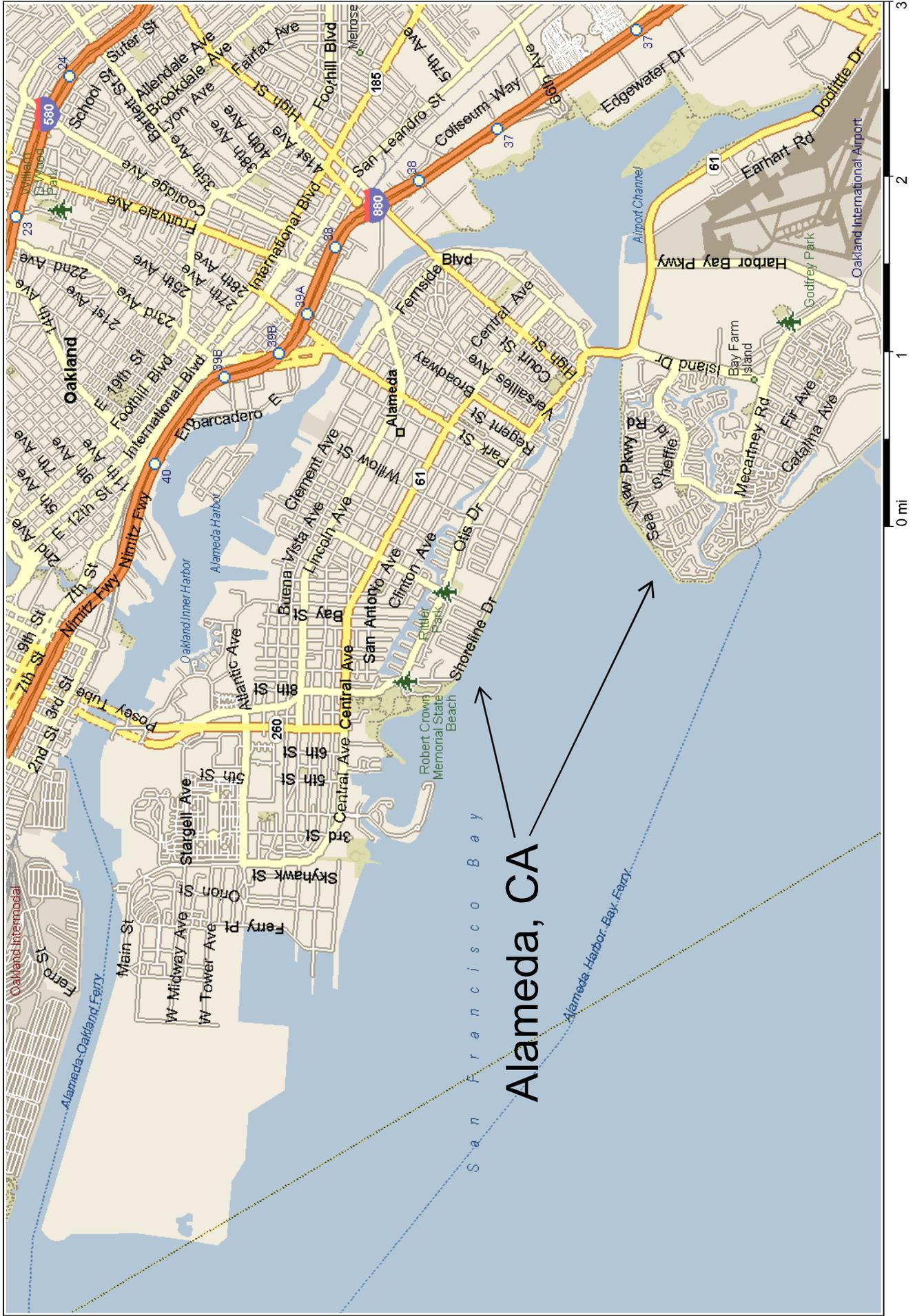
**Alameda Municipal Power  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

Alameda, California, United States



Alameda, CA

San Francisco Bay

Alameda Harbor Bay Ferry

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# Financial Section

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## INDEPENDENT AUDITORS' REPORT

Public Utilities Board  
Alameda Municipal Power  
Alameda, California

We have audited the accompanying financial statements of each major fund of Alameda Municipal Power (AMP), an enterprise fund and department of the City of Alameda, California, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Alameda Municipal Power's basic financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of AMP as of June 30, 2015, and the respective changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

### *Individual Fund Financial Statements*

As discussed in Note 1, the financial statements present only AMP's enterprise funds and do not purport to, and do not, present fairly the financial position of the City of Alameda, California, as of June 30, 2015, and the changes in its financial position, or where applicable, its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### *Implementation of New Accounting Standards*

As discussed in Note 13 to the financial statements, AMP adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### *Report on Summarized Comparative Information*

We have previously audited AMP's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 5, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, schedule of proportionate share of the net pension liability and schedule of contributions on pages 3 through 17 and 59 through 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise AMP's basic financial statements. The introductory section, statistical section and bond disclosure section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory, statistical and bond disclosure sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Vavrinik, Trine, Day & Co. LLP*

Pleasanton, California  
November 23, 2015

# **ALAMEDA MUNICIPAL POWER**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

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As management of Alameda Municipal Power (AMP), we offer readers of AMP's financial statements this narrative overview and analysis of the financial activities of AMP for the year ended June 30, 2015. We are presenting a one year report with the 2014 amounts included for comparative purposes only. This change was made because under GASB 68, the 2014 balances have not been restated. Readers are encouraged to consider the information presented here in conjunction with information contained in the preceding transmittal letter, the accompanying financial statements and notes, the statistical section of the comprehensive annual financial report and the bond disclosure information.

### **FINANCIAL STATEMENTS OVERVIEW**

The basic financial statements present the financial picture of AMP from an economic resources measurement focus using the accrual basis of accounting similar to a private-sector business.

The Statement of Net Position presents information on AMP's assets, deferred outflows/inflows, and liabilities with the difference reported as net position. The primary purpose of these Statements is to provide relevant information about AMP's assets, liabilities, deferred outflows/inflows, net position, and their relationships to each other at the year-end closing date. The information provided in the Statement, used with related disclosures and information in other financial statements, helps the public, creditors, and others assess AMP's ability to continue to provide services, understand its liquidity, financial flexibility, and its ability to meet obligations.

The Statement of Revenues, Expenses and Change in Net Position present relevant information showing how AMP's resources were used in providing services and how AMP's net position changed during the period. The information helps the public, creditors, and others to evaluate the organization's performance. The Statement allows the reader to assess AMP's service efforts, its ability to continue to provide services, the results of management's stewardship, and other aspects of performance.

The Statement of Cash Flows presents relevant information about cash receipts and payments and the net change in cash resulting from AMP's operating, investing, and financing activities during the period. The Statement provides information for investors, creditors, and others, to evaluate AMP's financial position, its ability to generate future cash flows, its ability to pay bills and meet obligations, and the differences between net income and net cash provided (used) by AMP's operating, investing, and financing activities during the period.

### **FINANCIAL HIGHLIGHTS**

- AMP's overall total net position increased by \$8.5 million for the year ended June 30, 2015 while last year an increase of \$10.15 million was reported.
- The electric fund total net position increased by \$7.8 million for the year ended June 30, 2015 while last year an increase of \$8.5 million was reported.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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- The decrease of \$9.08 million to the electric fund total net position comes from a combination of factors including:
  - Current Assets increased by \$11.9 million for the year ended June 30, 2015 while last year's current assets decreased by \$5.85 million. This year's changes were due to an increase of \$3.3 million in cash and equivalents, an increase of \$7.9 million in investments, an increase of \$518k in accounts receivable, an increase of \$169k in prepaid power costs, an increase of \$60k in interest, material and supplies, while Green House Gas (GHG) net receivables decreased by \$77k;
  - Capital Assets net of depreciation increased \$1.94 million for the year ended June 30, 2015 while last year a similar increase of \$1.93 million was reported (see note 3 for additional information regarding capital assets and depreciation amounts);
  - Other Non-current Assets decreased by \$8.02 million for the year ended June 30, 2015 while last year an increase of \$8.57 million was reported. This change was primarily due to a decrease of \$14.5 million for certain Northern California Power Agency (NCPA) projects and investments (see note 8 for additional information regarding NCPA), which was offset with an increase of \$6.5 million for investments designated for special purposes (see note 2 for additional information regarding restricted and designated investments), an increase of \$17k for restricted investments;
  - Deferred Outflow of Resources increased by \$955k primarily due to the implementation of GASB 68 as of July 1, 2014 by recognizing \$1.01 million in deferred outflows relating to pensions. Last year the outflow of resources decreased by \$61k.
  - Current Liabilities for the electric fund decreased \$305k for the year ended June 30, 2015, while last year a decrease of \$842k was reported. The change was primarily due to a \$16k decrease in accrued liabilities and accounts payable and accrued payroll, an increase of \$144k in deposits, a decrease of \$28k for the current portion of compensated absences (see note 1C for additional information), a decrease of \$18k in interest payable, a decrease of \$29k in current long term debt, and a decrease of \$70k for the current portion of claims liability (see note 10 for additional information);
  - Non-current Liabilities increased \$12.8 million for the year ended June 30, 2015 while last year a decrease of \$1.21 million was reported. The change was primarily due to \$13.7 million increase in net pension liability relating to GASB 68 that AMP implemented as of July 1, 2014, and a decrease of \$1.1 million in long term debt (net of current portion);
  - Deferred Inflow of Resources increased by \$3.4 million for the year ended June 30, 2015, while last year a decrease \$1.90 million was reported. The change is primarily related to the recognition of \$4.0 million due to the implementation of GASB 68 as of July 1, 2014. The balancing account decreased by \$660k for the year.
- The telecom fund total net position increased \$439k for the year ended June 30, 2015 while last year an increase of \$1.62 million was reported which related to an adjustment of the litigation payable from the favorable settlement to AMP.
- Electric fund operating revenue decreased \$934k for the year ended June 30, 2015 as electricity sales revenue decreased \$347k, miscellaneous services decreased \$32k, plant leased to others increased \$74k, jobbing sales decreased \$515k, Cap & Trade (CT) Program net revenue increased \$128k and Greenhouse Gas (GHG) related sales decreased \$242k from last year's amount. Last year, a \$3.65 million increase to the Electric fund operating revenue was reported mainly due to \$2.4 million increase in GHG sales.
- Excluding purchased power, depreciation and the balancing account, electric fund operating expenses for the year ended June 30, 2015 increased \$388k compared to the results from last year primarily as a result

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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of increased customer service and operations, energy efficiency programs, and a decrease in jobbing sales expenses.

- Purchased power expenses decreased \$679k for the year ended June 30, 2015, while last year a \$350k decrease was reported.
- Depreciation and amortization expense increased \$189k for the year ended June 30, 2015, while last year a \$40k increase was reported.
- The balancing account, which is used to stabilize rates, was reduced by \$660k, while last year it was reduced by \$1.90 million (see note 1C for additional information on the deferred inflows of resources related to balancing account).
- Electric fund non-operating revenues/expenses had a net increase in revenues of \$1.35 million for the year ended June 30, 2015 while last year a net decrease in spending of \$2.88 million was reported.
  - Interest income was higher by \$87k and interest expense was lower by \$64k for the year ended June 30, 2015 while last year interest income was lower by \$13k and interest expenses were lower by \$34k.
  - Fair value of NCPA Projects and Reserves increased by \$807k during the year ended June 30, 2015, while last year a decrease by \$2.24 million was reported.
  - Miscellaneous non-operating revenue/expense had a net increase of \$298k for the year ended June 30, 2015 while last year a net decrease of \$470k was reported.
- AMP continues to maintain the telephone system at Alameda Point and strives to provide service to customers “at cost”. The operating income for Alameda Point’s telephone system resulted in a net loss of \$136k in FY 2015 and a net loss of \$515k in FY 2014.
- AMP continued its support of the City’s general fund with a Board approved contribution of \$2.8 million in FY 2015 and FY 2014.
- To allow for payment of litigation expenses resulting from the sale of the telecommunications system, the electric fund transferred \$575k to the telecom fund without any expectation of being repaid.
  - The amount transferred decreased \$6,500 from last year’s transfer of \$581k.
- The electric fund had an increase of \$3.3 million in cash and equivalents for the year ended June 30, 2015 while last year a decrease of \$5.3 million was reported. The results come from a combination of factors including:
  - Net cash provided by operating activities decreased \$867k while last year it was reported that net cash provided by operating activities increased \$5.9 million from the previous year.
  - Net cash used for non-capital financing activities \$20k while last year it was reported that net cash used for non-capital financing activities decreased \$401k from the previous year.
  - Net cash used for capital and related financing activities decreased \$362k while last year it was reported that net cash used in capital and related financing activities increased \$2.7 million from the previous year.
  - Net cash provided by investing activities increased \$9.9 million while last year it was reported that net cash used for investing activities increased \$8.2 million.
- The electric fund prepaid \$1.0 million of PILOT for FY 2016 during FY2015. No prepayments will be made in FY2016.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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- The telecom fund had \$0 change in its cash and equivalents for the year ended June 30, 2015 which is consistent with last year's reported change of \$0.
  - Net cash used for operating activities was \$575k while last year it was reported that net cash used for operating activities was \$581k, a net change of \$6,500.
  - Net cash provided by non-capital financing activities were \$575k while last year it was reported that net cash used by non-capital financing activities were \$581k.

### COMBINED NET POSITION

#### AMP's Combined Net Position as of June 30:

(Dollars in thousands)

	2015	2014	2013
Assets:			
Current Assets	\$ 48,802	\$ 36,864	\$ 42,716
Capital Assets, net of depreciation	40,188	38,251	36,317
Other Non-current Assets	32,282	40,302	31,732
<b>Total Assets</b>	<b>121,272</b>	<b>115,417</b>	<b>110,765</b>
<b>Deferred Outflow of Resources</b>	<b>1,825</b>	<b>870</b>	<b>932</b>
Liabilities:			
Current Liabilities	7,448	8,191	10,648
Long-term Liabilities Outstanding	41,309	28,487	29,695
<b>Total Liabilities</b>	<b>48,757</b>	<b>36,678</b>	<b>40,344</b>
<b>Deferred Inflow of Resources</b>	<b>20,248</b>	<b>16,873</b>	<b>18,770</b>
Net Position:			
Net Investment in Capital Assets	32,296	30,358	28,279
Restricted	4,562	4,544	4,529
Unrestricted	17,235	27,834	19,774
<b>Total Net Position</b>	<b>\$ 54,093</b>	<b>\$ 62,736</b>	<b>\$ 52,582</b>

# **ALAMEDA MUNICIPAL POWER**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

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### **ANALYSIS OF NET POSITION**

AMP's combined total net position was \$54.1 million as of June 30, 2015. The combined total net position decreased \$8.6 million compared to prior year, or a decrease of 14%. The decrease in net position is related to AMP's implementation of GASB 68 to recognize pension liabilities for the current year and adjustments for prior years. These adjustments resulted in \$1.0 million deferred outflows, \$13.7 million in net pension liability and \$4.0 million deferred inflows related to pensions.

The largest portion of combined total net position is net investment in capital assets (e.g., land, utility plant, buildings, vehicles and equipment) less any related debt still outstanding that was used to acquire those assets. The capital assets are used to provide electric services and, consequently, are not available for future spending. Although AMP'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 net revenues of the electric fund. The capital assets themselves cannot be used to liquidate these liabilities except under extraordinary circumstances. The next largest contributor to AMP's combined total net position is the unrestricted Net Position from the renewable energy credit sales held in designated reserve accounts.

The largest portion of combined total liabilities is used to finance AMP's operations, construction, NCPA activities and adjustment of the balancing account accumulation. Total combined assets increased \$5.9 million, or a 5% increase to last year's total. Total combined liabilities increased by \$12.1 million, or a 32.9% compared to last year's total, primarily due to \$13.7 million Net Pension Liability adjustment. Total combined Deferred Inflow of Resources (balancing account) increased by \$3.4 million, or a 20% increase to last year's total.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

### Combined Statement of Revenues, Expenses and Changes in Net Position as of June 30:

(Dollars in thousands)

	2015	2014	2013
Operating Revenues			
Electric Sales	\$ 50,791	\$ 51,138	\$ 50,704
Other Services Revenue	7,968	8,556	5,340
Total Operating Revenues	<u>58,759</u>	<u>59,694</u>	<u>56,044</u>
Operating Expenses			
Purchased Power	27,518	28,197	28,545
Energy efficiency, solar, other	1,605	1,087	1,241
Operations and Maintenance	4,328	4,097	3,872
Customer Accounts, Information Systems	2,113	2,075	2,005
Administrative and General	6,116	6,548	6,362
Depreciation and Amortization	3,149	2,960	2,921
Sales Expense	532	499	628
Jobbing Sales Expense	203	719	240
Balancing Account	(660)	(1,897)	2,319
Total Operating Expenses	<u>44,904</u>	<u>44,285</u>	<u>48,133</u>
Operating Income (Loss)			
Electric	13,855	15,925	8,158
Telecommunications	(137)	(515)	(247)
Total Operating Income (Loss)	<u>13,718</u>	<u>15,410</u>	<u>7,911</u>
Non-operating Revenue (Expense)			
Interest Income on Investments	174	86	99
Interest Expense	(1,554)	(1,618)	(1,652)
Gain (Loss) from Disposition	7	(135)	20
Increase (Decrease) in Value of NCPA Projects	18	(790)	1,447
Alameda Point Phone Maintenance-Net	26	65	94
Misc Non-operating Income (Expense)	39	(277)	175
Payment in-lieu of taxes	(1,363)	(1,337)	(1,310)
Transfer to City of Alameda	(2,800)	(2,800)	(2,800)
Total Non-Operating Revenue (Expense)	<u>(5,453)</u>	<u>(6,806)</u>	<u>(3,927)</u>
Income (loss) before Transfers and Special Item	<u>8,402</u>	<u>8,603</u>	<u>3,984</u>
Transfers in (to Telecom)	575	581	206
Transfers out (from Electric)	(575)	(581)	(206)
Total Transfers	<u>-</u>	<u>-</u>	<u>-</u>
Special Item:			
Legal Settlement (to Telecom)	-	1,548	-
Change In Net Position			
Electric	7,827	8,538	4,024
Telecommunications	438	1,615	(40)
Total Change In Net Position	<u>\$ 8,265</u>	<u>\$ 10,153</u>	<u>\$ 3,984</u>

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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### ANALYSIS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

#### *Changes in Electric Net Position*

Electric net position increased \$7.8 million for the year ended June 30, 2015 while last year an increase of \$8.5 million was reported. Electric operating revenue decreased \$.9 million while last year an increase of \$3.7 million was reported. Electric operating expenses increased \$1.1 million from last year primarily due to higher energy efficiency and solar programs, higher operating expenses, lower jobbing expenses, lower purchased power expense, and a lower balancing account adjustment that required withdrawal of funds.

#### **Electric Condensed Statement of Changes in Net Position as of June 30:**

(Dollars in thousands)

	2015	2014	2013
Operating Revenues	\$ 58,759	\$ 59,694	\$ 56,044
Operating Expenses	44,904	43,769	47,886
Operating Income	<u>13,855</u>	<u>15,925</u>	<u>8,158</u>
Non-operating Revenues	242	167	1,835
Non-operating (Expenses)	(5,696)	(6,973)	(5,763)
Non-operating Income (Loss)	<u>(5,454)</u>	<u>(6,806)</u>	<u>(3,928)</u>
Transfers Out	<u>(575)</u>	<u>(581)</u>	<u>(206)</u>
Change In Net Position	<u>\$ 7,826</u>	<u>\$ 8,538</u>	<u>\$ 4,024</u>

#### *Electric Operating Revenues*

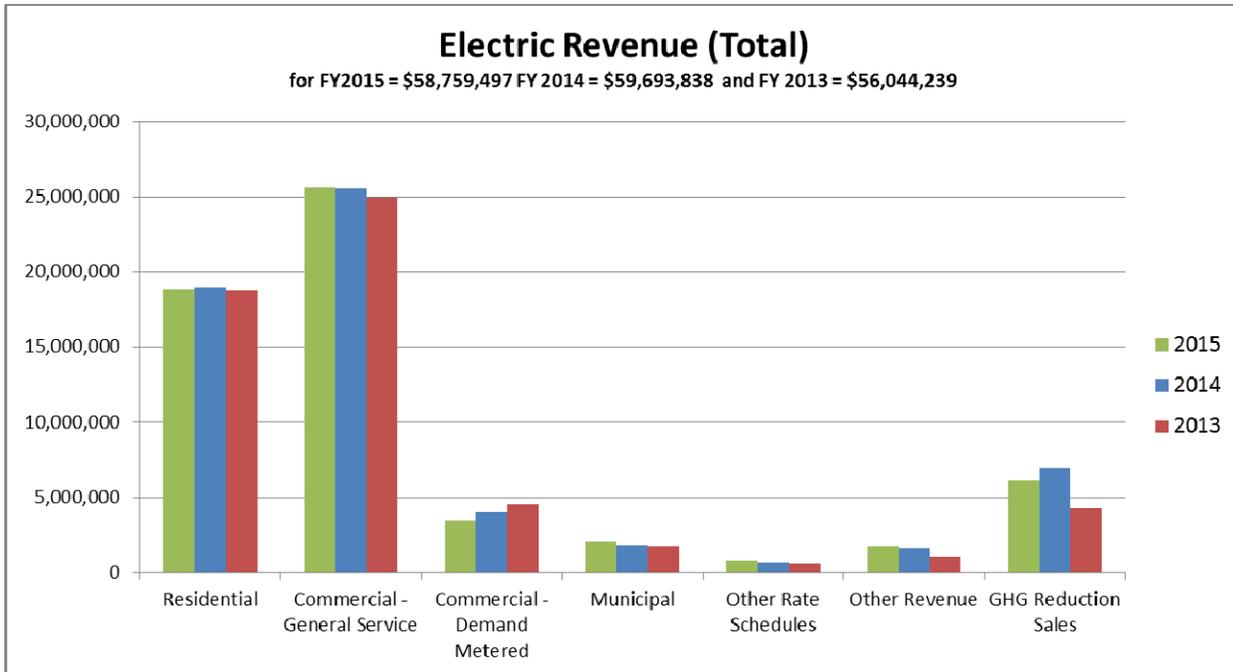
Electric operating revenue decreased by \$.9 million or 1.6% during FY 2015 and increased by \$3.7 million last fiscal year. Contributing to the FY 2015 results are revenue from electricity sales that decreased \$0.3 million, jobbing sales that decreased \$.5 million, Cap & Trade net revenue that increased \$0.2 million, and GHG related sales that decreased \$.2 million. Electricity sales revenue was \$50.8 million or 86.4% of all electric revenues. Miscellaneous services, plant leased to others and jobbing sales contributed \$1.1 million, or 1.9% of revenue. Cap & Trade net revenue and GHG related sales contributed \$6.8 million, or 11.6% of revenue.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)



### Sources of Electric Revenue

AMP's operating revenues are based on rate schedules authorized by the Board. Such rates are designed to recover AMP'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.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2015

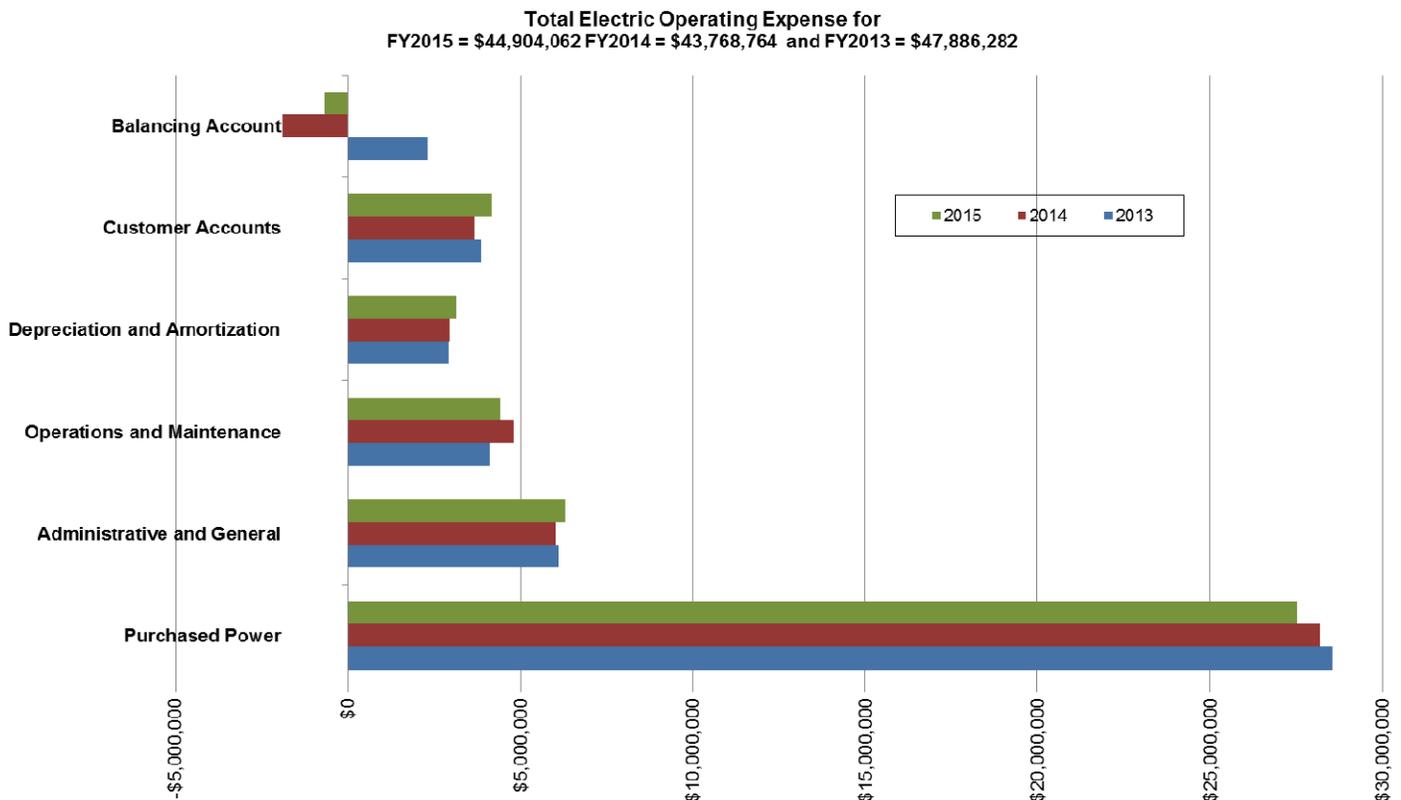
(With comparative amounts for 2014)

### *Electric Operating Expenses*

Electric operating expenses, excluding the adjustment for balancing account accumulation, was consistent with last year’s results and decreased by \$100k during FY 2015. In FY 2014, a \$100k increase from FY 2013 was reported. Although the overall results were consistent, there were some notable shifts. Specifically, purchased power decreased by \$679k, energy efficiency program costs increased by \$518k, maintenance and jobbing sales expenses decreased by \$285k and customer relations, administration and general expenses increased by \$115k, while depreciation expense increased \$189k. The Balancing Account is used by AMP to stabilize rates by accumulating differences between the actual costs of providing service with the related revenues designated for recovery of such costs. Actual costs were higher than revenue collections by \$660k during FY 2015 and higher than collections by \$1.9 million during FY 2014.

AMP continues to experience volatility in California energy markets as seasonal weather impacts hydroelectric generation, natural-gas prices impact peak-demand electricity prices, geothermal generation is impacted by aging facilities, new landfill-gas generation becomes operational and new state laws and regulations are implemented for GHG reduction strategies. Although AMP 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.

The chart below offers a comparison of electric operating expense for FY 2015, FY 2014 and FY 2013.



# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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### *Electric Non-Operating Revenues (Expenses)*

Non-operating expenses in FY 2015 exceeded non-operating revenue by \$5.5 million compared to the recorded \$6.8 million last year. This year's resulting \$1.3 million net change comes from a combination of factors including an \$800k increase in the value of certain NCPA-held assets, \$152k decrease in interest expense, a \$298k increase in miscellaneous non-operating revenue/expenses, a \$143k increase in material dispositions, and \$26k increase to payments in lieu of taxes and a transfer to the City's General Fund that was consistent with last year's amount.

### *Electric Change in Net Position*

During FY 2015, Electric net position increased \$7.8 M compared to last year's electric net position increase of \$8.5 million. The electric net position change comes from a combination of factors including electric operating revenue that was lower than last year by \$.9 million, electric operating expenses that were higher than last year's results by \$1.1 million, non-operating revenue/expenses that were lower than last year by \$1.4 million, and an interfund transfer to Telecom that was higher than last year by \$6k. Combined, these factors resulted in a decrease in electric net position in FY 2015 compared to an increase in electric net position last year resulting in a \$9.1 million change in electric net position.

### *Sources of Telecommunications Revenue*

During FY 2015, approximately \$1k of revenue was received for miscellaneous income associated with residual bad debt collections and advertising commissions. With the sale of the telecommunication system, there is no operating revenue available from the telecom fund. As a result, the electric fund provides payment of expenses associated with terminating the telecom business line through an interfund transfer to the telecom fund.

### *Telecommunications Change in Net Position*

Telecom net position increased \$.4 million in FY 2015 compared to last year's reported \$1.6 million increase primarily due to the \$1.5 million litigation settlement in FY 2014. The change to telecom net position reflects a \$439k increase in expenses associated with terminating the telecom business line.

### **Telecommunications Condensed Statement of Change in Net Position as of June 30:**

(Dollars in thousands)

	2015	2014	2013
Operating Revenues	\$ -	\$ -	\$ -
Operating Expenses	(137)	(515)	(247)
Operating Income (Loss)	(137)	(515)	(247)
Non-operating Revenues/Expenses	1	1	1
Transfers in	575	581	206
Special Item: Legal Settlement	-	1,548	-
Change In Net Position	\$ 439	\$ 1,615	\$ (40)

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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### *Telecommunications Operating Expenses*

Telecom fund operating expenses decreased \$378k for the year ended June 30, 2015 while last year an increase of \$268k was reported. The telecommunications operating expenses used for litigation associated with terminating the telecom business line totaled \$137k during FY 2015 and \$515k last year.

### *Telecommunications Non-Operating Revenues (Expenses)*

During FY 2015, there was \$1k in telecom fund non-operating revenues and there were no non-operating expenses. During FY 2014, there was less than \$1k in telecom fund non-operating revenues and there were no non-operating expenses.

## ANALYSIS OF COMBINED CASH FLOWS

### *Net Change in Cash and Equivalents*

Combined net change in cash and equivalents increased \$8.6 million for the year ended June 30, 2015 while last year a decrease of \$5.3 million was reported. AMP generates cash from its electric operations, or utilizes its reserves, to meet its operating needs including payments in lieu of taxes (PILOT), return on investment (ROI), transfer to the City's General Fund, and payment of telecom fund expenses. The cash flow performance results are primarily due to AMP's placement of Cap & Trade net revenues and Greenhouse gas sales revenues into investments for the Board designated special reserves for these funds, changes in the cash flows from improved customer receipts as a result of rate adjustments, lower supplier expenses, and modest increases to employee expenses, a reduction of telecom expenses, the changes in AMP's electric debt structure, and the change to investment in NCPA projects and reserves.

### **Combined Condensed Statement of Cash Flows as of June 30:**

(Dollars in thousands)

	2015	2014	2013
Operating Activities	\$ 14,980	\$ 15,842	\$ 10,272
Non-capital Financing Activities	(4,163)	(4,137)	(4,110)
Capital and Related Financing Activities	(7,747)	(7,385)	(4,702)
Investing Activities	273	(9,620)	(1,452)
Change in Cash and Equivalents	\$ 3,343	\$ (5,300)	\$ 8

### *Cash Flows from Operating Activities*

In FY 2015, cash provided by combined operating activities was \$15.0 million versus \$15.8 million in FY 2014, or a decrease of \$.8 million. The change in cash flows from operating activities compared to FY 2014 is primarily the result of \$.7 million decreased REC Sales, \$1.1 million decreased receipts from electric customers, \$1.4 million decreased payment to suppliers, \$.5 million higher payments to employees, and \$.2 million higher non-operating income.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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### *Cash Flows from Non-Capital Financing Activities*

In FY 2015, cash used for combined non-capital financing activities was \$4.1 million versus \$4.1 million in FY 2014. Although the change from last year was not significant, it should be noted by the reader that the General Fund Transfers and the Payment in lieu of taxes are the largest contributors to this category. Additionally, it should be noted that the interfund cash flows between the electric fund and the telecom fund cancel each other for each year under consideration.

### *Cash Flows from Capital and Related Financing Activities*

In FY 2015, cash used for capital and related financing activities was \$7.7 million versus \$7.4 million in FY 2014, or an increase of \$362k. The change in cash flows from capital and related financing activities compared to FY 2014 is primarily the result of purchases of capital assets and debt related charges.

During FY 2015, AMP's net capital asset additions for the electric system were \$5.1 million and included projects to expand, replace, and enhance facilities, to improve their efficiency and reliability, to extend their useful life, to comply with laws and regulations, and/or to meet the increasing demands on the electric system. Specific capital work that occurred during FY 2015 includes historic streetlight restoration, installation of Smart Grid System Relays, electric vehicle purchases, information system upgrades, maintenance trucks and vehicles, new developments within community (Tri-Pointe, Alameda Landing, etc.), Advanced Metering Infrastructure (AMI), LED streetlights, continued enhancements to the System Control and Data Acquisition (SCADA) systems, new residential and commercial installations, computer room enhancements, service center paving, and blanket work orders for system upgrades.

### *Cash Flows from Investing Activities*

In FY 2015, combined net cash provided by investing activities was \$.3 million versus \$9.6 million that was used in FY 2014, or a change of (\$9.9) million. The change in cash flows from investing activities compared to FY 2014 is primarily the result of increased investments in NCPA projects and reserves and purchases of investments reserved for special purposes. The reader is encouraged to read Note 2I for additional information on Designated Investments by the Board for special purposes.

## **ANALYSIS OF LONG-TERM DEBT**

On August 4, 2010, AMP authorized the issuance of \$8.7 million in Revenue Bonds, Series 2010A, and \$22.99 million in taxable Revenue Bonds, Series 2010B. Proceeds were used to prepay the outstanding Electric System Revenue Series 2000A COPs and the Series 2000AT taxable COPs, to fund a security deposit for the 2010A/B bonds, and to pay the cost of issuance for the 2010 A/B bonds. The maturity date for the Series 2010A is July 1, 2030 and the maturity date for the Series 2010B is July 1, 2027. This advance refunding was undertaken to reduce debt service payments over the 20 year duration of the bonds by \$17,662,628 and resulted in an economic gain of \$2,308,432. The reader is encouraged to read Note 4, and the statistical section of this report, for additional information regarding long-term debt and expected payments for this bond.

In addition to the 2010 A/B Revenue Bonds, AMP has a long-term loan for construction of the fiber optic backbone which has \$2.2 million due to the City of Alameda which matures in FY 2016.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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### Long-Term Debt as of June 30:

(Dollars in thousands)

	2015	2014	2013
2008 Truck Capital Lease	\$ -	\$ 25	\$ 53
2009 Truck Capital Lease	-	39	76
Revenue Bonds, Series 2010A	8,700	8,700	8,700
Taxable Revenue Bonds, Series 2010B	18,890	19,985	21,050
Loan from City of Alameda	2,200	2,200	2,200
Long-Term Debt	<u>\$ 29,790</u>	<u>\$ 30,949</u>	<u>\$ 32,078</u>

### ANALYSIS OF CAPITAL ASSETS

AMP's investment in capital assets for its electric operations amounts to \$40.2 million, net of accumulated depreciation. The investment in capital assets includes land, buildings, construction-in-progress, electric utility plant, machinery and equipment, transportation and computer equipment. The total increase in AMP's investment in capital assets including depreciation and retirements for the current year was \$1.9 million, or 5.1%. Readers desiring more detailed information on capital asset activity should see Note 3 and information in the Statistical Section of this report.

### Electric Capital Assets as of June 30:

(Dollars in thousands)

	June 30,		
	2015	2014	2013
Land and Rights	\$ 154	\$ 154	\$ 154
Construction In Progress	4,519	46	1,873
Utility Plant	79,287	79,143	73,323
Service Center Building	7,843	7,844	7,844
Machinery & Equipment	9,197	9,154	9,076
Transportation Equipment	3,050	2,867	2,739
Computer Equipment	3,655	3,456	3,322
Furniture & Fixtures	833	829	629
Easements	186	186	185
Less Accumulated Depreciation	(68,536)	(65,426)	(62,829)
Capital Assets, Net	<u>\$ 40,188</u>	<u>\$ 38,251</u>	<u>\$ 36,316</u>

### ANALYSIS OF ECONOMIC FACTORS

#### *Economic Factors and Next Year's Budget*

The adopted budget for FY 2016 reflects the local economy and the sluggish demand for new electric services from the commercial sector. During FY 2015, AMP continued its strategic planning activities to enhance focus on the customer, provide a forum for long-range financial planning, facilitate prioritization of limited resources, balance conflicting priorities, and provide for effective communication of goals and policies.

# ALAMEDA MUNICIPAL POWER

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

(With comparative amounts for 2014)

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AMP continues assessments of future financial needs; documents those needs in a 10-year pro-forma; manages Board established financial guidelines for rates, revenues and reserves; develops rate designs to meet financial guideline objectives; and continues to review opportunities to monetize its power supply resources. The adopted budget for FY 2016 includes electric operating revenues that are expected to be \$62.3 million, or 3.23% higher than the \$60.4 million budgeted in FY 2015. The increase is due to increased monetization of certain GHG related sales, a 4.6% rate increase, and continued recognition of loads identified as part of the planning and budgeting process.

The adopted budget for FY 2016 includes operating expenses budgeted at \$51.6 million or \$0.2 million higher than the budgeted FY 2015 expenses. The primary reason for the operating budget increase is due to a \$0.2 million lower administrative fees relating to the completion of lease payments in FY 2015, lower consulting and legal service fees. Purchased power budgets, excluding netted amounts received from reserves and non-cash items, account for \$30 million or 52.6% of budgeted electric operating expenses.

The non-operating budget for FY 2016 includes funds for outside billing projects, debt related charges of \$1.5 million, PILOT/ROI charges of \$1.4 million and a transfer to the City of \$2.8 million. The budget assumes that no additional long-term debt will be needed during the fiscal year. Capital project work for system additions, system enhancements, new load additions, conversion of overhead facilities to underground facilities, information system upgrades and enhancements, and capitalized work from routine activities account for \$6.5 million of the FY 2016 budget.

The budget anticipates that operating revenues will not be sufficient to meet all expenses to be incurred during FY 2016. The budget anticipates that \$3.1 million will be required from existing reserves to provide for projected expenditures. As part of the financial planning process, the Board directed that a series of smaller rate adjustments implemented each year is preferred to a few large rate increases. The special reserves will provide funds for certain capital expenditures. Working capital will provide funds for any shortfall between revenue and expenditures.

Since the telecommunications system has been sold, the adopted budget does not include any budgeted items for the telecom fund. As anticipated during the budgeting process, working capital will be transferred by the electric fund to the telecom fund for unbudgeted expenditures.

### ***Market Risk***

Each year during budget development, AMP considers the risk exposure that it faces. The risk exposure can be categorized into broad categories including power supply risks, credit risks, other supply-based risks, demand side risks, legislative / regulatory risks, and other utility risks. AMP manages energy price risks through its involvement with NCPA and their 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. In addition to policies, processes and procedures, AMP manages its risk exposure by maintaining adequate reserves and establishing new reserves as needed. AMP 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.

# **ALAMEDA MUNICIPAL POWER**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

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AMP's investment policy limits investments to financial instruments that maximize the safety of principal (See Note 2 to the Basic Financial Statements). In addition, AMP has restricted investments invested in accordance with guidelines established in the related bond documents.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide the Board, Alameda citizens, taxpayers, creditors and investors with a general overview of AMP's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Alameda Municipal Power; Assistant General Manager - Administration; 2000 Grand Street; Alameda, California 94501.

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# ALAMEDA MUNICIPAL POWER

## STATEMENT OF NET POSITION JUNE 30, 2015 (With comparative amounts for 2014)

	2015			2014		
	Electric Services	Telecom Services	Combined	Electric Services	Telecom Services	Combined
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and cash equivalents (Note 2)	\$ 27,060,472	\$ -	\$ 27,060,472	\$ 23,716,479	\$ -	\$ 23,716,479
Investments	8,921,112	-	8,921,112	998,633	-	998,633
Interest receivable	29,570	-	29,570	14,723	-	14,723
Accounts receivable, net	5,900,512	-	5,900,512	5,382,237	-	5,382,237
Greenhouse gas related sales receivable	2,488,481	-	2,488,481	2,565,711	-	2,565,711
Materials and supplies	3,032,270	-	3,032,270	2,986,231	-	2,986,231
Prepaid power costs and other	1,369,299	-	1,369,299	1,199,988	-	1,199,988
<b>Total Current Assets</b>	<b>48,801,716</b>	<b>-</b>	<b>48,801,716</b>	<b>36,864,002</b>	<b>-</b>	<b>36,864,002</b>
<b>Non-current Assets:</b>						
<b>Capital assets (Note 3):</b>						
Nondepreciable	4,672,386	-	4,672,386	199,540	-	199,540
Depreciable	104,051,805	-	104,051,805	103,477,760	-	103,477,760
Accumulated depreciation (Note 3)	(68,536,089)	-	(68,536,089)	(65,426,161)	-	(65,426,161)
Capital assets, net (Note 3)	40,188,102	-	40,188,102	38,251,139	-	38,251,139
Restricted assets (Note 2)	4,561,650	-	4,561,650	4,544,429	-	4,544,429
Investments designated for special purposes (Note 2)	22,267,441	-	22,267,441	15,772,217	-	15,772,217
Investment on Joint Venture - Share of certain NCPA projects and reserve (Note 8)	5,453,446	-	5,453,446	19,985,316	-	19,985,316
<b>Total Noncurrent Assets</b>	<b>72,470,639</b>	<b>-</b>	<b>72,470,639</b>	<b>78,553,101</b>	<b>-</b>	<b>78,553,101</b>
<b>Total Assets</b>	<b>121,272,355</b>	<b>-</b>	<b>121,272,355</b>	<b>115,417,103</b>	<b>-</b>	<b>115,417,103</b>
<b>Deferred Outflows of Resources:</b>						
Deferred amount on refunding	808,397	-	808,397	870,048	-	870,048
Deferred outflows related to pension	1,016,782	-	1,016,782	-	-	-
<b>Total Deferred Outflows of Resources:</b>	<b>1,825,179</b>	<b>-</b>	<b>1,825,179</b>	<b>870,048</b>	<b>-</b>	<b>870,048</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts payable and accrued payroll	1,373,859	-	1,373,859	1,378,610	438,567	1,817,177
Interest payable	745,248	-	745,248	763,594	-	763,594
Current portion of long term debt (Note 4)	1,130,000	2,200,000	3,330,000	1,158,581	2,200,000	3,358,581
Deposits	1,006,387	-	1,006,387	1,150,766	-	1,150,766
Other accrued liabilities	270,798	-	270,798	281,799	-	281,799
Current portion of compensated absences (Note 1C)	621,354	-	621,354	649,379	-	649,379
Current portion of claims liability (Note 10B)	100,000	-	100,000	170,000	-	170,000
<b>Total Current Liabilities</b>	<b>5,247,646</b>	<b>2,200,000</b>	<b>7,447,646</b>	<b>5,552,729</b>	<b>2,638,567</b>	<b>8,191,296</b>
<b>Non-current Liabilities:</b>						
Long term debt, net of current portion (Note 4)	26,460,000	-	26,460,000	27,590,000	-	27,590,000
Compensated absences (Note 1C)	28,414	-	28,414	18,305	-	18,305
Claims liability (Note 10B)	1,162,530	-	1,162,530	878,945	-	878,945
Net pension liability	13,657,795	-	13,657,795	-	-	-
<b>Total Non-Current Liabilities</b>	<b>41,308,739</b>	<b>-</b>	<b>41,308,739</b>	<b>28,487,250</b>	<b>-</b>	<b>28,487,250</b>
<b>Total Liabilities</b>	<b>46,556,385</b>	<b>2,200,000</b>	<b>48,756,385</b>	<b>34,039,979</b>	<b>2,638,567</b>	<b>36,678,546</b>
<b>Deferred Inflows of Resources:</b>						
Balancing account	16,212,813	-	16,212,813	16,873,054	-	16,873,054
Deferred inflows related to pension	4,034,937	-	4,034,937	-	-	-
<b>Total Deferred Inflows of Resources:</b>	<b>20,247,750</b>	<b>-</b>	<b>20,247,750</b>	<b>16,873,054</b>	<b>-</b>	<b>16,873,054</b>
<b>Net Position:</b>						
Net investment in capital assets	32,296,499	-	32,296,499	30,357,606	-	30,357,606
Restricted for:						
Debt service reserves (Note 2H)	4,561,650	-	4,561,650	4,544,429	-	4,544,429
Unrestricted	19,435,250	(2,200,000)	17,235,250	30,472,083	(2,638,567)	27,833,516
<b>Total Net Position (deficit)</b>	<b>\$ 56,293,399</b>	<b>\$ (2,200,000)</b>	<b>\$ 54,093,399</b>	<b>\$ 65,374,118</b>	<b>\$ (2,638,567)</b>	<b>\$ 62,735,551</b>

See accompanying notes to the financial statements.

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# ALAMEDA MUNICIPAL POWER

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2015 (With comparative amounts for the fiscal year ended June 30, 2014)

	2015			2014		
	Electric Services	Telecom Services	Combined	Electric Services	Telecom Services	Combined
Operating Revenues:						
Sales	\$ 50,790,790	\$ -	\$ 50,790,790	\$ 51,137,641	\$ -	\$ 51,137,641
Miscellaneous services	742,071	-	742,071	773,677	-	773,677
Plant leased to others	198,896	-	198,896	124,833	-	124,833
Jobbing sales	203,671	-	203,671	718,904	-	718,904
Cap and trade revenue	639,549	-	639,549	512,025	-	512,025
Greenhouse gas related sales	6,184,520	-	6,184,520	6,426,758	-	6,426,758
Total Operating Revenues	58,759,497	-	58,759,497	59,693,838	-	59,693,838
Operating Expenses:						
Purchased power	27,517,599	-	27,517,599	28,196,783	-	28,196,783
Energy efficiency, solar and other	1,605,608	-	1,605,608	1,086,966	-	1,086,966
Operations and maintenance	4,328,813	-	4,328,813	4,097,223	-	4,097,223
Customer service, information systems	2,113,922	-	2,113,922	2,074,830	-	2,074,830
Administrative and general	6,115,467	137,271	6,252,738	6,032,512	515,127	6,547,639
Depreciation and amortization	3,148,548	-	3,148,548	2,959,691	-	2,959,691
Customer relations	531,550	-	531,550	499,294	-	499,294
Jobbing sales expense	202,796	-	202,796	718,904	-	718,904
Balancing account adjustment	(660,241)	-	(660,241)	(1,897,439)	-	(1,897,439)
Total Operating Expenses	44,904,062	137,271	45,041,333	43,768,764	515,127	44,283,891
Operating Income (Loss)	13,855,435	(137,271)	13,718,164	15,925,074	(515,127)	15,409,947
Nonoperating Revenues (Expenses):						
Interest income	173,593	-	173,593	85,857	-	85,857
Interest income on restricted investments	568	-	568	436	-	436
Interest expense	(1,554,056)	-	(1,554,056)	(1,617,655)	-	(1,617,655)
Gain (Loss) from disposition	7,420	-	7,420	(135,140)	-	(135,140)
Other revenue	33,440	-	33,440	15,848	-	15,848
Increase (decrease) in value of certain NCPA projects and reserves	17,522	-	17,522	(789,918)	-	(789,918)
Alameda Point Phone Maintenance-Net	26,499	-	26,499	65,247	-	65,247
Miscellaneous non-operating revenue (expenses)	4,376	1,020	5,396	(293,715)	815	(292,900)
Payment in-lieu of taxes	(1,363,250)	-	(1,363,250)	(1,336,543)	-	(1,336,543)
Transfers to City of Alameda (Note 5)	(2,800,000)	-	(2,800,000)	(2,800,000)	-	(2,800,000)
Total Nonoperating Revenue (Expense)	(5,453,888)	1,020	(5,452,868)	(6,805,583)	815	(6,804,768)
Income (loss) before Transfers and special items	8,401,547	(136,251)	8,265,296	9,119,491	(514,312)	8,605,179
Transfers in	-	574,818	574,818	-	581,343	581,343
Transfers (out)	(574,818)	-	(574,818)	(581,343)	-	(581,343)
Total transfers	(574,818)	574,818	-	(581,343)	581,343	-
Special Items (Note 12)						
Legal Settlement	-	-	-	-	1,548,129	1,548,129
Change in Net Position	7,826,729	438,567	8,265,296	8,538,148	1,615,160	10,153,308
Net position (deficit), beginning of year, as restated	48,466,670	(2,638,567)	45,828,103	56,835,970	(4,253,727)	52,582,243
Net position (deficit), end of year	\$ 56,293,399	\$ (2,200,000)	\$ 54,093,399	\$ 65,374,118	\$ (2,638,567)	\$ 62,735,551

See accompanying notes to the financial statements

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# ALAMEDA MUNICIPAL POWER

## STATEMENT OF CASH FLOWS FOR THE FISCAL YEAR ENDED JUNE 30, 2015 (With comparative amounts for the fiscal year ended June 30, 2014)

	2015			2014		
	Electric Services	Telecom Services	Combined	Electric Services	Telecom Services	Combined
<b>Cash Flows from Operating Activities</b>						
Receipts from customers	\$ 51,272,774	\$ -	\$ 51,272,774	\$ 52,336,643	\$ -	\$ 52,336,643
Receipts from Special Sales (C&T and REC)	6,901,299	-	6,901,299	7,582,671	-	7,582,671
Payments to suppliers	(33,609,832)	(575,838)	(34,185,670)	(34,976,501)	(582,158)	(35,558,659)
Payments to employees	(9,072,854)	-	(9,072,854)	(8,307,057)	-	(8,307,057)
Miscellaneous non-operating income	64,315	1,020	65,335	(212,620)	815	(211,805)
Net cash provided by (used for) Operating Activities	<u>15,555,702</u>	<u>(574,818)</u>	<u>14,980,884</u>	<u>16,423,136</u>	<u>(581,343)</u>	<u>15,841,793</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Transfers to General Fund of City of Alameda	(2,800,000)	-	(2,800,000)	(2,800,000)	-	(2,800,000)
Payments in-lieu of taxes	(1,363,250)	-	(1,363,250)	(1,336,543)	-	(1,336,543)
Interfund cash inflow	-	574,818	574,818	-	581,343	581,343
Interfund cash outflow	(574,818)	-	(574,818)	(581,343)	-	(581,343)
Net cash provided by (used for) Noncapital Financing Activities	<u>(4,738,068)</u>	<u>574,818</u>	<u>(4,163,250)</u>	<u>(4,717,886)</u>	<u>581,343</u>	<u>(4,136,543)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Capital asset additions, net	(5,085,511)	-	(5,085,511)	(5,029,291)	-	(5,029,291)
Proceeds from disposition of capital asset	7,420	-	7,420	-	-	-
Long-term debt repayments	(1,158,581)	-	(1,158,581)	(1,129,824)	-	(1,129,824)
Debt related charges	(1,510,751)	-	(1,510,751)	(1,226,249)	-	(1,226,249)
Net cash used for Capital and Related Financing Activities	<u>(7,747,423)</u>	<u>-</u>	<u>(7,747,423)</u>	<u>(7,385,364)</u>	<u>-</u>	<u>(7,385,364)</u>
<b>Cash Flows from Investing Activities</b>						
Interest receipts	159,314	-	159,314	85,736	-	85,736
Investments reserved for special purposes	(6,495,224)	-	(6,495,224)	(8,421,011)	-	(8,421,011)
Investment in certain NCPA projects and reserves	14,549,392	-	14,549,392	(1,268,936)	-	(1,268,936)
Investments reserved for special purposes	(7,922,479)	-	(7,922,479)	(177)	-	(177)
Restricted assets	(17,221)	-	(17,221)	(15,127)	-	(15,127)
Net cash provided by (used for) Investing Activities	<u>273,782</u>	<u>-</u>	<u>273,782</u>	<u>(9,619,515)</u>	<u>-</u>	<u>(9,619,515)</u>
Net increase (decrease) in cash and cash equivalents	3,343,993	-	3,343,993	(5,299,629)	-	(5,299,629)
Cash and equivalents at beginning of year	23,716,479	-	23,716,479	29,016,108	-	29,016,108
Cash and equivalents at end of year	<u>\$ 27,060,472</u>	<u>\$ -</u>	<u>\$ 27,060,472</u>	<u>\$ 23,716,479</u>	<u>\$ -</u>	<u>\$ 23,716,479</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	\$ 13,855,435	\$ (137,271)	\$ 13,718,164	\$ 15,925,074	\$ (515,127)	\$ 15,409,947
Adjustments to reconcile operating income to cash flows from operating activities:						
Depreciation and amortization	3,148,548	-	3,148,548	2,959,691	-	2,959,691
Decrease (increase) in accounts receivable	(441,045)	-	(441,045)	695,391	-	695,391
Decrease (increase) in materials and supplies	(46,039)	-	(46,039)	57,704	-	57,704
Decrease (increase) in prepaids	(169,311)	-	(169,311)	(199,988)	-	(199,988)
Increase (decrease) in accounts payable and accrued payroll	(4,751)	(438,567)	(443,318)	(372,118)	(67,031)	(439,149)
Increase (decrease) in balancing account	(660,241)	-	(660,241)	(1,897,439)	-	(1,897,439)
Increase (decrease) in other accrued liabilities	(11,001)	-	(11,001)	438	-	438
Increase (decrease) in refundable deposits	(144,379)	-	(144,379)	512,290	-	512,290
Increase (decrease) in unearned revenue	-	-	-	(982,205)	-	(982,205)
Increase (decrease) in compensated absences	(17,916)	-	(17,916)	(7,356)	-	(7,356)
Increase (decrease) in net pension related amounts	(231,498)	-	(231,498)	-	-	-
Increase (decrease) in claims liability	213,585	-	213,585	(55,726)	-	(55,726)
Miscellaneous non-operating income	64,315	1,020	65,335	(212,620)	815	(211,805)
Net cash provided by (used in) operating activities	<u>\$ 15,555,702</u>	<u>\$ (574,818)</u>	<u>\$ 14,980,884</u>	<u>\$ 16,423,136</u>	<u>\$ (581,343)</u>	<u>\$ 15,841,793</u>
<b>Noncash Investing, Capital &amp; Financing Activities</b>						
Legal Settlement	\$ -	\$ -	\$ -	\$ -	\$ 1,548,129	\$ 1,548,129

See accompanying notes to the financial statements

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# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. *General*

Alameda Municipal Power (AMP) is a department of the City of Alameda (the City) that operates the electric system and the Alameda Point telephone system. AMP provides these services to the businesses and residents of the City, Alameda Point (former Alameda Naval Air Station) and Coast Guard Island. AMP 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 whom is the City Manager. The accompanying financial statements only reflect the activity of AMP, an enterprise fund of the City. These financial statements present only AMP and do not purport to, and do not, present fairly the financial position of the City and the changes in its financial position and cash flows, where applicable, in conformity with accounting principles generally accepted in the United States of America.

#### B. *Basis of Presentation*

AMP'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*

AMP 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.

***Investment in Joint Venture*** - AMP 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 8. AMP's share of individual project obligations has been netted against its share of the related project assets, as reported by NCPA, because AMP 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 AMP's estimated equity, if any, in TANC is not material, as discussed in Note 9. Amounts paid to the Local Agency Workers Compensation Excess Joint Powers Authority are charged currently to insurance expense, as discussed in Note 10.

***Cash and Cash Equivalents*** - For purposes of the statements of cash flows, AMP defines cash and cash equivalents to include all cash and temporary investments with original maturities of three months or less from the date of acquisition.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. *Basis of Accounting (Continued)*

*Investments* - are carried at fair value, as required by generally accepted accounting principles in the United States of America. AMP 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.

*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.

*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. AMP 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.

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. AMP 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
Easements	50 years

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

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 at fair value at the time the capital assets are contributed.

*Deferred Outflows and Inflows of Resources* - Deferred outflows of resources are a consumption of net position that is applicable to a future reporting period and deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. A deferred outflows of resources has a positive effect on net position, similar to assets, and a deferred inflows of resources has a negative effect on net position, similar to liabilities. AMP has certain items, which qualify for reporting as deferred outflows of resources and deferred inflows of resources.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### C. Basis of Accounting (Continued)

**Deferred Outflows of Resources – Deferred Loss on Refunding-** is used by AMP to report the difference in the carrying value of the refunded debt and its reacquisition price for the 2010A/B Refunding Bonds. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Deferred Inflows of Resources - Balancing Account -** is used by AMP to help stabilize rates. Specifically, the balancing account accumulates differences between the actual costs of providing a utility service with the related revenues designated for recovery of such costs. Deferred amounts are refunded to or recovered from customers through authorized rate adjustments, but can be reciprocally the beneficiaries of any temporary over-collection. The effect of using the balancing account is that unanticipated changes in sales levels and purchased power costs do not immediately affect AMP's rates because they are included in operating expenses as they are matched by revenues.

**Deferred Inflows and Outflows Related to Pensions -** deferred outflows related to pensions relates to the implementation of GASB 68 and the payment of pension contributions after the measurement date. Deferred inflows related to pensions relates to the net differences between projected and actual earnings on pension plan investments as a result of the implementation of GASB 68. See Note 6 for further discussion.

**Deposits from Customers -** are required by AMP 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 AMP's name, with the interest paid to the customer.

**Unearned Revenue –** AMP reports unearned revenue in connection with resources that have been received, but not yet earned.

**Compensated Absences -** including accumulated unpaid vacation, sick pay and other employee benefits are accounted for as expenses in the year earned. The liability for compensated absences includes the vested portions of vacation, sick leave and compensated time off. The liability for compensated absences is determined annually.

Changes in compensated absences payable consist of the following:

	2015	2014
Balance at beginning of fiscal year	\$ 667,684	\$ 675,040
Compensated absences earned	590,905	623,219
Compensated absences taken	(608,821)	(630,575)
Balance at end of fiscal year	<u>\$ 649,768</u>	<u>\$ 667,684</u>
Current Portion	<u>\$ 621,354</u>	<u>\$ 649,379</u>

**Sales Revenues -** Sales of electricity are recognized based on cycle billings periodically rendered to customers. Revenues for services provided but not billed at the end of a fiscal year are recognized and accrued based on the estimated consumption.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **D. Budgets and Budgetary Accounting**

Although not required by California Government Code, AMP adopts an annual budget to serve as its approved financial plan. AMP follows these procedures in establishing the budget:

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.
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. Unexpended appropriations lapse at year-end and must be reappropriated in the following year.
6. Formal budgetary integration is employed as a management control device during the year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles, except that AMP budgets capital asset outlays as current year expenditures.

#### **E. Deferred Compensation Plan**

AMP's employees may defer a portion of their compensation under an AMP 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.

AMP'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 plans are not AMP's property and are not subject to claims by general creditors of AMP, they have been excluded from these financial statements.

#### **F. Net Position**

It is AMP's policy to apply restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Net Position is the excess of all AMP's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. Net Position is divided into the captions below:

*Net Investment in Capital Assets* describes the portion of Net Position which is represented by the current net book value of AMP's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Restricted* describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, enabling legislation, or other restrictions which AMP cannot unilaterally alter.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **F. Net Position (Continued)**

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

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 and are classified under unrestricted net position.

#### **G. Classification of Revenues**

Operating revenues consist mainly of electric 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 and paying debt service. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

#### **H. Accumulated Deficit and Interfund Transfers**

The Telecommunications Fund had an accumulated deficit of \$2,200,000 and \$2,638,567 at June 30, 2015 and June 30, 2014, respectively. The Electric Fund transfers resources to the Telecommunications Fund to support on-going litigation expenses without any expectation of being repaid. Interfund transfers are presented in the Statements of Revenues, Expenses, and Changes in Net Position.

#### **I. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### **J. Reclassifications**

Comparative data for the prior year have been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in AMP's financial position and operations.

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

#### **K. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of AMP's agent multiple-employer defined benefit retirement plan (the Plan) administered by California Public Employees' Retirement System (CalPERS) and additions to deductions from the Plan's net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. *New Governmental Accounting and Reporting Standards*

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on AMP's financial reporting process. Future new standards which may impact AMP include the following:

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for periods beginning after June 15, 2015. AMP has not determined the effect on the financial statements.

GASB Statement No. 73 – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, Accounting and Financial Reporting for Pensions, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, Financial Reporting for Pension Plans, and Statement 68 for pension plans and pensions that are within their respective scopes. This statement is effective for periods beginning after June 15, 2016. AMP has not determined the effect on the financial statements.

GASB Statement No. 74 – In June 2015, GASB issued Statement 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This statement is effective for periods beginning after June 15, 2016. AMP has not determined the effect on the financial statements.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement is effective for periods beginning after June 15, 2017. AMP has not determined the effect on the financial statements.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### L. *New Governmental Accounting and Reporting Standards (Continued)*

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This statement is effective for periods beginning after June 15, 2015. AMP has not determined the effect on the financial statements.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This statement requires governments that enter into tax abatement agreements to disclose certain information about the agreements. The requirements of this statement are effective for reporting periods beginning after December 15, 2015. AMP has not determined the effect on the financial statements.

#### M. *Changes in Accounting Principles*

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. This statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this statement. This statement was implemented by AMP as of July 1, 2014.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in the Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this Statement are effective for the fiscal year ending June 30, 2015. AMP has determined that this Statement does not have a material impact on the financial statements.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement addresses transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of the Statement by employers and non-employer contributing entities. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pension be reported at transition only if it is practical to determine all such amounts. The requirements of this Statement are effective for the fiscal year ending June 30, 2015. This statement was implemented by AMP as of July 1, 2014.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 2 - CASH AND INVESTMENTS AND RESTRICTED ASSETS

**A. 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 AMP debt instruments.

Cash and investments as of June 30 are as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 27,060,472	\$ 23,716,479
Investments	8,921,112	998,633
Restricted assets	4,561,650	4,544,429
Investments designated for special purposes	22,267,441	15,772,217
Total cash and investments	<u>\$ 62,810,675</u>	<u>\$ 45,031,758</u>

Cash and investment balance in the Telecom Services enterprise fund was \$0 and \$0 at June 30, 2015 and 2014.

**B. Policies**

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of AMP'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 AMP's name and places AMP ahead of general creditors of the institution.

AMP 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 AMP's fiscal agents as required under its debt issues.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

### NOTE 2 - CASH AND INVESTMENTS AND RESTRICTED ASSETS (CONTINUED)

#### C. *Investments Authorized by the California Government Code and AMP's Investment Policy*

AMP's investment policy and the California Government Code allow AMP to invest in the following, provided the credit ratings of the issuers are acceptable to AMP, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or AMP's Investment Policy where AMP'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 AMP, rather than the general provisions of the California Government Code or AMP's investment policy. AMP's investment policy and the California Government Code allow AMP to invest in the following:

Authorized Investment Type	Maximum Maturity (a)	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Municipal Bonds	5 years	N/A	No Limit	No Limit
U.S. Treasury Obligations	5 years	N/A	20%	No Limit
State of California Obligations	5 years	N/A	No Limit	No Limit
Other State Obligations (b)	5 years	N/A	No Limit	No Limit
CALocal Agency Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency & US Government Sponsored				
Enterprise Securities	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
Time 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 market value of portfolio	No Limit
Medium Term Corporate Notes	5 years	A	30%	No Limit
Mutual Funds	5 years	Top rating category	20%	10%
Money Market Mutual Funds	5 years	Top rating category	20%	10%
Collateralized Bank Deposits	5 years	N/A	30%	No Limit
Mortgage Pass-Through Securities	5 Years	Top rating category	20%	No Limit
County Pooled Investment Funds	Upon Demand	N/A	15%	No Limit
California Local Agency Investment Fund (LAIF)	Upon Demand	N/A	90%	\$50,000,000 per account
California Asset Management Program (CAMP)	Upon Demand	N/A	No Limit	No Limit

(a) The Maximum term of any investment shall not exceed five years unless expressly authorized by the Public Utilities Board

(b) 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).

(c) State Obligations such as registered treasuries notes and bonds

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

### NOTE 2 - CASH AND INVESTMENTS AND RESTRICTED ASSETS (CONTINUED)

#### *D. Investments Authorized by Debt Agreements*

AMP 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 AMP fails to meet its obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with AMP'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	AA+	No Limit	No Limit
U.S. Agency Securities (a)	N/A	N/A	No Limit	No Limit
Commercial Paper	N/A	P1	No Limit	No Limit
Certificates of Deposit	N/A	P1	No Limit	No Limit
Bankers' Acceptances	1 Year	P1	No Limit	No Limit
Money Market Mutual Funds	N/A	AAAm	No Limit	No Limit
California Local Agency Investment Fund	N/A	N/A	\$50,000,000 per account	\$50,000,000 per account
Investment Agreements (b)	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).

(b) Investment agreements, including guaranteed investment contracts, repurchase agreements, forward purchase agreements and reserve fund put agreements.

#### *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 AMP 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.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

### NOTE 2 - CASH AND INVESTMENTS AND RESTRICTED ASSETS (CONTINUED)

#### *E. Interest Rate Risk (Continued)*

Information about the sensitivity of the fair values of AMP's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of AMP's investments by maturity, as of June 30, 2015 and 2014:

	2015		
	12 Months or less	More than 12 months	Total
<i>Investments:</i>			
Local Agency Investment Fund	\$ 41,831,755		\$ 41,831,755
Certificates of Deposit	245,000	\$ 8,530,000	8,775,000
Held by bond fiscal agent:			
Bond Mutual Funds	4,561,650	-	4,561,650
Total Investments	46,638,405	8,530,000	55,168,405
Cash with Banks and Petty Cash	7,642,270	-	7,642,270
Total Cash and Investments	\$ 54,280,675	\$ 8,530,000	\$ 62,810,675

	2014		
	12 Months or less	More than 12 months	Total
<i>Investments:</i>			
U.S. Treasury Bills/Notes	\$ 998,633	\$ -	\$ 998,633
Local Agency Investment Fund	26,739,600	-	26,739,600
Certificates of Deposit	7,060,000	-	7,060,000
Held by bond fiscal agent:			
Bond Mutual Funds	4,544,429	-	4,544,429
Total Investments	39,342,662	-	39,342,662
Cash with Banks and Petty Cash	5,689,096	-	5,689,096
Total Cash and Investments	\$ 45,031,758	\$ -	\$ 45,031,758

AMP 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. AMP 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, 2015 and 2014, these investments had an average maturity of 1330 and 232 days, respectively.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

### NOTE 2 - CASH AND INVESTMENTS AND RESTRICTED ASSETS (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. As an external investment pool, the Local Agency Investment Fund was not rated as of June 30, 2015 and 2014:

	2015	2014
<b>AAA-mf:</b>		
Held by bond fiscal agent:		
Bond Mutual Funds	\$ 4,561,650	\$ 4,544,429
<b>Not rated:</b>		
Certificates of Deposit (Morgan Stanley)	8,775,000	7,060,000
Local Agency Investment Fund	41,831,755	26,739,600
<b>Exempt:</b>		
U.S. Treasury Bills/Notes	-	998,633
Cash with Banks and Petty Cash	7,642,270	5,689,096
Total Cash and Investments	\$ 62,810,675	\$ 45,031,758

AMP's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, AMP 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, 2015 and 2014, there were no investments in any one issuer that represent five percent or more of total AMP investments.

#### **G. Custodial Credit Risk**

##### **Deposits**

This is the risk that in the event of a bank failure, AMP's deposits may not be returned to it. AMP's policy, as well as the California Government Code, requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2015, AMP's bank balance of \$7,638,287 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC).

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

### NOTE 2 - CASH AND INVESTMENTS AND RESTRICTED ASSETS (CONTINUED)

#### G. Custodial Credit Risk (Continued)

##### Investments

As of June 30, 2015, none of AMP's investments were held with counterparty. All of AMP's investments were held with an independent third party custodian bank. AMP uses Morgan Stanley and U.S. Bank as a third party custody and safekeeping institutions for its investment securities. All AMP investments held in custody and safekeeping by Morgan Stanley and U.S. Bank are held in the name of AMP and segregated from securities owned by the bank. This is the lowest level of custodial credit risk exposure.

#### H. Restricted Assets

Restricted investments comprise the following:

	June 30	
	2015	2014
Restricted by Revenue Bond Series 2010A&B Indenture - Bond Fund	\$ 1,902,833	\$ 1,886,038
Restricted by Revenue Bond Series 2010A&B Indenture - Reserve Fund	2,658,817	2,658,391
Total Restricted Assets	<u>\$ 4,561,650</u>	<u>\$ 4,544,429</u>

**Restricted by Revenue Bond Series 2010A&B Indenture - Bond Fund** represents investments held with fiscal agent as required by the Revenue Bond indenture. The funds held by the trustee are to be used for the defeasance of certain obligations with respect to the Series 2010 A/B Revenue Bonds.

**Restricted by Revenue Bond Series 2010A&B Indenture - Reserve Fund** represents investments held with fiscal agent as required by the Revenue Bond indenture. The funds held by the trustee are to meet the "Common Reserve Fund Requirement" of the indenture.

#### I. Designated Investments

Investments designated by the Board for special purposes comprise of the following:

	June 30	
	2015	2014
Insurance Reserve	\$ 1,200,000	\$ 1,200,000
Underground Special Fund	6,766,460	5,819,743
Solar PV Rebate Reserve	289,260	230,614
Renewable Energy Credits Energy Reserve	12,918,996	7,853,435
Cap and Trade net Revenue Reserve	1,092,725	668,425
Total Investments Designated for Special Purposes	<u>\$ 22,267,441</u>	<u>\$ 15,772,217</u>

**Insurance Reserve** represents a portion of the retained risk, or deductible amount under AMP'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.

**Solar PV Rebate** represents the amount set aside for the state mandated solar rebate program.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for 2014)

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### NOTE 2 - CASH AND INVESTMENTS AND RESTRICTED ASSETS (CONTINUED)

#### I. *Designated Investments (Continued)*

*Renewable Energy Credits (REC) Energy Reserve* represents the set aside of the resources generated from the sale of renewable energy credits through the REC trading markets regulated by the California Energy Commission.

*Cap and Trade net Revenue Reserve* represents the set aside of resources generated by the Cap and Trade program which took effect in early 2012 to reduce greenhouse gas (GHG) emissions and is regulated by the California Air Resources Board.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

### NOTE 3 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2015 and 2014 is as follows:

	Balance June 30, 2014	Additions & Adjustments	Retirements & Adjustments	Transfers	Balance June 30, 2015
Capital assets not being depreciated:					
Land and Rights	\$ 153,643	\$ -	\$ -	\$ -	\$ 153,643
Construction Work in Progress	45,897	5,685,479	(599,968)	(612,665)	4,518,743
Total capital assets not being depreciated	<u>199,540</u>	<u>5,685,479</u>	<u>(599,968)</u>	<u>(612,665)</u>	<u>4,672,386</u>
Capital assets being depreciated:					
Utility Plant	79,142,909	-	-	143,775	79,286,684
Service Center Building	7,843,636	-	-	-	7,843,636
Machinery and Equipment	9,153,503	-	-	43,683	9,197,186
Transportation Equipment	2,867,266	-	(38,620)	221,959	3,050,605
Computer Equipment	3,455,613	-	-	199,374	3,654,987
Furniture and Fixtures	829,333	-	-	3,874	833,207
Easements	185,500	-	-	-	185,500
Total capital assets being depreciated	<u>103,477,760</u>	<u>-</u>	<u>(38,620)</u>	<u>612,665</u>	<u>104,051,805</u>
Less accumulated depreciation and amortization for:					
Utility Plant	47,486,499	2,591,842	-	-	50,078,341
Service Center Building	3,553,650	165,870	-	-	3,719,520
Machinery and Equipment	8,483,516	80,132	-	-	8,563,648
Transportation Equipment	2,138,973	179,262	(38,620)	-	2,279,615
Computer Equipment	3,192,786	101,080	-	-	3,293,866
Furniture and Fixtures	462,237	26,862	-	-	489,099
Easements	108,500	3,500	-	-	112,000
Total accumulated depreciation	<u>65,426,161</u>	<u>3,148,548</u>	<u>(38,620)</u>	<u>-</u>	<u>68,536,089</u>
Total depreciable assets	<u>38,051,599</u>	<u>(3,148,548)</u>	<u>-</u>	<u>612,665</u>	<u>35,515,716</u>
Capital assets, net	<u>\$ 38,251,139</u>	<u>\$ 2,536,931</u>	<u>\$ (599,968)</u>	<u>\$ -</u>	<u>\$ 40,188,102</u>

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

### NOTE 3 - CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2013	Additions & Adjustments	Retirements & Adjustments	Transfers	Balance June 30, 2014
Capital assets not being depreciated:					
Land and Rights	\$ 153,643	\$ -	\$ -	\$ -	\$ 153,643
Construction Work in Progress	1,877,849	869,506	(738,785)	(1,962,673)	45,897
Total capital assets not being depreciated	<u>2,031,492</u>	<u>869,506</u>	<u>(738,785)</u>	<u>(1,962,673)</u>	<u>199,540</u>
Capital assets being depreciated:					
Utility Plant	73,322,303	4,447,057	(510,159)	1,883,708	79,142,909
Service Center Building	7,843,636	-	-	-	7,843,636
Machinery and Equipment	9,074,538	-	-	78,965	9,153,503
Transportation Equipment	2,738,514	128,752	-	-	2,867,266
Computer Equipment	3,320,906	134,707	-	-	3,455,613
Furniture and Fixtures	629,213	200,120	-	-	829,333
Easements	185,500	-	-	-	185,500
Total capital assets being depreciated	<u>97,114,610</u>	<u>4,910,636</u>	<u>(510,159)</u>	<u>1,962,673</u>	<u>103,477,760</u>
Less accumulated depreciation and amortization for:					
Utility Plant	45,465,046	2,384,405	(362,952)	-	47,486,499
Service Center Building	3,387,781	165,869	-	-	3,553,650
Machinery and Equipment	8,373,991	109,525	-	-	8,483,516
Transportation Equipment	1,951,886	187,087	-	-	2,138,973
Computer Equipment	3,104,317	88,469	-	-	3,192,786
Furniture and Fixtures	441,402	20,835	-	-	462,237
Easements	105,000	3,500	-	-	108,500
Total accumulated depreciation	<u>62,829,423</u>	<u>2,959,690</u>	<u>(362,952)</u>	<u>-</u>	<u>65,426,161</u>
Total depreciable assets	<u>34,285,187</u>	<u>1,950,946</u>	<u>(147,207)</u>	<u>1,962,673</u>	<u>38,051,599</u>
Capital assets, net	<u>\$ 36,316,679</u>	<u>\$ 2,820,452</u>	<u>\$ (885,992)</u>	<u>\$ -</u>	<u>\$ 38,251,139</u>

Depreciation and amortization on capital assets and intangibles included in the statement of revenues, expenses and changes in net position for the years ended June 30, 2015 and 2014 was \$3,148,548 and \$2,959,690 respectively.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for 2014)**

### NOTE 4 - LONG-TERM DEBT

#### A. *Composition and Changes*

AMP generally incurs long-term debt to finance projects or purchase assets which will have useful lives equal to or greater than the related debt. AMP's debt issues and transactions are summarized below and discussed in detail thereafter.

Long-term debt activity for the year ended June 30, 2015 and 2014 is as follows:

	Original Issue Amount	Balance June 30, 2014	Additions	Retirements & Adjustments	Balance June 30, 2015	Current Portion
Revenue Bonds, Series 2010A	\$ 8,700,000	\$ 8,700,000	\$ -	\$ -	\$ 8,700,000	\$ -
Taxable Revenue Bonds, Series 2010B	22,985,000	19,985,000	-	(1,095,000)	18,890,000	1,130,000
2008 Truck (Altel Model AM-55) - Capital Lease	176,295	24,694	-	(24,694)	-	-
2009 Truck (Altel Model D3060) - Capital Lease	229,168	38,887	-	(38,887)	-	-
Loan from City of Alameda	2,200,000	2,200,000	-	-	2,200,000	2,200,000
Total long-term debt		<u>\$ 30,948,581</u>	<u>\$ -</u>	<u>\$ (1,158,581)</u>	<u>29,790,000</u>	<u>\$ 3,330,000</u>

	Original Issue Amount	Balance June 30, 2013	Additions	Retirements & Adjustments	Balance June 30, 2014	Current Portion
Revenue Bonds, Series 2010A	\$ 8,700,000	\$ 8,700,000	\$ -	\$ -	\$ 8,700,000	\$ -
Taxable Revenue Bonds, Series 2010B	22,985,000	21,050,000	-	(1,065,000)	19,985,000	1,095,000
2008 Truck (Altel Model AM-55) - Capital Lease	176,295	52,886	-	(28,192)	24,694	24,694
2009 Truck (Altel Model D3060) - Capital Lease	229,168	75,519	-	(36,632)	38,887	38,887
Loan from City of Alameda	2,200,000	2,200,000	-	-	2,200,000	2,200,000
Total long-term debt		<u>\$ 32,078,405</u>	<u>\$ -</u>	<u>\$ (1,129,824)</u>	<u>\$ 30,948,581</u>	<u>\$ 3,358,581</u>

#### B. *Description of Long-Term Debt Issues*

**Revenue Bonds, Series 2010A/B (AMP Refinancing)** – As described in an indenture agreement dated August 1, 2010, Revenue Bonds, Series 2010A/B were issued through Alameda Public Financing Authority on behalf of AMP to provide funds, together with certain other available monies, to 1) prepay the obligations of AMP for the Electric System Revenue Certificates of Participation Series 2000A, 2) prepay the obligations of AMP for the Taxable Electric System Revenue Certificates of Participation, Series 2000AT, 3) fund a deposit to the Common Reserve Account, and 4) prepay the costs of issuance of the 2010 Bonds. Revenue Bonds, Series 2010A bear interest at 4.375% to 5.25%, payable January 1 and July 1 of each year. The Revenue Bonds, Series 2010B bear interest at 1.829% to 6.517%, payable January 1 and July 1 of each year.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 4 - LONG-TERM DEBT (CONTINUED)

Principal on the Series 2010B Bonds will be payable beginning July 1, 2011 and each succeeding July 1 until defeased in 2027. Principal on the Series 2010A Bonds will be payable beginning July 1, 2027 and each succeeding July 1 until defeased in 2030. The 2010 Bonds are subject to optional and mandatory sinking fund redemption prior to maturity. The 2010 Bonds are special obligations payable solely from electric revenues, other amounts held in the bond funds and accounts established pursuant to the indenture, and amounts on deposit in the Common Reserve Account. The initial book-entry principal obligation for the Series 2010A and Series 2010B bonds was \$8,700,000 and \$22,985,000 respectively.

**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 AMP for the purpose of construction of the hybrid fiber-optic/coaxial telecom system. The loan is interest free and was due on June 1, 2009. The City and AMP are currently negotiating the payment terms for this loan.

**Capital Lease Obligation** - On June 1, 2008, AMP 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 \$2,553 through June, 2015. Accumulated depreciation for the vehicle is \$135,720 as of June 30, 2015.

**Capital Lease Obligation** - On July 18, 2008, AMP entered into a long-term contract for the lease of a vehicle for maintenance operations use. Total cost of the vehicle was \$229,168 and is due in monthly principal and interest installments of \$3,347 through July, 2015. Accumulated depreciation for the vehicle is \$171,877 as of June 30, 2015.

#### C. *Debt Service Requirements*

Annual debt service requirements for AMP's revenue bonds, loan from City of Alameda and capital leases are as follows:

For the Year Ending June 30	Principal	Interest	Total
2016	\$ 3,330,000	\$ 1,469,585	\$ 4,799,585
2017	1,170,000	1,424,034	2,594,034
2018	1,220,000	1,372,054	2,592,054
2019	1,275,000	1,312,883	2,587,883
2020	1,340,000	1,246,594	2,586,594
2021-2025	8,015,000	4,955,445	12,970,445
2026-2030	10,905,000	2,078,863	12,983,863
2031-2035	2,535,000	60,206	2,595,206
Total	\$ 29,790,000	\$ 13,919,664	\$ 43,709,664

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 5 - TRANSACTIONS WITH THE CITY OF ALAMEDA

The City Charter provides that AMP transfer to the City's General Fund certain excess earnings as defined in the Charter. In accordance with these provisions, AMP was not required to transfer any excess earnings to the City's General Fund. However, AMP Board approved a contribution of \$2,800,000 and \$2,800,000 to the City's General Fund during the years ended June 30, 2015 and 2014, respectively. This amount was contributed from the Electric Services Fund.

Alameda Municipal Code provides that AMP pays the City an annual amount equal to one percent of the net book value of AMP's utility plant in service at the previous fiscal year end. AMP paid \$1,363,250 and \$1,336,543 in lieu of taxes to the City during the fiscal years ended June 30, 2015 and 2014, respectively. Disbursements by AMP to the City for services provided by the City for the years ended June 30, 2015 and 2014 were \$3,784,054 and \$3,766,003, respectively. Utility taxes collected by AMP and remitted to the City's General Fund for the years ended June 30, 2015 and 2014 were \$3,140,621 and \$3,149,165, respectively.

Billings of electricity to the City for the years ended June 30, 2015 and 2014 were \$1,841,798 and \$1,749,141, respectively. Alameda Municipal Power took over the costs of providing electricity to the City of Alameda streetlights effective July 1, 2013 at a benefit to the City of \$548,097 for the year ended June 30, 2015.

### NOTE 6 - DEFINED BENEFIT PLAN

#### *CalPERS Safety and Miscellaneous Employees Plans*

*Plan Descriptions* – Substantially all City employees including AMP 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. AMP only has miscellaneous employees that participate in the City's separate Miscellaneous Employee Plan (all employees excluding Police and Fire). Benefit provisions under the Plan is 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 the Plan are determined annually on an actuarial basis as of June 30 by CalPERS; the City must contribute these amounts. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information can be found on the CalPERS website at:

<http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports/home.xml>.

**ALAMEDA MUNICIPAL POWER**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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**NOTE 6 - DEFINED BENEFIT PLAN (CONTINUED)**

*Benefits Provided* – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Classic</u>	<u>PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of annual salary	1.4% to 2.7%	1.0% to 2.5%
Required employee contribution rates	6.80%	6.75%
Required employer contribution rates	14.42%	14.42%

*Contributions* – Section 20814(c) of the California Public Employees’ Retirement law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. AMP is required to contribute the difference between the actuarially determined rate and the contribution rates of employees.

Employee contribution rates for the fiscal year ended June 30, 2015, ranged from 6.8% for the Classic Plan Members to 6.75% for the PEPRA Plan members. AMP’s proportionate share of the City’s contributions to the miscellaneous plan was \$1,016,782 for the year ended June 30, 2015.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 6 - DEFINED BENEFIT PLAN (CONTINUED)

*Pension Liability, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions*

As of June 30, 2015, AMP reported a net pension liability of \$13,657,795 for its proportionate share of the City's net pension liability.

The net pension liability of the Plan was measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013. AMP's proportion of the City's net pension liability was based on AMP's FY 2014 contributions to the City's pension plan relative to the total contributions of the City as a whole. AMP's proportionate share of the City's net pension liability for the Plans as of June 30, 2013 and 2014 was 29% for both years.

For the year ended June 30, 2015, AMP recognized pension expense of \$785,284. At June 30, 2015, AMP reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions paid by AMP subsequent to measurement date	\$ 1,016,782	
Net differences between projected and actual earnings on pension plan investments		\$ 4,034,936
Total	<u>\$ 1,016,782</u>	<u>\$ 4,034,936</u>

The amount of \$1,016,782 reported as deferred outflows of resources related pensions, resulting from AMP's contributions to the City's plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year ended June 30</u>	
2016	\$ (1,008,734)
2017	(1,008,734)
2018	(1,008,734)
2019	<u>(1,008,734)</u>
Total	<u>\$ (4,034,936)</u>

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 6 - DEFINED BENEFIT PLAN (CONTINUED)

*Actuarial Assumptions* – AMP’s proportion of the City’s total pension liabilities in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Investment Rate of Return	7.5% (2)
Inflation	
Payroll Growth	
Projected Salary Increase	3.3% - 14.2% (1)
Mortality	2010 CalPERS Experience Study

(1) Depending on age, service and type of employment

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website at:

<http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports.xml>

Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the total pension liability.

In determining the long-term expected 7.50% rate of return on pension plan investments, CalPERS took into account both short and long-term market return expectations as well as the expected pension fund cash flows. Based on the expected benefit payments of the Public Employees’ Retirement Fund, CalPERS indicated that a 19 year horizon was ideal in determining the level equivalent discount rate assumption. Using simulated rates of return, together with the CalPERS asset allocation mix, the medium net return over the 19 years was calculated. The final geometric rate of return was set after removing 15 basis points for expected administrative expenses. The target allocation and best estimates of arithmetic real rates of return for each major asset class are the same for the Plan and are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1 - 10</u>	<u>Real Return Years 11+</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100.0%</u>		

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 6 - DEFINED BENEFIT PLAN (CONTINUED)

*Discount Rate* – The discount rate used to measure the total pension liability was 7.50% for the Plan. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the Project’s contributions will be made at rates equal to the difference between actuarially determined contributions rates and the employee rate.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of AMP for the Plan, calculated using the discount rate for the Plan, as well as what AMP’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	\$ 22,408,163
Current Discount Rate	7.50%
Net Pension Liability	\$ 13,657,795
1% Increase	8.50%
Net Pension Liability	\$ 6,347,189

*Pension Plan Fiduciary Net Position* – Detailed information the City’s collective net pension liability is available in the City’s separately issued Comprehensive Annual Financial Report (CAFR). The City’s financial statements may be obtained by contacting the City of Alameda’s Finance Department. That report may be obtained on the internet at [alamedaca.gov](http://alamedaca.gov). Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 7 - POSTEMPLOYMENT HEALTH CARE BENEFITS

*Plan Description.* The City provides medical and dental benefits to substantially all retirees under the City of Alameda Other Post Employment Benefit Plan, offered by California Public Employee Retirements Systems (CalPERS), an agent multiple-employer defined benefit healthcare plan. Alameda Municipal Power only has miscellaneous employees participating in the City’s plan.

The City contracts with CalPERS to administer its retiree health benefit plan. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees’ Retirement Law. The City chooses among the menu of benefit provisions and adopts certain benefit provisions by City Council resolution. The City is responsible for establishing and amending the funding policy of the Plan.

CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS annual financial report may be obtained from CalPERS at P.O. Box 942709, Sacramento, California 94229-2709.

The provisions and benefits of the City's Other Post Employment Benefit Plan, in effect at June 30, 2015, are summarized as follows:

	<b>Miscellaneous</b>
Eligibility	<ul style="list-style-type: none"> <li>• Retire directly from the City under CalPERS</li> <li>• Age 50 &amp; 5 years of CalPERS service or disability</li> </ul>
Medical Benefit	<ul style="list-style-type: none"> <li>• PEMHCA Minimum Employer Contribution</li> <li>• PEMHCA Minimum Employer Contribution: AB 2544</li> </ul> <p style="margin-left: 40px;">5% of active contributions times years in PEMHCA (increase each year not greater than \$100 per month)                      Joined PEMHCA in 1992 for all bargaining units                      \$119.00/month in 2014</p>
Dental Benefit	<ul style="list-style-type: none"> <li>• None</li> </ul>
Vision & Life	<ul style="list-style-type: none"> <li>• None</li> </ul>
Surviving Spouse	<ul style="list-style-type: none"> <li>• Contribution continues to surviving spouse</li> </ul>

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 7 - POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

**Funding Policy** - The City's annual required contribution of the employer (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal annual costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years on a closed basis. The plan members receiving benefits currently are not required to contribute to the plan.

**Annual OPEB Cost** - AMP contributed \$57,708, \$56,028, \$55,200 towards the City's annual OPEB cost for the years ended June 30, 2015, 2014 and 2013 respectively, which represented 100 percent of the annual required contribution.

**Funding Policy and Actuarial Assumptions** - The annual required contribution (ARC) was determined as part of a January 1, 2013 actuarial valuation using the entry age normal actuarial cost method. In fiscal year 2013-14, funding of the plan was based on a "pay-as-you-go" basis. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.00% investment rate of return; (b) 3.25% projected annual salary increase, (c) 3% of general inflation increase; and (d) a healthcare trend of declining annual increases ranging from 8.0% to 8.3% in 2014 for non-medicare and medicare respectively, to 5% for years starting 2021 for both non-medicare and medicare. The actuarial methods and assumptions used include techniques that "smooth" the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period.

All disclosures related to the City's postemployment health care benefit plan can be found in City's Comprehensive Annual Financial Report (CAFR) available on the City's website [www.ci.alameda.ca.us](http://www.ci.alameda.ca.us) or at City of Alameda, City Manager, 2263 Santa Clara Avenue, Alameda, California 94501.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 8 - NORTHERN CALIFORNIA POWER AGENCY (NCPA)

#### A. *General*

AMP 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 AMP 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 9.

AMP is a member of NCPA, a joint powers agency which operates under a joint powers agreement among 14 public agencies (AMP, BART, Biggs, Gridley, Healdsburg, Lompoc, Palo Alto, Ukiah, Lodi, Port of Oakland, Redding, Roseville, Silicon Valley Power, Truckee-Donner PUD). Turlock Irrigation District withdrew from NCPA on April 1, 2011. 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, as well as 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 AMP, net of refunds, to NCPA during the fiscal years ending June 30, 2015 and 2014 for purchased power were \$27,517,599 and \$28,196,783, respectively. Additionally, purchased power was reduced by a refund of \$717,163 and \$1,182,226 for power exchange distribution and budget settlement monies returned to the NCPA General Operating Reserve (GOR), for the fiscal year ended June 30, 2015 and 2014, respectively.

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

On Jun 23, 2014, AMP's Board approved the withdrawal of \$15,500,000 of Operating Reserve funds from the Northern California Power Agency's (NCPA) General Operating Reserve. AMP received the funds on July 15, 2014 and deposited them into AMP's working capital fund. At July 15, 2014, this transaction effectively reduces AMP's investment in joint venture by \$15,500,000.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 8 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

#### A. *General (Continued)*

The changes in AMP's share in NCPA projects and reserve are set forth below:

	Year ended June 30,	
	2015	2014
Beginning balance	\$ 19,985,316	\$ 19,506,298
Increase (decrease) in equity in NCPA projects	(14,531,870)	479,018
Ending balance	<u>\$ 5,453,446</u>	<u>\$ 19,985,316</u>

AMP's interest in NCPA Projects and Reserve, as computed by NCPA, is set forth below:

	June 30,	
	2015	2014
General Operating Reserve	\$ 1,550,484	\$ 16,321,226
Purchased Power & Transmission	22,785	20,236
Share of Scheduling Coordination Balancing Account	1,593,433	1,589,028
Share of Congestion Revenue Rights (CRR)	150,859	150,859
Associated Member Services	103,681	100,705
Market Purchase Program (MPP) Security Deposit	699,040	470,000
	<u>4,120,282</u>	<u>18,652,054</u>
Net book value of amounts contributed to fund		
Alameda Municipal Power's share of NCPA Power:		
Geothermal Projects/Power Line	947,459	893,283
Calaveras Hydroelectric Project	733,180	608,615
Combustion Turbine Project No. 1	(378,279)	(195,902)
Combustion Turbine Project No. 2	30,804	27,266
	<u>\$ 5,453,446</u>	<u>\$ 19,985,316</u>

The General Operating Reserve represents AMP'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. In 2015, AMP withdrew of \$15,500,000 of Operating Reserve funds from the Northern California Power Agency's (NCPA) General Operating Reserve.

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.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 8 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

#### *B. Projects in which AMP is a Participant*

##### *Geothermal Projects*

A power purchase agreement with NCPA obligates AMP for 17.05407% of the debt service and the operating costs for two geothermal steam powered generating plants, Plant Number 1 and Plant Number 2, located in the Geysers area in Northern California. In conjunction with these payments, AMP is entitled to receive 16.8825% of the output from these facilities. NCPA continues to pursue alternatives for improving and extending steam field reservoir performance, including supplemental water reinjection, plant equipment modifications, and changes in operating methodology. NCPA has increased steam production in the vicinity of reinjection wells and has evaluated a number of alternatives to increase water reinjection at strategic locations.

In 2009, NCPA issued the Refunding Series A for \$35,610,000 to improve the Unit 4 steam path, provide for the Middletown booster pump solar project, provide for the Southeast Treatment plant solar project, make a contribution to the Debt Service Reserve Account, and to pay the cost of issuance of the 2009 Series A bonds.

AMP 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, 2015, the book value of this Project's plant, equipment and other assets was \$88,097,952 while its long-term debt totaled \$38,098,381 and other liabilities totaled \$44,391,424. AMP's share of the Project's long-term debt and other liabilities amounted to \$13,926,341 on that date.

##### *Calaveras Hydroelectric Project*

NCPA contracted to finance, manage, construct, and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, NCPA has the right to the electric output of the project for 50 years starting in February 1982 and also has an option to purchase power from the project in excess of the District's requirements for the subsequent 50 years, subject to regulatory approval. Debt service payments to NCPA began in February 1990 when the project was declared substantially complete and power was delivered to the participants.

During fiscal year 2009, NCPA reduced its obligations on the 1992 Refunding Series A by \$7,105,000 and reduced its 1993 Refunding Series A obligations by \$260,000. In March 2008, NCPA issued the 2008 Refunding Series A for \$85,160,000 and the 2008 Taxable Refunding Series B for \$3,165,000 in variable rate demand bonds for the purpose of providing funds, together with other available moneys, to refund a portion of outstanding Hydroelectric Project Number One Revenue Bonds, 1998 Refunding Series A and to pay costs of issuance of the 2008 Bonds and other costs relating to the refunding of the refunded 1998 Bonds. The refunding was done in order to realize debt service savings under the 2004 Swap Agreement.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 8 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

#### **B. *Projects in which AMP is a Participant (Continued)***

Additionally, in response to credit market upheavals and to ensure debt service certainty, in July 2008 the Agency refunded (or purchased from the liquidity providers) the 2002 Hydroelectric Refunding Revenue Bonds Series A & B and the 2003 Hydroelectric Refunding Revenue Bonds Series A & B with outstanding principal of \$140,200,000. The associated interest rate swaps were terminated on July 9, 2008. The refunding was completed through the issuance of \$128,005,000 fixed rate tax exempt debt (2008 Series C) and \$9,505,000 fixed rate taxable debt (2008 Series D). The payment of principal and interest on these issues are covered by financial guaranty insurance policies issued by Assured Guaranty. In 2010, the NCPA issued the 2010 Refunding Series A for \$101,260,000 and 2010 Refunding Series B obligations for \$8,025,000 for the purpose of providing funds to refund the Refunded 1998 Bonds, to deposit the respective 2010 Series debt service reserve account and to pay the cost of issuance of the 2010 Bonds. In 2012, the NCPA issued the 2012 Refunding Series A for \$76,665,000 and 2012 Taxable Refunding Series B obligations for \$7,120,000 for the purpose of providing funds to refund the NCPA's outstanding Hydroelectric Project No. 1 Revenue Bonds, 1998 Refunding Series A, to make a deposit to the debt service reserve account for the 2012 Bonds and to pay cost of issuance of the 2012 Bonds.

Under its power purchase agreement with NCPA, AMP is obligated to pay 10.9774% of this Project's debt service and operating costs. The project entitlement share on the Hydroelectric Projects funded with the 2008 Refunding Series C and 2008 Taxable Refunding Series D obligations is 10%. At June 30, 2015, the book value of this Project's plant, equipment and other assets was \$447,792,983, while its long-term debt totaled \$396,718,866 and other liabilities totaled \$43,742,329. AMP's share of the Project's long-term debt and other liabilities amounted to \$44,046,120, on 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 and provides reserve and peaking power. During August 2010, phase 2 of the first amendment to the NCPA power purchase agreement finalized the transfer of ownership of two NCPA electricity generating units to the City of Roseville due to a misalignment of ISO control areas. The transfer reduced the generation output of the project to 74 MW, and increased the entitlement share to 21.82%. Although AMP's project percentage share increases, its resulting generating capacity entitlement remains constant at 16.05 MW. At June 30, 2015, the book value of this Project's plant, equipment and other assets was \$2,261,689 while its long-term debt totaled \$0, and other liabilities totaled \$3,995,321. AMP's share of the Project's long-term debt and other liabilities amounted to \$871,779 on that date.

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

AMP is a participant in NCPA's 49.8 megawatt Steam Injected Gas Turbine (STIG) project which was built under turnkey contract near the City of Lodi and declared substantially complete on April 23, 1996. In 2010, the NCPA issued 2010 Refunding Series A Bonds for \$ \$55,120,000 for the purpose of providing funds to refund all of the Refunded 1999 Bonds, to fund a deposit to the 2010 Series debt service reserve account and to pay cost of issuance of the 2010 Series A Bonds. Under the NCPA power purchase agreement, AMP is obligated to pay 19.00% of the debt service and operating costs for the STIG project.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 8 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

#### ***B. Projects in which AMP is a Participant (Continued)***

AMP'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, AMP and NCPA have committed to long-term payments for gas transmission pipeline capacity, and entered a purchase contract for natural gas. AMP is obligated to pay 19.0%.

At June 30, 2015, the book value of this Project's plant, equipment and other assets was \$48,538,467 while its long-term debt totaled \$45,822,029 and other liabilities totaled \$2,554,311. AMP's share of the Project's long-term debt and other liabilities amounted to \$9,191,505 on that date.

#### ***Graeagle Hydroelectric Project***

AMP'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. AMP receives 100% of the power output from this small 440 kilwatt hydroelectric project.

#### ***Western Area Power Administration***

AMP 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 AMP. AMP pays 1.08075% of the base resource costs and receives that same amount of the base resource, power generated in one federal fiscal year.

#### ***Other Power Purchase Agreements***

AMP 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, AMP entered into a long-term 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 firm power 24-hours per day. The long-term contract expired on December 31, 2014.

#### ***Highwinds Project Power Purchase***

In December 2004, AMP entered into a long-term power purchase agreement with PPM Energy, Inc. for power supplied by the Highwinds Project in Solano County, California. In 2008, Iberdrola Renewables succeeded PPM Energy as the seller counterparty for this power purchase agreement. AMP receives 6.17% of the output of the 162 megawatt project (nameplate rating) – 10 megawatts – as delivered through June 30, 2028.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 8 - NORTHERN CALIFORNIA POWER AGENCY (NCPA) (CONTINUED)

#### **B. *Projects in which AMP is a Participant (Continued)***

##### **Landfill Gas Projects Power Purchase**

Since 2004, AMP has entered into four long-term power purchase agreements for power supplied by multiple generating facilities. These facilities utilize combustible gaseous emissions from landfills, located in or near the San Francisco Bay area to create power. AMP began receiving nearly 3.45 megawatts of base-load power from each of the first two facilities in 2004 and early 2006. An additional 5.2 megawatts of base-load output was added to AMP's portfolio in April 2009 when the Ox Mountain facility commenced operation. An additional 1.9 megawatts of power was added to AMP's portfolio as the Keller Canyon facility commenced base-load operation in August 2009.

##### ***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), AMP 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 AMP has its own generating resources and is not heavily dependent on the wholesale market to purchase power, it was not significantly impacted by these price swings.

In April 2008, the California Independent System Operator (CAISO) launched a new wholesale market structure in the state which is referred to as the Market Redesign and Technology Upgrade (MRTU). While MRTU features a day-ahead energy market with a nodal locational marginal price calculation, both load and resources are currently priced as aggregated pricing. The MRTU initiative has introduced new risks and uncertainties for AMP because the Federal Energy Regulatory Commission (FERC) continues requiring CAISO to implement a disaggregated market that will negatively affect AMP because it is in a transmission constrained location. To establish the extent of the risk and identify its impact to rates, AMP continues to monitor changes that CAISO makes to its market structure and operations.

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, California 95678.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 9 - TRANSMISSION AGENCY OF NORTHERN CALIFORNIA (TANC)

AMP is a member of a joint powers agreement with fifteen 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. The California-Oregon Transmission Project (COTP) is one of three high voltage transmission lines connecting Oregon and California. The 500 kV line is able to transmit 1,600 MW's of electricity. The COTP participants include the Transmission Agency of Northern California, Western, PG&E, City of Redding, Carmichael Water District, and the San Juan Water District. Currently, the COTP provides a transmission path for resources that is outside of the CAISO balancing authority. According to the 1985 Project Agreement with TANC for the development of the COTP and subsequent related project agreements, AMP 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.

AMP's entitlement share on COTP is 1.2274% and AMP is obligated to pay 1.33% of the project's operating costs.

AMP is obligated to pay 1.33% of TANC's debt-service related to the California - Oregon Transmission Project (COTP). AMP's share on the 2009 Series A bonds is 1.4496%. AMP is not obligated for any portion of the 2009 Series B bonds.

These obligations provide AMP with a COTP transfer capability of 17.05 MW. AMP 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.

In May 2009, TANC issued \$67.0 million of tax-exempt 2009 Series A bonds and \$61.8 million of taxable 2009 Series B bonds. The proceeds of the Series A bonds were used to retire a bank loan that refinanced \$30.3 million of TANC's tax-exempt commercial paper and also to refund \$34.7 million of TANC's 2003 Series C Auction Rate Securities. The proceeds of the Series B bonds were used to retire a bank loan that refinanced \$56.3 million of TANC's taxable commercial paper. The 2009 refunding increased future aggregate debt service payments by \$19.3 million, but resulted in a total economic gain of \$6.5 million, the difference between present value of the old and new debt service payments. TANC has issued Revenue Bonds for \$435,790,000 and eliminated its obligations for the Tax Exempt Commercial Paper notes. As of June 30, 2015 and 2014, AMP's share of this debt is \$0 and \$3,988,283, respectively.

As of July 1, 2014, AMP and other NCPA members executed a multiparty Long-Term Layoff Agreement (the Agreement) that laid off their participating percentage share of the COTP to other TANC participants namely the Sacramento Municipal Utility District, the Turlock Irrigation District, and Modesto Irrigation District, for twenty-five (25) years with the option to extend for an additional five years upon all parties approval. During the layoff period AMP and other NCPA members will not pay any debt service or operating costs. During the term of the Agreement, AMP would relinquish its voting rights on all short-term decisions and actions at TANC related to the COTP.

#### ***TANC Financial Information***

TANC's financial statements can be obtained from TANC, P.O. Box 15129, Sacramento, California 95851 or from their website at <http://www.tanc.us/financials.html>.

# **ALAMEDA MUNICIPAL POWER**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### **NOTE 10 - RISK MANAGEMENT**

AMP, as a department of the City, participates in the City's risk management program. The City manages risk by participating in two public entity risk excess pools 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 these risk pools are not AMP's or the City's responsibility.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 10 - RISK MANAGEMENT (CONTINUED)

AMP has not reduced its risk pool 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 \$5,000,000 and provides additional coverage up to statutory limits. The City has a deductible or uninsured liability of up to \$350,000 per claim. During the fiscal year ended June 30, 2015 and 2014, AMP contributed \$87,452 and \$73,393 for the coverage, respectively.

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.

The City is also a member of the California Joint Powers Risk Management Authority (CJPRMA), an excess risk-sharing pool providing general liability, auto liability, physical vehicle damage, property and boiler and machinery insurance coverage. For the liability policies, the Authority provides \$40,000,000 in coverage subject to a self insured retention limit of \$500,000. The physical vehicle damage coverage covers both owned and leased vehicles valued at \$25,000 or more, subject to a \$10,000 deductible. With regard to the property and boiler and machinery coverage, the Authority provides "all risk" (excluding flood and quake) replacement cost coverage subject to a \$25,000 deductible.

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

Type of Coverage	Coverage Limits
Excess General Liability	\$40,000,000
Auto - Physical damage	Actual Cash Value
Workers' Compensation	Statutory, w/ \$5,000,000 in Employer's Liability
Boiler & Machinery	Replacement Cost
Computer Software	Self-Insured
Property	Replacement Cost
Terrorism	\$10,000,000

Financial statements for the workers' compensation excess risk pool may be obtained from LAWCX, c/o Bickmore & Associates, 6371 Auburn Boulevard, Citrus Heights, CA 95621. Financial statements for the liability/property excess risk pool may be obtained from CJPRMA, 3201 Doolan Drive, Suite 285, Livermore, California 94551.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

(With comparative amounts for the fiscal year ended June 30, 2014)

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### NOTE 10 - RISK MANAGEMENT (CONTINUED)

#### *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, AMP 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 independent actuary, is based on historical trend information provided by its third party administrators and was computed as follows at June 30:

	2015	2014
Beginning balance	\$ 1,048,945	\$ 1,104,671
Change in liability for current and prior fiscal year claims	309,579	94,724
Payments made on claims	(95,994)	(150,450)
Ending balance	1,262,530	1,048,945
Less Current Portion	(100,000)	(170,000)
Long-term Portion	<u>\$ 1,162,530</u>	<u>\$ 878,945</u>

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 11 - COMMITMENTS

#### A. *Take -or- Pay Agreements*

Under the terms of its NCPA and TANC joint venture agreements, AMP is liable for a portion of the bonded indebtedness issued by these agencies under take-or-pay or similar agreements, as discussed in Notes 8 and 9. AMP's estimated share of such debt outstanding at June 30, 2015 was \$74,814,478. Under certain circumstances, AMP 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, AMP 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.

Take-or-Pay commitments expire upon final maturity of outstanding debt for each project. Final fiscal year debt expirations are as follows:

Project	Debt Expiration	Entitlement	
		Share %	Debt service %
NCPA - Geothermal Project (NGP)	Jul-2024	16.88250%	17.05407%
NCPA - Calaveras Hydroelectric Project (NCHP)	Jul-2032	10.00000%	10.97740%
NCPA - Capital Facilities Project (NCFP)	Jul-2026	19.00000%	19.00000%
TANC - CA-OR Transmission Project (COTP)	May-2024	1.22740%	1.33000%

As discussed in Note 9, as of July 1, 2014, AMP and other NCPA members executed a multiparty Long-Term Layoff Agreement that laid off their participating percentage share of the COTP to other TANC participants.

A summary of AMP's "Take or Pay" contracts and related projects and its contingent liability for the debt service including principal and interest payments at June 30, 2015 is as follows:

Fiscal Year	NGP	NCHP	NCFP	Total
2016	\$ 862,187	\$ 3,938,979	\$ 1,082,836	\$ 5,884,002
2017	862,516	3,944,050	1,079,108	5,885,674
2018	862,652	3,862,951	1,068,858	5,794,461
2019	863,360	3,863,509	1,081,655	5,808,524
2020	863,740	3,799,570	1,086,174	5,749,484
2021-2025	3,833,771	18,660,327	5,442,703	27,936,801
2026-2030	-	10,678,515	292,637	10,971,152
2031-2033	-	6,784,380	-	6,784,380
Total	<u>\$ 8,148,226</u>	<u>\$ 55,532,281</u>	<u>\$ 11,133,971</u>	<u>\$ 74,814,478</u>

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 11 – COMMITMENTS (CONTINUED)

**B. *Lease Agreement with Successor Agency of Alameda Reuse and Redevelopment Authority***

In June 2009, AMP entered into two property lease agreements with the Alameda Reuse and Redevelopment Authority (assigned to Successor Agency of the Alameda Reuse and Redevelopment Authority). The lease terms for each agreement started on June 1, 2009 and expired on May 31, 2014. After May 31, 2014 AMP currently leases the property on a month-to-month with minimum monthly payments of \$1,083 and \$11,103, respectively.

### NOTE 12 - CONTINGENT LIABILITIES

**A. *Lawsuits and Litigation***

In the opinion of AMP's management and the City Attorney, with respect to such litigation, there is no action, suit or proceeding known to be pending or threatened, restraining or enjoining AMP in the execution or delivery of, or in any way contesting or affecting the validity of, any proceedings of AMP. Any other claims concerning AMP's electric system are incidental to the ordinary course of operations of the electric system and are covered by AMP's self-insurance program. Such claims and litigation are not anticipated to have a materially adverse effect upon the financial position of Alameda Municipal Power.

# ALAMEDA MUNICIPAL POWER

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2015**

**(With comparative amounts for the fiscal year ended June 30, 2014)**

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### NOTE 13 – CHANGE IN ACCOUNTING PRINCIPLES

AMP adopted Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*, effective July 1, 2014. Refer to Note 6 for further disclosures related to the Plan and related balances. As a result of the implementation, AMP restated beginning net position as noted below:

Net Position -	
Beginning of year, as previously reported	\$ 65,374,118
Deferred outflows of resources	895,711
Net Pension Liability as of the measurement date of June 30, 2014	<u>(17,803,159)</u>
Net Position -	
Beginning of year, as restated	<u><u>\$ 48,466,670</u></u>

Following is the pro forma effect of the retroactive application:

<u>Electric Enterprise Fund</u>	<u>Previously Presented Balance at June 30, 2014</u>	<u>Restatement</u>	<u>Restated Balance at July 1, 2014</u>
Deferred outflows of resources	\$	\$ 895,711	\$ 895,711
Net pension liability		<u>(17,803,159)</u>	(17,803,159)
Beginning net position	65,374,118	<u>(16,907,448)</u>	48,466,670

***REQUIRED SUPPLEMENTAL INFORMATION***

**ALAMEDA MUNICIPAL POWER**

Required Supplemental Information

**Schedule of the AMP's Proportionate Share of the City's Miscellaneous Plan Net Pension Liability**

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Last Ten Years\*

	<b>2015</b>
AMP's proportion of the City's net pension liability	29.00%
AMP's proportionate share of the City's net pension liability	\$ 13,657,795
Covered - employee payroll	\$ 7,564,097
AMP's proportionate share of the City's net pension liability as a percentage of covered-employee payroll	180.56%
Miscellaneous Plan fiduciary net position as a percentage of the total pension liability	81.01%

\* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

**ALAMEDA MUNICIPAL POWER**  
 Required Supplemental Information

**Schedule of Contributions**

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Last Ten Years\*

		<u><b>2015</b></u>
Actuarially determined contributions	\$	1,016,782
Contributions in relation to the actuarially determined contribution		<u>1,016,782</u>
Contribution deficiency (excess)	\$	<u><u>-</u></u>
 Covered-employee payroll	 \$	 7,814,414
 Contributions as a percentage of covered-employee payroll		 13.01%

\* - Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

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# Statistical Section

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## STATISTICAL SECTION

This part of the Alameda Municipal Power's (AMP) 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 AMP'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 AMP's financial performance and well being have changed over time:

1. Net Position by Component
2. Changes in Net Position Of Consolidated Operations
3. Changes in Net Position Of Electric Operations and Telecommunication Operations

### ***Revenue Capacity***

These schedules contain information to help the reader assess AMP'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 AMP's current levels of outstanding debt and AMP's ability to issue additional debt in the future:

1. Ratio of Outstanding Debt by Type
2. Revenue Bonds/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 AMP's financial activities take place:

1. Demographic and Economic Statistics
2. Top 10 Customers and City of Alameda Principal Employers

### ***Operating Information***

These schedules contain service and infrastructure data to help the reader understand how the information in AMP's financial report relates to the services that AMP provides and the activities it performs:

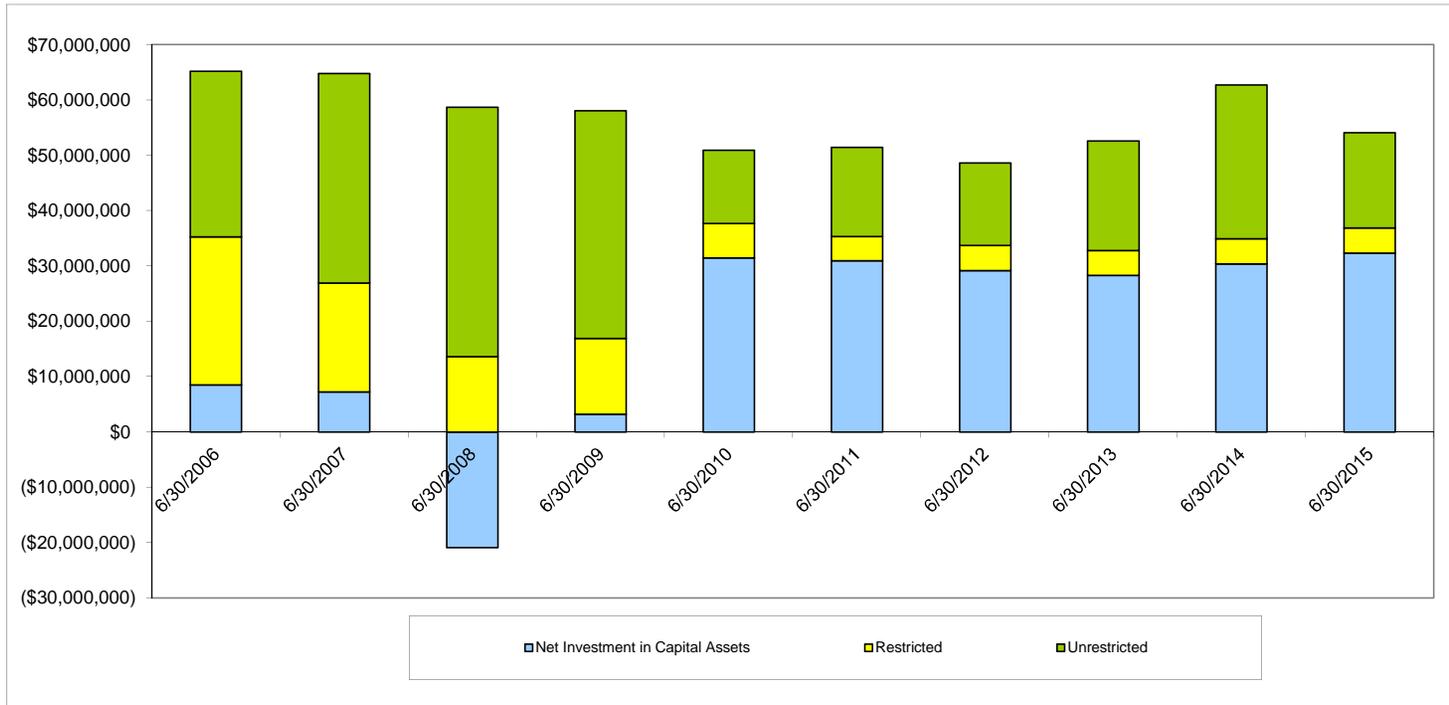
1. Operating Expenses by Function – Electric Operations
2. Operating Expenses by Function – Telecommunications Operations
3. Capital Asset Statistics by Function/Program
4. Operation Indicators
5. Operation Indicators - Continued

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

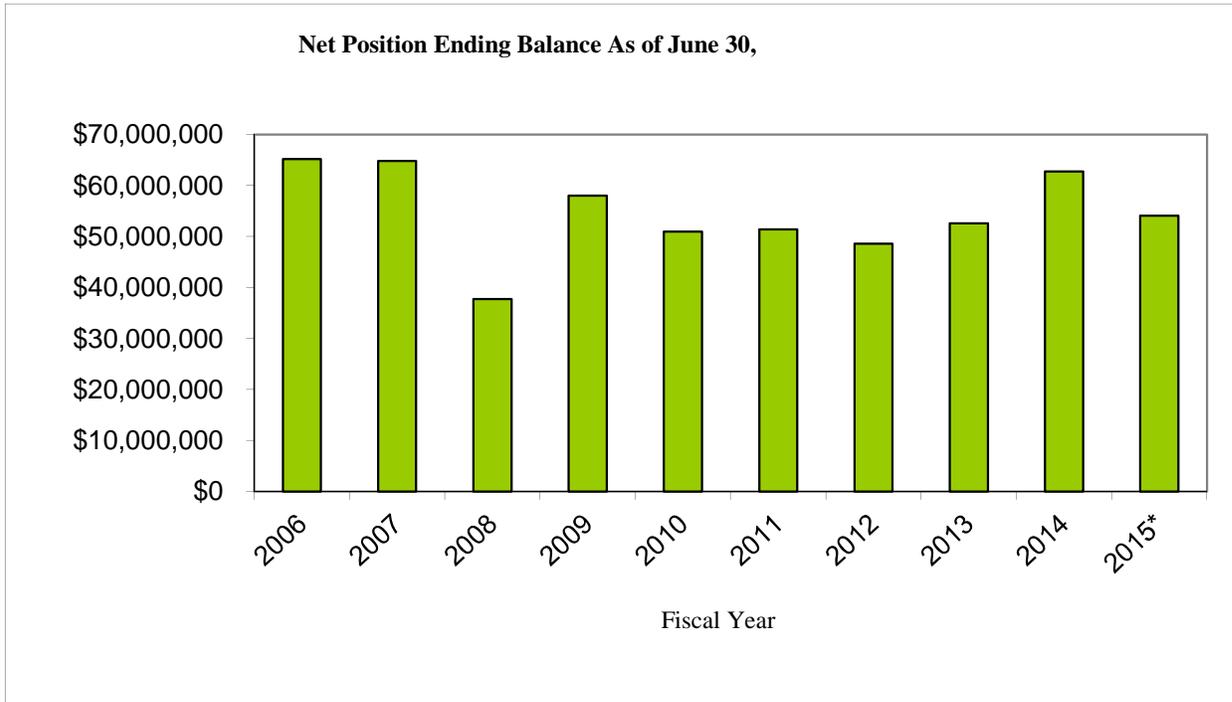
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**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS**



	Fiscal Year Ended,									
	6/30/2006	6/30/2007	6/30/2008	6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014	6/30/2015
Net Position:										
Net Investment in Capital Assets	\$8,470,239	\$7,245,463	(\$20,919,290)	\$3,179,206	\$31,473,395	\$30,928,840	\$29,166,859	\$28,278,573	\$30,357,606	\$32,296,499
Restricted	26,795,112	19,671,304	13,631,215	13,736,657	6,226,879	4,378,747	4,515,565	4,529,302	4,544,429	4,561,650
Unrestricted	29,935,937	37,878,629	45,019,091	41,103,862	13,222,943	16,111,594	14,916,203	19,774,368	27,833,516	17,235,250
<b>Total Net Position</b>	<b>\$65,201,288</b>	<b>\$64,795,396</b>	<b>\$37,731,016</b>	<b>\$58,019,725</b>	<b>\$50,923,217</b>	<b>\$51,419,181</b>	<b>\$48,598,627</b>	<b>\$52,582,243</b>	<b>\$62,735,551</b>	<b>\$54,093,399</b>

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
CHANGES IN NET POSITION OF CONSOLIDATED OPERATIONS  
LAST TEN FISCAL YEARS**



Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Non-Operating Revenue, Expenses & Transfers	Change in Net Position	Net Position	
						Beginning Balance	Ending Balance
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)	\$ 66,543,871	\$ 37,731,016
2009	\$ 53,507,364	\$ 53,619,296	\$ (111,932)	\$ 20,400,641	\$ 20,288,709	\$ 37,731,016	\$ 58,019,725
2010	\$ 48,953,054	\$ 48,524,064	\$ 428,990	\$ (7,525,498)	\$ (7,096,508)	\$ 58,019,725	\$ 50,923,217
2011	\$ 50,771,700	\$ 43,325,162	\$ 7,446,538	\$ (6,950,574)	\$ 495,964	\$ 50,923,217	\$ 51,419,181
2012	\$ 51,434,869	\$ 47,624,263	\$ 3,810,606	\$ (6,631,160)	\$ (2,820,554)	\$ 51,419,181	\$ 48,598,627
2013	\$ 56,044,239	\$ 48,133,618	\$ 7,910,621	\$ (3,927,005)	\$ 3,983,616	\$ 48,598,627	\$ 52,582,243
2014	\$ 59,693,838	\$ 44,283,891	\$ 15,409,947	\$ (5,256,639)	\$ 10,153,308	\$ 52,582,243	\$ 62,735,551
2015*	\$ 58,759,497	\$ 45,041,333	\$ 13,718,164	\$ (5,452,868)	\$ 8,265,296	\$ 45,828,103	\$ 54,093,399

\*2015 Net Position Beginning Balance is restated adopting GASB No. 68 "Accounting and Financial Reporting for Pensions".

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
CHANGES IN NET POSITION OF ELECTRIC OPERATIONS  
LAST TEN FISCAL YEARS**

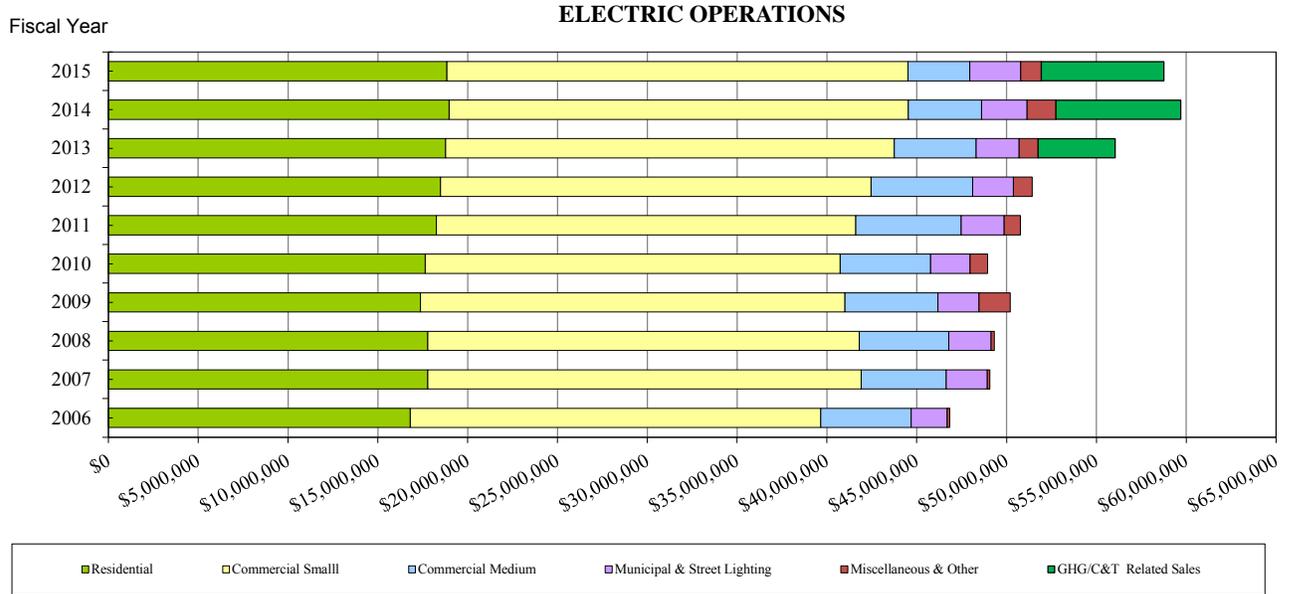
<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>	<u>Non-Operating Revenue, Expenses &amp; Transfers</u>	<u>Change in Net Position</u>	<u>Net Position</u>	
						<u>Beginning Balance</u>	<u>Ending Balance</u>
2006	\$ 46,840,300	\$ 41,316,743	\$ 5,523,557	\$ 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)	\$ 99,354,582	\$ 62,662,136
2009	\$ 50,210,280	\$ 48,510,671	\$ 1,699,609	\$ (3,987,119)	\$ (2,287,510)	\$ 62,662,136	\$ 60,374,626
2010	\$ 48,948,051	\$ 43,093,760	\$ 5,854,291	\$ (10,259,777)	\$ (4,405,486)	\$ 60,374,626	\$ 55,969,140
2011	\$ 50,769,687	\$ 41,052,225	\$ 9,717,462	\$ (9,879,984)	\$ (162,522)	\$ 55,969,140	\$ 55,806,618
2012	\$ 51,434,869	\$ 46,809,706	\$ 4,625,163	\$ (7,619,442)	\$ (2,994,279)	\$ 55,806,618	\$ 52,812,339
2013	\$ 56,044,239	\$ 47,886,282	\$ 8,157,957	\$ (4,134,326)	\$ 4,023,631	\$ 52,812,339	\$ 56,835,970
2014	\$ 59,693,838	\$ 43,768,764	\$ 15,925,074	\$ (7,386,926)	\$ 8,538,148	\$ 56,835,970	\$ 65,374,118
2015*	\$ 58,759,497	\$ 44,904,062	\$ 13,855,435	\$ (6,028,706)	\$ 7,826,729	\$ 48,466,670	\$ 56,293,399

\*2015 Net Position Beginning Balance is restated adopting GASB No. 68 "Accounting and Financial Reporting for Pensions".

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
CHANGES IN NET POSITION OF TELECOMMUNICATIONS OPERATIONS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>	<u>Non-Operating Revenue, Expenses, Transfers and Special Items</u>	<u>Change in Net Position</u>	<u>Net Position</u>	
						<u>Beginning Balance</u>	<u>Ending Balance</u>
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)
2009	\$ 3,297,084	\$ 5,108,625	\$ (1,811,541)	\$ 24,387,760	\$ 22,576,219	\$ (24,931,120)	\$ (2,354,901)
2010	\$ 5,003	\$ 5,430,304	\$ (5,425,301)	\$ 2,734,279	\$ (2,691,022)	\$ (2,354,901)	\$ (5,045,923)
2011	\$ 2,013	\$ 2,272,937	\$ (2,270,924)	\$ 2,929,410	\$ 658,486	\$ (5,045,923)	\$ (4,387,437)
2012	\$ -	\$ 814,557	\$ (814,557)	\$ 988,282	\$ 173,725	\$ (4,387,437)	\$ (4,213,712)
2013	\$ -	\$ 247,336	\$ (247,336)	\$ 207,321	\$ (40,015)	\$ (4,213,712)	\$ (4,253,727)
2014	\$ -	\$ 515,127	\$ (515,127)	\$ 2,130,287	\$ 1,615,160	\$ (4,253,727)	\$ (2,638,567)
2015	\$ -	\$ 137,271	\$ (137,271)	\$ 575,838	\$ 438,567	\$ (2,638,567)	\$ (2,200,000)

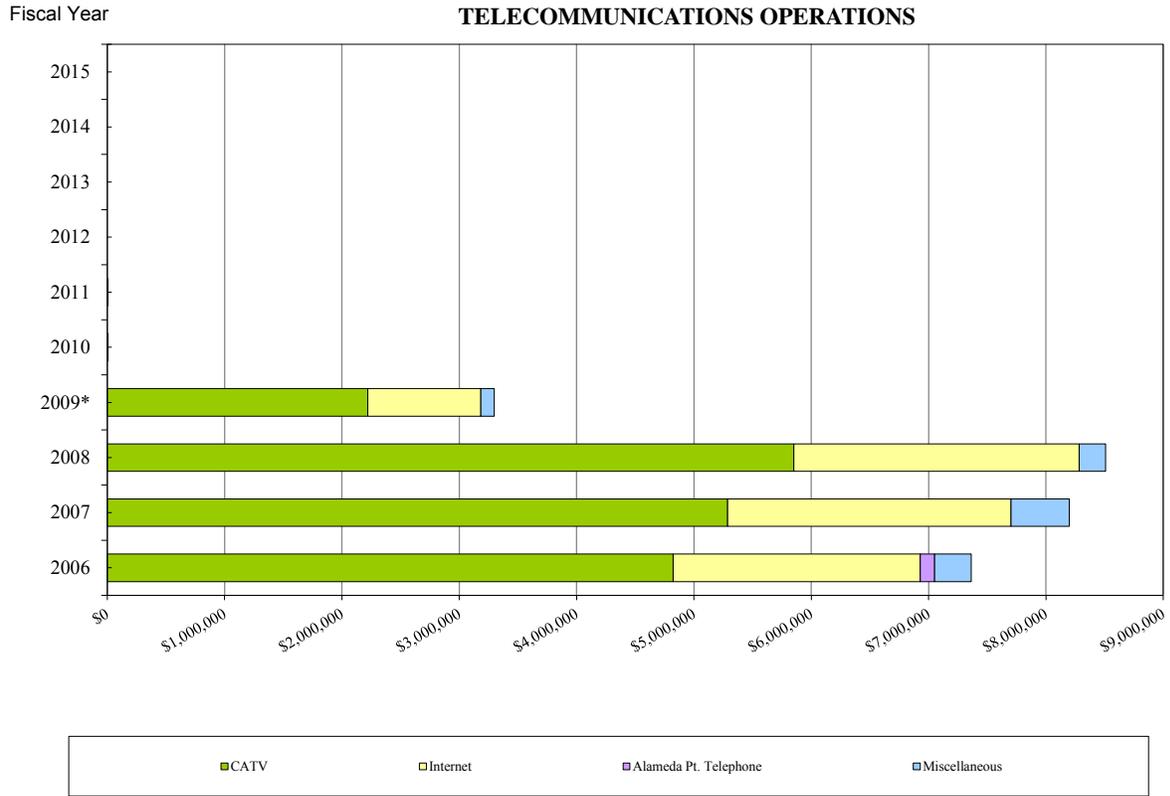
**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
ELECTRIC OPERATING REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**



Fiscal Year	Sales of Electricity							GHG/C&T Related Sales	Total
	Residential	Commercial Small	Commercial Medium	Municipal	Street Lighting/ Other	Miscellaneous Services	Plant Lease & Jobbing Sales		
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	
2009	\$17,365,563	\$23,644,464	\$5,175,117	\$1,820,996	\$451,524	\$603,419	\$1,149,197	\$50,210,280	
2010	\$17,647,604	\$23,090,891	\$5,026,286	\$1,749,835	\$461,947	\$643,929	\$327,559	\$48,948,051	
2011	\$18,257,650	\$23,352,114	\$5,861,554	\$1,753,399	\$641,967	\$613,426	\$289,577	\$50,769,687	
2012	\$18,488,086	\$23,964,056	\$5,666,350	\$1,793,977	\$464,788	\$687,220	\$370,392	\$51,434,869	
2013	\$18,781,411	\$24,967,214	\$4,552,958	\$1,779,313	\$623,308	\$666,112	\$390,500	\$56,044,239	
2014	\$18,974,096	\$25,554,219	\$4,088,510	\$1,859,914	\$660,902	\$773,677	\$843,737	\$59,693,838	
2015	\$18,849,656	\$25,660,869	\$3,435,518	\$2,047,549	\$797,198	\$742,071	\$402,567	\$58,759,497	

Fiscal Year	Kilowatt- Hour Sales						Peak Demand (KW)
	Residential	Commercial Small	Commercial Medium	Municipal	Street Lighting/ Other	Total KWH	
2006	139,398,004	175,347,031	46,068,294	14,082,202	2,896,507	377,792,038	66,360
2007	142,352,676	187,611,044	41,255,006	14,916,186	3,151,663	389,286,575	70,891
2008	142,718,493	187,720,577	43,966,176	15,202,494	3,212,483	392,820,223	71,937
2009	140,048,081	184,300,489	45,611,047	14,675,829	3,041,330	387,676,776	76,250
2010	142,109,998	179,960,145	44,243,371	13,598,342	3,207,924	383,119,780	73,712
2011	142,305,884	174,717,111	49,235,786	13,138,014	3,240,179	382,636,974	70,800
2012	139,665,283	172,445,087	45,512,960	12,880,649	3,283,309	373,787,288	67,188
2013	135,924,914	176,259,228	35,487,830	12,585,314	3,186,846	363,444,132	68,100
2014	131,209,422	175,075,476	31,951,900	12,537,513	3,138,994	353,913,305	69,308
2015	125,431,220	174,257,771	26,587,830	12,809,590	3,116,374	342,202,785	63,372

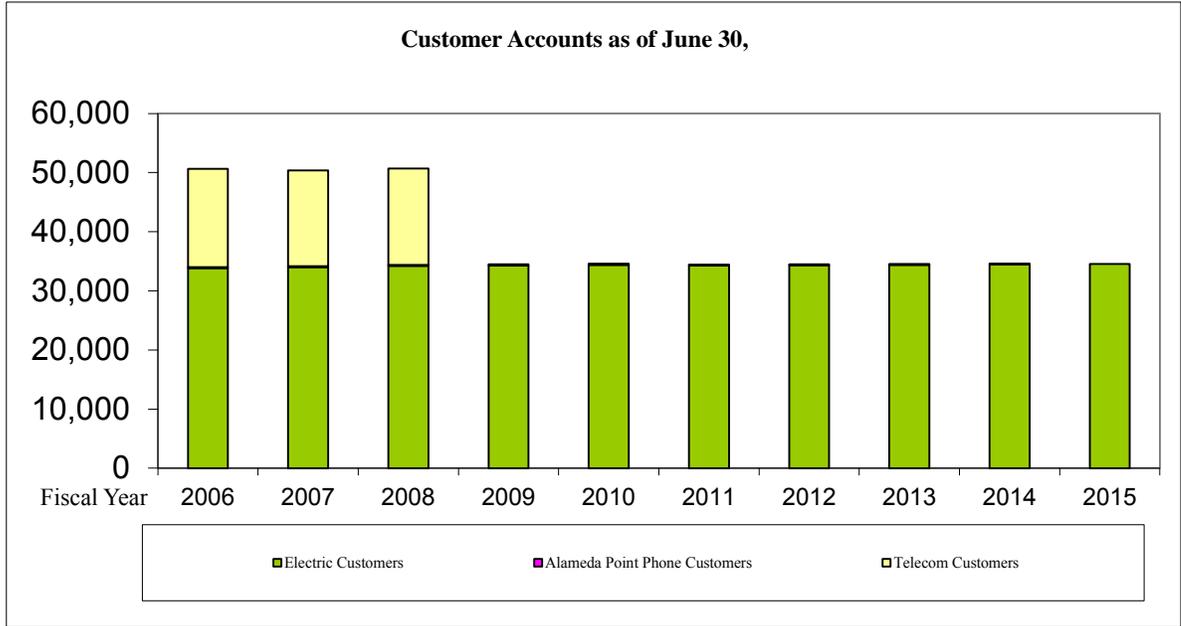
**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
TELECOMMUNICATIONS OPERATING REVENUES BY SOURCE  
LAST TEN FISCAL YEARS**



Fiscal Year	Cable Television	Internet	Alameda Point Telephone	Miscellaneous	Total
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
2009*	\$2,219,610	\$964,513	Not Applicable	\$112,961	\$3,297,084
2010	\$0	\$0	Not Applicable	\$5,003	\$5,003
2011	\$0	\$0	Not Applicable	\$2,013	\$2,013
2012	\$0	\$0	Not Applicable	\$0	\$0
2013	\$0	\$0	Not Applicable	\$0	\$0
2014	\$0	\$0	Not Applicable	\$0	\$0
2015	\$0	\$0	Not Applicable	\$0	\$0

\*Telecommunication operation was sold in November 2008

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
CUSTOMER ACCOUNTS  
LAST TEN FISCAL YEARS**



**Number of Electric Customer Accounts:**

Fiscal Year	Residential	Commercial Small	Commercial Medium	Municipal	Street Lighting & Other	Total Customer Accounts
2006	30,021	3,485	10	321	32	33,869
2007	29,997	3,634	9	330	19	33,989
2008	30,084	3,750	12	333	38	34,217
2009	30,119	3,782	11	333	27	34,272
2010	30,191	3,818	18	342	30	34,399
2011	30,171	3,744	13	330	23	34,281
2012	30,194	3,776	12	327	29	34,338
2013	30,260	3,781	9	331	24	34,405
2014	30,293	3,786	12	363	28	34,482
2015	30,307	3,834	8	361	15	34,525

**Number of Telecommunications and Alameda Point Telephone Customer Accounts:**

Fiscal Year	Cable TV	Internet Data	Telecommunications* Customer Accounts	Alameda Point Telephone** Customer Accounts
2006	10,185	6,421	16,606	164
2007	9,577	6,624	16,201	173
2008	9,285	7,031	16,316	185
2009	-	-	-	205
2010	-	-	-	223
2011	-	-	-	138
2012	-	-	-	135
2013	-	-	-	130
2014	-	-	-	102
2015	-	-	-	100

\*Telecommunication operation was sold in November 2008

\*\*Alameda Point Telephone were counted by accounts from 2001 to 2005 and was counted by customers from 2006.

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
PRICING CHANGES**

**Electric Rate Changes**

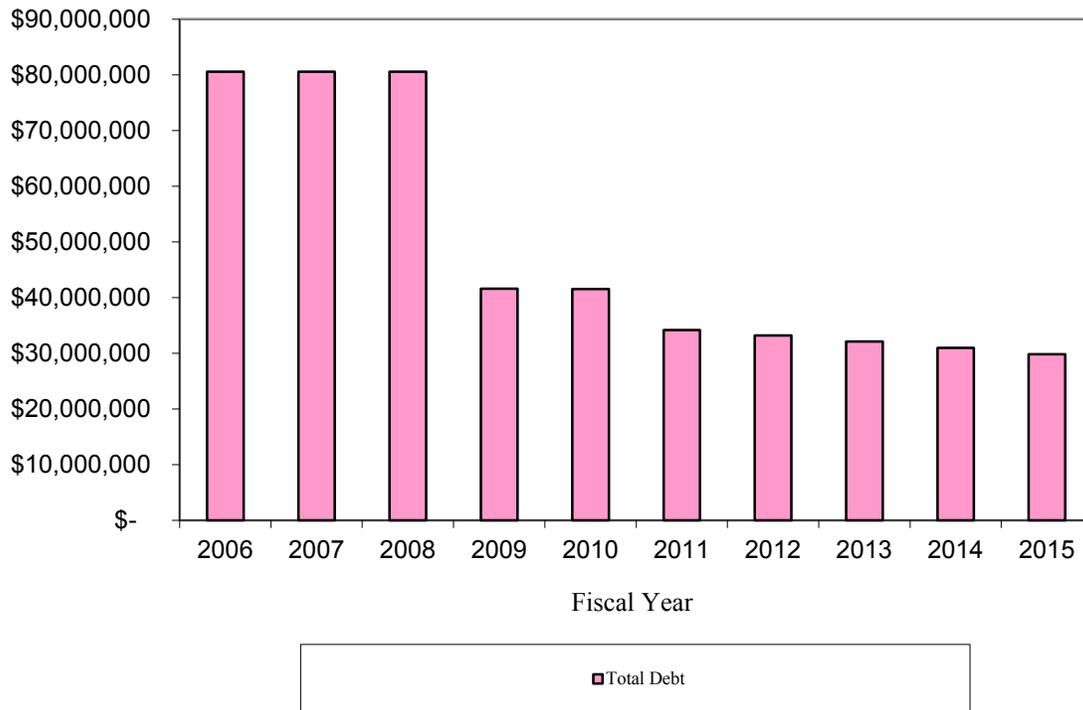
<u>Date</u>	<u>Percent Change</u>	
July 1, 2004	0.13%	
July 1, 2005	0.89%	
July 1, 2006	0.56%	
July 1, 2008	0.70%	(State Mandated Solar Program)
July 1, 2009	0.09%	(2.5% MU-1 rate increase)
July 1, 2010	3.75%	
July 1, 2011	3.85%	
July 1, 2012	3.25%	
July 1, 2013	3.25%	
July 1, 2014	2.00%	
July 1, 2015	4.60%	(Fiscal Year 2016)

**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%

Telecommunication operation was sold in November 2008

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

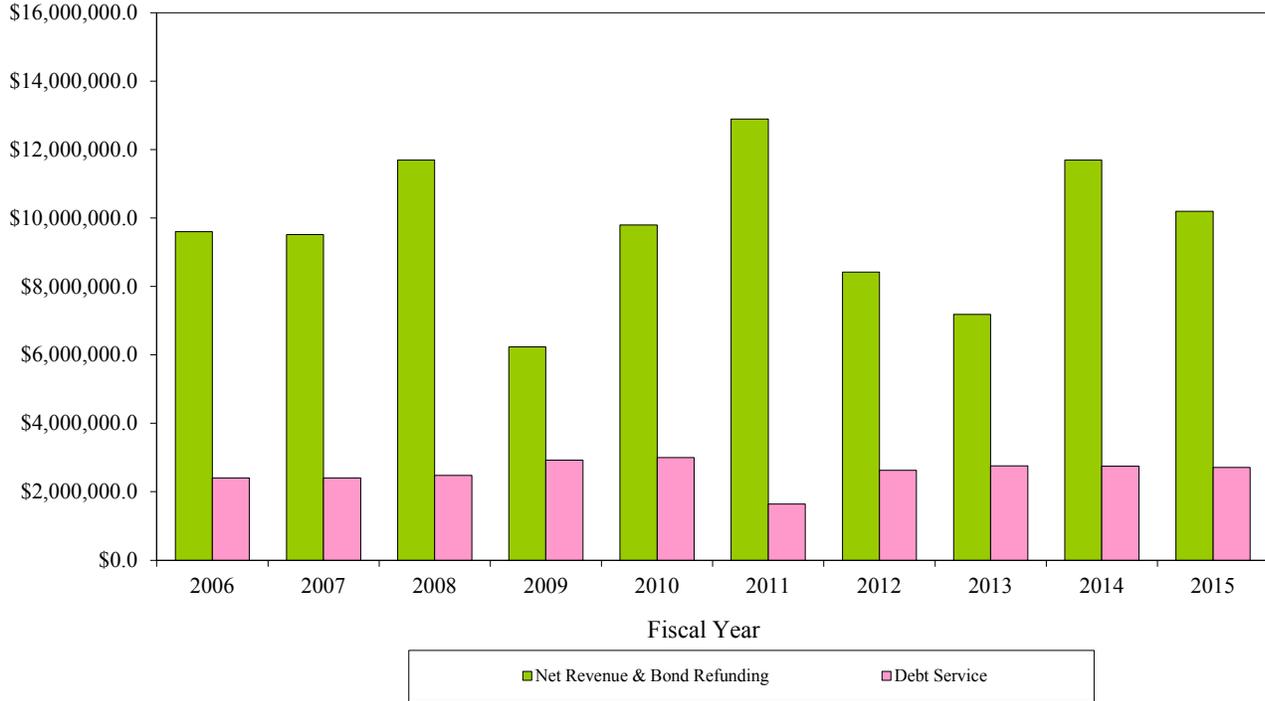


Fiscal Year	Certificates of Participation	Revenue Bonds/ Anticipation Notes	Loans and Lease Purchases	Total	Per Customer Accounts	Per Capita (a)
2006	\$ 45,345,000	\$ 33,000,000	\$ 2,200,000	\$ 80,545,000	\$1,604.80	\$ 1,106.98
2007	\$ 45,345,000	\$ 33,000,000	\$ 2,200,000	\$ 80,545,000	\$1,593.91	\$ 1,106.27
2008	\$ 45,190,000	\$ 33,000,000	\$ 2,372,836	\$ 80,562,836	\$2,350.69	\$ 1,098.20
2009	\$ 39,045,000	\$ -	\$ 2,553,401	\$ 41,598,401	\$1,201.50	\$ 561.90
2010	\$ 39,045,000	\$ -	\$ 2,501,906	\$ 41,546,906	\$1,211.95	\$ 555.92
2011	\$ -	\$ 31,685,000	\$ 2,447,380	\$ 34,132,380	\$994.01	\$ 460.74
2012	\$ -	\$ 30,790,000	\$ 2,389,610	\$ 33,179,610	\$964.38	\$ 444.53
2013	\$ -	\$ 29,750,000	\$ 2,328,405	\$ 32,078,405	\$930.29	\$ 426.99
2014	\$ -	\$ 28,685,000	\$ 2,263,581	\$ 30,948,581	\$896.41	\$ 405.02
2015	\$ -	\$ 27,590,000	\$ 2,200,000	\$ 29,790,000	\$862.85	\$ 392.17

Source: (a) City of Alameda (population)

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
REVENUE BONDS/CERTIFICATES OF PARTICIPATION COVERAGE  
LAST TEN FISCAL YEARS**

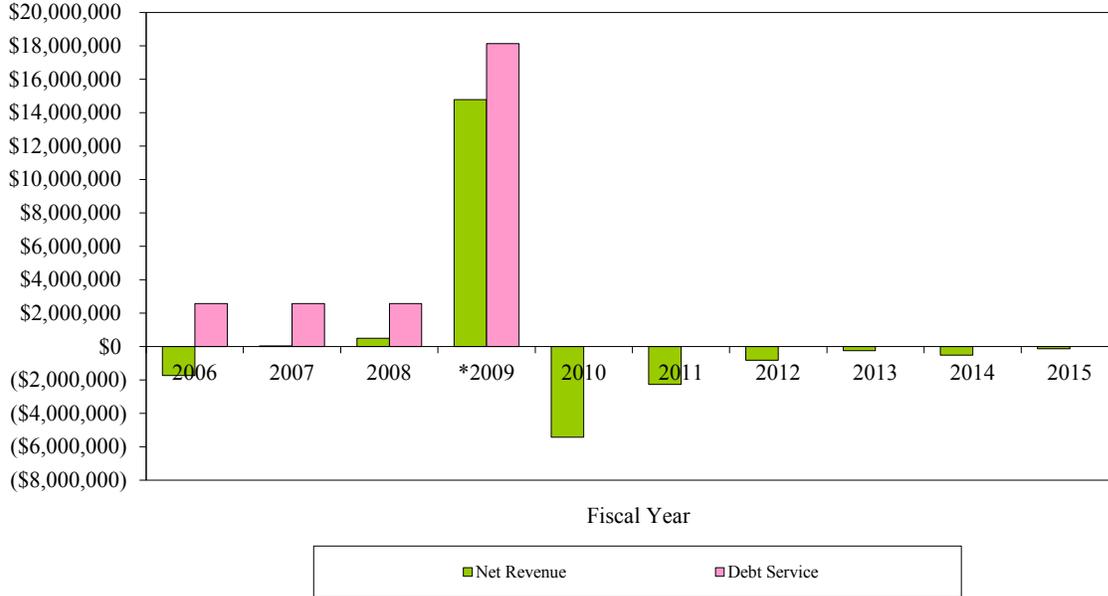
**ELECTRIC OPERATIONS**



Fiscal Year	Electric Gross Revenue Including Non-Operating Revenue	GHG/C&T Related Sales Net Revenue Not Available for Debt Service	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	
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
2009	\$ 51,552,840		\$ 45,315,677	\$ 6,237,163	\$ 48,603	\$ 2,877,163	\$ 2,925,766	2.13
2010	\$ 49,540,502		\$ 39,750,159	\$ 9,790,343	\$ 51,495	\$ 2,945,095	\$ 2,996,590	3.27
2011	\$ 50,482,874		\$ 37,590,949	\$ 12,891,925	\$ 54,526	\$ 1,582,668	\$ 1,637,194	7.87
2012	\$ 51,698,976		\$ 43,284,441	\$ 8,414,535	\$ 952,770	\$ 1,677,854	\$ 2,630,624	3.20
2013	\$ 56,431,462	4,283,423	\$ 44,964,882	\$ 7,183,157	\$ 1,101,205	\$ 1,651,892	\$ 2,753,097	2.61
2014	\$ 59,435,371	6,938,783	\$ 40,809,073	\$ 11,687,515	\$ 1,129,824	\$ 1,617,655	\$ 2,747,479	4.25
2015	\$ 59,005,393	6,824,069	\$ 41,987,012	\$ 10,194,312	\$ 1,158,581	\$ 1,554,056	\$ 2,712,637	3.76

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

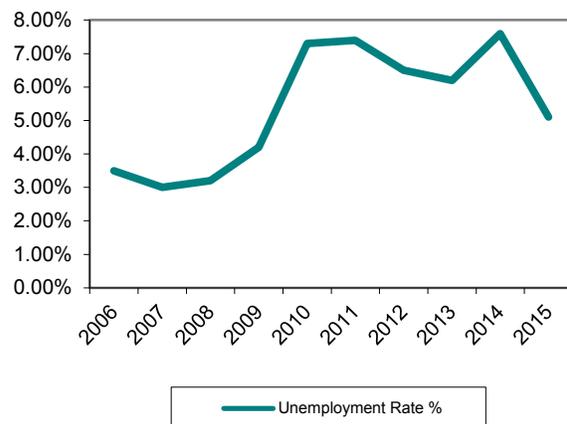
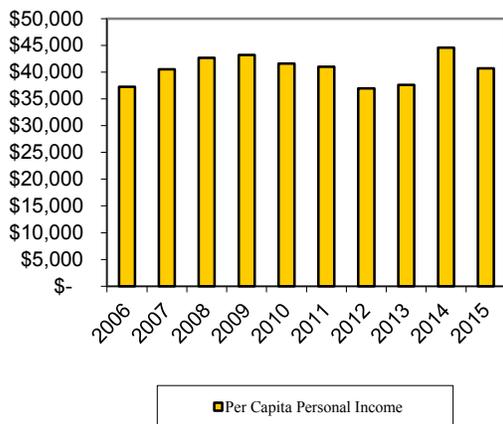
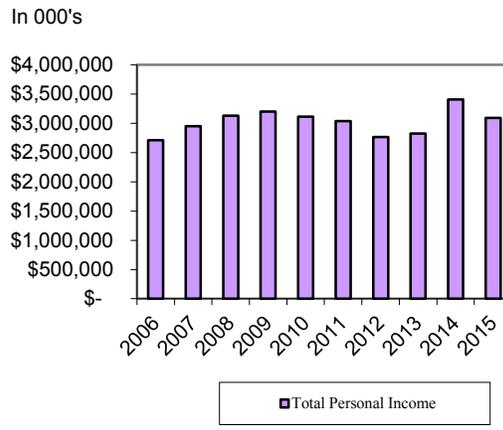
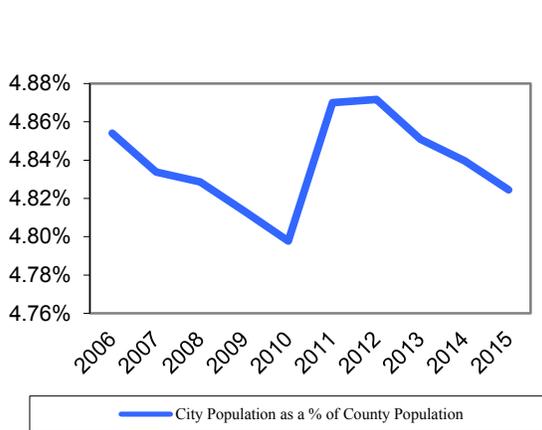
**TELECOMMUNICATIONS OPERATIONS**



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	
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
*2009	\$ 18,875,451	\$ 4,084,420	\$ 14,791,031	\$ 15,826,839	\$ 2,310,000	\$ 18,136,839	0.82
2010	\$ 5,003	\$ 5,430,304	\$ (5,425,301)	\$ -	\$ -	\$ -	Not Applicable
2011	\$ 2,013	\$ 2,272,937	\$ (2,270,924)	\$ -	\$ -	\$ -	Not Applicable
2012	\$ 1,060	\$ 814,557	\$ (813,497)	\$ -	\$ -	\$ -	Not Applicable
2013	\$ 892	\$ 247,336	\$ (246,444)	\$ -	\$ -	\$ -	Not Applicable
2014	\$ 815	\$ 515,127	\$ (514,312)	\$ -	\$ -	\$ -	Not Applicable
2015	\$ 1,020	\$ 137,271	\$ (136,251)	\$ -	\$ -	\$ -	Not Applicable

\*Telecommunication operations was sold in November 2008. Sale proceed was used to pay debt principal.

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



Fiscal Year	City Population	Total Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate %	Alameda County Population	City Population % of County
2006	72,761	\$ 2,711,584	\$ 37,267	3.5%	1,498,963	4.85%
2007	72,808	\$ 2,950,462	\$ 40,524	3.0%	1,506,214	4.83%
2008	73,359	\$ 3,131,575	\$ 42,688	3.2%	1,519,250	4.83%
2009	74,032	\$ 3,197,344	\$ 43,189	4.2%	1,538,054	4.81%
2010	74,736	\$ 3,110,554	\$ 41,621	7.3%	1,557,749	4.80%
2011	74,081	\$ 3,035,929	\$ 40,981	7.4%	1,521,157	4.87%
2012	74,640	\$ 2,763,776	\$ 36,962	6.5%	1,532,137	4.87%
2013	75,126	\$ 2,824,097	\$ 37,591	6.2%	1,548,681	4.85%
2014	76,413	\$ 3,406,033	\$ 44,574	7.6%	1,578,891	4.84%
2015	75,961	\$ 3,092,904	\$ 40,717	5.1%	1,574,497	4.82%

Source: City of Alameda

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
Top 10 Customers  
For the Fiscal Year Ended June 30, 2015**

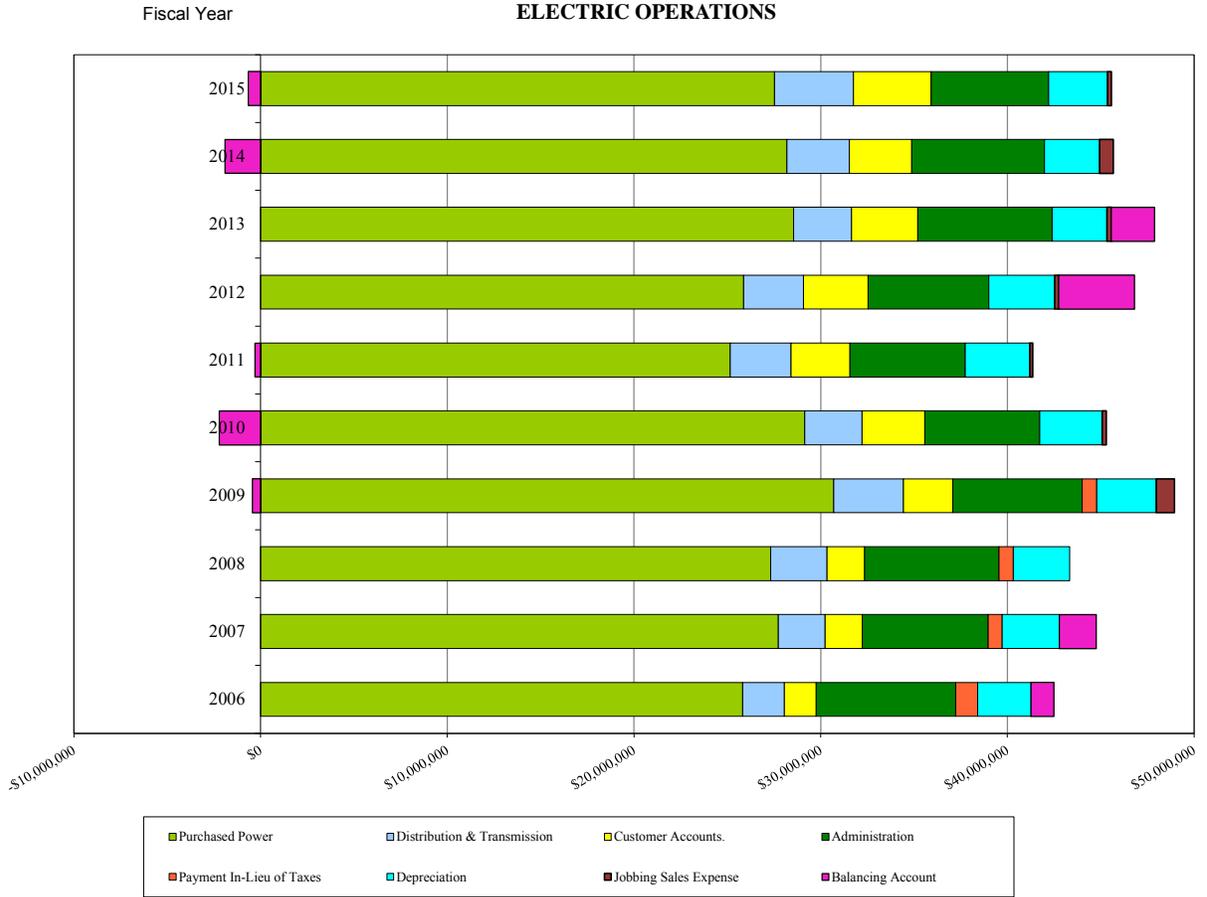
No.	Customer	Type of Business	KWHS	Percent of
				System Total
1	US Coast Guard Integrated Support	Regulation, Admin. of Transportation	15,030,085	4.39%
2	Maritime Administration	Regulation, Admin. of Transportation	12,340,194	3.61%
3	City of Alameda/AMP	Local Government	8,359,655	2.44%
4	Amstar - 105, LLC	Lessor of Nonresidential Building	7,037,680	2.06%
5	Alameda Unified School District	Public School District	6,502,896	1.90%
6	BSREP Marina Village Owner, LLC (formally Legacy Partners )	Lessor of Nonresidential Building	6,122,094	1.79%
7	Safeway Stores Inc.	Grocery Retailer	5,170,248	1.51%
8	Wind River	Computer Programming Services	5,047,919	1.48%
9	Alameda Hospital	Hospital, Medical and Emergency Serv	4,610,122	1.35%
10	Celera Corp	Research and Development - Life Scier	4,231,776	1.24%
Top 10 Customers KWHS			74,452,669	21.76%
Total Kilowatt Hour Sales			342,202,183	100%

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

No.	Business Name	FY2014-15			2005-06		
		Number of Employees	Rank	Percentage % of Total City Population	Number of Employees	Rank	Percentage % of Total City Population
1	Alameda Unified School District	900	1	1.18%	647	2	0.58%
2	Penumbra	761	2	1.00%			
3	VF Outdoor	696	3	0.92%			
4	Oakland Raiders	549	4	0.72%			
5	Abbott Diabetes Care	512	5	0.67%	435	3	0.39%
6	City of Alameda	505	6	0.66%	697	1	0.62%
7	Alameda Hospital	490	7	0.65%	456	4	0.41%
8	Safeway Stores	472	8	0.62%			
9	Wind River	450	9	0.59%	417	5	0.37%
10	Bay Ship & Yacht Co.	309	10	0.41%			
	College of Alameda				278	6	0.25%
	UT Starcom Inc				237	7	0.21%
	Golden State Overnight				232	8	0.21%
	Associated Third Party Admininstation				207	9	0.19%
	Kaiser Foundation Health Plan				205	10	0.18%
	Subtotal	5644		7.43%	3811		3.41%
	Total City Population	75,961			111,640		

Source: City of Alameda

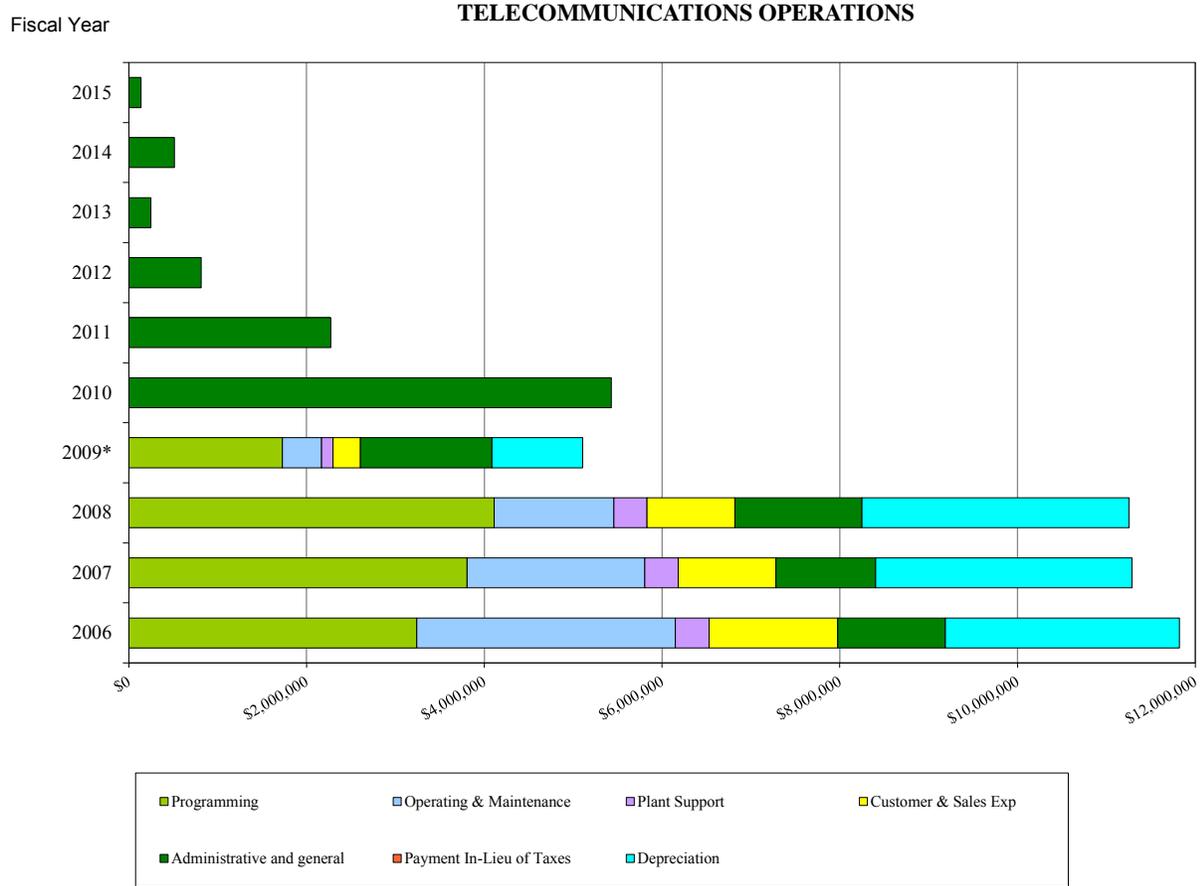
**ALAMEDA MUNICIPAL POWER  
OPERATING EXPENSES BY FUNCTION PER FERC CODES  
LAST TEN FISCAL YEARS**



Fiscal Year	Purchased Power	Distribution Operation	Transmission-Maintenance	Customer Accounts	Administration	*Payment In-lieu of Taxes	Depreciation	Jobbing Sales Expenses	Balancing Account	Total
2006	\$25,818,227	\$2,219,074	\$11,264	\$1,713,128	\$7,469,094	\$1,178,333	\$2,859,085	\$	1,226,870	\$42,495,075
2007	\$27,729,141	\$2,484,258	\$21,400	\$1,996,986	\$6,735,174	\$745,702	\$3,074,509	\$	1,969,418	\$44,756,588
2008	\$27,316,014	\$2,998,729	\$27,189	\$2,010,916	\$7,205,310	\$761,592	\$3,020,056	\$	-	\$43,339,806
2009	\$30,700,344	\$3,705,148	\$19,984	\$2,659,956	\$6,917,547	\$775,903	\$3,194,994	\$971,303	\$ (434,508)	\$48,510,671
2010	\$29,147,084	\$3,005,612	\$57,486	\$3,359,085	\$6,160,199	\$	\$3,343,601	\$232,121	\$ (2,211,428)	\$43,093,760
2011	\$25,159,235	\$3,219,257	\$29,744	\$3,167,469	\$6,164,149	\$	\$3,461,276	\$154,501	\$ (303,406)	\$41,052,225
2012	\$25,878,402	\$3,159,241	\$33,852	\$3,464,843	\$6,476,238	\$	\$3,525,265	\$216,243	\$ 4,055,622	\$46,809,706
2013	\$28,544,844	\$3,093,277	\$6,708	\$3,564,481	\$7,197,031	\$	\$2,921,400	\$239,946	\$ 2,318,595	\$47,886,282
2014	\$28,196,783	\$3,323,756	\$10,326	\$3,346,221	\$7,110,522	\$	\$2,959,691	\$718,904	\$ (1,897,439)	\$43,768,764
2015	\$27,517,599	\$4,228,121	\$2,202	\$4,175,433	\$6,289,604	\$	\$3,148,548	\$202,796	\$ (660,241)	\$44,904,062

\*Payment-in-lieu of taxes is included in non-operating revenues (expenses) to conform with 2010 A/B Bond operating expense definitions.

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



Fiscal Year	Programming & Access	Operating & Maintenance	Plant Support	Customer A/C & Sale Expenses	Administration	Payment In-lieu of Taxes	Depreciation	Total
2006	\$ 3,238,430	\$ 2,911,060	\$ 379,044	\$ 1,448,290	\$ 1,211,439	\$ -	\$ 2,634,506	\$ 11,822,769
2007	\$ 3,807,937	\$ 1,997,119	\$ 376,173	\$ 1,099,979	\$ 1,121,179	\$ -	\$ 2,884,341	\$ 11,286,728
2008	\$ 4,110,499	\$ 1,349,231	\$ 371,940	\$ 989,042	\$ 1,430,034	\$ -	\$ 3,005,331	\$ 11,256,077
2009*	\$ 1,728,905	\$ 441,452	\$ 126,742	\$ 307,607	\$ 1,479,714	\$ -	\$ 1,024,205	\$ 5,108,625
2010	\$ -	\$ -	\$ -	\$ -	\$ 5,430,304	\$ -	\$ -	\$ 5,430,304
2011	\$ -	\$ -	\$ -	\$ -	\$ 2,272,937	\$ -	\$ -	\$ 2,272,937
2012	\$ -	\$ -	\$ -	\$ -	\$ 814,557	\$ -	\$ -	\$ 814,557
2013	\$ -	\$ -	\$ -	\$ -	\$ 247,336	\$ -	\$ -	\$ 247,336
2014	\$ -	\$ -	\$ -	\$ -	\$ 515,127	\$ -	\$ -	\$ 515,127
2015	\$ -	\$ -	\$ -	\$ -	\$ 137,271	\$ -	\$ -	\$ 137,271

\*Telecommunication operation was sold in November 2008

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
CAPITAL ASSETS  
LAST TEN FISCAL YEARS**

**ELECTRIC OPERATIONS**

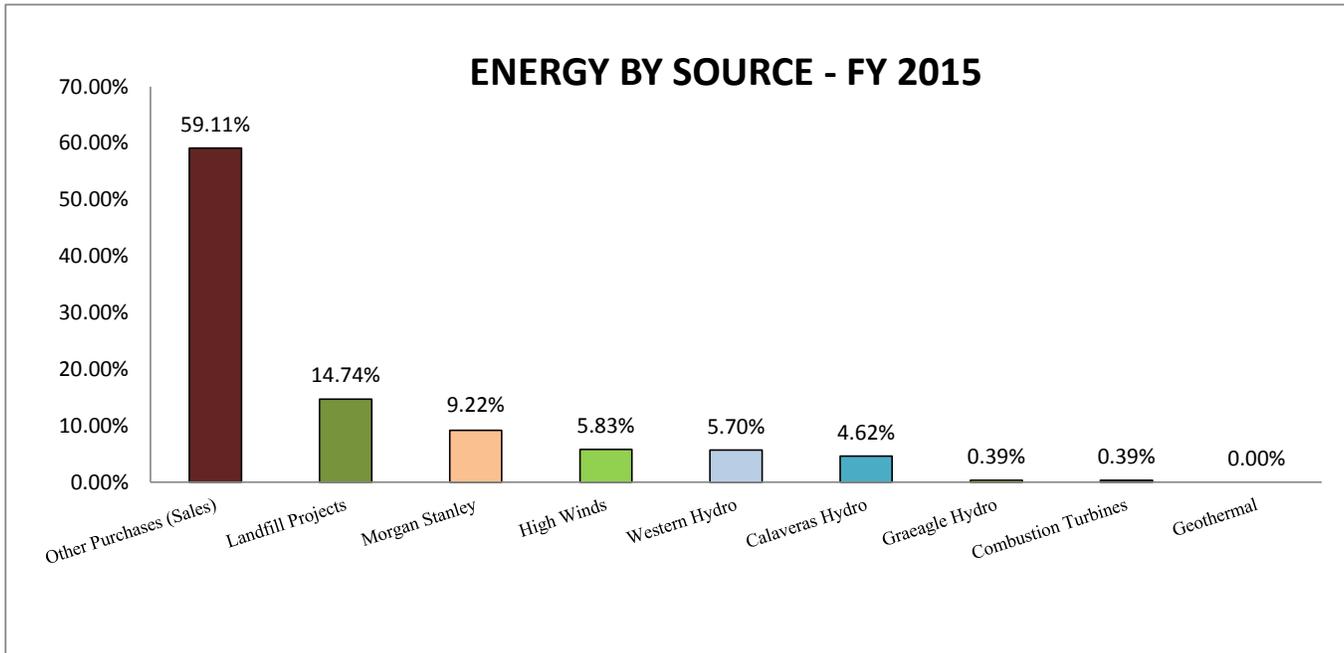
Fiscal Year	Plant	Service Center Building	Land, Rights & Easements	Machinery & Equipment	Transportation Equipment	Computer Equipment	Furniture & Fixtures	Construction in Progress	Less: Accumulated Depreciation	Net Electric Capital Assets
2006	\$ 60,320,595	\$ 7,843,583	\$ 153,644	\$ 8,479,187	\$ 2,046,814	\$ 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
2009	\$ 66,171,877	\$ 7,843,636	\$ 339,144	\$ 8,725,118	\$ 2,393,295	\$ 3,023,573	\$ 599,106	\$ 3,054,175	\$ (49,572,317)	\$ 42,577,607
2010	\$ 68,706,972	\$ 7,843,636	\$ 339,144	\$ 8,720,994	\$ 2,593,727	\$ 3,213,190	\$ 599,106	\$ 2,261,549	\$ (52,958,017)	\$ 41,320,301
2011	\$ 70,314,925	\$ 7,843,636	\$ 339,144	\$ 8,739,161	\$ 2,593,727	\$ 3,256,643	\$ 599,107	\$ 1,719,491	\$ (56,419,296)	\$ 38,986,538
2012	\$ 71,900,364	\$ 7,843,636	\$ 339,143	\$ 8,915,622	\$ 2,738,514	\$ 3,288,430	\$ 606,182	\$ 1,501,292	\$ (59,916,840)	\$ 37,216,343
2013	\$ 73,322,303	\$ 7,843,636	\$ 339,143	\$ 9,074,538	\$ 2,738,514	\$ 3,320,906	\$ 629,213	\$ 1,877,849	\$ (62,829,423)	\$ 36,316,679
2014	\$ 79,142,909	\$ 7,843,636	\$ 339,143	\$ 9,153,503	\$ 2,867,266	\$ 3,455,613	\$ 829,333	\$ 45,897	\$ (65,426,161)	\$ 38,251,139
2015	\$ 79,286,684	\$ 7,843,636	\$ 339,143	\$ 9,197,186	\$ 3,050,605	\$ 3,654,987	\$ 833,207	\$ 4,518,743	\$ (68,536,089)	\$ 40,188,102

**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 Telecommunications Capital Assets
2006	\$ 44,905,041	\$ -	\$ 605,029	\$ 211,885	\$ 253,752	\$ 494,189	\$ 739	\$ 1,358,279	\$ (5,124,376)	\$ 42,704,538
2007	\$ 47,617,069	\$ -	\$ 605,029	\$ 211,885	\$ 253,752	\$ 494,189	\$ 739	\$ 659,336	\$ (7,546,718)	\$ 42,295,281
2008	\$ 23,147,625	\$ -	\$ 605,029	\$ 211,885	\$ 253,752	\$ 494,189	\$ 739	\$ 19,485	\$ (10,090,048)	\$ 14,642,656
2009*	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

\*Telecommunications operation was sold in November 2008.

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
OPERATION INDICATORS**



**Energy By Source  
Last Ten Fiscal Years**

Fiscal Year	Other Purchases (Sales)	Morgan Stanley	Landfill Projects	Geothermal	Western Hydro	Calaveras Hydro	High Winds	Graeagle Hydro	Combustion Turbines	Total
2006	-8.97%	16.55%	4.79%	38.29%	16.25%	24.56%	5.43%	0.28%	2.82%	100.00%
2007	7.00%	16.00%	7.00%	41.00%	9.00%	10.00%	7.00%	0.00%	3.00%	100.00%
2008	12.00%	17.00%	6.00%	39.00%	7.00%	9.00%	6.00%	0.00%	4.00%	100.00%
2009	9.09%	16.15%	10.26%	39.32%	6.46%	9.85%	6.38%	0.27%	2.22%	100.00%
2010	2.10%	16.30%	19.80%	35.80%	6.10%	12.60%	5.60%	0.50%	1.20%	100.00%
2011	-10.27%	16.37%	21.08%	36.19%	9.06%	20.61%	5.62%	0.70%	0.64%	100.00%
2012	-3.67%	16.91%	21.53%	37.63%	9.96%	12.09%	4.75%	0.67%	0.13%	100.00%
2013	33.51%	17.21%	16.71%	11.41%	9.00%	7.03%	4.46%	0.52%	0.15%	100.00%
2014	50.61%	17.58%	14.32%	0.00%	6.68%	5.39%	4.71%	0.43%	0.28%	100.00%
2015	59.11%	9.22%	14.74%	0.00%	5.70%	4.62%	5.83%	0.39%	0.39%	100.00%

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
OPERATION INDICATORS  
LAST TEN FISCAL YEARS**

Fiscal Year	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Since:	1,887	1,887	1,887	1,887	1,887	1,887	1,887	1,887	1,887	1,887
Budgeted Employees	142	131	119	95	95	91	91	90	94	93
Vehicles in Service	56	53	53	43	40	40	40	40	40	39
Service Area (Miles)	22.80	22.80	22.80	22.80	22.80	22.80	22.80	22.80	22.80	22.80
Transmission Lines (115kV)										
Overhead Pole Miles	6.20	6.77	6.77	6.77	6.77	6.77	6.77	6.80	6.77	6.77
Underground Circuit Miles	1.60	1.64	1.93	1.93	1.93	1.93	1.93	1.90	1.93	1.93
Distribution Lines (12kV)										
Overhead Pole Miles	86.84	87.84	86.56	86.56	86.19	86.11	86.08	86.10	86.08	86.10
Underground Circuit Miles	160.56	169.00	169.98	170.92	171.26	171.76	172.93	172.50	174.01	176.40
Street Lights (excluding inactivated lights)	6,359	6,365	6,440	6,440	6,069	5,584	5,593	5,315	5,372	5,441

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Bond  
Disclosure  
Section

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November 23, 2015

**Subject: Bond Disclosure Information**

We are pleased to provide bond disclosure information for Alameda Municipal Power (AMP), an enterprise fund and department of the City of Alameda, California. The information presented is for AMP’s five (5) most recent fiscal years, which includes those ended June 30, 2015, 2014, 2013, 2012, and 2011. AMP 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 the financial activity of AMP are included in this report.

This Bond Disclosure Section is provided to fulfill requirements for an Annual Financial Report, and other information, as required by the:

Continuing Disclosure Certificates for the Alameda Public Financing Authority, Revenue Bonds, Series 2010A/B (Alameda Municipal Power Refinancing).

Continuing Disclosure Certificates obligation for the Bureau of Electricity/City of Alameda with respect to the Northern California Power Agency’s revenue bonds:

- Hydroelectric-1992 Refunding Series A,
- Hydroelectric-2008 Refunding Series C,
- Geothermal-2009 Series A,
- Hydroelectric-2010 Refunding Series A/B,
- Capital Facilities-2010 Refunding Series A; and,
- Hydroelectric-2012 Refunding Series A/B.

**Annual Financial Report**

This Bond Disclosure Section, included within AMP’s Comprehensive Annual Financial Report (CAFR) for Fiscal Years Ended 2015 and 2014, provides the most recent information required by the Continuing Disclosure Certificates (the Certificates). The CAFR, in turn, will be filed with the appropriate Dissemination Agent(s) for transmittal to the repositories in accordance with the requirements of the Certificates. The Annual Financial Report is incorporated into the CAFR and includes by reference the audited financial statements of AMP for the prior fiscal year.

This Bond Disclosure Section incorporated into this fiscal year’s CAFR, also contains the following information required by the Certificates:

1. Updated information comparable to the information in the table entitled “City of Alameda, Alameda Municipal Power, Power Supply Resources”;

2. Updated information comparable to the information in the table entitled “City of Alameda, Alameda Municipal Power, Electric Rate Changes”;
3. Updated information comparable to the information in the table entitled “City of Alameda, Alameda Municipal Power, Electric Customers, Sales, Revenues and Demand”; and,
4. Updated information comparable to the information in the table entitled “City of Alameda, Alameda Municipal Power, Condensed Operating Results and Selected Balance Sheet Information”.

### **Reporting of Significant Events**

As of June 30, 2015, none of the events listed in Section 5 of the Certificates have occurred for the Series 2010 A/B bonds issued by the Alameda Public Financing Authority. As of June 30, 2015, Alameda Municipal Power has no knowledge of any impending significant event that would require disclosure under the provisions of the Certificates.

### **Additional Information**

Senate Bill (SB) 1X 2 requires that AMP maintain the percentage of eligible renewable power used to supply AMP’s retail end-use customers at no less than an average of 20% for the calendar years 2012 through 2013, an average of 25% for the calendar years 2014 through 2016 and an average of 33% each calendar year thereafter. The Public Utilities Board (Board) approved a revised Renewable Portfolio Standard that requires the percentage of eligible renewable power to be no less than 25% for the calendar years 2012 through 2013, 35% for the calendar years 2014 through 2016 and 40% each year thereafter. Additionally, the Board approved a Renewable Portfolio Power Sales Policy that directed AMP to sell all eligible renewable power through 2019 not required to comply with the Renewable Portfolio Standard. The resulting revenues from these sales will be used to support initiatives to reduce Green House Gas (GHG) emissions associated with electricity service and usage.

AMP established a Board designated reserve in compliance with the policy. AMP sold its share of eligible renewable energy generated by NCPA’s Geothermal Project and Ameresco’s Ox Mountain LFGE facility for a period not to exceed five years to the California Department of Water Resources. Net revenue from the renewable energy sales is held in a designated reserve that is part of a Rate Stabilization Fund and, as such, is not pledged to secure the payment of the 2010 Installment Payments, the payments with respect to any Parity Obligations or any payment with respect to any Subordinate Debt. During fiscal year (FY) 2015, AMP allocated \$6,184,520 of net revenue from the sale of eligible renewable power (see *Statement of Revenues, Expenses and Changes in Net Position*) toward the Board designated reserve as part of the Rate Stabilization Fund. This allocated net revenue included \$12,918,996 of cash and \$2,488,481 of receivables (see *Statement of Net Position*).

Additionally, the California Cap-and-Trade (C&T) program began implementation of auction sales of directly allocated allowances from the California Air Resources Board (CARB). The resulting revenues from these sales must be used for the benefit of retail ratepayers consistent with the goals of Assembly Bill 32. AMP established a Board designated reserve in compliance with the requirements of these directions. An expenditure plan that complies with current C&T regulations has been reviewed by the Board. Net revenue from auction sales of directly allocated allowances are held in a designated reserve that is part of a Rate Stabilization Fund and, as such, is not pledged to secure the payment of the 2010 Installment Payments, the payments with respect to any Parity Obligations or any payment with respect to any Subordinate Debt. During FY 2015, AMP allocated \$638,549 of net revenue from the auction sales of directly allocated allowances (see *Statement of Revenues, Expenses and Changes in Net Position*) toward the Board designated reserve as part of the Rate Stabilization Fund. This allocated net revenue included \$1,092,725 of cash and \$0 of receivables (see *Statement of Net Position*).

**CITY OF ALAMEDA**  
**ALAMEDA MUNICIPAL POWER**  
**POWER SUPPLY RESOURCES**

For the Fiscal Year Ended June 30, 2015

Source	Capacity Available (MW) <sup>(1)</sup>	Actual Energy MWH	% of Total Energy
Purchased Power <sup>(2)</sup>			
Western	13.5	20,477.0	5.98%
High Winds	3.1	20,966.0	6.13%
Morgan Stanley	15.0	33,135.0	9.68%
Landfill Gas	12.2	52,990.0	15.48%
Graeagle	0.0	1,405.0	0.41%
NCPA			
Geothermal Plant 1 <sup>(3)</sup>	7.6	-	0.00%
Geothermal Plant 2 <sup>(3)</sup>	1.3	-	0.00%
Hydroelectric Project	25.3	16,627.0	4.86%
Combustion Turbine Project No. 1	15.5	714.5	0.21%
Combustion Turbine Project No. 2	9.4	693.8	0.20%
Other Purchases (Net) <sup>(3)</sup>	0.0	212,548.0	62.11%
<b>TOTAL</b>	<b>102.9</b>	<b>359,556.3</b>	<b>105.07%</b>
Losses	N/A	(17,354.1)	-5.07%
Alameda's System Requirement for Retail	63.4	342,202.2	100.00%

<sup>(1)</sup> Non-coincident capacity available.

<sup>(2)</sup> Entitlements, firm allocations and contract amounts.

<sup>(3)</sup> Renewable Energy Sales exchanged for market purchases

**CITY OF ALAMEDA  
ALAMEDA MUNICIPAL POWER  
ELECTRIC RATE CHANGES**

<b>Date</b>	<b>Percent Change (Average)</b>	<b>Notes</b>
July 1, 2005	0.89%	
July 1, 2006	0.56%	
July 1, 2008	0.70%	State mandated Solar Program
July 1, 2009	0.09%	2.5% MU-1 rate increase
July 1, 2010	3.75%	
July 1, 2011	3.85%	
July 1, 2012	3.25%	
July 1, 2013	3.25%	
July 1, 2014	3.25%	
July 1, 2015	4.60%	Note: Fiscal Year 2016

**ALAMEDA MUNICIPAL POWER**  
**ELECTRIC CUSTOMERS, SALES, REVENUES AND DEMAND**  
Through the Fiscal Year Ended June 30,

Description	2011	2012	2013	2014	2015
<b>Number of Customers</b>					
Residential	30,171	30,194	30,260	30,293	30,307
Commercial	3,744	3,776	3,781	3,786	3,834
Industrial	13	12	9	12	8
Public Authority	330	327	331	363	361
Other	23	29	24	28	15
<b>Total Customers</b>	<b>34,281</b>	<b>34,338</b>	<b>34,405</b>	<b>34,482</b>	<b>34,525</b>
<b>Kilowatt Hour Sales:</b>					
Residential	142,305,884	139,665,283	135,924,914	131,209,422	125,431,220
Commercial	174,717,111	172,445,087	176,259,228	175,075,476	174,257,771
Industrial	49,235,786	45,512,960	35,487,830	31,951,900	26,587,830
Public Authority	13,138,014	12,880,649	12,585,314	12,537,513	12,801,245
Other	3,240,179	3,283,309	3,186,846	3,138,994	3,124,117
<b>Total kWh sales</b>	<b>382,636,974</b>	<b>373,787,288</b>	<b>363,444,132</b>	<b>353,913,305</b>	<b>342,202,183</b>
<b>Revenues from Sale of</b>					
Residential	\$18,257,650	\$18,488,086	\$18,781,411	\$18,974,096	\$18,849,656
Commercial	23,352,114	23,964,056	24,967,214	25,554,219	25,660,869
Industrial	5,861,554	5,666,350	4,552,958	4,088,510	3,435,518
Public Authority	1,753,399	1,793,977	1,779,313	1,859,914	2,047,549
Other	641,967	464,788	623,309	660,902	797,198
<b>Total Revenues from Sale of Energy</b>	<b>\$49,866,684</b>	<b>\$50,377,257</b>	<b>\$50,704,205</b>	<b>\$51,137,641</b>	<b>\$50,790,790</b>
<b>Peak Demand (kW)</b>	<b>70,800</b>	<b>67,188</b>	<b>68,100</b>	<b>68,100</b>	<b>63,372</b>

**CITY OF ALAMEDA**  
**ALAMEDA MUNICIPAL POWER**  
**CONDENSED OPERATING RESULTS AND SELECTED BALANCE SHEET INFORMATION**

Through the Fiscal Year Ended June 30,

Description	2011	2012	2013	2014	2015
<b>Electric System Revenues</b>					
Sales of Electricity	\$49,866,684	\$50,377,257	\$50,704,204	\$51,137,641	\$50,790,790
Other Revenues <sup>(1)</sup>	\$616,190	\$1,321,719	\$1,444,095	\$1,355,947	\$1,390,534
REC & C&T Sales <sup>(6)</sup>	-	-	\$4,283,423	\$6,938,783	\$6,824,069
<b>Total Electric System Revenues</b>	<b>\$50,482,874</b>	<b>\$51,698,976</b>	<b>\$56,431,722</b>	<b>\$59,432,371</b>	<b>\$59,005,393</b>
<b>Operation and Maintenance by FERC categories</b>					
Purchased Power <sup>(2)</sup>	\$25,159,235	\$25,878,402	\$28,544,844	\$28,196,783	\$27,517,599
Energy efficiency, solar and other	\$954,695	\$1,253,443	\$1,241,434	\$1,086,966	\$1,605,608
Operations & maintenance	\$3,871,026	\$3,879,446	\$3,871,957	\$4,097,223	\$4,328,813
Customer service, information systems	\$1,954,610	\$2,000,961	\$2,005,147	\$2,074,830	\$2,113,922
Administrative and general	\$5,289,861	\$5,507,435	\$6,114,615	\$6,032,512	\$6,115,467
Customer relations	\$510,427	\$492,889	\$628,344	\$499,294	\$531,550
Jobbing sales expense	\$154,501	\$216,243	\$239,946	\$718,904	\$202,796
Balancing account adjustment	(303,406)	4,055,622	2,318,595	(1,897,439)	(660,241)
<b>Total Operation and Maintenance Costs</b>	<b>\$37,590,949</b>	<b>\$43,284,442</b>	<b>\$44,964,882</b>	<b>\$40,809,073</b>	<b>\$41,755,514</b>
<b>Net Revenues</b>	<b>\$12,891,925</b>	<b>\$8,414,534</b>	<b>\$11,466,840</b>	<b>\$18,623,298</b>	<b>\$17,249,879</b>
Rate Stabilization Fund Transfers	-	-	(\$4,283,423)	(\$6,938,783)	(\$6,824,069)
Use of Reserves	-	-	-	-	-
<b>Adjusted Annual Net Revenues</b>	<b>\$12,891,925</b>	<b>\$8,414,534</b>	<b>\$7,183,417</b>	<b>\$11,684,515</b>	<b>\$10,425,810</b>
Debt Service (Principal + Interest)	\$1,637,194	\$2,630,624	\$2,753,097	\$2,747,479	\$2,712,637
Debt Service Coverage <sup>(3)</sup>	7.87	3.20	2.61	4.25	3.84
<b>Amount Available After Debt Service</b>	<b>\$11,254,731</b>	<b>\$5,783,910</b>	<b>\$4,430,320</b>	<b>\$8,937,036</b>	<b>\$7,713,173</b>

**Selected Balance Sheet Information:**

Unrestricted Cash & Investments <sup>(4)</sup>	\$ 46,629	\$ 48,757	\$ 50,095	\$ 45,581	\$ 42,094
Rate Stabilization Fund Balance <sup>(7)</sup>	--	--	4,283	11,222	16,500
Net Plant in Service	37,113	35,561	34,285	38,052	35,669
Construction Work in Progress	1,719	1,501	1,878	46	4,519
Electric Utility Plant-Net	38,833	37,063	36,163	38,097	40,188
Outstanding Electric System Debt <sup>(5)</sup>	\$ 30,877	\$ 29,986	\$ 28,947	\$ 28,749	\$ 27,590

(1) Other Revenues includes operating and non-operating sources such as solar surcharge, interest income from investments, lease income, account establishment, reconnection and late fees, jobbing sales, and other miscellaneous items.

(2) Includes purchased power costs, payments to NCPA and TANC and prior year budget settlements from NCPA.

(3) Adjusted Annual Net Revenues divided by debt service.

(4) Includes General Reserve balance held at NCPA. See also "Available Reserves" below.

(5) During August 2010, AMP refinanced its 2000A/AT debt. The resulting 2010A/B revenue bonds had an initial book-entry principal of \$31,685,000, or \$7,360,000 less than the 2000A/AT debt. This advance refunding was undertaken to reduce debt service payments over the next 20 years by \$17,662,628 and resulted in an economic gain of

(6) Includes Renewable Energy Sales and Auction Sales placed into reserve for Rate Stabilization Fund.

(7) Renewable Energy Sales and Auction Sales placed in reserve for Rate Stabilization Fund and related receivable balances.