



**Association of  
Bay Area Governments**



# **FY 2020-21 ABAG POWER FINANCIAL REPORTS AND YEAR END AUDIT RESULTS**

# ABAG PUBLICLY OWNED ENERGY RESOURCES (POWER)

ABAG POWER is an “Energy Service Provider (ESP)”, aggregating the natural gas requirements of its members as allowed by the California Public Utilities Commission (CPUC) and purchasing gas directly from natural gas producers that offer competitive prices and reliable supply. POWER purchases natural gas on behalf of its members and arranges for delivery to the Pacific Gas and Electric (PG&E) system for distribution. The goal of POWER's Natural Gas Program is to provide both cost savings and price stability.

Highlights of the ABAG POWER financial statements include:

- POWER serves a total of 753 core accounts and three non-core accounts as of June 30, 2021. A decrease of 11 core accounts in comparison to FY 2019-20. This is mostly attributable to attrition.
- POWER's current strategy for purchasing natural gas consists exclusively of short-term, index-based purchases at three market locations.
- The extent to which the coronavirus may impact business activity will depend on future developments.



**ABAG Publicly Owned Energy Resources**  
**Statement of Net Position**  
**June 30, 2021**

**ASSETS**

Current assets:

Cash	\$ 1,896,218
Accounts receivable	666,462
Interest receivable	1,160
Prepaid items	3,968
Natural gas inventory	<u>66,823</u>

**TOTAL ASSETS** 2,634,631

**LIABILITIES**

Current liabilities:

Accounts payable	524,913
Due to other government	<u>108,933</u>
Total current liabilities	<u>633,846</u>

Non-current liabilities:

Deposits from members	<u>2,000,785</u>
Total non-current liabilities	<u>2,000,785</u>

**TOTAL LIABILITIES** 2,634,631

**NET POSITION** \$ -

See accompanying notes to financial statements

- Cash and investments decreased by \$987,114 from FY 2019-20 (page 4). Primarily the result of significant increases in natural gas market prices and there was a decrease in core account members.
- Working capital deposits remained at \$2,000,785 as there are no new members/participants.
- POWER's financial reporting model reflects all surpluses and deficits as liabilities to or receivables from its members, therefore the net position remained at zero on June 30, 2021.

**ABAG Publicly Owned Energy Resources  
Statement of Revenue, Expenses and Changes in Net Position  
For the Year Ended June 30, 2021**

<b>OPERATING REVENUE</b>	
Sale of natural gas	\$ 8,031,528
Other operating revenues	<u>19,498</u>
<b>TOTAL OPERATING REVENUE</b>	<u>8,051,026</u>
<b>OPERATING EXPENSES</b>	
Cost of natural gas	2,625,027
PG&E passthrough	4,893,525
Contracted salaries and benefits	204,545
Professional fees	189,467
Overhead	116,939
Other	<u>31,102</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>8,060,605</u>
<b>OPERATING LOSS</b>	<u>(9,579)</u>
<b>NONOPERATING REVENUE</b>	
Interest income	<u>9,579</u>
<b>TOTAL NONOPERATING REVENUE</b>	<u>9,579</u>
<b>CHANGE IN NET POSITION</b>	-
<b>TOTAL NET POSITION - BEGINNING</b>	<u>-</u>
<b>TOTAL NET POSITION - ENDING</b>	<u>\$ -</u>

See accompanying notes to financial statements

- In comparison to the prior year, operating revenues increased by \$1,230,194, as a result of an increase in the sale of natural gas to members.
- Operating expenses increased by \$1,208,940, mainly due to increased market prices for natural gas and higher Pacific Gas and Electric Company (PG&E)'s transmission and distribution rates and/or pass-through costs .
- POWER paid MTC \$321,484 for administrative support services in accordance with the ABAG-MTC Contract for Services for the fiscal year ended June 30, 2021.
- In FY 2020-21 and prior to year-end adjustments, there was an excess of expenses over revenues in the amount of \$473,088, which will be billed to the members as true-up adjustments during the next fiscal year.