

A C F R

ANNUAL

COMPREHENSIVE

FINANCIAL

REPORT

For the Years Ended June 30, 2020 and June 30, 2021



**ALAMEDA
MUNICIPAL POWER**

An Enterprise Fund and Department of the City of Alameda
Alameda, California

PUBLIC UTILITIES BOARD (AS OF JUNE 30, 2021)

President

Ann McCormick

Vice President

Jerry Serventi

Commissioner

Jeff Gould

Commissioner

Laura Giuntini

City Manager

Eric Levitt

ALAMEDA MUNICIPAL POWER

General Manager

Nicolas Procos

Assistant General Manager, Engineering & Operations

Andre Basler

Acting Assistant General Manager, Customer Resources

Chris Ferrara

Assistant General Manager, Administration

Robert Orbeta

Assistant General Manager, Energy Resource Planning

Vidhi Chawla



**ALAMEDA
MUNICIPAL POWER**

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Alameda, CA 94501
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ALAMEDA MUNICIPAL POWER
AN ENTERPRISE FUND AND DEPARTMENT
OF THE CITY OF ALAMEDA, CALIFORNIA

ANNUAL COMPREHENSIVE
FINANCIAL REPORT

FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020

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
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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**ALAMEDA MUNICIPAL POWER
AN ENTERPRISE FUND AND DEPARTMENT
OF THE CITY OF ALAMEDA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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**ALAMEDA MUNICIPAL POWER
AN ENTERPRISE FUND AND DEPARTMENT
OF THE CITY OF ALAMEDA
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January 28, 2022

To the Public Utilities Board and Our Customers:

We are pleased to transmit the Annual Comprehensive Financial Report (ACFR) of Alameda Municipal Power (AMP), an enterprise fund and department of the City of Alameda, California for the fiscal years ended June 30, 2021 and 2020. 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) 2021, the members of the Board included President Ann McCormick, Vice President Jerry Serventi, Commissioner Laura Giuntini, Commissioner Jeff Gould, Commissioner and City Manager Eric J. Levitt. For FY 2022, the Board members are Jerry Serventi, President, Laura Giuntini, Vice President, Commissioners Jeff Gould, Christina McKenna, and City Manager Eric J. Levitt. The appointments became effective September 2021.

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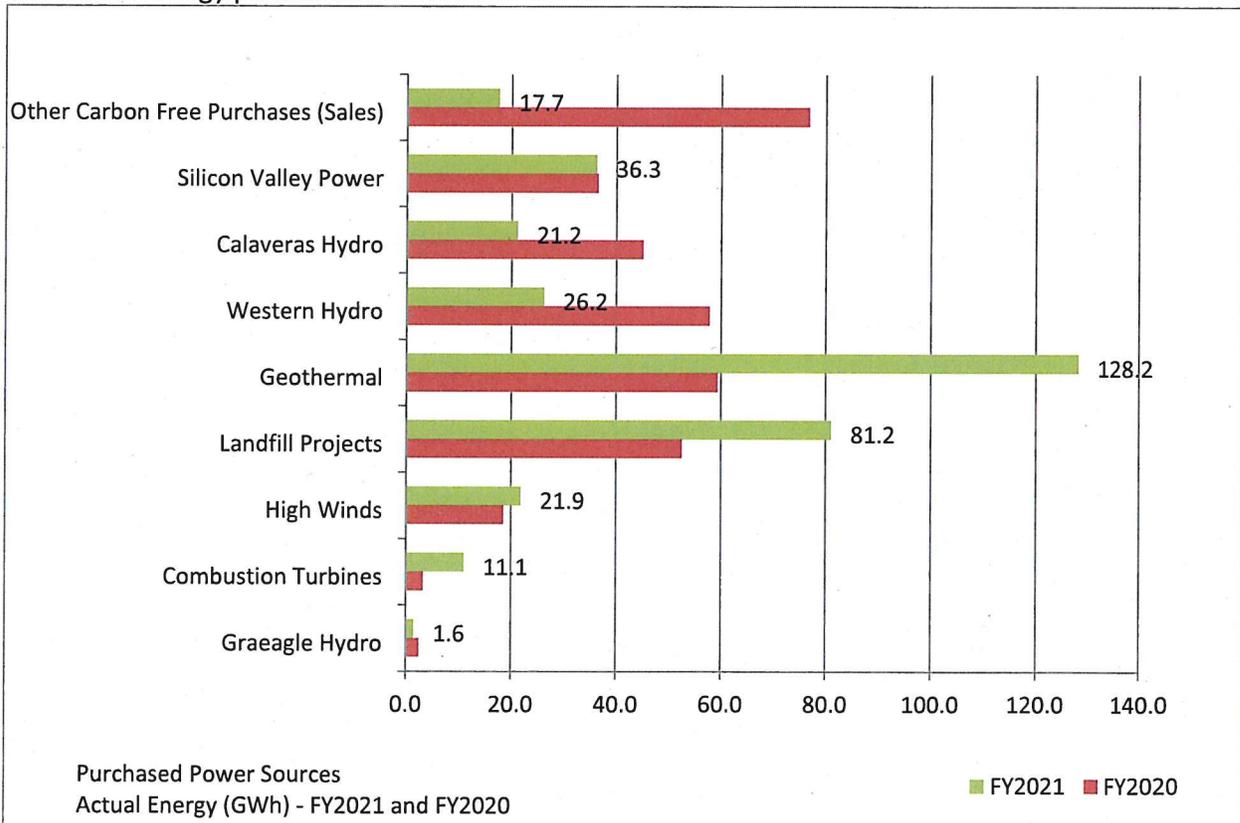
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The City of Alameda is an island community of 22.8 square miles located across the bay from San Francisco and to the southwest of the City of Oakland. Alameda Municipal Power (hereinafter, "AMP") serves the entire area of the City of Alameda and has about 86 pole miles of overhead distribution lines and 194 circuit miles of underground distribution lines, 6.8 pole miles of overhead transmission lines, 1.9 underground circuit miles. During FY 2021, AMP served an average of 35,661 customers, comprised of an average of 31,352 residential customers, an average of 3,931 commercial customers and an average of 378 public authority and other customers, with a peak demand of approximately 62.7 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 70.14% of AMP's resources in FY2021 were sourced through NCPA including 6.14% from the Calaveras hydroelectric facilities, 7.6% from the Western Area Power Administration's (WAPA) hydroelectric facilities, 0.46% from the Graeagle hydroelectric facilities, 37.13% from geothermal and 3.21% from the Combustion Turbine (CT) projects. NCPA market purchases for AMP accounted for another 15.61% of purchased power.

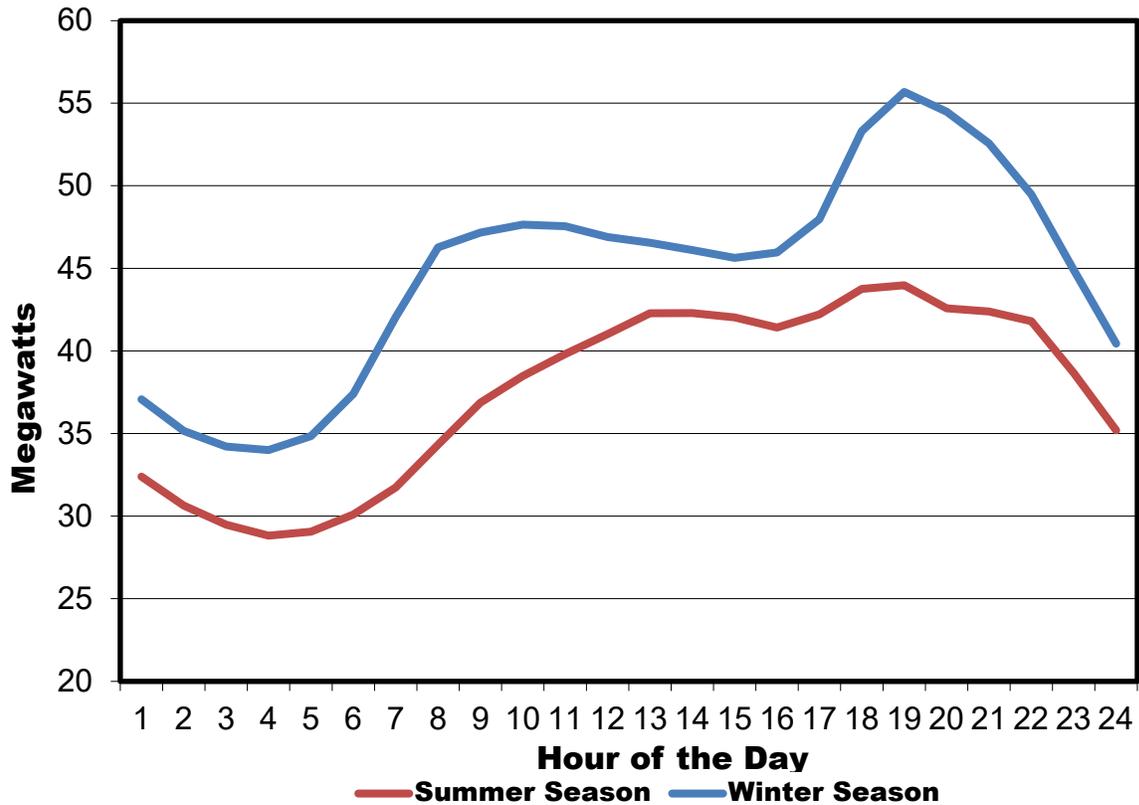
AMP procured approximately 29.86% of its power supply resources independent of NCPA and has obtained independent contracts for several landfill gas facilities and for a portion of the high winds project. NCPA provides electric scheduling, dispatch and transmission for these electric-energy services.

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. NCPA makes market purchases to replace the short-term sales and meet AMP's load requirements.

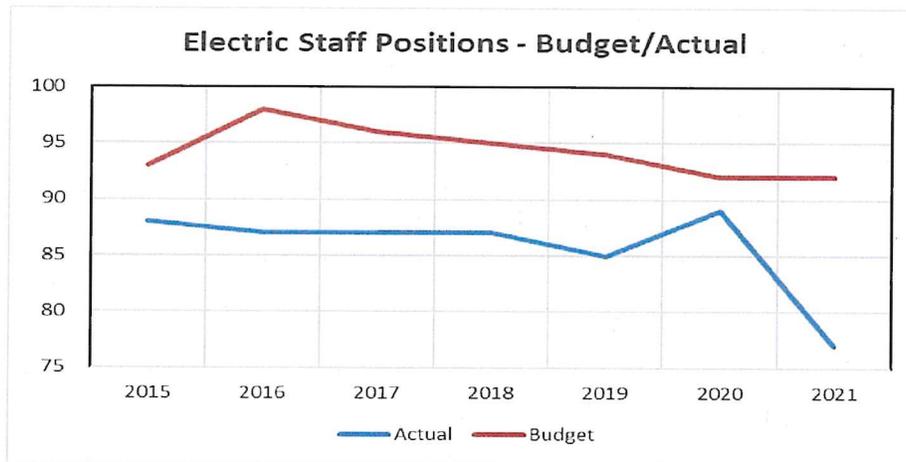
The Board directed that the resulting revenues from the short-term sales of the renewable power be retained and used to support AMP directed initiatives to reduce Green House Gas (GHG) emissions associated with electricity usage and service. Additionally, the California Cap-and-Trade (C&T) program continues to auction 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.

TYPICAL DAILY LOADS FY 2021



AMP's employees keep the system operational 24 hours a day, 7 days a week. The utility's professionals are represented by Alameda Municipal Power Unrepresented Employees ("AMPU"), 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 expires June 2022. 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 January 2019, the Board accepted the five-year strategic plan that will enable AMP to meet its obligations as Alameda’s municipal electric provider for 2020 through 2025. Critical elements that will determine AMP’s future direction include global issues, issues within Alameda, critical stakeholders, priorities, mission, vision, values, and key performance indicators (KPI).

The strategic plan is based on five main issues:

1) Sustainability

- ⊖ Manage triple bottom line (economic/environmental/social) performance to support a sustainable Alameda
 - Deliver and maintain 100% clean energy resources by 2020 and beyond
 - Support opportunities in the electrification of the transportation system and buildings to reduce Green House Gas (GHG) emissions

2) Customer Experience

- ⊖ Increase value to the community through meaningful programs and services, positive customer interactions, and building the brand
 - Define and promote brand to improve awareness and value
 - Build an employee culture that consistently promotes value and principles of public power and customer service
 - Maximize opportunities to meet customer needs and improve engagement

3) Business Resiliency

- ⊖ Maintain competitiveness and financial performance by utilizing sustainable resources and operational excellence
 - Develop a utility asset management plan

- Develop financial planning processes that provide fiscal stability, linking service priorities with associated costs
- Ensure quality, efficiency, and knowledge transfer by documenting standard operating procedures
- Implement succession plans that ensure continuity of operations
- Perform an assessment of the organizational structure

4) Technology

- ⊖ Optimize technology to meet the evolving business environment
 - Update technology roadmap to guide our technology-related investments and decisions
 - Leverage Advanced Metering Infrastructure (AMI) systems to enhance the customer experience, operations, financial forecasting, and marketing
 - Develop a training plan that supports effective technology adoption, improves utilization, and enables an adaptable workforce

5) Workforce

- ⊖ Attract and retain employees while fostering a collaborative culture and adapting to changing industry trends
 - Develop a talent outreach plan that highlights the benefits and opportunities of working at AMP to increase talent pool for positions and ensure needed staffing levels
 - Design a training and career development model to enhance employee job satisfaction

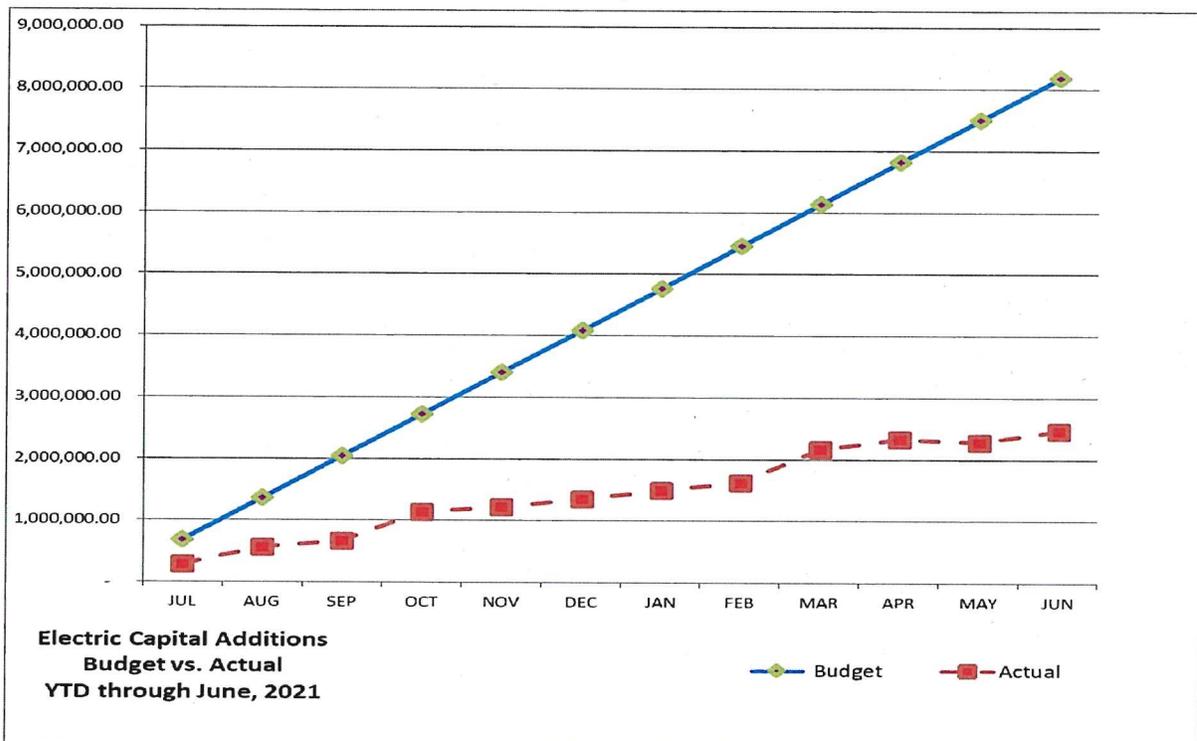
AMP has developed KPIs to measure the performance of the utility and has set specific targets for each issue identified. On January 2020, AMP attained 100% clean-energy portfolio and will continue to remain at 100% for future years while maintaining a competitive position.

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 January 2021 meeting, the Board approved a five-year ratemaking policy for FY 2021 through 2025. The Board adopted financial guidelines that included a debt service coverage ratio of 1.75 times AMP's total debt service and an operating cash reserve requirement that is at least 145 days for operations during unforeseen events. At its regular meeting conducted April 2021, the Board approved no increase in rates for FY 2022. The zero increase in rates is due partly to COVID-19 pandemic that began in March 2020. AMP determines the recommended rates 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.

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.

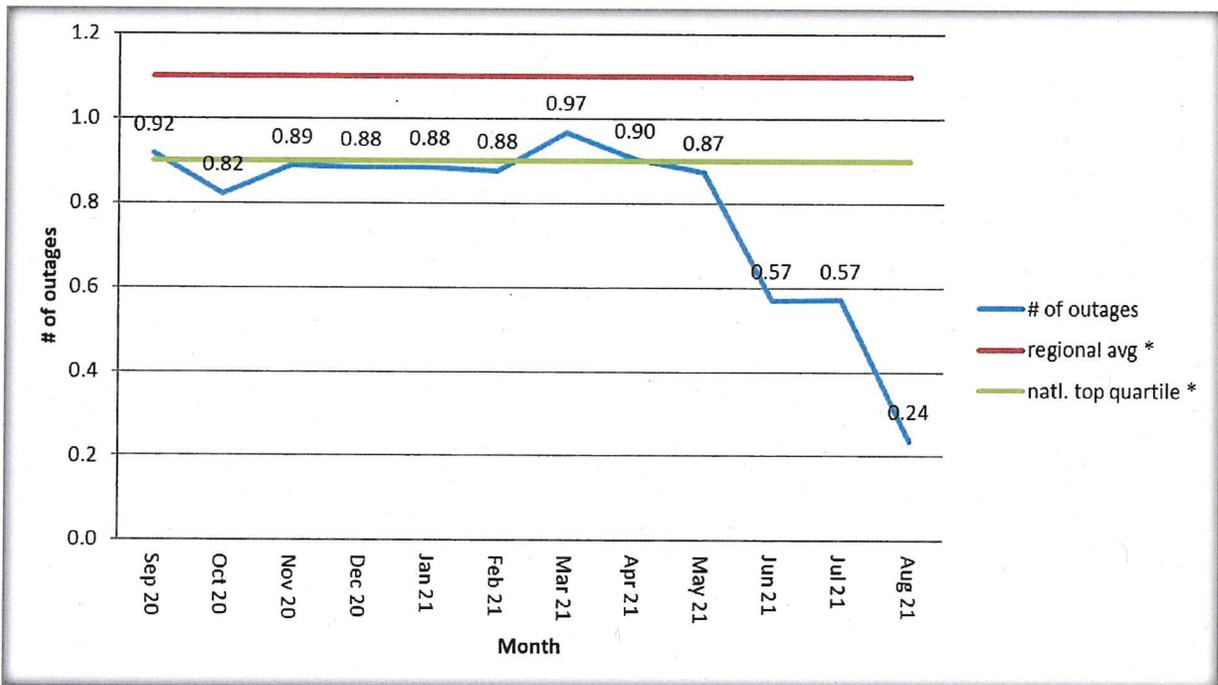


Several modifications to the CIP strategic plan occurred during FY 2021 that impacted planned construction budgets and schedules. Projects that were lower than budget because of material, labor, or contractor availability were 1) postponed computer software and hardware implementations, 2) underground utility district (UUD) projects, 3) community solar project, and 4) system additions. Inventory long lead purchase orders that were budgeted as capital but categorized as inventory were received partially in FY2021 and remainder will be in FY2022. Alameda Point Site A, Admiral's Cove, Sea Plane Lagoon Ferry Terminal, Marina, and Harbor Bay Parkway developments have been undergoing engineering and development work. The Community Solar project was evaluated in FY2021 and will continue to be reviewed and assessed for future implementation.

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 2021, 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.

FY2021 Outages/Customer - SAIFI



In addition to the reliable services provided to its customers, AMP has transferred \$4.0 million to the City’s General Fund in accordance with Measure M approved by voters in November 2016 and paid \$1.5 million in Payments-In-Lieu-Of-Taxes (PILOT) 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 shows a population of 80,884 people residing in Alameda in FY 2021 versus 81,312 people in FY 2020, a decrease of 0.5%. Alameda's unemployment rate increased to 8.5% in FY2021 compared to 2.6% in FY 2020. It is anticipated that the population of Alameda will increase as new housing units are constructed and occupied at the former Naval Station (aka as Alameda Point) and elsewhere in the City.

Alameda's business enterprises range in scope from the US Coast Guard Integrated Support providing, regulation administration of transport, to City of Alameda, providing local governmental support and services, to Alameda Commercial Properties and G&I IX Marina Village Office Park, providing real estate management services, to Penumbra providing designing and manufacturing innovative medical devices, to Alameda Unified School District, to City of San Leandro Health Care, providing health services, to the Maritime Administration providing a ready-fleet of ships, to Safeway, providing groceries, and Peet's Coffee, providing coffee and retail goods. 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. 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 a wide range of customer programs and events, and in partnership with local agencies, AMP maintains a strong presence in the community. AMP sponsors a variety of organizations and local events annually and uses many communication channels to educate customers about topics such as electric vehicles, solar, energy efficiency and sustainability. AMP's customer communication channels include a monthly newsletter and bill insert, which promote safety education as well as various customer programs and services.

Major Initiatives in 2021

While AMP normally hosts in-person events for customers each year, the COVID-19 crisis caused the utility to change its customer engagement strategy in 2020 and 2021. Throughout these unprecedented years, AMP worked with customers experiencing financial hardship during COVID-19. AMP met the community's needs in a number of ways:

- AMP placed a moratorium on electric service disconnections for non-payment for customers facing financial hardship as a result of COVID-19 and suspended all penalties for late payments.
- Utility staff continuously promoted AMP's bill savings, financial assistance programs and payment plans to commercial and residential customers.
- Through the utility's "Power Up for Learning" program, AMP customers had the opportunity to support distance learning for local public school students during the pandemic.
- AMP's direct-install program continues to offer energy efficiency upgrades to low-income customers at no cost.
- AMP launched new rebates for used electric vehicles with enhanced incentives for low-income and commercial customers.
- AMP launched building electrification for residential and commercial 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 San Francisco Bay Area. While having one of the best records of reliability, customers enjoy electric rates significantly lower than those of nearby cities served by other utilities.

A portion of the east and west ends of Alameda has seen significant growth. During FY 2021, AMP continues support development at Alameda Point - Site A, Admiral's Cove, Sea Plane Lagoon Ferry Terminal, Marina, and Harbor Bay Parkway. AMP moved forward with replacing the SF6 breakers at the NCPA-Combustion Turbine substation. AMP changed the methodology to charge new development for service laterals to ensure new developments pay an equitable share for new service. AMP continues to work on system enhancements and improvements to better serve customers.

Customer Service

AMP's customers can call during business hours to obtain information about their bill, make a payment, inquire about energy efficiency programs, the 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.

- *Automatic Payment Service (Easy Pay)*
- *Electronic Bill Presentment/Payment (EBPP)*
- *On-line Credit/Debit Card Payment*
- *Credit Card Payments by Phone*

- *U.S. Mail*
- *In-Person Payments*
- *Pay Station*

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. AMP installed two level-three charging stations at its service center which charge a vehicle within approximately seven minutes. AMP will continue to monitor 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. Maze and Associates, a certified public accounting firm, is contracted to independently audit the financial information of AMP. Maze was provided access to all information and documentation necessary for the audit. The financial section of the Annual Comprehensive Financial Report (ACFR) contains the Independent Auditor's 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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. A GFOA Certificate of Achievement is valid for a period of 1 year. This was the twenty-fourth 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 annual comprehensive financial report that satisfies both generally accepted accounting principles and applicable legal requirements.

AMP believes that its current Annual Comprehensive 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, Maze and Associates. 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,



Nicolas Procos
General Manager

Principal Officers

(As of June 30, 2021)

PUBLIC UTILITIES BOARD

Ann McCormick, President

Jerry Serventi, Vice President

Laura Giuntini, Commissioner

Jeff Gould, Commissioner

City Manager, Eric J. Levitt

GENERAL MANAGER

Nicolas Procos

MANAGERS

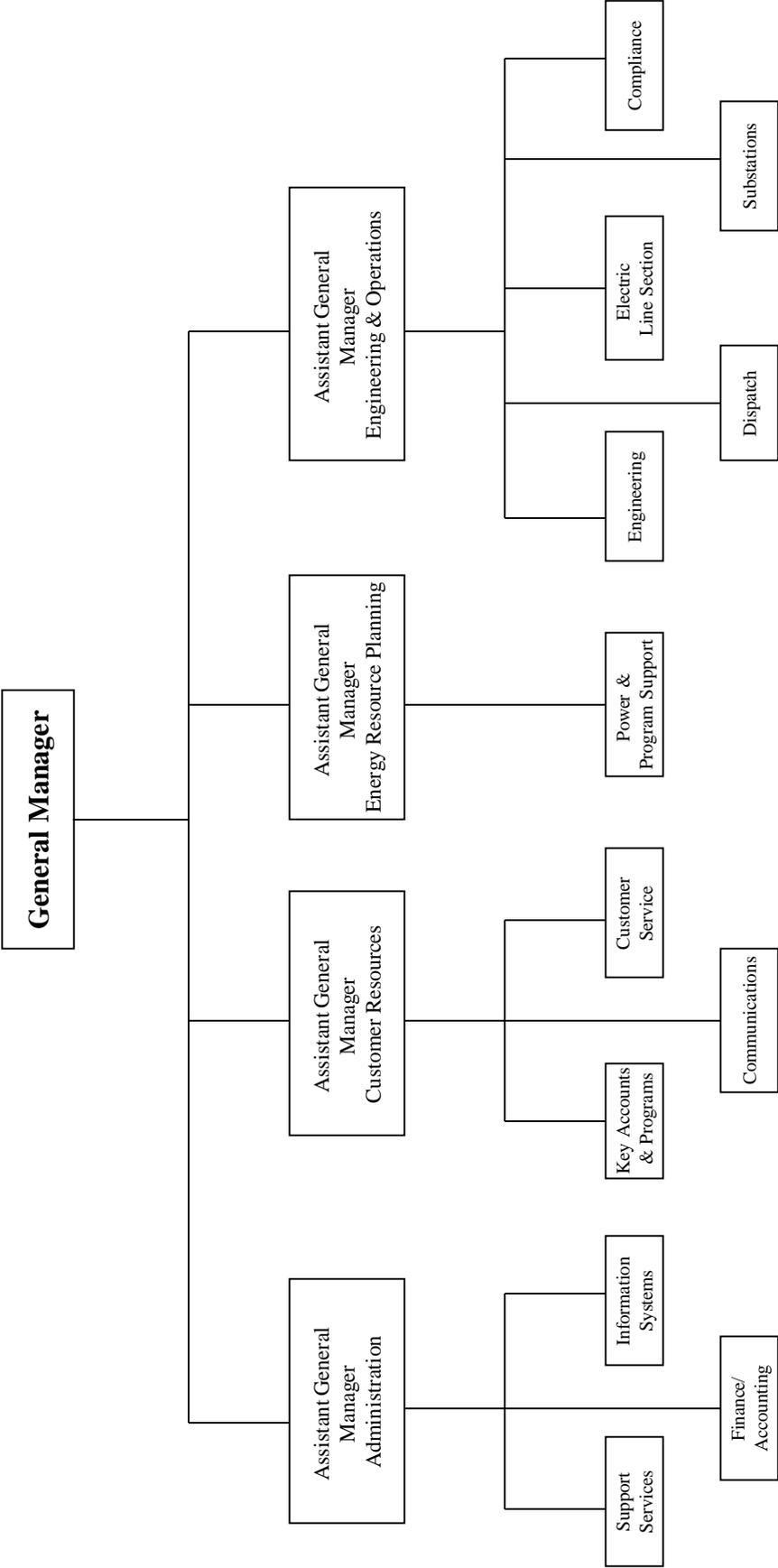
Robert J. Orbeta, Assistant General Manager – Administration

Chris Ferrara, Acting Assistant General Manager – Customer Resources

Vidhi Chawla, Assistant General Manager – Energy Resource Planning

Andre Basler, Assistant General Manager – Engineering & Operations

City of Alameda
Alameda Municipal Power
Organizational Chart





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For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

Alameda, California, United States



Financial Section

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INDEPENDENT AUDITORS' REPORT

To the Public Utilities Board
Alameda Municipal Power
Alameda, California

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities 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, 2021, and the related notes to the financial statements, which collectively comprise AMP'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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 AMP'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 AMP'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 financial position of AMP as of June 30, 2021, and the changes in its financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the AMP Electric Enterprise Fund, which is a department of the City of Alameda, and do not purport to, and do not present fairly the financial position of the City of Alameda, California, as of June 30, 2021, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 98 – *The Annual Comprehensive Financial Report* which changes the name of the Comprehensive Annual Financial Report to the Annual Comprehensive Financial Report.

The emphasis of these matters does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents 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 listed in the Table of Contents 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022, on our consideration of AMP's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AMP's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AMP's internal control over financial reporting and compliance.

Prior Year Comparative Information

The financial statements of AMP as of June 30, 2020, were audited by other auditors whose report dated February 25, 2021, expressed an unmodified opinion on those statements.



Pleasant Hill, California
January 28, 2022

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**ALAMEDA MUNICIPAL POWER
ELECTRIC ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 and 2020**

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, 2021. 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 Annual Comprehensive Financial Report (ACFR) 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 this Statement 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 total net position decreased by \$1.2 million for the year ended June 30, 2021 while last year an increase of \$1.3 million was reported.
- The decrease of \$1.2 million to the total net position comes from a combination of factors including:
 - Current Assets increased by \$9.1 million for the year ended June 30, 2021 while last year's current assets increased by \$4.9 million. The change in current assets was mainly driven by increased cash and cash equivalents for \$2.6 million, investments of \$4.4 million due additional developer deposits for future developments, \$1.5 million long lead inventory purchases for capital expenditures, and lower operating expenses. Accounts receivable increased by \$617k as some business customers were impacted by the COVID-19 and were returning to work in FY2021 while they were temporarily closed in FY2020. AMP maintained the same bad debt reserves relating to the COVID-19. Green House Gas (GHG) related receivables were zero as the Renewable Energy Credit (REC) sales ended on December 31, 2019.

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- Capital Assets net of depreciation decreased \$2.4 million for the year ended June 30, 2021, while last year's decrease was \$1.3 million (see note 3 for additional information regarding capital assets and depreciation amounts).
- Other Non-current Assets decreased by \$0.5 million for the year ended June 30, 2021 while last year an increase of \$2.8 million was reported. This change was primarily due to a decrease in REC and Cap & Trade reserves (see note 2 for additional information regarding restricted and designated investments).
- Deferred Outflow of Resources increased by \$831k for the year ended June 30, 2021 while last year was reported a decrease of \$5k related to pensions.
- Current Liabilities increased by \$4.1 million for the year ended June 30, 2021, while last year an increase of \$2.1 million was reported. The change was primarily due to an increase of \$2 million for unfunded pension liability and health benefits owed to the City of Alameda as of June 30, \$1.4 million for additional development prepayments and refundable deposits, and \$0.7 million for payroll and accrued expenses.
- Non-current Liabilities decreased by \$1.2 million for the year ended June 30, 2021, while last year an increase of \$1.9 million was reported. The change was primarily due to a decrease of \$1.5 million in long term debt (net of current portion), an increase of \$250k in net pension liability, OPEB liability, and claims liability (see notes 6, 7, and 10B for additional information).
- Deferred Inflow of Resources increased \$6.4 million primarily as a result of the balancing account adjustment (see note 1C for additional information).
- Electric fund operating revenue decreased \$520k for the year ended June 30, 2021 while last year had an decrease of \$12k. Electricity sales revenue decreased \$546k, GHG and REC sales decreased \$613k due to the end of the REC sales on December 31, 2019. Jobbing Sales increased \$850k and miscellaneous services such as field visits decreased \$212k.
- Excluding purchased power, depreciation and the balancing account, electric fund operating expenses for the year ended June 30, 2021 decreased \$2.8 million while last year had an increase of \$2.0 million. General and administration costs decreased \$4.1 million as a result of underfilled positions, lower general operating expenses, and pension expense. Jobbing sales expense increased by \$842k, operating and maintenance expenses increased by \$470k, and customer service, energy efficiency and customer relations expenses decreased by \$79k.
- Purchased power expenses decreased \$1.9 million for the year ended June 30, 2021, while last year a \$2.7 million increase was reported. The change was primarily due to higher generation at the Geothermal plants in FY2021 while they were impacted by the Kincaid Fire in FY2020 that reduced generation.
- Depreciation and amortization expense increased \$304k for the year ended June 30, 2021, while last year a \$42k increase was reported.
- The balancing account, which is used to stabilize rates, increased \$6.7 million, while last year it was decreased by \$3.8 million (see note 1C for additional information on the deferred inflows of resources related to balancing account).

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- Electric fund non-operating revenues/expenses had a net increase of \$791k in spending for the year ended June 30, 2021 while last year a net increase in spending of \$491k was reported mainly from investments in NCPA projects and changes in investment interest income.
 - Interest income was lower by \$1.5 million as a result of lower interest rates that impacted several investments and called notes. Interest expense was higher by \$75k for the year ended June 30, 2021 while last year interest income was higher by \$328k and interest expense was lower by \$69k.
 - Loss from disposition of capital assets was \$41k during the year ended June 30, 2021, while last year it was reported as \$163k.
 - Fair value of NCPA Projects and Reserves increased by \$628k during the year ended June 30, 2021, while last year a decrease of \$778k was reported.
 - Miscellaneous non-operating revenue/expense had a net increase of \$8k for the year ended June 30, 2021 while last year a net increase of \$107k was reported.
- AMP continued its support of the City's general fund with a voter approved contribution of \$4 million in FY 2021.
- Cash and equivalents increased \$2.6 million for the year ended June 30, 2021 while last year a decrease of \$450k was reported. The results come from a combination of factors including:
 - Net cash provided by operating activities decreased \$1.2 million for years ended June 30, 2021 and a decrease of \$1.6 million in 2020. REC, C&T, and LCFS sales decreased \$326k in FY2021 and \$342k in FY2020 mainly due to the end of REC sales on December 31, 2019. Customer receipts decreased \$3.7 million in FY2021 compared to an increase of \$815K in FY 2020. Customer receipts were lower due to AMP discontinuing disconnects for late payments for residential and commercial customers during COVID periods beginning in March 2020. Supplier payments decreased \$12 million while prior year saw an increase of \$3.6 million as additional inventory and transformers were purchased during the year. Employee payments increased \$9.8 million in FY2021 while a decrease of \$1.4 million was recognized in FY2020, the change in FY2021 is related to IBEW contract equity adjustments, COVID-19 and increased pension and OPEB funding.
 - Net cash used for non-capital financing activities increased \$12k as a result in the net change for City transfers and Pilot charges which are based on the CPI index.
 - Net cash used for capital and related financing activities increased \$274k while last year it was reported that net cash used in capital and related financing activities increased \$403k.
 - Net cash used for investing activities decreased \$4.5 million while last year it was reported that net cash provided for investing activities increased \$1.2 million. Interest receipts decreased \$1.5 million due to lower interest rates during the year. Special purpose investment usage decreased \$9.5 million, and NCPA investment increased by \$309k.

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COMBINED NET POSITION

AMP's Combined Net Position as of June 30:

(Dollars in thousands)

	2021	2020	2019
Assets:			
Current Assets	\$ 72,338	\$ 63,251	\$ 58,383
Capital Assets, net of depreciation	35,969	38,384	39,714
Other Non-current Assets	54,543	54,005	51,151
Total Assets	162,850	155,640	149,248
Deferred Outflow of Resources	4,057	3,226	3,221
Liabilities:			
Current Liabilities	14,507	10,452	8,364
Non-current Liabilities	48,543	49,770	47,898
Total Liabilities	63,050	60,222	56,262
Deferred Inflow of Resources	34,338	27,950	26,776
Net Position:			
Net Investment in Capital Assets	27,332	30,185	31,576
Restricted	4,807	4,777	4,720
Unrestricted	37,380	35,731	33,134
Total Net Position	\$ 69,519	\$ 70,693	\$ 69,430

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ANALYSIS OF NET POSITION

AMP's combined total net position was \$69.5 million as of June 30, 2021. Comparing this year results to the previous fiscal year, the combined total net position decreased by \$1.2 million, or 1.7% of last year.

The largest portion of combined total net position is the cash and cash equivalents, investments and interest, accounts receivable and inventory. The next largest contributor to AMP's 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 third largest portion is the unrestricted Net Position from the renewable energy credit sales held in designated reserve accounts. AMP's board may designate how these funds are expended.

The largest portion of combined total liabilities is used to finance AMP's operations, construction, and NCPA activities. Total combined assets increased \$7.2 million, or a 4.6% increase to last year's total. Total combined Deferred Outflow of Resources increased \$831k, or 25.8% increase to last year's total. Deferred Inflow of Resources increased \$6.3 million, or 22.9% increase to last year's total relating to pensions, OPEB, and the balancing account. Total combined liabilities increased by \$2.8 million, or a 4.7% compared to last year's total.

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

(Dollars in thousands)

	2021	2020	2019
Operating Revenues			
Electric Sales	\$ 62,186	\$ 62,732	\$ 61,028
Other Services Revenue	4,360	4,334	6,050
Total Operating Revenues	<u>66,546</u>	<u>67,066</u>	<u>67,078</u>
Operating Expenses			
Purchased Power	30,296	32,246	29,587
Energy efficiency, solar, other	1,332	1,272	1,773
Operations and Maintenance	5,525	5,055	5,033
Customer Accounts, Information Systems	3,178	3,179	2,617
Administrative and General	8,159	12,262	9,955
Depreciation and Amortization	4,202	3,898	3,856
Sales Expense	450	587	549
Jobbing Sales Expense	1,646	804	1,242
Balancing Account	6,680	1,021	4,860
Total Operating Expenses	<u>61,468</u>	<u>60,324</u>	<u>59,472</u>
Total Operating Income (Loss)	<u>5,078</u>	<u>6,742</u>	<u>7,606</u>
Non-operating Revenue (Expense)			
Interest Income on Investments	468	1,973	1,645
Interest Expense	(1,199)	(1,274)	(1,343)
Gain (Loss) from Disposition	(41)	(162)	38
Other Expense	(70)	12	(6)
Increase (Decrease) in Value of NCPA Projects	62	(566)	212
Alameda Point Phone Maintenance-Net	61	67	71
Misc Non-operating Income (Expense)	14	6	(101)
Telecommunications	-	-	-
Payment in-lieu of taxes	(1,535)	(1,505)	(1,475)
Total Non-Operating Revenue (Expense)	<u>(2,240)</u>	<u>(1,449)</u>	<u>(959)</u>
Income (loss) before Transfers and Special Item	<u>2,838</u>	<u>5,293</u>	<u>6,647</u>
Transfers in (to Telecom)			
Transfer to City of Alameda	(4,012)	(4,030)	(3,818)
Transfers out (from Electric)	-	-	-
Total Transfers	<u>(4,012)</u>	<u>(4,030)</u>	<u>(3,818)</u>
Change In Net Position			
Electric	(1,174)	1,263	2,829
Telecommunications	-	-	-
Total Change In Net Position	<u>\$ (1,174)</u>	<u>\$ 1,263</u>	<u>\$ 2,829</u>

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ANALYSIS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Changes in Net Position

Electric net position decreased \$1.2 million for the year ended June 30, 2021 while last year an increase of \$1.3 million was reported. Operating revenues were lower than prior year by \$0.5 million due to the impacts of COVID 19. Operating expenses increased \$1.1 million mainly due to the balancing account adjustment, offset by a decrease in the purchased power costs. Non-operating expenses increased \$791k as the change in the value of the NCPA projects and reserves increased \$628k and return on investments decreased \$1.5 million.

Condensed Statement of Changes in Net Position as of June 30:

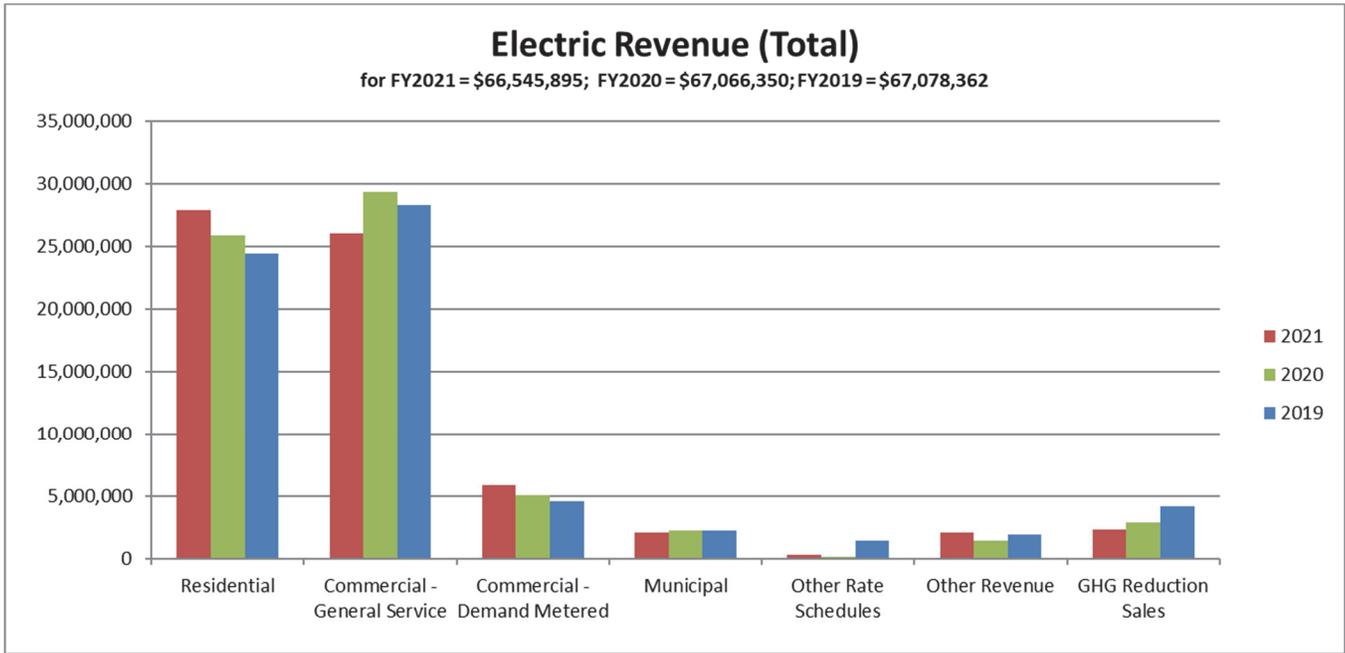
(Dollars in thousands)

	2021	2020	2019
Operating Revenues	\$ 66,546	\$ 67,066	\$ 67,078
Operating Expenses	61,468	60,324	59,472
Operating Income	5,078	6,742	7,606
Total Non-operating Revenue (Expense)	(2,240)	(1,449)	(959)
Transfers Out	(4,012)	(4,030)	(3,818)
Change In Net Position	<u>\$ (1,174)</u>	<u>\$ 1,263</u>	<u>\$ 2,829</u>

Operating Revenues

Electric operating revenue decreased by \$0.5 million while last year remained consistent at \$67 million. Contributing to the FY 2021 results are revenues from electricity sales which decreased \$0.5 million related to COVID-19. The jobbing sales increased \$850k while GHG related sales decreased by \$612k due to the end of the REC sales in December 2019, and other miscellaneous revenues and plant leased to others decreased \$211k.

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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; voters approved the contribution amount in November 2016. AMP did not increase rates in FY2021 to help the community with the impacts of COVID-19.

Operating Expenses

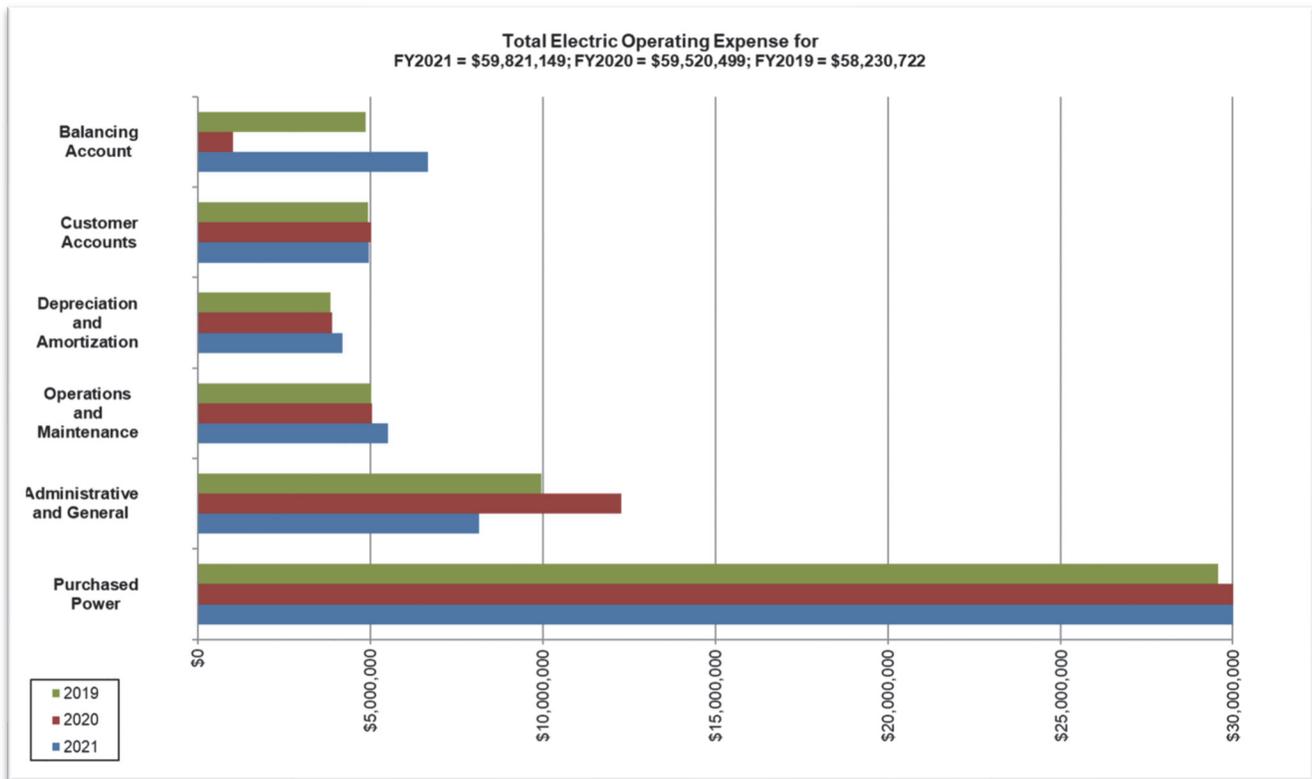
Operating expenses, excluding the adjustment for balancing account accumulation, were lower than last year's results by \$4.5 million. In FY2020, a \$4.6 million increase was reported. The increase experienced during FY 2020 was primarily increased power purchase costs relating to the Kincaid Fire and higher administrative and general expenses due to pensions and OPEB. FY2021 had lower administrative and general expenses of \$4.1 million and lower power purchase costs of \$1.9 million.

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.

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.

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The chart below offers a comparison of operating expenses for FY 2021, FY 2020, and FY 2019.



Non-Operating Revenues (Expenses)

Non-operating expenses in FY 2021 exceeded non-operating revenue by \$2.2 million compared to the \$1.5 million recorded last year. Return on investment revenues were \$468k which were \$1.5 million lower than prior year due to lower interest income on investments. Expenses consisted of \$41k loss from sale of capital assets relating to obsolete inventory and retirement of assets, increase of \$62k from NCPA projects and reserves, \$1.2 million for interest expense for the 2010A/B bonds, and \$1.5 million from payments in lieu of taxes.

ANALYSIS OF COMBINED CASH FLOWS

Net Change in Cash and Equivalents

Combined net change in cash and equivalents increased by \$2.6 million for the year ended June 30, 2021 while last year a decrease of \$450k 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), and transfer to the City’s General Fund. AMP places Cap & Trade net revenues, GHG sales revenues, and Low carbon fuel standards sales revenues into investments for the Board designated special reserves for those funds. Changes in the cash flows are higher supplier payments relating to increased inventory and transformers, improved customer receipts relating to rate adjustments, decreased employee expenses, and change to investment in NCPA projects and reserves.

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Combined Condensed Statement of Cash Flows as of June 30:

(Dollars in thousands)

	2021	2020	2019
Operating Activities	\$ 16,928	\$ 18,080	\$ 19,644
Non-capital Financing Activities	(5,547)	(5,535)	(5,293)
Capital and Related Financing Activities	(5,592)	(5,317)	(4,915)
Investing Activities	(3,139)	(7,678)	(6,497)
Change in Cash and Equivalents	<u>\$ 2,650</u>	<u>\$ (450)</u>	<u>\$ 2,939</u>

Cash Flows from Operating Activities

Cash from operating activities decreased \$1.2 million from prior year. Customer receipts decreased \$3.7 million due non-payment shutoff postponement relating to COVID-19. Payments to employees increased \$9.8 million compared to \$1.4 million decrease in FY 2020 relating to the negotiated labor contracts, pensions, and increased benefit costs. Cap and Trade Sales increased \$505k while REC sales decreased as the sales contract ended December 31, 2019. Payments to suppliers decreased \$12 million as payments were made for purchases, transformers and increased inventory for development projects. Miscellaneous payments and receipts decreased \$111k.

Cash Flows from Non-Capital Financing Activities

Cash flows from noncapital financing consisted of the transfer to the City and payments in lieu of taxes which were consistent with prior year and increase by the CPI on an annual basis. Payment in lieu of taxes is capped at 2% or CPI whichever is greater.

Cash Flows from Capital and Related Financing Activities

Cash flows used for capital and related financing activities were \$5.5 million compared to \$5.3 million in prior year due to \$275k additional long lead purchases. Debt interest and principal payments are \$2.6 million per year.

During FY 2021, AMP's capital asset additions for the electric system were \$2.9 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 2021 include overhead and underground conductors and devices, line transformers, meter additions for new development projects, office equipment and machinery, communication equipment, and construction vehicles.

Cash Flows from Investing Activities

Cash flows used for Investing activities were \$3.1 million compared to \$7.7 million in prior year. Interest income decreased \$1.4 million while investments purchased for special purposes decreased \$9.6 million. The reader is encouraged to read Note 2I for additional information on Designated Investments by the Board for special purposes.

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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. 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.

Long-Term Debt as of June 30:

(Dollars in thousands)

	2021	2020	2019
Revenue Bonds, Series 2010A	8,700	8,700	8,700
Taxable Revenue Bonds, Series 2010B	11,345	12,755	14,095
Long-Term Debt	<u>\$ 20,045</u>	<u>\$ 21,455</u>	<u>\$ 22,795</u>

ANALYSIS OF CAPITAL ASSETS

AMP's investment in capital assets for its electric operations amounts to \$35.9 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. 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)

	2021	2020	2019
Land and Rights	\$ 220	\$ 220	\$ 220
Construction In Progress	3,008	5,199	3,862
Utility Plant	90,553	87,422	86,915
Service Center Building	8,168	8,168	8,168
Machinery & Equipment	9,952	9,726	9,726
Transportation Equipment	3,847	3,406	3,403
Computer Equipment	4,695	4,683	4,377
Furniture & Fixtures	980	923	900
Easements	-	-	-
Less Accumulated Depreciation	<u>(85,454)</u>	<u>(81,362)</u>	<u>(77,857)</u>
Capital Assets, Net	<u>\$ 35,969</u>	<u>\$ 38,385</u>	<u>\$ 39,714</u>

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ANALYSIS OF ECONOMIC FACTORS

Economic Factors and Next Year's Budget

The adopted budget for FY 2022 continues to grow at a low rate reflecting the local economy and the sluggish demand for new electric vehicles from the commercial sector. During FY 2021, 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. The global pandemic of coronavirus caused the economy to slow down for most of FY2021 and AMP was able to maintain a strong financial position exceeding budgeted revenue and reducing expenses.

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 2022 includes electric operating revenues of \$65 million reflecting zero rate increase from FY 2021. Per AMP's Board, Renewable Energy Credit Revenues ended on December 31, 2019. Purchase power for FY 2022 is estimated to increase approximately \$280k due to market power purchase prices, ISO Load aggregation, wildfire insurance, and increased transmission costs.

Excluding purchased power, the adopted budget for FY 2022 includes \$28.8 million in operating expenses or 2.0% higher than the FY 2021 expenses. The primary reason for the \$593k increase in operating expense budget is higher depreciation and operating and maintenance expenses for pole replacements and additional tree trimming costs.

The non-operating budget for FY 2022 is increased by \$222k or 4.3% and includes funds for outside billing projects, debt related charges of \$1.1 million, PILOT/ROI charges of \$1.5 million and a transfer to the City of \$4.1 million as a result of the approved voter proposal in November 2016. The budget assumes that no additional long-term debt will be needed during the fiscal year. The capital project budget for FY 2022 is estimated at \$4.8 million and includes \$1.6 million for UUD, \$915k for the Doolittle community solar project, \$550k for server and software system upgrades, and approximately \$1.75 million for system additions, system enhancements, new load additions, backup generator, and SF6 breakers and 12kv switchgear at Cartwright.

The budget anticipates that operating revenues will be insufficient to meet all expenses during FY 2022 and that existing reserves will be used to cover expenses. 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.

COVID-19

The spread of the novel strain of coronavirus (and variants thereof) and the disease it causes (now known as "COVID-19") has had significant negative impacts throughout the world, including in California. In 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State and numerous counties throughout the State. The purpose behind these declarations was to coordinate and formalize emergency actions across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

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On March 19, 2020, in an effort to slow the spread of COVID-19, Governor Newsom issued Executive Order N-33-20 ordering individuals living in the State to stay home or at their place of residence except for specified exceptions, including exceptions for certain sectors of the workforce that were classified as providing essential services and products, which allowed businesses and workers in such sectors to continue to operate on-site operations while Executive Order N-33-20 was effective. On June 11, 2021, Governor Newsom issued two executive orders, which became effective on June 15, 2021, which had the effect of rescinding a majority of the COVID-19-related restrictions and providing a timeline for gradually lifting certain of the other restrictions that were not fully rescinded on June 15, 2021.

During the pandemic, AMP has experienced a decline in electricity demand by the small commercial sector and municipal sector (schools/colleges, public libraries) while electricity usage by the residential sector increased, as might be expected with many retail establishments being closed and people staying home. AMP also experienced an increase in industrial load, which reflects that many of which are in critical sector-related businesses, which continued to operate during the pandemic.

Historically, the annual write-offs for uncollectible accounts have been less than 0.10% of gross billings of the Electric System. Since the onset of the COVID-19 pandemic, write-offs for uncollectible accounts has increased to approximately 0.62% of gross billings for FY 2020 and 0.14% for FY 2021. To help mitigate the economic impact of COVID-19 and the related governmental regulations on its customers, AMP implemented a payment deferral program, which included the suspension of the disconnection of electric utility services for non-payment of utility bills and suspended all penalties and late payments for a period beginning in March 2020 and extending through April 2022. Utility staff promoted AMP bill savings and financial assistance programs (EASE and HEAP).

AMP was allocated approximately \$649,771 under the California Department of Community Services and Development California Arrearage Payment Program ("CAPP"), to aid the accounts that have fallen 60 days behind during the period of March 4, 2020 through June 15, 2021, which in turn is expected by AMP to lower the uncollectible revenue amount. AMP received the funding on December 21, 2021. AMP will begin applying the credits to the customer accounts in January 2022.

With widespread vaccination currently underway in the United States and many countries worldwide, governmental-imposed stay-at-home orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak have been eased or eliminated. However, restrictions may be re-imposed in various jurisdictions from time to time as local conditions warrant. Alameda cannot predict whether any reinstatement or expansion of stay-at-home orders and travel or other restrictions will occur or when a full resumption of all economic activity will be achieved. The ultimate impact of COVID-19 on the operations and finances of AMP or the Electric System is unknown and there can be no assurances that COVID-19 will not materially adversely impact the financial condition of AMP or the Electric System in the future. There are many variables that will continue to contribute to the economic impact of the COVID-19 pandemic and the recovery therefrom, including the length of time social distancing measures are in place, the effectiveness of State and federal government relief programs and the timing for containment and treatment, new coronavirus strains, vaccinations efforts and vaccine hesitancy. Alameda cannot predict the extent or duration of such impacts.

**ALAMEDA MUNICIPAL POWER
ELECTRIC ENTERPRISE FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021 and 2020**

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 because of its borrowing and investing activities used for liquidity purposes and to fund business operations as well as finance capital expenditures.

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

Electric Enterprise Fund

Statements of Net Position

June 30, 2021 and 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$31,120,246	\$28,469,934
Investments (Note 2)	28,027,360	23,612,935
Interest receivable	53,694	215,498
Accounts receivable, net	8,082,002	7,464,423
Materials and supplies	4,959,143	3,394,641
Prepaid and other	95,412	93,488
Total current assets	<u>72,337,857</u>	<u>63,250,919</u>
NON-CURRENT ASSETS		
Capital assets (note 3):		
Nondepreciable	3,227,817	5,418,634
Depreciable	118,194,941	114,328,408
Accumulated Depreciation	<u>(85,453,930)</u>	<u>(81,362,299)</u>
Total capital assets, net	<u>35,968,828</u>	<u>38,384,743</u>
Restricted investments (Note 2)	<u>4,806,648</u>	<u>4,777,285</u>
Investments designated for special purposes (Note 2)	<u>38,328,139</u>	<u>38,654,618</u>
Investments in Joint Venture - Share of certain NCPA projects and reserves (Note 8)	<u>11,408,433</u>	<u>10,572,051</u>
Total non-current assets	<u>90,512,048</u>	<u>92,388,697</u>
TOTAL ASSETS	<u>162,849,905</u>	<u>155,639,616</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding	438,494	500,144
Pension related (Note 6)	3,453,272	2,666,288
OPEB related (Note 7)	<u>164,941</u>	<u>59,672</u>
Total deferred outflows of resources	<u>4,056,707</u>	<u>3,226,104</u>

(Continued)

See accompanying notes to financial statements

Alameda Municipal Power
Electric Enterprise Fund
Statements of Net Position (Continued)
June 30, 2021 and 2020

LIABILITIES	2021	2020
CURRENT LIABILITIES		
Accounts payable and accrued payroll	1,911,665	\$1,198,881
Due to City of Alameda (Note 5)	2,314,893	325,692
Interest payable	568,752	606,067
Refundable deposits	7,411,070	6,061,796
Current portion of long term debt (Note 4)	1,485,000	1,410,000
Current portion of compensated absences (Note 1C)	620,281	654,633
Current portion of claims liability (Note 10B)	195,000	195,000
Total current liabilities	<u>14,506,661</u>	<u>10,452,069</u>
NON-CURRENT LIABILITIES		
Long term debt, net of current portion (Note 4)	18,560,000	20,045,000
Claims liability (Note 10B)	933,428	1,703,235
Net pension liability (Note 6)	27,294,740	26,437,127
Net OPEB liability (Note 7)	1,754,728	1,584,849
Total non-current liabilities	<u>48,542,896</u>	<u>49,770,211</u>
TOTAL LIABILITIES	<u>63,049,557</u>	<u>60,222,280</u>
DEFERRED INFLOWS OF RESOURCES		
Balancing account	34,030,745	27,350,493
Pension related (Note 6)	299,286	560,522
OPEB related (Note 7)	7,607	39,015
Total deferred inflows of resources	<u>34,337,638</u>	<u>27,950,030</u>
NET POSITION (Note 1E)		
Net investment in capital assets	27,332,261	30,184,887
Restricted for debt service (Note 2I)	4,806,648	4,777,285
Unrestricted	37,380,508	35,731,238
TOTAL NET POSITION	<u>\$69,519,417</u>	<u>\$70,693,410</u>

See accompanying notes to financial statements

Alameda Municipal Power
Electric Enterprise Fund

Statements of Revenues, Expenses and Changes in Fund Net position
Years Ended June 30, 2021 and 2020

	2021	2020
OPERATING REVENUES		
Sales	\$62,185,866	\$62,731,635
Miscellaneous services	284,931	362,644
Plant leased to others	124,758	258,812
Jobbing sales	1,653,436	803,802
Cap and trade revenue	1,298,153	1,034,008
Greenhouse gas related sales		886,699
Low carbon fuel standard credit sales	998,750	988,750
Total operating revenues	<u>66,545,894</u>	<u>67,066,350</u>
OPERATING EXPENSES		
Purchased power	30,296,114	32,246,283
Energy efficiency, solar and other	1,331,638	1,271,590
Operations and maintenance	5,524,880	5,055,482
Customer service, information systems	3,177,863	3,179,247
Administrative and general	8,158,825	12,261,784
Depreciation and amortization	4,201,963	3,898,011
Customer relations	449,614	587,487
Jobbing sales expense	1,646,595	803,802
Balancing account adjustment	6,680,252	1,020,615
Total operating expenses	<u>61,467,744</u>	<u>60,324,301</u>
OPERATING INCOME	<u>5,078,150</u>	<u>6,742,049</u>
NONOPERATING REVENUES (EXPENSES)		
Return on investments	468,394	1,934,656
Interest income on restricted investments	228	37,972
Interest expense	(1,199,156)	(1,273,787)
(Loss) from sale of capital assets	(41,218)	(162,658)
Other income (expense)	(70,159)	12,490
Increase (decrease) in value of certain NCPA projects and reserves	62,016	(566,144)
Alameda Point phone maintenance - Net	60,574	66,926
Miscellaneous income (expense)	14,178	6,228
Payment in-lieu of taxes	(1,535,000)	(1,505,000)
Total nonoperating revenue (expense)	<u>(2,240,143)</u>	<u>(1,449,317)</u>
INCOME BEFORE TRANSFERS	<u>2,838,007</u>	<u>5,292,732</u>
Transfers to City of Alameda (Note 5)	(4,012,000)	(4,029,765)
CHANGE IN NET POSITION	(1,173,993)	1,262,967
NET POSITION, BEGINNING OF YEAR	<u>70,693,410</u>	<u>69,430,443</u>
NET POSITION, END OF YEAR	<u><u>\$69,519,417</u></u>	<u><u>\$70,693,410</u></u>

See accompanying notes to financial statements

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Alameda Municipal Power

Electric Enterprise Fund

Statements of Cash Flows

June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$61,568,287	\$65,284,933
Receipts from Special Sales (C&T and REC)	4,360,028	3,855,670
Payments to suppliers	(33,028,939)	(45,046,314)
Payments to employees and related benefits	(15,971,671)	(6,124,914)
Miscellaneous payments and receipts		110,828
	<u>16,927,705</u>	<u>18,080,203</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to General Fund of City of Alameda	(4,012,000)	(4,029,765)
Payments in-lieu of taxes	(1,535,000)	(1,505,000)
	<u>(5,547,000)</u>	<u>(5,534,765)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(2,944,914)	(2,743,979)
Proceeds from disposition of capital assets		13,117
Long-term debt repayments	(1,410,000)	(1,340,000)
Interest paid on long-term debt	(1,236,470)	(1,246,594)
	<u>(5,591,384)</u>	<u>(5,317,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest receipts	630,426	2,078,896
Proceeds from investments designated for special purposes	326,479	(9,233,784)
Purchases of investments in certain NCPA projects and reserves	(774,366)	(465,164)
Purchases of investments in restricted assets	(29,363)	(57,527)
Purchases of unrestricted investments	(3,292,185)	
	<u>(3,139,009)</u>	<u>(7,677,579)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,650,312	(449,597)
Cash, beginning of year	<u>28,469,934</u>	<u>28,919,531</u>
Cash, end of year	<u><u>\$31,120,246</u></u>	<u><u>\$28,469,934</u></u>

(Continued)

See accompanying notes to financial statements

Alameda Municipal Power
Electric Enterprise Fund
Statements of Cash Flows (Continued)
June 30, 2021 and 2020

	2021	2020
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income	5,078,150	6,742,049
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	4,201,963	3,898,011
Changes in assets and liabilities:		
Pension expense	(190,607)	2,615,847
OPEB expense	33,202	(15,497)
Decrease (increase) in accounts receivable	(617,579)	231,630
Decrease (increase) in materials and supplies	(1,564,502)	709,519
Decrease (increase) in prepaids	(1,924)	(28,047)
Increase (decrease) in accounts payable and accrued payroll	712,784	(7,455)
Increase (decrease) in due to the City of Alameda	1,989,201	25,184
Increase (decrease) in balancing account	6,680,252	1,020,615
Increase (decrease) in refundable deposits	1,349,274	1,842,622
Increase (decrease) in other accrued liabilities		(22,636)
Increase (decrease) in compensated absences	(34,352)	124,433
Increase (decrease) in claims liability	(769,807)	858,284
Increase (decrease) in deferred amount on refunding	61,650	85,644
Miscellaneous payments and receipts		
Net cash provided (used) by operating activities	\$16,927,705	\$18,080,203
SCHEDULE OF NON CASH ACTIVITY		
Retirement of capital assets	(\$1,117,648)	
Amortization of loss on refunding		\$61,651

See accompanying notes to financial statements

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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 (City) that operates the electric system. AMP provides this service 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. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

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 activity. The activities of an enterprise fund 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 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.

Investments in Joint Ventures – 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. AMP capitalizes all assets with a historical cost of at least \$10,000 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:

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

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

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 their acquisition cost 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 outflow of resources has a positive effect on net position, similar to assets, and a deferred inflow 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 payment of pension contributions after the measurement date and differences between expected and actual experience. Deferred inflows related to pensions relates to the net differences between projected and actual earnings on pension plan investments, changes of assumptions, and differences between actual and expected experience. See Note 6 for further discussion.

Deferred Inflows and Outflows Related to Other Postemployment Benefits (OPEB) – Deferred outflows related to OPEB relates to the payment of OPEB contributions after the measurement date, the net differences between projected and actual earnings on plan investments and changes of assumptions. Deferred inflows related to OPEB relates to changes of assumptions and differences between actual and expected experience. See Note 7 for further discussion.

Refundable Deposits – Customer deposits 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. Developers requesting higher rated transformers are required to provide deposits that are retained by AMP for approximately three years. At the end of the three-year period, AMP will evaluate the usage and determine if the transformer requirements are met. Developers also prepay for the distribution system substructure and part of the trunk costs for new developments within Alameda.

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 and compensated time off. The liability for compensated absences is determined annually.

Changes in compensated absences payable consist of the following as of June 30:

	2021	2020
Beginning Balance	\$654,633	\$530,200
Additions	616,709	614,795
Payments	(651,061)	(490,362)
Ending Balance	\$620,281	\$654,633
Current Portion	\$620,281	\$654,633

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.
5. Unexpended appropriations lapse at year-end and must be re-appropriated 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. 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.

Unrestricted describes the portion of net position which is not restricted to use.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

F. 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 nonoperating revenues and expenses.

AMP distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with AMP's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

G. 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, liabilities, deferred outflows of resources, deferred inflows of resources and disclosures 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.

H. 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 fiduciary net position of AMP's proportionate share of the City of Alameda's agent multiple-employer defined benefit miscellaneous 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.

I. OPEB

For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of AMP's proportionate share of the City's Single-Employer OPEB Plan, as administered by the City, and additions to/deductions from the Plan's fiduciary 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. New and Upcoming Governmental Accounting Standards Board Statement Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019. This statement had no effect on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after June 15, 2021. AMP has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The Statement is effective for reporting periods beginning after December 15, 2020. AMP has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objective of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. This Statement is effective for reporting periods beginning after December 15, 2019. AMP has not yet determined the effect of this Statement on its financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021. AMP has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements for a variety of topics. This Statement is effective for reporting periods beginning after June 15, 2022. AMP has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 93 – In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The primary objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR). This Statement is effective for reporting periods beginning after June 15, 2021. AMP has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement is effective for reporting periods beginning after June 15, 2022. AMP has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this Statement is to improve financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This Statement is effective for reporting periods beginning after June 15, 2022. AMP has not yet determined the effect of this Statement on its financial statements.

GASB Statement No. 98 – In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The primary objective of this Statement is to establish the term Annual Comprehensive Financial Report and its acronym ACFR. The new term and acronym replace instances of Comprehensive Annual Financial Report and its acronym in generally accepted accounting principles for state and local governments. This Statement is effective for reporting periods beginning after December 15, 2021. AMP early implemented the Statement during the fiscal year ended June 30, 2021, which changed the name of the Comprehensive Annual Financial Report to Annual Comprehensive Financial Report.

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:

	2021	2020
Cash and cash equivalents	\$31,120,246	\$28,469,934
Investments	28,027,360	23,612,935
Restricted Investments	4,806,648	4,777,285
Investments designated for special purposes	38,328,139	38,654,618
Total Cash and Investments	\$102,282,393	\$95,514,772

B. Policies

California law requires banks and savings and loan institutions to pledge government securities with a market value of 110 percent of AMP's cash on deposit, or first trust deed mortgage notes with a market value of 150 percent 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.

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 investments in the table below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Investment in One Issuer	Maximum Percentage Allowed Percentage of Portfolio	Minimum required rating
Bank/Time Deposits	5 years	No limit	No limit	N/A
U.S. Treasury Obligations	5 years	No limit	No limit	N/A
U.S. Agency Securities	5 years	25%	75%	N/A
Mutual Funds and Money Market Funds	5 years	10%	20%	Highest rating by 2 NRSROs
Bankers Acceptances	180 days	5%	30%	A1/P1 or its equivalent
Commercial Paper	270 days	5%	25%	A1/P1 or its equivalent
Non-Negotiable Certificates of Deposit/CDARS	3 years	5%	30% (combined with NCDs)	(with issuer rated A or its equivalent) N/A
Negotiable Certificates of Deposit	5 years	5%	30% (combined with CDARS)	No Rating for amount under FDIC Insurance; A-1/A for amounts greater than FDIC Insurance
Local Agency Investment Fund (LAIF)	N/A	No limit	LAIF Limit	N/A
CAMP/Caltrust	N/A	No limit	No limit	N/A
Municipal Obligations	5 years	5%	30%	A (except City's own bonds)
Medium Term Notes	5 years	5%	30%	A or equivalent
Supranationals	5 years	10%	15%	AA or equivalent
Asset-Backed Securities	5 years	5%	20%	AA or equivalent (with issuer rated A or equivalent)

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 on the next page identifies the investment types that are authorized for investments held by fiscal agents.

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (Continued)

The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Investment in One Issuer	Maximum Percentage Allowed Percentage of Portfolio	Minimum required rating
U.S Treasury Obligations	N/A	No limit	No limit	N/A
State Obligations	N/A	No limit	No limit	N/A
U.S. Agency Securities (a)	N/A	No limit	No limit	N/A
Commercial Paper	N/A	5%	25%	A1/P1/A
Certificates of Deposit	5 years	5%	30%	A1/A
Bankers Acceptances	180 days	5%	30%	A1/P1
Money Market Mutual Funds	N/A	No limit	20%	A
Local Agency Investment Fund	N/A	LAIF limit	No limit	N/A
Investment Agreements (b)	N/A	No limit	No limit	AA

(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.

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (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:

Investment Type	2021			Total
	12 Months or less	13 to 24 Months	25 to 60 Months	
U.S. Agency Securities	\$300,189	\$259,013	\$2,617,352	\$3,176,554
Local Agency Investment Fund	57,308,282			57,308,282
Corporate Bonds	306,411	1,294,495	6,546,737	8,147,643
Non-Negotiable Certificates of Deposit	915,271	2,463,028	3,202,922	6,581,221
Negotiable Certificates of Deposit		247,273	1,499,580	1,746,853
Municipal Obligations	8,122,131	235,600		8,357,731
Money Market Mutual Funds	17,374			17,374
<i>Held by fiscal agent:</i>				
Money Market Mutual Funds	4,806,648			4,806,648
Total Investments	<u>71,776,306</u>	<u>4,499,409</u>	<u>13,866,591</u>	<u>90,142,306</u>
Total Cash in bank and petty cash				<u>12,140,087</u>
Total Cash and Investments	<u>\$71,776,306</u>	<u>\$4,499,409</u>	<u>\$13,866,591</u>	<u>\$102,282,393</u>

Investment Type	2020			Total
	12 Months or less	13 to 24 Months	25 to 60 Months	
Money Market Mutual Funds	\$1,211,002			\$1,211,002
U.S. Agency Securities	299,589		\$2,062,045	2,361,634
Local Agency Investment Fund	54,592,511			54,592,511
Corporate Bonds	504,753	\$1,140,630	5,432,513	7,077,896
Certificates of Deposit	1,524,707	750,113	3,723,259	5,998,079
Municipal Obligations	452,660	1,834,690	4,676,975	6,964,325
<i>Held by fiscal agent:</i>				
Money Market Mutual Funds	4,777,285			4,777,285
Total Investments	<u>63,362,507</u>	<u>3,725,433</u>	<u>15,894,792</u>	<u>82,982,732</u>
Total Cash in bank and petty cash				<u>12,532,040</u>
Total Cash and Investments	<u>\$63,362,507</u>	<u>\$3,725,433</u>	<u>\$15,894,792</u>	<u>\$95,514,772</u>

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. LAIF is not registered with the Securities and Exchange Commission and is not rated.

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (Continued)

F. Fair Value Measurement

AMP categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an assets' fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means; Level 3 inputs are significant unobservable inputs.

Deposits and withdrawals in Local Agency Investment Fund (LAIF) are made on the basis of \$1 and amounts are reported on an amortized basis which approximates fair value. Accordingly, AMP's proportionate share in LAIF is an uncategorized input not defined as Level 1, Level 2, or Level 3 input.

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2021:

Investment Type	Level 2	Total
Investments by Fair Value:		
U.S. Agency Securities	\$3,176,554	\$3,176,554
Corporate Bonds	8,147,643	8,147,643
Non-Negotiable Certificates of Deposit	6,581,221	6,581,221
Negotiable Certificates of Deposit	1,746,853	1,746,853
Municipal Obligations	8,357,731	8,357,731
Total	<u>\$28,010,002</u>	<u>28,010,002</u>
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		57,308,282
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		17,374
Money Market Funds Held with Fiscal Agents		4,806,648
Total Investments		<u>\$90,142,306</u>

U.S. Agency Securities, Corporate Bonds, Certificates of Deposit and Municipal Obligations totaling \$28,010,002 classified in Level 2 of the fair value Hierarchy, are valued using matrix pricing techniques-maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (Continued)

The following is a summary of the fair value hierarchy of the fair value of investments as of June 30, 2020:

Investment Type	Level 2	Total
Investments by Fair Value Level:		
U.S. Agency Securities	\$2,361,634	\$2,361,634
Corporate Bonds	7,077,896	7,077,896
Certificates of Deposit	5,998,079	5,998,079
Municipal Obligations	6,964,325	6,964,325
Total	<u>\$22,401,934</u>	<u>22,401,934</u>
Investments Exempt from Fair Value Hierarchy:		
California Local Agency Investment Fund		54,592,511
Investments Measured at Amortized Cost:		
Money Market Mutual Funds		1,211,002
Money Market Funds Held with Fiscal Agents		4,777,285
Total Investments		<u>\$82,982,732</u>

U.S. Agency Securities, Corporate Bonds, Certificates of Deposit and Municipal Obligations totaling \$22,401,934 classified in Level 2 of the fair value Hierarchy, are valued using matrix pricing techniques-maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (Continued)

G. 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. Presented below is the actual rating of each investment type as provided by Moody's investment rating system as of June 30:

Investment Type	2021			Total
	AAA/Aaa	AA+/AA/AA-	A+/A/A-	
Money Market Mutual Funds	\$4,824,022			\$4,824,022
U.S. Agency Securities		\$1,471,385		1,471,385
Corporate Bonds		1,505,670	\$6,641,973	8,147,643
Municipal Obligations		6,327,269	2,030,462	8,357,731
Total	<u>\$4,824,022</u>	<u>\$9,304,324</u>	<u>\$8,672,435</u>	<u>22,800,781</u>
Not Rated:				
U.S. Agency Securities				1,705,169
Non-Negotiable Certificates of Deposit				6,581,221
Negotiable Certificates of Deposit				1,746,853
Local Agency Investment Fund				57,308,282
Cash in bank and petty cash				12,140,087
Total Cash and Investments				<u>\$102,282,393</u>

Investment Type	2020				Total
	AAA/Aaa	AA+/AA/AA-	A+/A/A-	BBB+/-	
Money Market Mutual Funds (Bond)	\$4,777,285				\$4,777,285
Money Market Mutual Funds	1,211,002				1,211,002
US Agency Securities		\$2,361,634			2,361,634
Corporate Bonds		583,202	\$6,259,686	\$235,008	7,077,896
Municipal Obligations	177,912	3,275,706	3,510,707		6,964,325
Total	<u>\$6,166,199</u>	<u>\$6,220,542</u>	<u>\$9,770,393</u>	<u>\$235,008</u>	<u>22,392,142</u>
Not Rated:					
Certificates of Deposit					5,998,079
Local Agency Investment Fund					54,592,511
Cash in bank and petty cash					12,532,040
Total Cash and Investments					<u>\$95,514,772</u>

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, AMP will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by State or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by public agencies. California law also allows financial institutions to secure AMP deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. AMP's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC). AMP's investment policy has no additional provisions for limiting custodial credit risk for deposits.

As of June 30, 2021, AMP's bank balance of \$12,396,379 was either collateralized or insured by the Federal Deposit Insurance Corporation (FDIC). AMP's deposits with Hilltop Securities were insured up to \$250,000 by FDIC. Hilltop Securities also had Securities Investor Protection Corporation (SIPC) coverage which provided an additional \$500,000 coverage. Furthermore, Hilltop Securities had private insurance in excess of SIPC coverage with a \$1.9M per-client limit. As of June 30, 2021, AMP's investments balance with Hilltop Securities was \$28,027,360.

Investments

As of June 30, 2021, none of AMP's investments were held with counterparty. All of AMP's investments were held with an independent third-party custodian bank. All of AMP investments held in custody and safekeeping 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. Concentration of Credit Risk

Concentration of credit risk is the loss risk attributed to the magnitude of investment in a single issuer. AMP's investment policy places certain maximum percentage limitations of investments by investment type and AMP have adhered to this policy with no exception.

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (Continued)

I. Restricted Assets

Restricted assets as of June 30 are as follows:

	2021	2020
Restricted by Revenue Bond 2010A&B		
Indenture-Reserve Fund-Bond Mutual Funds	\$2,053,803	\$2,024,609
Restricted by Revenue Bond Series 2010 A&B		
Indenture-Reserve Fund-Bond Mutual Funds	2,752,845	2,752,676
Total Restricted Assets	\$4,806,648	\$4,777,285

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.

J. Designated Investments

Investments designated by the Board for special purposes comprise of the following as of June 30:

	2021	2020
Insurance Reserve	\$1,200,000	\$1,200,000
Underground Special Fund	13,324,601	12,275,647
Renewable Energy Credits Energy Reserve	18,723,616	19,821,572
Cap and Trade Net Revenue Reserve	2,563,026	3,619,827
Low Carbon Fuel Standard Revenue Reserve	2,516,896	1,737,572
Total	\$38,328,139	\$38,654,618

NOTE 2 – CASH AND INVESTMENTS AND RESTRICTED ASSETS (Continued)

Insurance Reserve – This 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 – This reserve represents the amount set aside for the funding of the conversion of overhead facilities to underground facilities.

Renewable Energy Credits (REC) Energy Reserve – This 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 – This 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.

Low Carbon Fuel Standard Revenue Reserve – This reserve represents the set aside of resources generated from the sale of the banked credits to reduce the carbon intensity of transportation fuels in California by 10 percent by 2020. The program is administered by the California Air Resources Board (CARB).

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2021 and 2020 is as follows:

	Balance at June 30, 2020	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2021
Capital assets not being depreciated:					
Land and Rights	\$220,143				\$220,143
Construction Work in Progress	5,198,491	\$2,944,914	(\$1,117,648)	(\$4,018,083)	3,007,674
Total capital assets not being depreciated	5,418,634	2,944,914	(1,117,648)	(4,018,083)	3,227,817
Capital assets being depreciated:					
Utility Plant	87,421,782		(151,550)	3,282,931	90,553,163
Service Center Building	8,168,069				8,168,069
Machinery and Equipment	9,725,953			225,698	9,951,651
Transportation Equipment	3,405,737			440,905	3,846,642
Computer Equipment	4,683,748			11,180	4,694,928
Furniture and Fixtures	923,119			57,369	980,488
Total capital assets being depreciated	114,328,408		(151,550)	4,018,083	118,194,941
Less accumulated depreciation and amortization:					
Utility Plant	60,103,376	3,534,093	(110,332)		63,527,137
Service Center Building	4,599,711	180,959			4,780,670
Machinery and Equipment	9,162,298	191,604			9,353,902
Transportation Equipment	2,730,881	134,940			2,865,821
Computer Equipment	4,112,675	119,960			4,232,635
Furniture and Fixtures	653,358	40,407			693,765
Total accumulated depreciation	81,362,299	4,201,963	(110,332)		85,453,930
Total capital assets being depreciated, net	32,966,109	(4,201,963)	(41,218)	4,018,083	32,741,011
Capital assets, net	\$38,384,743	(\$1,257,049)	(\$1,158,866)		\$35,968,828

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance at June 30, 2019	Additions	Retirements	Transfers & Adjustments	Balance at June 30, 2020
Capital assets not being depreciated:					
Land and Rights	\$220,143				\$220,143
Construction Work in Progress	3,862,220	\$2,743,979		(\$1,407,708)	5,198,491
Total capital assets not being depreciated	4,082,363	2,743,979		(1,407,708)	5,418,634
Capital assets being depreciated:					
Utility Plant	86,915,116		(\$565,828)	1,072,494	87,421,782
Service Center Building	8,168,069				8,168,069
Machinery and Equipment	9,725,953				9,725,953
Transportation Equipment	3,402,639		(2,500)	5,598	3,405,737
Computer Equipment	4,377,309			306,419	4,683,748
Furniture and Fixtures	899,922			23,197	923,119
Total capital assets being depreciated	113,489,008		(568,328)	1,407,708	114,328,408
Less accumulated depreciation and amortization:					
Utility Plant	57,243,753	3,249,677	(390,054)		60,103,376
Service Center Building	4,418,751	180,960			4,599,711
Machinery and Equipment	9,020,001	142,297			9,162,298
Transportation Equipment	2,611,412	121,969	(2,500)		2,730,881
Computer Equipment	3,948,836	163,839			4,112,675
Furniture and Fixtures	614,088	39,270			653,358
Total accumulated depreciation	77,856,841	3,898,012	(392,554)		81,362,299
Total capital assets being depreciated, net	35,632,167	(3,898,012)	(175,774)	1,407,708	32,966,109
Capital assets, net	\$39,714,530	(\$1,154,033)	(\$175,774)		\$38,384,743

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, 2021 and 2020 was \$4,201,963 and \$3,898,012 respectively.

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.

NOTE 4 – LONG-TERM DEBT (Continued)

AMP does not have any debt that are direct borrowings or direct placements for the year ended June 30, 2021.

Long-term debt activity for the years ended June 30, 2021 and 2020 is as follows:

	Original Issue Amount	Balance June 30, 2020	Retirements	Balance June 30, 2021	Current Portion
Revenue Bonds, Series 2010A	\$8,700,000	\$8,700,000		\$8,700,000	
Taxable Revenue Bonds, Series 2010B	22,985,000	12,755,000	(\$1,410,000)	11,345,000	\$1,485,000
Total Long-Term Debt		<u>\$21,455,000</u>	<u>(\$1,410,000)</u>	<u>\$20,045,000</u>	<u>\$1,485,000</u>
	Original Issue Amount	Balance June 30, 2019	Retirements	Balance June 30, 2020	Current Portion
Revenue Bonds, Series 2010A	\$8,700,000	\$8,700,000		\$8,700,000	
Taxable Revenue Bonds, Series 2010B	22,985,000	14,095,000	(\$1,340,000)	12,755,000	\$1,410,000
Total Long-Term Debt		<u>\$22,795,000</u>	<u>(\$1,340,000)</u>	<u>\$21,455,000</u>	<u>\$1,410,000</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 percent to 5.25 percent, payable January 1 and July 1 of each year. The Revenue Bonds, Series 2010B bear interest at 1.829 percent to 6.517 percent, payable January 1 and July 1 of each year.

Principal on the Series 2010B Bonds will be payable beginning July 1, 2011 and each succeeding July 1 until final maturity in 2027. Principal on the Series 2010A Bonds will be payable beginning July 1, 2027 and each succeeding July 1 until final maturity 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.

AMP does not have unused line of credits for the year ended June 30, 2021.

NOTE 4 – LONG-TERM DEBT (Continued)

AMP’s outstanding revenue bonds (Series 2010A) and Taxable Revenue Bonds (Series 2010B) are secured solely by a pledge of net revenues of AMP. Both revenue bonds contain a rate covenant that AMP will at all times fix, prescribe and collect rates, fees and charges for the services and facilities of AMP during each fiscal year that will be at least sufficient to yield:

Adjusted Annual Revenues for such fiscal year at least equal to the sum of the following for such fiscal year:

- a. Operating and Maintenance Cost.
- b. Adjusted Annual Debt Service.
- c. All other payments required to meet any other obligations of AMP which are charges, liens and encumbrances upon or payable from the Electric System Revenue Fund, including all amounts owed to any issuer of a Qualified Reserve Fund Credit Instrument then in effect and deposited in the Common Reserve Account under the terms of such Qualified Reserve Fund Credit Instrument and all amounts owing under subordinate debt, and Adjusted Annual Net Revenues for such fiscal year equal to at least 110% of Adjusted Annual Debt Service for such fiscal year.

If any event of default shall occur, then, and in each and every such case during the continuance of such event of default, the trustee may, and shall at the written direction of the owners of not less than a majority in aggregate principal amount of the bonds at the time outstanding, upon notice in writing to Alameda Municipal Power, declare the principal of all of the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the indenture or in the bonds contained to the contrary notwithstanding.

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
2022	\$1,485,000	\$1,097,090	\$2,582,090
2023	1,600,000	1,004,540	2,604,540
2024	1,705,000	896,847	2,601,847
2025	1,815,000	782,148	2,597,148
2026	1,935,000	659,954	2,594,954
2027 - 2031	<u>11,505,000</u>	<u>1,479,115</u>	<u>12,984,115</u>
Total	<u>\$20,045,000</u>	<u>\$5,919,694</u>	<u>\$25,964,694</u>

NOTE 5 – TRANSACTIONS WITH THE CITY OF ALAMEDA

Effective July 1, 2017, and each year thereafter, the City Charter states that AMP shall annually transfer to the City, the amount of \$3,700,000 plus an adjustment for inflation, minus any deduction for the amount of any exemptions granted by the AMP Board pursuant to Article XII, Section 12-6, subdivision (d) of the City Charter, in twelve equal monthly installments. As of June 30, 2021 and 2020, \$4,012,000 and \$4,029,765 was transferred to the City's General 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 \$1,535,000 and \$1,505,000 in lieu of taxes to the City during the fiscal years ended June 30, 2021 and 2020, respectively.

Disbursements by AMP to the City for services provided by the City for the years ended June 30, 2021 and 2020 were \$2,609,917 and \$3,822,305, respectively. Utility taxes collected by AMP and remitted to the City's General Fund for the years ended June 30, 2021 and 2020 were \$4,033,593 and \$4,055,630, respectively. Amounts payable to the City as of June 30, 2021 and 2020 were \$2,314,893 and \$352,692, respectively.

Billings of electricity to the City for the years ended June 30, 2021 and 2020 were \$1,900,766 and \$2,092,552, respectively.

NOTE 6 – DEFINED BENEFIT PLAN

A. CalPERS Miscellaneous Employees Plan

Plan Description – Substantially all City employees, including AMP employees, are eligible to participate in the City's Miscellaneous Plan 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 of Alameda's separate Miscellaneous Employee Plan (all employees excluding Police and Fire). The City allocates a portion of the net pension liability, net pension expense, and related deferred inflows and outflows of resources to AMP on a cost-sharing basis. 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.

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.

NOTE 6 – DEFINED BENEFIT PLAN (Continued)

The Plans’ provisions and benefits in effect at June 30, 2021 and 2020, are summarized as follows:

	Classic	PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
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	50-67+	50-67+
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.000% to 2.500%

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. Employer contribution rates for the fiscal years ended June 30, 2021 and 2020 were 29.510 percent and 29.974 percent, respectively.

Employee contribution rates for the fiscal years ended June 30, 2021 and 2020 were 8.868 percent for the Classic Plan Members and 8.25 and 7.25 percent for the PEPRA Plan members. AMP’s proportionate share of the City’s contributions to the miscellaneous plan was \$2,981,913 and \$2,504,271 for the years ended June 30, 2021, and 2020, respectively.

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

As of June 30, 2021, and 2020, AMP reported a net pension liability of \$27,294,740 and \$26,437,127, respectively for its proportionate share of the City’s net pension liability.

The net pension liability of the Plan was measured as of June 30, 2020 and 2019, 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, 2019 and 2018. AMP’s proportion of the City’s net pension liability was based on AMP’s FY 2020 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 Plan as of the June 30, 2020, and 2019 measurement dates was 32.05 percent and 32.00 percent, respectively.

NOTE 6 – DEFINED BENEFIT PLAN (Continued)

For the years ended June 30, 2021, and 2020, AMP recognized pension expense of \$3,225,276 and \$5,120,118, respectively. AMP reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources as of June 30:

	2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions paid by AMP subsequent to measurement date	\$2,981,913	
Differences between expected and actual experiences	37,389	(\$299,286)
Net differences between projected and actual earnings on pension plan investments	433,970	
Total	\$3,453,272	(\$299,286)
	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions paid by AMP subsequent to measurement date	\$2,504,271	
Changes in assumptions		(\$50,309)
Differences between expected and actual experiences	162,017	(9,743)
Net differences between projected and actual earnings on pension plan investments		(500,470)
Total	\$2,666,288	(\$560,522)

The amount of \$2,981,913 reported as deferred outflows of resources related to pensions, resulting from AMP's contributions to the City's pension plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows as of June 30:

2021		2020	
Year ended June 30,		Year ended June 30,	
2022	(\$548,715)	2021	\$287,413
2023	83,818	2022	(607,646)
2024	347,628	2023	(136,416)
2025	289,342	2024	58,144
Total	\$172,073	Total	(\$398,505)

NOTE 6 – DEFINED BENEFIT PLAN (Continued)

Actuarial Assumptions – AMP’s proportion of the City’s total miscellaneous plan pension liability as of the June 30, 2020 and 2019, measurement date were determined using the following assumptions:

Valuation Date	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019
Actuarial Cost Method	Entry Age Actuarial Cost Method	
Actuarial Assumptions:		
Investment Rate	7.15%	7.15%
Discount Rate	7.15%	7.15%
Inflation Rate	2.50%	2.50%
Payroll Growth	2.75%	3.00%
Projected Salary Increase	0.4% - 8.5% (1)	0.4% - 8.5% (1)
Mortality	Society of Actuaries Scale BB (2)	

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

(2) The mortality table used was developed based on CalPERS' specific data.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at: www.calpers.ca.gov under Forms and Publications.

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

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

NOTE 6 – DEFINED BENEFIT PLAN (Continued)

The tables below reflect long-term expected real rate of return by asset class. The rates of return is calculated using the capital market assumptions applied to determine the discount rate and asset allocation.

2021			
Asset Class (a)	Target Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

2020			
Asset Class (a)	Target Allocation	Real Return Years 1-10 (b)	Real Return Years 11+ (c)
Global Equity	50%	4.80%	5.44%
Fixed Income	28%	1.00%	6.54%
Inflation Assets	0%	0.77%	8.73%
Private Equity	8%	6.30%	0.84%
Real Assets	13%	3.75%	1.05%
Liquidity	1%	0.00%	9.27%
Total	100%		

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. The projection of cash flows used to determine the discount rate for the Plan assumed contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 – DEFINED BENEFIT PLAN (Continued)

Sensitivity of AMP’s proportionate share of the City’s Miscellaneous Plan Net Pension Liability to Changes in the Discount Rate – The following presents AMP’s proportionate share of the City’s Miscellaneous Plan net pension liability, calculated using the discount rate of 7.15 percent and 7.15 percent for the Plan, as well as what AMP’s proportionate share of the City’s Miscellaneous Plan 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:

	2021	2020
1% Decrease	6.15%	6.15%
Net Pension Liability	\$39,371,752	\$38,334,724
Current Discount Rate	7.00%	7.00%
Net Pension Liability	\$27,294,740	\$26,437,127
1% Increase	8.00%	8.00%
Net Pension Liability	\$17,218,724	\$16,500,871

Pension Plan Fiduciary Net Position – Detailed information about the City’s Miscellaneous Plan net pension liability is available in the City’s separately issued Annual Comprehensive Financial Report. 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. Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 7 – POST EMPLOYMENT HEALTH CARE BENEFITS

A. City of Alameda Other Post-Employment Benefit Plan

Plan Description – The City of Alameda provides medical and dental benefits to retirees as specified below under the City of Alameda Other Post-Employment Benefit (OPEB) Plan, a single-employer defined benefit health care plan. The City is responsible for establishing and amending the funding policy of the Plan.

The City established an irrevocable trust with Public Agency Retirement Services (PARS) to fund its retiree health benefits. Contributions to the trust are made annually according to the City’s OPEB funding policy.

The City is the Plan administrator, while PARS administers the investment trust. The City’s OPEB Plan does not issue separate financial statements. PARS issues a separate annual financial report and copies of the report may be obtained by writing to PARS at 4350 Von Karman Ave., Suite 100, Newport Beach, California, 92660.

Benefits provided – The following is a summary of Plan eligibility requirements and benefits by employee group as of June 30, 2021:

Eligibility requires retiring from the City under CalPERS typically on or after age 50 (52 for PEPRAs employees) with at least 5 years of CalPERS service or disability retirement.

NOTE 7 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The City’s contribution for medical coverage for Miscellaneous employees is the Public Employees’ Medical and Hospital Care Act (PEMHCA) minimum required contribution (MRC) - \$143 per month in 2021.

As of June 30, 2021, and 2020, the total amount of benefits paid by AMP were \$161,344 and \$87,050, respectively.

B. OPEB Liability, OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

As of June 30, 2021, and 2020, AMP reported a net OPEB liability of \$1,754,728 and \$1,584,849, respectively, for its proportionate share of the City’s net OPEB liability.

The net OPEB liability of the Plan was measured as of June 30, 2021, and the net OPEB liability for the Plan used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. AMP’s proportion of the City’s net OPEB liability was based on AMP’s FY 2020 contributions to the City’s OPEB plan relative to the total contributions of the City as a whole. AMP’s proportionate share of the City’s net OPEB liability for the Plan as of June 30, 2021, and 2020 measurement dates were 2.22 percent, respectively.

For the years ended June 30, 2021, and 2020, AMP recognized OPEB expense of \$124,746 and \$15,497 respectively. At June 30, 2021 and 2020, AMP reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

		2021	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences on liability		\$93,151	
Net differences between projected and actual earnings on plan investments			(\$7,607)
Changes in assumptions		71,790	
Total		\$164,941	(\$7,607)
		2020	
		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences on liability			(\$3,924)
Net differences between projected and actual earnings on plan investments		\$4,315	
Changes in assumptions		55,357	(35,091)
Total		\$59,672	(\$39,015)

NOTE 7 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

2021		2020	
Year ended June 30,		Year ended June 30,	
2022	\$39,546	2021	\$17,552
2023	39,628	2022	1,285
2024	38,645	2023	1,367
2025	39,515	2024	453
Total	\$157,334	Total	\$20,657

Actuarial Assumptions – AMP’s proportion of the City’s net OPEB liability in the June 30, 2020 and 2018 actuarial valuations were determined using the following actuarial assumptions:

	2021	2020
Actuarial Cost Method	Entry-Age Normal Cost Method, level percent of pay	Entry-Age Normal Cost Method, level percent of pay
Actuarial Assumptions:		
Valuation Date	June 30, 2020	June 30, 2018
Measurement Date	June 30, 2021	June 30, 2020
Discount Rate	3.09%	3.64%
Inflation	2.75%	2.50%
Payroll Growth	2.75%, plus merit increases	2.75%, plus merit increases
Healthcare Cost Trend Rate:		
PPO	6.50% in 2021 and will decline to 4.50% in 2025 and later years	6.00% in 2021 and will decline to 5.00% in 2023 and later years
HMO	6.50% in 2021 and will decline to 4.50% in 2025 and later years	6.00% in 2021 and will decline to 5.00% in 2023 and later years

Mortality assumptions were based on the mortality rates under the CalPERS most recent pension experience study projected fully generational Scale MP-2014 modified to converge to ultimate rates in 2022.

NOTE 7 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The long-term expected real rate of return by asset class. The rate of return was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2021 are summarized in the following table:

2021		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<i>Moderate Plus</i>		
Equity	50.00%	7.08%
Fixed income	45.00%	3.84%
Cash	5.00%	2.40%
Total	100%	
2020		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
<i>Moderate Plus</i>		
Equity	50.00%	4.25%
Fixed income	45.00%	2.25%
Cash	5.00%	0.00%
Total	100%	

Discount rate – The discount rate used to measure the net OPEB liability was 3.09 percent, based on a blended rate of asset expected rates of return using the average of three 20 year municipal bond rate indices: S&P Municipal Bond 20 Year High Grade Rate Index, Bond Buyer GO 20-Bond Municipal Bond Index, and Fidelity 20 Year GO Municipal Bond Index.

Change in assumptions – For the measurement date of June 30, 2021, the discount rate decreased from 3.64 percent to 3.09 percent. The Healthcare Cost Trend Rate was reduced from 6.50 percent to 5.00 percent.

NOTE 7 – POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Sensitivity of AMP’s proportionate share of the City’s Net OPEB Liability to Changes in the Discount Rate – The following presents AMP’s proportionate share of the City’s net OPEB liability, calculated using the discount rate of 3.09 percent for the Plan, as well as what AMP’s proportionate share of the City’s net OPEB 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:

	2021		
	1% decrease (2.09%)	Discount Rate (3.09%)	1% Increase (4.09%)
Net OPEB Liability	\$2,054,155	\$1,754,728	\$1,518,510

	2020		
	1% decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Net OPEB Liability	\$1,842,621	\$1,584,849	\$1,377,245

Sensitivity of AMP’s proportionate share of the City’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents AMP’s proportionate share of the City’s net OPEB liability, calculated using the healthcare cost trend rate of 6.50 (2021)/6.00 (2020) percent for the Plan, as well as what AMP’s proportionate share of the City’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2021		
	(5.50% HMO/5.50% PPO decreasing to 3.50% HMO/3.50%PPO)	(6.50% HMO/6.50% PPO decreasing to 4.50% HMO/4.50%PPO)	(7.50% HMO/7.50% PPO decreasing to 5.50% HMO/5.50%PPO)
Net OPEB Liability	\$1,500,899	\$1,754,728	\$2,054,115

	2020		
	(5.00% HMO/5.00% PPO decreasing to 4.00% HMO/4.00%PPO)	(6.00% HMO/6.00% PPO decreasing to 5.00% HMO/5.00%PPO)	(7.00% HMO/7.00% PPO decreasing to 6.00% HMO/6.00%PPO)
Net OPEB Liability	\$1,350,726	\$1,584,849	\$1,874,111

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 fifteen (15) public agencies (AMP, BART, Biggs, Gridley, Healdsburg, Lompoc, Palo Alto, Ukiah, Lodi, Port of Oakland, Redding, Roseville, Shasta Lake, Silicon Valley Power, Truckee-Donner PUD). Turlock Irrigation District withdrew from NCPA on April 1, 2011. The City of Shasta Lake was added as a new member in 2016. 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, 2021 and 2020 for purchased power were \$30,296,114 and \$32,246,283 respectively. Additionally, purchased power was reduced by a refund of \$538,732 and \$310,155 for power exchange distribution and budget settlement monies returned to the NCPA General Operating Reserve (GOR), for the fiscal years ended June 30, 2021 and 2020, 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.

NOTE 8 – NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

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

	June 30,	
	2021	2020
Beginning balance	\$10,572,051	\$10,673,031
Increase (decrease) in equity in NCPA projects	836,382	(100,980)
Ending balance	\$11,408,433	\$10,572,051

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

	June 30,	
	2021	2020
General Operating Reserve	\$6,541,474	\$5,915,771
Purchased Power & Transmission	1,757	1,108
Share of Scheduling Coordination Balancing Account	2,582,851	2,313,058
Share of Congestion Revenue Rights (CRR)	230,478	194,615
Associated Member Services	113,328	107,492
Market Purchase Program (MPP) Security Deposit	25,536	25,536
	9,495,424	8,557,580
Net book value of amounts contributed to fund		
Alameda Municipal Power's share of NCPA Power:		
Geothermal Projects/Power Line	1,091,430	1,397,005
Calaveras Hydroelectric Project	349,755	697,574
Combustion Turbine Project No. 1	383,816	(156,236)
Combustion Turbine Project No. 2	88,008	76,128
	\$11,408,433	\$10,572,051

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.

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.

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 18.31469 percent 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 percent 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.

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. AMP is entitled to receive 10.0 percent of output from facility. The debt obligation increased to 11.582% as other members have opted out and a reallocation was done for the remaining members.

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 two 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 percent. Although AMP's project percentage share increases, its resulting generating capacity entitlement remains constant at 16.05 MW.

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 percent of the debt service for the STIG project.

On December 20, 2019, NCPA issued Capital Facilities Revenue Bonds, 2019 Refunding Series A, in the amount of \$20,450,000 with an average interest rate of 5.0% to refund \$25,450,000 of outstanding Capital Facilities Revenue Bonds, 2010 Refunding Series A with an average interest rate of 5.1249%. The net proceeds were used to purchase US government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered defeased. The outstanding 2010 Series A Bonds were called for redemption on February 1, 2020.

NOTE 8 – NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

On April 2, 2019, NCPA issued Hydroelectric Project Number One Revenue Bonds, 2019 Refunding Series A, in the amount of \$39,250,000 with an average interest rate of 4.9126% to refund \$52,845,000 of outstanding Hydroelectric Project Number One Revenue Bonds, 2010 Refunding Series A with an average interest rate of 4.9003%. The net proceeds were used to purchase US government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. As a result, the old bonds are considered defeased.

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 percent.

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

NCPA outstanding revenue bonds contain provisions that in the event of a participant default, the project entitlement percentage of each non-defaulting project participant will increase on a prorated basis up to a maximum of 25% for Hydroelectric, Geothermal and Capital Facilities projects and 35% for the Lodi Energy Center project. AMP does not participate in the Lodi Energy Center project but would be obligated under the other projects.

NOTE 8 – NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

As of June 30, 2021, AMP's share of long-term debt for the Geothermal, Hydroelectric and Capital Facilities Projects are set forth below:

	Final Maturity	Total			Current Portion	AMP	
		Balance July 1, 2020	Retirements	Balance June 30, 2021		AMP's Obligation (a) %	\$
Geothermal Project							
2012A	7/1/2022	\$ 3,570,000	\$ 1,405,000	\$ 2,165,000	\$ 1,440,000	16.8825%	\$ 365,506
2016A	7/1/2024	16,530,000	3,190,000	13,340,000	3,250,000	16.8825%	2,252,126
Total Geothermal Project		20,100,000	4,595,000	15,505,000	4,690,000		2,617,632
Hydroelectric Project							
2008A&B	7/1/2032	83,640,000	2,165,000	81,475,000	2,255,000	10.0000%	8,147,500
2012A&B	7/1/2032	83,785,000	-	83,785,000	-	10.0000%	8,378,500
2018A&B (a)	7/1/2025	59,990,000	10,730,000	49,260,000	11,310,000	11.5821%	5,705,342
2019A	7/1/2023	38,310,000	7,830,000	30,480,000	8,185,000	10.0000%	3,048,000
Unamortized premium	7/1/2025	13,713,456	2,890,843	10,822,613	-	10.0000%	-
Total Hydroelectric Project		279,438,456	23,615,843	255,822,613	21,750,000		25,279,342
Capital Facilities (STIG)							
2019A	7/1/2025	20,450,000	2,575,000	17,875,000	4,080,000	19.0000%	3,396,250
Unamortized premium		2,007,231	566,570	1,440,661	-	19.0000%	-
Total Capital Facilities		22,457,231	3,141,570	19,315,661	4,080,000		3,396,250
Total Long-Term Debt		\$ 321,995,687	\$ 31,352,413	\$ 290,643,274	\$ 30,520,000		\$ 31,293,224

NCPA Geothermal (2009A & 2016A) and Hydroelectric bonds pay principal July 1. Geothermal 2012A bonds pay principal both January 1 and July 1.

(a) AMP's share is 10%, the above reflects the other member opt out allocation %.

NCPA Capital Facilities bond pay principal August 1.

Defeased Debt - Various bond refundings were undertaken to defease debt and realize future debt service savings. Debt was defeased by using the proceeds of the refunding issues and other available monies to irrevocably place in trust cash and US Gov't securities, which together with interest earned thereon, will be sufficient to pay both the interest and the appropriate maturity or redemption value of the refunded bonds as required.

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 percent of the power output from this small 440 kilowatt 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 percent of the base resource costs and receives that same amount of the base resource, power generated in one federal fiscal year.

NOTE 8 – NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

Other Power Purchase Agreements – AMP has also entered into a number of other power purchase agreements which are scheduled by or through NCPA.

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 percent of the output of the 162 megawatt project (nameplate rating) – 10 megawatts – as delivered through June 30, 2028.

Landfill Gas Projects Power Purchase

Since 2004, AMP has entered into five long-term power purchase agreements for power supplied by multiple generating facilities, of which only four are still active. 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 were added to AMP's portfolio in April 2009 when the Ox Mountain facility commenced operation. An additional 1.9 megawatts of power were added to AMP's portfolio as the Keller Canyon facility commenced base-load operation in August 2009. The final landfill facility, Butte, commenced operation at the end of 2012.

Silicon Valley Power Renewable Power Purchase

Since 2018, AMP has entered into a long-term power purchase agreement with Silicon Valley Power for winter-only, renewable power. Silicon Valley Power supplies AMP with 10MW of baseload renewable energy production from various renewable energy generators for the months of October through February.

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.

NOTE 8 – NORTHERN CALIFORNIA POWER AGENCY (NCPA) (Continued)

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.

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/h 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 percent and AMP is obligated to pay 1.33 percent of the project's operating costs.

AMP is obligated to pay 1.33 percent 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 percent. 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.

NOTE 9 – TRANSMISSION AGENCY OF NORTHERN CALIFORNIA (TANC) (Continued)

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, 2021 and 2020, AMP's share of this debt is \$0 and \$0, 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.

In 2016, TANC issued \$173.9 million of tax-exempt 2016 Series A Revenue Refunding Bonds. The proceeds of the bonds were used to refund the certain outstanding bonds issued by TANC to finance or refinance a portion of the costs of the California – Oregon Transmission Project, fund the costs of terminating in full certain interest rate swap agreements relating to the variable rate Refunded Bonds, and fund a debt service reserve account for the 2016A bonds, and pay costs of the issuance of the 2016A Bonds. The 2016 Series A “small member” debt portion is \$2,517,565. AMP is obligated to pay \$52,970, or 2.104 percent of that debt.

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>.

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.

NOTE 10 – RISK MANAGEMENT (Continued)

AMP has not reduced its risk pool 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 years ended June 30, 2021 and 2020, AMP contributed \$126,314 and \$116,392 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
Boiler & Machinery	Liability
Computer Software	Replacement Cost
Property	Self-Insured
Terrorism	Replacement Cost
	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, California 95621. Financial statements for the liability/property excess risk pool may be obtained from CJPRMA, 3201 Doolan Drive, Suite 285, Livermore, California 94551.

NOTE 10 – RISK MANAGEMENT (Continued)

B. General Liability and 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 general liability and 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:

	Worker's Compensation	General Liability	Total
Beginning balance as of July 1, 2018	\$247,059	\$969,038	\$1,216,097
Change in liability for current and prior fiscal year claims	(56,376)	(68,992)	(125,368)
Payments made on claims	(50,657)	(121)	(50,778)
Liability as of June 30, 2019	<u>140,026</u>	<u>899,925</u>	<u>1,039,951</u>
Change in liability for current and prior fiscal year claims	32,101	828,699	860,800
Payments made on claims	(66)	(2,450)	(2,516)
Liability as of June 30, 2020	<u>172,061</u>	<u>1,726,174</u>	<u>1,898,235</u>
Change in liability for current and prior fiscal year claims	128,070	(850,792)	(722,722)
Payments made on claims	(47,085)		
Ending Balance as of June 30, 2021	<u>253,046</u>	<u>875,382</u>	<u>1,128,428</u>
Less Current Portion	<u>160,000</u>	<u>35,000</u>	<u>195,000</u>
Long-term portion	<u>\$93,046</u>	<u>\$840,382</u>	<u>\$933,428</u>

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, 2021 was \$38,164,221. 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.

NOTE 11 – COMMITMENTS (Continued)

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

Project	<u>Debt Expiration</u>	<u>Entitlement</u>	<u>Debt service %</u>
NCPA - Geothermal Project (NGP)	Jul-2024	16.88250%	18.35725%
NCPA - Calaveras Hydroelectric Project (NCHP)	Jul-2032	10.00000%	12.30755%
NCPA - Capital Facilities Project (NCFP)	Jul-2026	19.00000%	19.84112%

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, 2021 is as follows:

Fiscal Year	<u>NGP</u>	<u>NCHP</u>	<u>NCFP</u>	<u>Total</u>
2022	\$835,761	\$3,203,071	\$945,013	\$4,983,845
2023	836,267	3,268,236	960,403	5,064,906
2024	586,381	3,739,922	966,435	5,292,738
2025	587,882	3,811,363	960,593	5,359,838
2026-2030		10,678,515		10,678,515
2031-2033		6,784,379		6,784,379
Total	<u>\$2,846,291</u>	<u>\$31,485,486</u>	<u>\$3,832,444</u>	<u>\$38,164,221</u>

B. Lease Agreement with 1835 Alameda Property, LLC

In March 2016, AMP entered into a property lease agreement with the 1835 Alameda Property, LLC for warehousing/distributing space. The lease terms for the agreement started on May 1, 2016 and will expire on April 30, 2031. The base rent is \$24,700 per month.

<u>Fiscal Year</u>	
2022	\$325,504
2023	335,269
2024	345,327
2025	355,687
2026	366,357
2027-2031	<u>1,930,846</u>
Total	<u>\$3,658,990</u>

NOTE 12 – SUBSEQUENT EVENT

A. *Reduction of CalPERS Discount Rate*

In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy, approved by the CalPERS Board of Administration in 2015, the 21.3% net return will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall Public Employees Retirement Fund (PERF) is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year.

CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

Required Supplementary Information
June 30, 2021

Alameda Municipal Power

Alameda Municipal Power
Schedule of AMP's Proportionate Share of the
City's Miscellaneous Plan Net Pension Liability
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
AMP's proportion of the City's Net pension liability	32.00%	31.99%	30.26%	30.19%	29.84%	29.00%	29.00%
AMP's proportionate share of the City's net pension liability	\$27,294,740	\$26,437,127	\$24,012,403	\$24,557,226	\$21,006,196	\$16,040,814	\$13,657,795
AMP's Covered payroll	\$9,317,305	\$8,610,858	\$8,442,308	\$8,319,740	\$8,023,529	\$7,471,121	\$7,264,115
AMP's proportionate share of the City's net pension liability as a percentage of covered payroll	292.95%	307.02%	284.43%	295.17%	261.81%	214.70%	188.02%
Miscellaneous Plan fiduciary net position as a percentage of the total pension liability	72.64%	72.80%	72.90%	71.50%	72.92%	77.96%	81.01%
Measurement date:	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

* Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

Alameda Municipal Power
Schedule of AMP's Pension Contributions
Last 10 Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contributions	\$2,981,913	\$2,504,271	\$2,105,125	\$1,739,297	\$1,631,001	\$1,312,978	\$1,016,782
Contributions in relation to the actuarially determined contribution	<u>2,981,913</u>	<u>2,504,271</u>	<u>2,105,125</u>	<u>1,739,297</u>	<u>1,631,001</u>	<u>1,312,978</u>	<u>1,016,782</u>
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	\$9,412,682	\$9,317,305	\$8,610,858	\$8,442,308	\$8,319,740	\$8,023,529	\$7,471,121
Contributions as a percentage of covered payroll	31.68%	26.88%	24.45%	20.60%	19.60%	16.36%	13.61%

* Fiscal year 2015 was the first year of implementation, therefore, only seven years are shown.

Alameda Municipal Power
 Schedule of AMP's Proportionate Share of the City's OPEB Liability and Related Ratios
 Last 10 Fiscal Years*

	2021	2020	2019	2018
AMP's proportion of the City's net OPEB Liability	2.22%	2.22%	2.22%	1.92%
AMP's proportion share of the City's net OPEB Liability	\$1,754,728	\$1,584,849	\$1,495,574	\$1,495,574
AMP's covered-employee payroll	\$10,219,761	\$10,122,337	\$9,583,967	\$9,250,613
AMP's Proportionate share of the City's net OPEB Liability as a percentage of covered employee payroll	17.17%	15.66%	15.60%	16.17%
Measurement date:	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

* Fiscal year 2018 was the first year of implementation of GASB 75, therefore, only four years are shown.

Alameda Municipal Power
 Schedule of AMP's OPEB Contributions
 Last 10 Fiscal Years*

	2021	2020	2019	2018
AMP's proportion of the City's net OPEB Liability	\$1,754,728	\$1,584,849	\$1,495,574	\$1,979,781
Actuarially determined Contributions**	77,410	77,410	77,410	
AMP's proportion share of the City's net OPEB Liability	<u>77,410</u>	<u>77,410</u>	<u>77,410</u>	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
AMP's covered-employee payroll	\$10,219,761	\$10,122,337	\$9,583,967	\$9,250,613
AMP's Proportionate share of the City's net OPEB Liability as a percentage of covered employee payroll	17%	16%	16%	21%
Contributions as a percentage of covered employee payroll	0.76%	0.76%	0.81%	0.00%

* Fiscal year 2018 was the first year of implementation of GASB 75, therefore, only four years are shown.

** The City established an irrevocable trust in fiscal year 2019, therefore, only three years are shown.

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Statistical Section

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STATISTICAL SECTION

This part of the Alameda Municipal Power's (AMP) Annual Comprehensive 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. Customer Accounts
3. 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. 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's Principal Employers

Operating Information

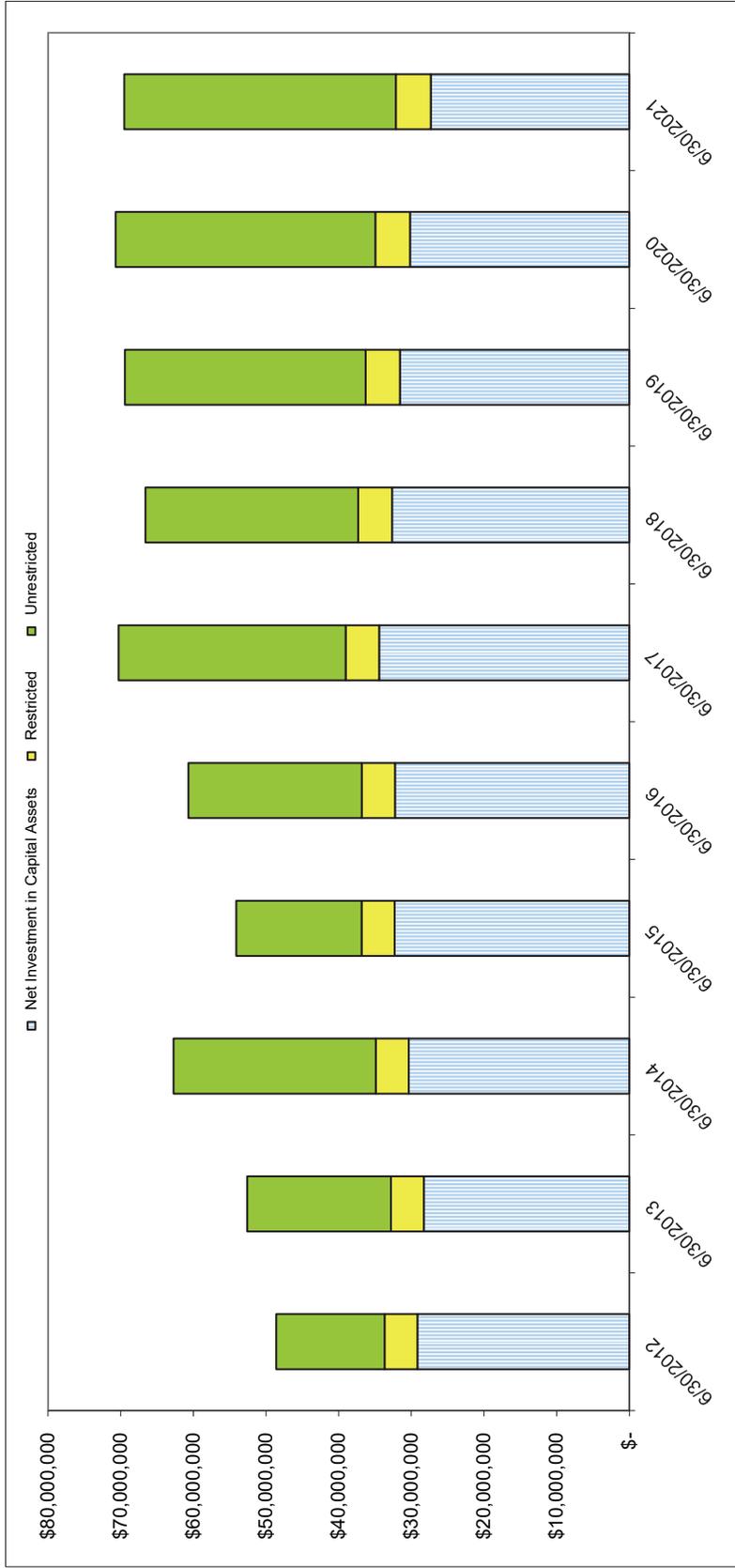
These schedules contain service and infrastructure data to help the reader understand how the information in AMP's financial report relates to the services that AMP provides and the activities it performs:

1. Operating Expenses by Function per FERC Codes – Electric Operations
2. Operating Expenses by Function per FERC Codes –Telecommunications Operations
3. Capital Asset Statistics by Function/Program
4. Operation Indicators
5. Days Cash on Hand

Sources

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

Alameda Municipal Power
 Net Position by Component
 Last Ten Fiscal Years

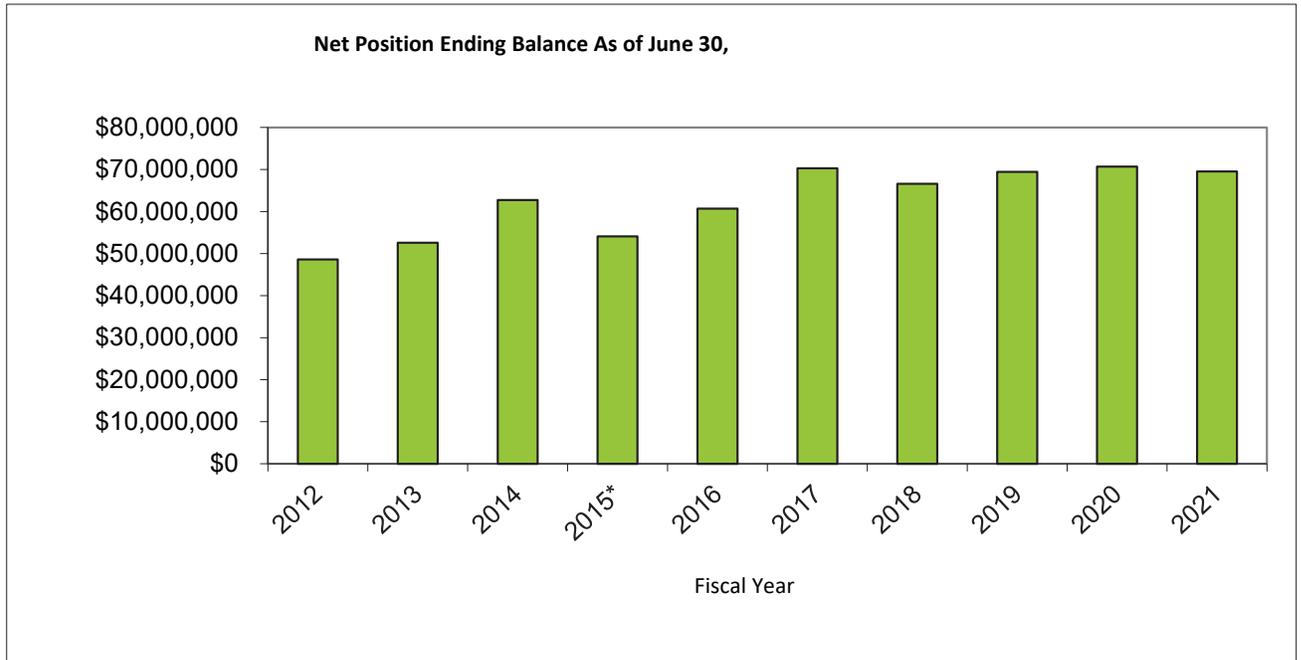


Fiscal Year Ended,

	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Net Position:										
Net Investment in Capital Assets	\$ 29,166,859	\$ 28,278,573	\$ 30,357,606	\$ 32,296,499	\$ 32,252,428	\$ 34,437,310	\$ 32,661,774	\$ 31,576,345	\$ 30,184,887	\$ 27,332,261
Restricted	4,515,565	4,529,302	4,544,429	4,561,650	4,581,311	4,608,923	4,661,503	4,719,758	4,777,285	4,806,648
Unrestricted	14,916,203	19,774,368	27,833,516	17,235,250	23,848,220	31,259,576	29,278,601	33,134,340	35,731,238	37,380,508
Total Net Position	\$ 48,598,627	\$ 52,582,243	\$ 62,735,551	\$ 54,093,399	\$ 60,681,959	\$ 70,305,809	\$ 66,601,878	\$ 69,430,443	\$ 70,693,410	\$ 69,519,417

	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Net Position:										
Net Investment in Capital Assets	\$ 29,166,859	\$ 28,278,573	\$ 30,357,606	\$ 32,296,499	\$ 32,252,428	\$ 34,437,310	\$ 32,661,774	\$ 31,576,345	\$ 30,184,887	\$ 27,332,261
Restricted	4,515,565	4,529,302	4,544,429	4,561,650	4,581,311	4,608,923	4,661,503	4,719,758	4,777,285	4,806,648
Unrestricted	14,916,203	19,774,368	27,833,516	17,235,250	23,848,220	31,259,576	29,278,601	33,134,340	35,731,238	37,380,508
Total Net Position	\$ 48,598,627	\$ 52,582,243	\$ 62,735,551	\$ 54,093,399	\$ 60,681,959	\$ 70,305,809	\$ 66,601,878	\$ 69,430,443	\$ 70,693,410	\$ 69,519,417

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
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
2016	62,012,528	51,230,776	10,781,752	(4,193,192)	6,588,560	54,093,399	60,681,959
2017	63,449,233	50,432,498	13,016,735	(3,392,887)	9,623,848	60,681,959	70,305,807
2018	64,602,195	54,463,482	10,138,713	(11,840,882)	(1,702,169)	68,304,047	66,601,878
2019	67,078,362	59,472,881	7,605,481	(4,776,916)	2,828,565	66,601,878	69,430,443
2020	67,066,350	60,324,301	6,742,049	(5,479,082)	1,262,967	69,430,443	70,693,410
2021	66,545,894	61,467,744	5,078,150	(6,252,143)	(1,173,993)	70,693,410	69,519,417

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

Alameda Municipal Power
Changes in Net Position of Electric Operations and Telecommunication Operations
Last Ten Fiscal Years

Changes in Net Position of Electric Operations

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Non-Operating Revenue, Expenses & Transfers	Change in Net Position	Net Position	
						Beginning Balance	Ending Balance
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
2016	62,012,528	51,230,776	10,781,752	(6,393,192)	4,388,560	56,293,399	60,681,959
2017	63,449,233	50,432,498	13,016,735	(3,392,885)	9,623,850	60,681,959	70,305,809
2018**	64,602,195	54,463,482	10,138,713	(11,840,882)	(1,702,169)	68,304,047	66,601,878
2019	67,078,362	59,472,881	7,605,481	(4,776,916)	2,828,565	66,601,878	69,430,443
2020	67,066,350	60,324,301	6,742,049	(5,479,082)	1,262,967	69,430,443	70,693,410
2021	66,545,894	61,467,744	5,078,150	(6,252,143)	(1,173,993)	70,693,410	69,519,417

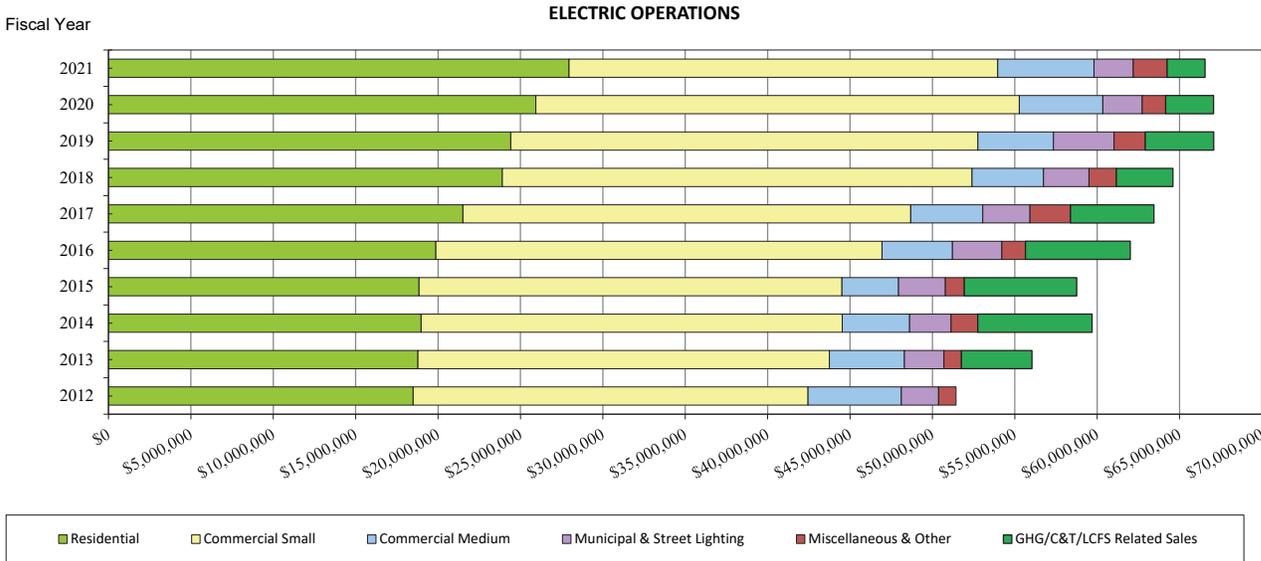
*2015 Net Position Beginning Balance is restated adopting GASB No. 68 "Accounting and Financial Reporting for Pensions".

** 2018 Net Position Beginning Balance is restated adopting GASB No. 68 "Accounting and Financial Reporting for Pensions (OPEB)"

Changes in Net Position of Telecommunications Operations

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Non-Operating Revenue, Expenses, Transfers and Special Items	Change in Net Position	Net Position	
						Beginning Balance	Ending Balance
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)
2016	-	-	-	2,200,000	2,200,000	(2,200,000)	-
2017	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-

Alameda Municipal Power
Electric Operating Revenues by Source
Last Ten Fiscal Years



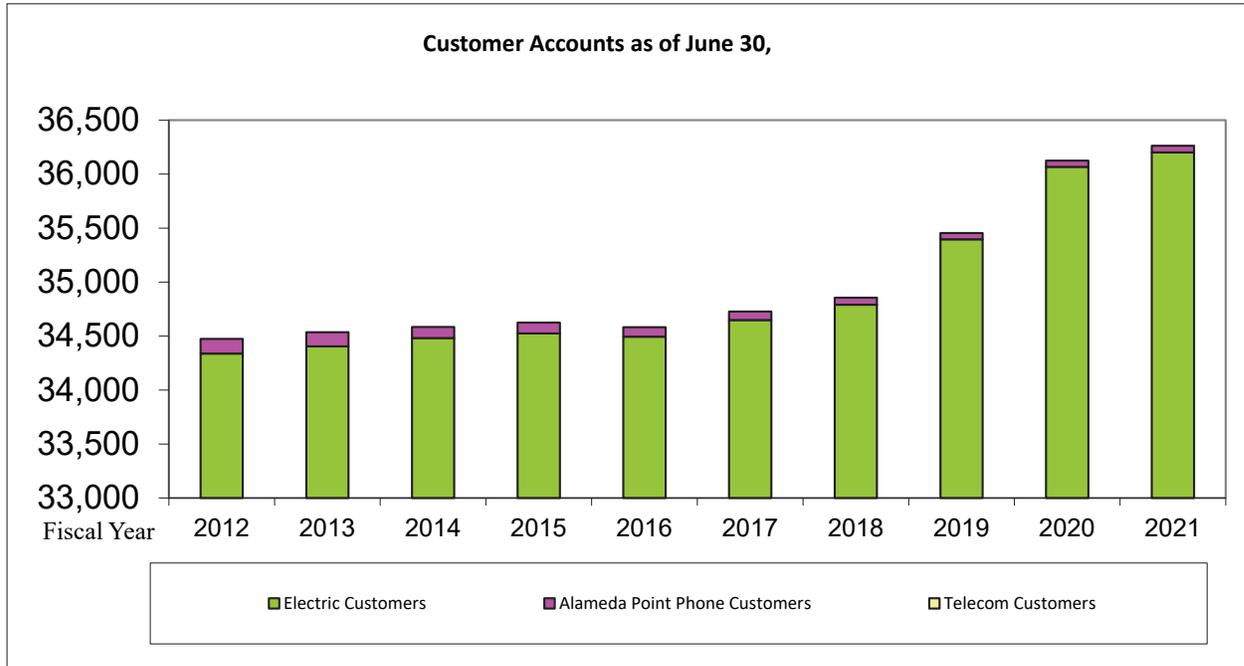
Sales of Electricity

Fiscal Year	Residential	Commercial Small	Commercial Medium	Municipal	Street Lighting/ Other	Miscellaneous Services	Plant Lease & Jobbing Sales	GHG/C&T/LCFS Related Sales	Total
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	4,283,423	56,044,239
2014	18,974,096	25,554,219	4,088,510	1,859,914	660,902	773,677	843,737	6,938,783	59,693,838
2015	18,849,656	25,660,869	3,435,518	2,047,549	797,198	742,071	402,567	6,824,069	58,759,497
2016	19,869,104	27,071,358	4,278,240	1,973,689	1,028,631	947,765	479,791	6,363,950	62,012,528
2017	21,510,126	27,177,335	4,366,885	1,958,154	913,248	1,275,191	1,177,119	5,071,175	63,449,233
2018	23,902,788	28,500,186	4,338,898	1,965,664	793,870	1,146,507	519,200	3,435,082	64,602,195
2019	24,414,010	28,354,299	4,580,711	2,225,142	1,453,471	510,524	1,380,846	4,159,358	67,078,362
2020	25,933,443	29,341,107	5,069,275	2,238,296	149,514	362,644	1,062,614	2,909,457	67,066,350
2021	27,946,417	26,015,342	5,845,303	2,058,753	320,052	284,931	1,778,194	2,296,903	66,545,894

Kilowatt- Hour Sales

Fiscal Year	Residential	Commercial Small	Commercial Medium	Municipal	Street Lighting/ Other	Total KWH	Peak Demand (KW)
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
2016	125,831,929	176,575,883	31,490,040	12,375,517	2,546,494	348,819,863	64,283
2017	126,850,402	172,520,353	30,127,960	11,428,198	2,838,825	343,765,738	63,738
2018	124,589,523	168,873,305	28,321,180	10,723,565	2,518,330	335,025,903	59,624
2019	125,510,907	164,807,447	28,712,440	11,064,274	2,034,011	332,129,079	54,362
2020	129,591,566	166,745,235	31,301,090	11,539,236	2,605,615	341,782,742	61,990
2021	138,607,950	146,664,721	35,641,270	10,470,953	2,548,136	333,933,030	62,664

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
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
2016	30,377	3,735	8	363	11	34,494
2017	30,495	3,764	12	362	15	34,648
2018	30,625	3,778	12	363	12	34,790
2019	31,201	3,808	8	358	21	35,396
2020	31,822	3,852	8	361	24	36,067
2021	31,937	3,870	10	359	25	36,201

NOTE: Telecommunication operation was sold in November 2008 - 10 year historical data is zero for 2009 onwards

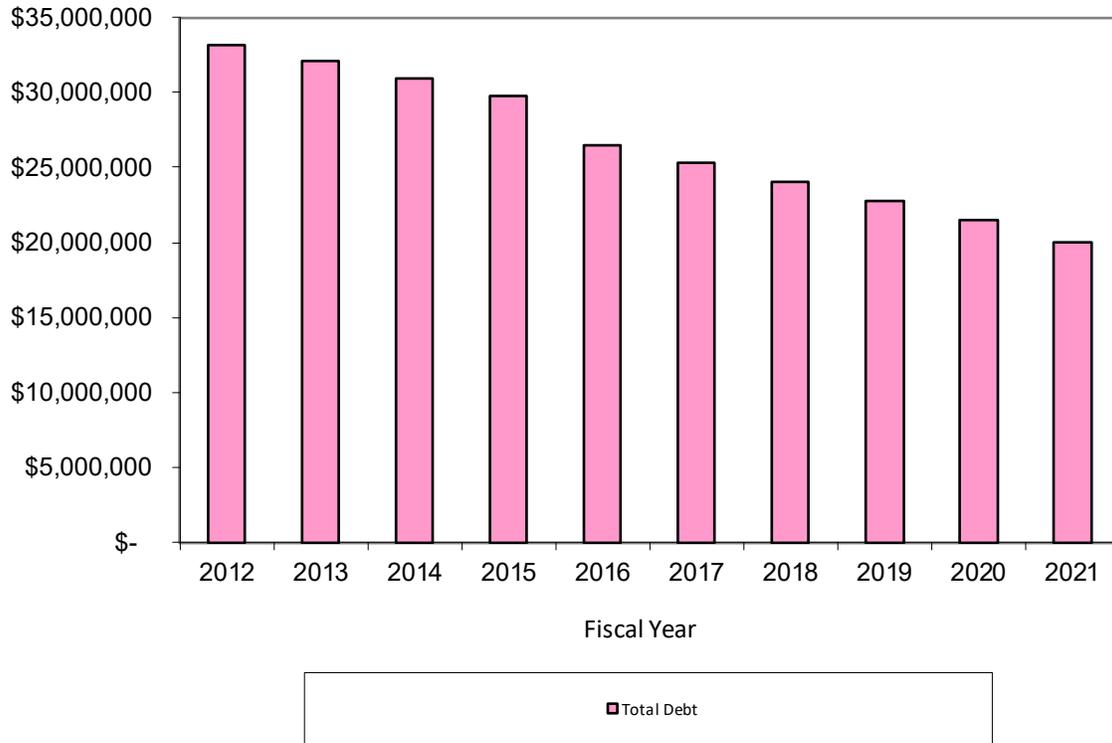
Fiscal Year	Cable TV	Internet Data	Telecommunications* Customer Accounts	Alameda Point Telephone Customer Accounts
2012	-	-	-	135
2013	-	-	-	130
2014	-	-	-	102
2015	-	-	-	100
2016	-	-	-	88
2017	-	-	-	79
2018	-	-	-	66
2019	-	-	-	59
2020	-	-	-	58
2021	-	-	-	61

*Telecommunication operation was sold in November 2008

Electric Rate Changes

<u>Date</u>	<u>Percent Change</u>	
July 1, 2012	3.25%	
July 1, 2013	3.25%	
July 1, 2014	2.00%	
July 1, 2015	4.60%	
July 1, 2016	5.00%	
July 1, 2017	5.00%	
July 1, 2018	1.00%	
July 1, 2019	2.50%	
July 1, 2020	0.00%	
July 1, 2021	0.00%	(Fiscal Year 2022)

Alameda Municipal Power
Outstanding Debt by Type
Last Ten Fiscal Years

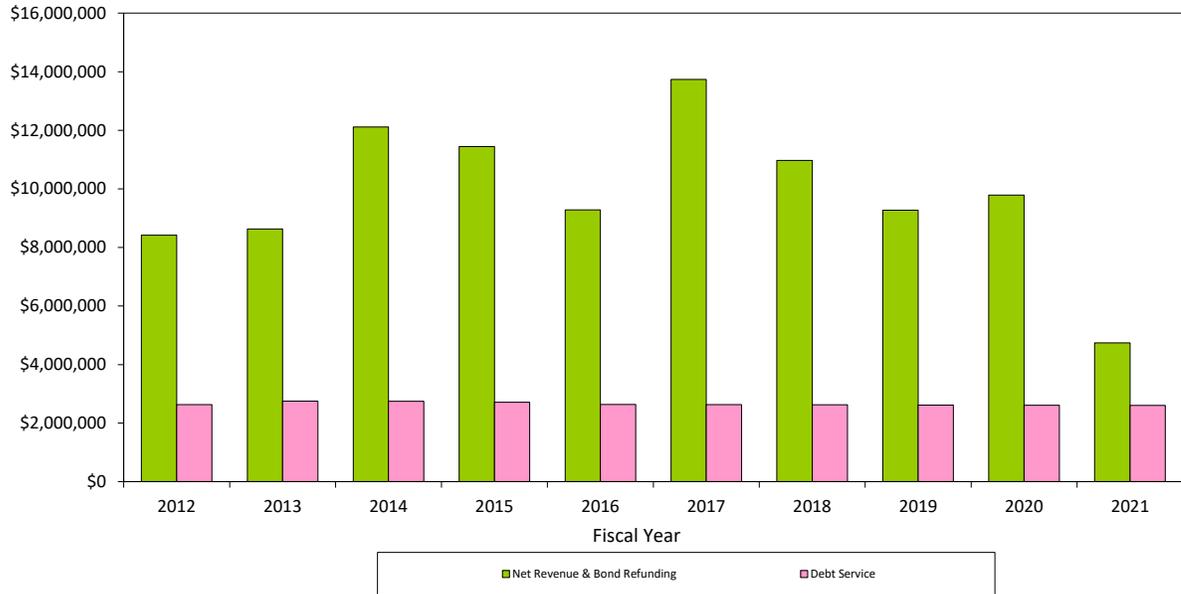


Fiscal Year	Certificates of Participation	Revenue Bonds/ Anticipation Notes	Loans and Lease Purchases	Total	Per Customer Accounts	Per Capita (a)
2012	\$ -	\$ 30,790,000	\$ 2,389,610	\$ 33,179,610	\$ 964.38	\$ 444.53
2013	-	29,750,000	2,328,405	32,078,405	930.29	426.99
2014	-	28,685,000	2,263,581	30,948,581	896.41	405.02
2015	-	27,590,000	2,200,000	29,790,000	862.85	392.17
2016	-	26,460,000	-	26,460,000	767.09	333.77
2017	-	25,290,000	-	25,290,000	726.93	316.41
2018	-	24,070,000	-	24,070,000	680.02	301.15
2019	-	22,795,000	-	22,795,000	644.00	287.39
2020	-	21,455,000	-	21,455,000	594.87	263.86
2021	-	20,045,000	-	20,045,000	553.71	247.82

Source: (a) City of Alameda (population)

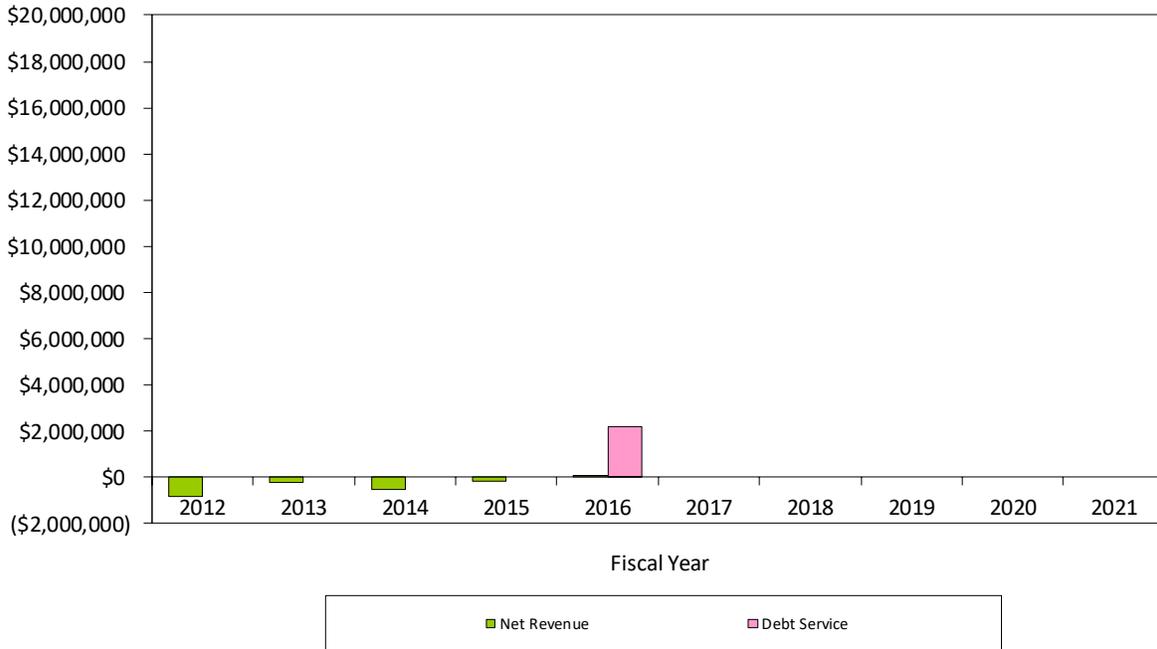
Alameda Municipal Power
Revenue Bonds / Certificates of Participation Coverage – Electric Operations
Last Ten Fiscal Years

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	
2012	\$ 51,698,976	\$ -	\$ 43,284,441	\$ 8,414,535	\$ 952,770	\$ 1,677,854	\$ 2,630,624	3.20
2013	57,878,814	4,283,423	44,964,882	8,630,509	1,101,205	1,651,892	2,753,097	3.13
2014	59,861,226	6,938,783	40,809,073	12,113,370	1,129,824	1,617,655	2,747,479	4.41
2015	59,022,915	5,824,069	41,755,514	11,443,332	1,158,581	1,554,056	2,712,637	4.22
2016	63,509,684	6,363,950	47,864,750	9,280,984	1,130,000	1,510,325	2,640,325	3.52
2017	65,735,599	5,071,175	46,926,046	13,738,378	1,170,000	1,461,044	2,631,044	5.22
2018	65,532,532	3,435,082	51,123,219	10,974,231	1,220,000	1,406,364	2,626,364	4.18
2019	69,044,773	4,159,358	55,616,579	9,268,836	1,275,000	1,342,703	2,617,703	3.54
2020	69,124,622	2,909,457	56,426,290	9,788,875	1,340,000	1,273,787	2,613,787	3.75
2021	64,305,751	2,296,903	57,265,781	4,743,067	1,410,000	1,199,156	2,609,156	1.82

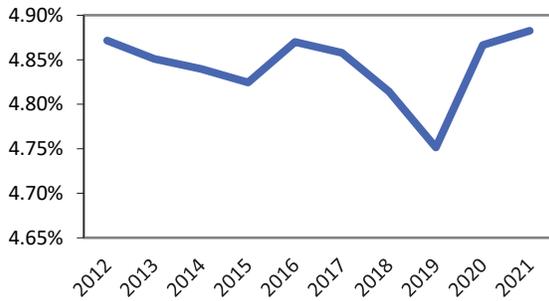
TELECOMMUNICATIONS OPERATIONS



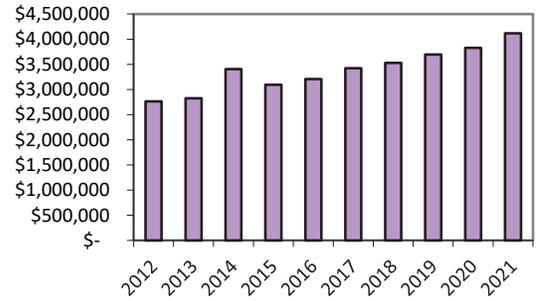
Fiscal Year	Gross Revenue Including Non-Operating Revenue	Direct Operating Expenses (Excluding Depreciation)	Net Revenue Available for Debt Service, Renewals, Replacements and Additions	Debt Service			Coverage
				Principal	Interest and Fiscal Charges	Total	
2012	\$ 1,060	\$ 814,557	\$ (813,497)	\$ -	\$ -	\$ -	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
2016	9,977	-	9,977	2,200,000	-	2,200,000	0.00
2017	-	-	-	-	-	-	Not Applicable
2018	-	-	-	-	-	-	Not Applicable
2019	-	-	-	-	-	-	Not Applicable
2020	-	-	-	-	-	-	Not Applicable
2021	-	-	-	-	-	-	Not Applicable

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

Alameda Municipal Power
Demographics and Economic Statistics
Last Ten Fiscal Years

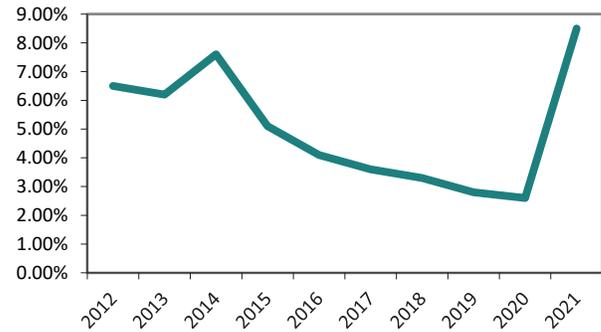
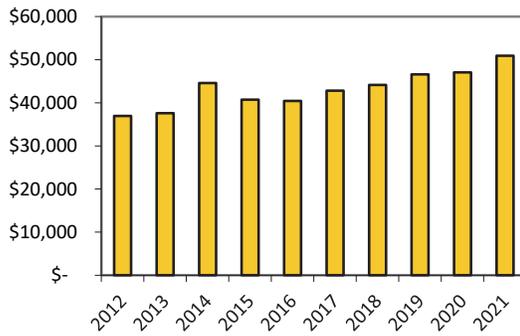


In 000's



City Population as a % of County Population

Total Personal Income



Per Capita Personal Income

Unemployment Rate %

Fiscal Year	City Population	Total Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate %	Alameda County Population	City Population % of County
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%
2016	79,277	3,207,096	40,454	4.1%	1,627,865	4.87%
2017	79,928	3,423,524	42,833	3.6%	1,645,359	4.86%
2018	79,928	3,529,109	44,154	3.3%	1,660,202	4.81%
2019	79,316	3,695,508	46,592	2.8%	1,669,301	4.75%
2020	81,312	3,828,228	47,080	2.6%	1,670,834	4.87%
2021	80,884	4,118,360	50,916	8.5%	1,656,591	4.88%

Source: City of Alameda

Alameda Municipal Power
Top Ten Customers and City's Principal Employers
Year Ended June 30, 2021

Top 10 Customers

2021				Percent of System Total		Percent of System Total
<u>No.</u>	<u>Customer</u>	<u>Type of Business</u>	<u>KWHS</u>		<u>Revenues</u>	
1	U.S. Coast Guard	Regulation, Admin. of Transportation	18,762,228	10.63%	\$ 2,969,059	9.47%
2	Maritime Administration	Regulation, Admin. of Transportation	6,811,414	3.86%	1,089,333	3.47%
3	Penumbra, Inc.	Medical Devices Developer/Manufacturer	5,360,128	3.04%	892,386	2.85%
4	Peets Coffee & Tea	Coffee Roaster and Retailer	5,178,400	2.93%	877,563	2.80%
5	G&I IX Marina Village Office Park	Real Estate Management	5,072,565	2.87%	922,775	2.94%
6	Sila Nanotechnologies	An engineered materials company	4,518,536	2.56%	807,369	2.58%
7	Alameda Unified School District	Public School District	4,323,261	2.45%	787,231	2.51%
8	Alameda Commercial Properties	Real Estate Management	3,892,500	2.21%	778,989	2.48%
9	Abbott Diabetes Care	Healthcare Industry	3,385,680	1.92%	502,989	1.60%
10	Wind River Systems Inc.	Computer Programming Services	3,056,673	1.73%	509,907	1.63%
Top 10 Customers KWHS			<u>60,361,385</u>	<u>34.21%</u>	<u>\$ 10,137,601</u>	<u>32.33%</u>
Total Kilowatt Hour Sales			176,467,607	100%	\$ 31,352,112	100%

Principal Employers

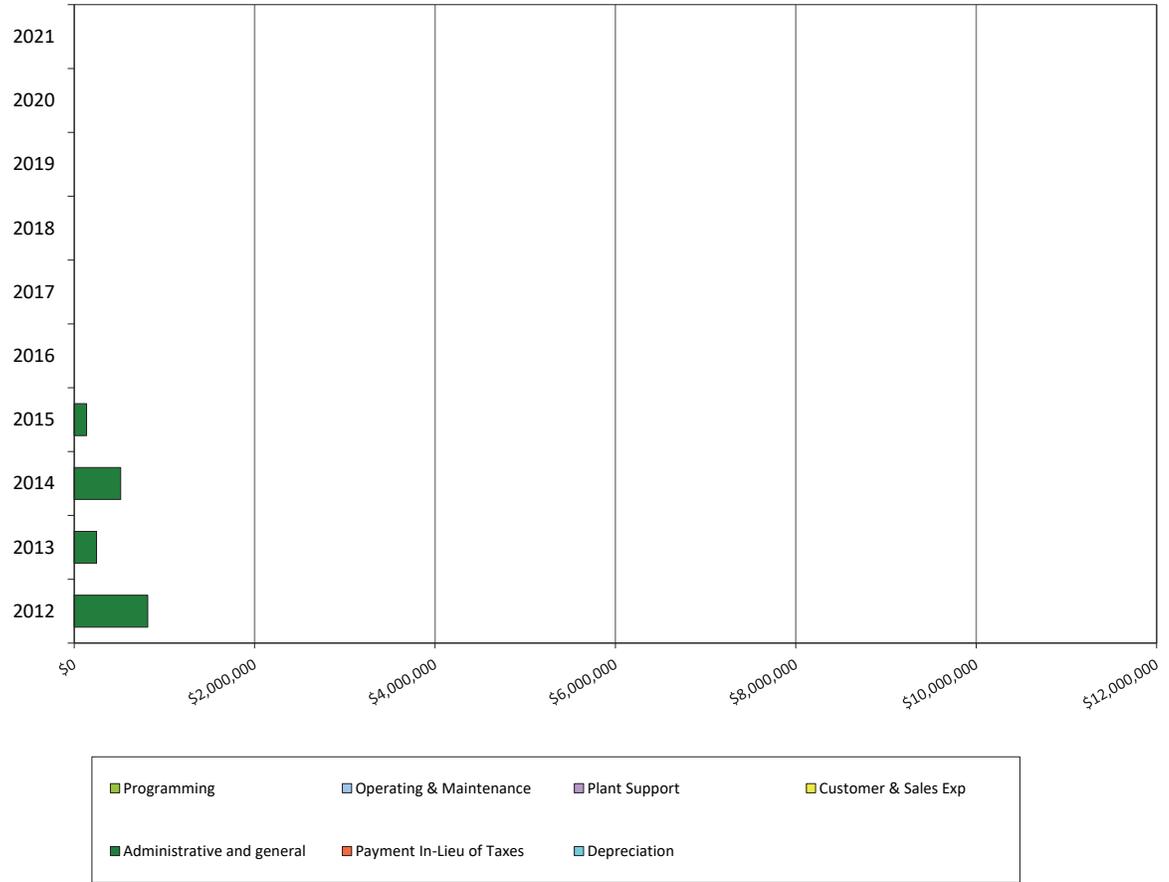
		FY2020-21			
No.	Business Name		Number of Employees	Rank	Percentage % of Total City Population
1	Penumbra, Inc.	Medical Devices Developer/Manufacturer	2,244	1	2.76%
2	Alameda Unified School District	Public School District	1,018	2	1.25%
3	The North Face	Retail Store	859	3	1.06%
7	Alameda County Medical Center	Medical	746	4	0.92%
4	Telecare Corp	Medical	695	5	0.85%
6	Abbott Diabetes Care Inc	Medical devices	600	6	0.74%
5	City Of Alameda	Governmental Entity	538	7	0.66%
8	Exelixis	Biotech	484	8	0.60%
9	Kaiser Foundation Health Plan Inc	Medical	448	9	0.55%
10	U.S. Dept. of Transportation	Governmental Entity	<u>368</u>	10	0.45%
	Celera Corp	Medical			
	Associated Third Party Administration				
	Bay Ship & Tacht Co				
	College of Alameda				
	Subtotal:		<u>8,000</u>		9.84%
	Total City Day Population		<u>81,312</u>		

Source: City of Alameda Community Development Department
and City of Alameda Business License Records

Alameda Municipal Power
Operating Expenses by Function per FERC Codes (Continued)
Last Ten Fiscal Years

Fiscal Year

TELECOMMUNICATIONS OPERATIONS

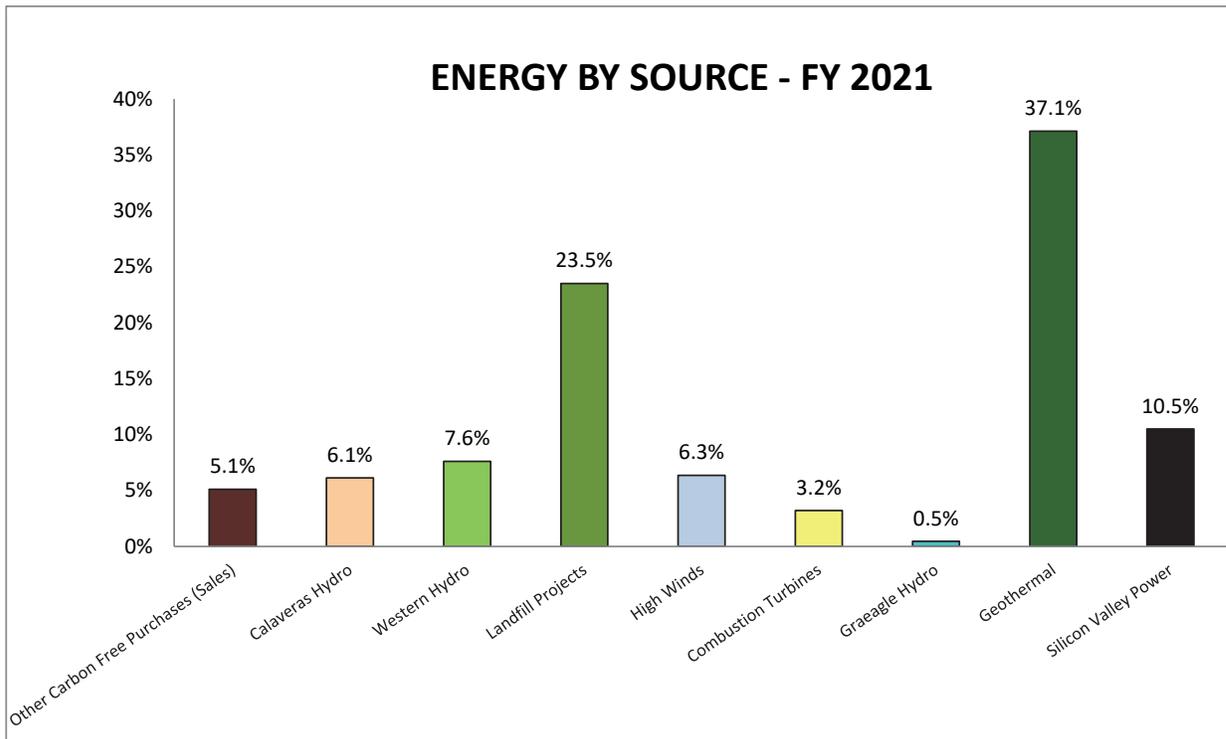


Fiscal Year	Programming & Access	Operating & Maintenance	Plant Support	Customer A/C & Sale Expenses	Administration	Payment In-lieu of Taxes	Depreciation	Total
2012	\$ -	\$ -	\$ -	\$ -	\$ 814,557	\$ -	\$ -	\$ 814,557
2013	-	-	-	-	247,336	-	-	247,336
2014	-	-	-	-	515,127	-	-	515,127
2015	-	-	-	-	137,271	-	-	137,271
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-

*Telecommunication operation was sold in November 2008

Alameda Municipal Power
Capital Asset Statistics by Function / Program
Last Ten Fiscal Years

<u>ELECTRIC OPERATIONS</u>										
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
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
2016	84,548,411	7,850,886	339,143	9,439,316	3,048,241	3,832,459	835,790	1,736,459	(71,425,024)	40,205,681
2017	84,654,592	8,071,667	339,143	9,510,378	3,240,418	4,158,116	835,790	6,452,324	(74,534,854)	42,727,575
2018	86,123,810	8,130,625	339,143	9,620,376	3,318,156	4,168,912	899,922	2,872,673	(74,267,672)	41,205,945
2019	86,915,116	8,168,069	220,143	9,725,953	3,402,639	4,377,329	899,922	3,862,220	(77,856,842)	39,714,550
2020	87,421,782	8,168,069	220,143	9,725,953	3,405,737	4,683,748	923,119	5,198,491	(81,362,299)	38,384,743
2021	90,553,163	8,168,069	220,143	9,951,651	3,846,642	4,694,928	980,488	3,007,674	(85,453,930)	35,968,827



Fiscal Year	Other Carbon Free Purchases (Sales)	Calaveras Hydro	Western Hydro	Landfill Projects	High Winds	Combustion Turbines	Graeagle Hydro	Geothermal	Silicon Valley Power	Total
2012	-3.67%	12.09%	9.96%	21.53%	4.75%	0.13%	0.67%	37.63%	16.91%	100.00%
2013	33.51%	7.03%	9.00%	16.71%	4.46%	0.15%	0.52%	11.41%	17.21%	100.00%
2014	50.61%	5.39%	6.68%	14.32%	4.71%	0.28%	0.43%	0.00%	17.58%	100.00%
2015	59.11%	4.62%	5.70%	14.74%	5.83%	0.39%	0.39%	0.00%	9.22%	100.00%
2016	63.57%	10.91%	7.05%	12.07%	5.44%	0.40%	0.55%	0.00%	0.00%	100.00%
2017	38.52%	25.67%	16.00%	12.29%	5.71%	1.03%	0.77%	0.00%	0.00%	100.00%
2018	52.13%	13.98%	10.41%	11.68%	5.54%	1.42%	0.80%	4.03%	0.00%	100.00%
2019	37.00%	24.22%	11.97%	8.52%	5.88%	1.50%	0.58%	10.32%	0.00%	100.00%
2020	26.92%	12.79%	11.30%	14.91%	5.28%	0.90%	0.70%	16.90%	10.30%	100.00%
2021	5.11%	6.14%	7.60%	23.51%	6.35%	3.21%	0.46%	37.13%	10.50%	100.00%

Alameda Municipal Power
 Operation Indicators (Continued)
 Last Ten Fiscal Years

Fiscal Year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Since:	1887	1887	1887	1887	1887	1887	1887	1887	1887	1887
Budgeted Employees	91	90	94	93	98	98	97	94	92	92
Vehicles in Service	40	40	40	39	46	46	46	45	42	42
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	6.77	6.80	6.77	6.77	6.77	6.77	6.77	6.77	6.77	6.77
Underground Circuit Miles	1.93	1.90	1.93	1.93	1.93	1.93	1.93	1.93	1.93	1.93
Distribution Lines (12kV)										
Overhead Pole Miles	86.08	86.10	86.08	86.10	86.08	86.08	86.10	86.10	86.10	85.50
Underground Circuit Miles	172.93	172.50	174.01	176.40	177.17	178.06	179.00	179.00	185.70	194.20
Street Lights (excluding inactivated lights) ⁽¹⁾	5,593	5,315	5,372	5,441	5,470	5,470	6,415	-	-	-

⁽¹⁾ Street Lights were transferred to the City of Alameda in FY2018 per Voter approval in November 2016

Alameda Municipal Power
Days Cash on Hand
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Actual</u>	<u>Budget</u>
2012	222	195
2013	213	173
2014	168	167
2015	252	214
2016	236	235
2017	206	230
2018	233	208
2019	278	197
2020	307	186
2021	330	267

Bond Disclosure Section

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January 28, 2022

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, 2021, 2020, 2019, 2018, and 2017. 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:

Geothermal-2009 Series A due 7/1/2024 ⁽¹⁾
Hydroelectric-2008 Refunding Series A due 7/1/2032
Hydroelectric-2008 Refunding Series B due 7/1/2021
Hydroelectric-2012 Refunding Series A due 7/1/ 2032
Hydroelectric-2012 Refunding Series B due 7/1/ 2025
Hydroelectric-2018 Refunding Series A/B due 7/1/2025
Hydroelectric-2019 Refunding Series A due 7/1/2023

Capital Facilities-2010 Refunding Series A due 8/1/2025 ⁽²⁾
Capital Facilities-2019 Refunding Series A due 8/1/2025

⁽¹⁾ Geothermal 2009 Series A call notice issued 5/29/2019 and redeemed 7/1/2019

⁽²⁾ Capital Facilities 2010A refunding bonds were Defeased by the Capital Facilities 2019A bonds and redeemed February 1, 2020

Annual Financial Report

This Bond Disclosure Section, included within AMP’s Annual Comprehensive Financial Report (ACFR) for Fiscal Years Ended 2021 and 2020, provides the most recent information required by the Continuing Disclosure Certificates (the Certificates). The ACFR, 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 ACFR 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 ACFR, 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, 2021, 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, 2021, 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 load serving entities like AMP maintain their percentage of eligible renewable power used to supply their retail end-use customers at no less than an average of 20% for the calendar years (CY) 2011 through 2015, and gradually increasing to 33 percent for 2020. In January 2016 AMP’s Public Utilities Board (Board) approved a revised RPS Policy that is consistent with that of the State for the years 2014 through 2021. Since then, more stringent requirements have been adopted in addition to SB X1 2 requirements. In October 2015, SB 350 was signed into law mandating a 33 percent RPS target by 2020 and 50 percent by 2030. In September 2018, SB 100 was signed into law, further accelerating the RPS targets to 50 percent by 2026 and 60 percent by 2030. Starting January 2020, the Board approved and committed to supplying AMP’s customers with 100% Carbon-Free Energy and adopted a revised RPS Plan in November 2020 to align with the State’s current RPS requirements.

Additionally, AMP's Board approved a Renewable Energy Sales and Use of Resulting Revenues Policy that allowed AMP to sell any eligible renewable power through 2019 not required to comply with AMP's RPS. The resulting revenues from these sales are used to support initiatives to reduce Green House Gas (GHG) emissions associated with electricity use by AMP's customers. 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 from January 2013 to December 2017 to the California Department of Water Resources. Subsequent to the expiration of this contract, AMP negotiated a similar sale to Shell Energy North America from January 1, 2017 – December 31, 2019. 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. AMP did not enter into any new renewable energy sales agreements during fiscal year (FY) 2021 and did not receive any additional revenue. In FY21 AMP allocated \$2,527,600 for purchased power, capital, and energy efficiency programs from the sales 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 \$18,723,616 of cash and \$0 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 2021, the revenue from C&T sales resulted in an additional \$1,744,333 and allocated \$3,438,100 for purchased power and SF6 breakers 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 \$2,563,026 of cash and \$0 of receivables (see *Statement of Net Position*).

In FY 2021, AMP sold 5,000 Low Carbon Fuel Standards (LCFS) Program credits per the Board's approval in April 2017. The revenue from the sale resulted in an additional \$998,750 funding for the program that is administered by CARB. The program is to reduce the carbon intensity of transportation fuels in California by 20 percent by 2030. Pursuant to the California Code of Regulations Sec. 95483(e)(1), LCFS program proceeds may only be used to: benefit current or future EV customers, educate the public on the economic, environmental, and societal values of EV adoption (total cost of ownership compared to gasoline-fueled vehicles), and provide rate options that encourage off-peak charging and minimize grid impacts. AMP expects to continue monetizing these credits at a similar level through 2022. Net revenue from auction sales of directly allocated credits 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 2021, AMP allocated \$497,500 for EV and EV charger rebates of net revenue from the sale to LCFS 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 \$2,516,896 of cash and \$0 of receivables (see *Statement of Net Position*).

Alameda Municipal Power
Power Supply Resources
Year Ended June 30, 2021

Source	Capacity Available (MW) ⁽¹⁾	Actual Energy (GWh)	% of Total Energy
Purchased Power ⁽²⁾ :			
Western Hydroelectric	17.2	26.2	7.6%
Landfill Gas	8.5	81.2	23.5%
High Winds	3.3	21.9	6.3%
Silicon Valley Power	--	36.3	10.5%
NCPA			
Hydroelectric Project	25.3	21.2	6.1%
Combustion Turbine Project No. 1 & 2 ⁽³⁾	24.8	11.1	3.2%
Geothermal Plant 1	10.0	78.28	22.7%
Geothermal Plant 2	8.9	49.91	14.5%
Graeagle	--	1.6	0.5%
Other Carbon Free Purchases (Net)	--	17.7	5.1%
Total Capacity and Total Purchased Energy	98.0	345.2	103.4%
Less Line Losses	N/A	(11.3)	-3.4%
AMP's Capacity and Retail Sales Requirements	62.7	333.9	100.0%

⁽¹⁾ Non-coincident, maximum net qualifying capacity available for CAISO.

⁽²⁾ Entitlements, firm allocations and contract amounts.

⁽³⁾ Combustion Turbine Project No. 2 is also referred to as Unit One or the Project in the front part of this Official Statement. See "THE PROJECT" in the front part of this Official Statement.

Source : Alameda Municipal Power.

Electric Rate Changes

<u>Date</u>	<u>Percent Change</u>	
July 1, 2012	3.25%	
July 1, 2013	3.25%	
July 1, 2014	2.00%	
July 1, 2015	4.60%	
July 1, 2016	5.00%	
July 1, 2017	5.00%	
July 1, 2018	1.00%	
July 1, 2019	2.50%	
July 1, 2020	0.00%	
July 1, 2021	0.00%	(Fiscal Year 2022)

Alameda Municipal Power
Electric Customers, Sales, Revenues and Demand
Year Ended June 30, 2021

Description	2017	2018	2019	2020	2021
Number of Customers Accounts:					
Residential	30,495	30,625	31,201	31,822	31,937
Commercial	3,764	3,778	3,808	3,852	3,870
Industrial	12	12	8	8	10
Public Authority	362	363	358	361	359
Other	15	12	21	24	25
Total Customers	34,648	34,790	35,396	36,067	36,201
Kilowatt Hour Sales:					
Residential	126,850,402	124,589,523	125,510,907	129,591,566	138,607,950
Commercial	172,520,353	168,873,305	164,807,447	166,745,235	146,664,721
Industrial	30,127,960	28,321,180	28,712,440	31,301,090	35,641,270
Public Authority	11,428,198	10,723,565	11,064,277	11,539,236	10,470,953
Other	2,838,825	2,518,330	2,324,054	2,605,615	2,548,136
Total kWh sales	343,765,738	335,025,903	332,419,125	341,782,742	333,933,030
Revenues from Sale of Energy:					
Residential	\$21,510,126	\$23,902,788	\$24,414,010	\$25,933,443	\$27,946,417
Commercial	27,177,335	28,500,186	28,354,299	29,341,107	26,015,342
Industrial	4,366,885	4,338,898	4,580,711	5,069,275	5,845,303
Public Authority	1,958,154	1,965,664	2,225,142	2,238,296	2,058,753
Other	913,247	793,870	1,453,471	149,514	320,052
Total Revenues from Sale of Energy	\$55,925,747	\$59,501,406	\$61,027,633	\$62,731,635	\$62,185,867
Peak Demand (kW)	63,738	59,624	62,131	61,990	62,664

Alameda Municipal Power
Condensed Operating Results and Selected Balance Sheet Information
Year Ended June 30, 2021

Description	2017	2018	2019	2020	2021
Electric System Revenues					
Sales of Electricity	55,925,748	59,501,406	61,027,633	62,731,635	62,185,866
Other Revenues ⁽¹⁾	3,159,383	1,890,697	1,891,371	1,425,258	2,063,225
REC & LCFS & C&T Sales ⁽⁶⁾	5,071,175	3,435,082	4,159,357	2,909,457	2,296,903
Total Electric System Revenues	64,156,306	64,827,185	67,078,361	67,066,350	66,545,994
Operation and Maintenance by FERC categories					
Purchased Power ⁽²⁾	28,201,607	28,618,484	29,586,832	32,246,283	30,296,114
Energy efficiency, solar and other	1,504,629	1,172,615	1,773,249	1,271,590	1,331,638
Operations & maintenance	4,674,307	4,814,122	5,033,334	5,055,482	5,524,880
Customer service, information systems	2,170,617	2,296,001	2,617,469	3,179,247	3,177,863
Administrative and general	7,425,117	10,527,575	9,954,555	12,261,784	8,158,825
Customer relations	530,544	505,711	548,723	587,487	449,614
Jobbing sales expense	993,580	367,624	1,242,159	803,802	1,646,595
Balancing account adjustment	1,425,636	2,821,087	4,860,258	1,020,615	6,680,252
Total Operation and Maintenance Costs	46,926,037	51,123,219	55,616,579	56,426,290	57,265,781
Net Revenues	17,230,269	13,703,966	11,461,782	10,640,060	9,280,213
Rate Stabilization Fund Transfers	(5,071,175)	(3,435,082)	(4,159,357)	(2,909,457)	(2,296,903)
Use of Reserves	1,020,393	5,652,517	2,240,289	2,075,437	3,673,585
Adjusted Annual Net Revenues	13,179,487	15,921,401	9,542,714	9,806,040	10,656,895
Debt Service (Principal + Interest)	2,631,044	2,626,368	2,617,703	2,586,594	2,646,470
Debt Service Coverage ⁽³⁾	5.01	6.06	3.65	3.79	4.03
Amount Available After Debt Service	10,548,443	13,295,033	6,925,011	7,219,446	8,010,425
Selected Balance Sheet Information:					
Unrestricted Cash & Investments ⁽⁴⁾	39,422	48,058	56,310	62,776	70,496
Rate Stabilization Fund Balance ⁽⁶⁾	24,633	21,431	23,399	25,179	23,804
Net Plant in Service	36,275	38,333	35,852	33,186	32,962
Construction Work in Progress	6,452	2,873	3,862	5,198	3,006
Electric Utility Plant-Net	42,727	41,206	39,714	38,384	35,968
Outstanding Electric System Debt ⁽⁵⁾	25,290	24,070	22,795	21,455	20,045

(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 \$2,308,432. In FY2014, AMP adopted GASB No. 65 and excluded the advance refunding from "Outstanding Electric System Debt", see Note 4 to Financial Statements.

(6) Includes Renewable Energy Sales and Auction Sales for Cap & Trade & Low Carbon Fuel Sales (LCFS) placed into reserve for Rate Stabilization Fund.

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

To the Public Utilities Board
Alameda Municipal Power
Alameda, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Alameda Municipal Power (AMP), as of and for the year ended June 30, 2021, and have issued our report thereon dated January 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered AMP's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of AMP's internal control. Accordingly, we do not express an opinion on the effectiveness of AMP's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of AMP's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether AMP's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated January 28, 2022, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of AMP's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering AMP's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California

January 28, 2022