



**Association of  
Bay Area Governments**



**FY 2023-24 ABAG POWER FINANCIAL REPORTS  
AND YEAR END AUDIT RESULTS**

# ABAG PUBLICLY OWNED ENERGY RESOURCES (POWER)

## Highlights of the FY 2024 ABAG POWER financial statements:

- In June 2024, POWER's Executive Committee awarded a contract for the Program to work with a consultant to optimize scheduling and operational performance. The program performs routine and ad hoc economic and risk analysis of seasonal and/or NG storage asset utilization to improve the program's rate performance and manage risk exposure. The efforts associated with this work will be reflected in the program's performance in FY 2025.
- In December 2023, POWER's Board of Directors adopted Resolution 23-05, admitting current participants of the School Project for Utility Rate Reduction (SPURR) as new members of ABAG POWER. This is the first time since 2012, that POWER has admitted new members. At the end of fiscal year 2024, sixteen new members have joined.
- Resolution 23-06, also adopted on December 11, 2023, amended the working capital deposit policy for the natural gas program. The policy adjustment increases the required working capital deposits from two months to three months of estimated expenses. The additional deposits will be phased in over a 24-month period starting July 1, 2024, enhancing financial stability.

# ABAG PUBLICLY OWNED ENERGY RESOURCES (POWER)

## Highlights of the FY 2024 ABAG POWER financial statements (continued):

- Total gas usage during fiscal year 2024 was approximately 5.8 million therms, a decrease of 1.2 million therms in comparison to FY2022-23.
- POWER serves a total of 732 core accounts and three non-core accounts as of June 30, 2024.
- POWER's general strategy for purchasing natural gas consists exclusively of short-term, index-based purchases at three market locations. These lower prices improve the program's cost competitiveness, and we continue to work exclusively in this market.

**ABAG Publicly Owned Energy Resources**  
**Statement of Net Position**  
**June 30, 2024**

**ASSETS**

**Current assets:**

Cash and cash equivalents	\$ 3,548,294
Accounts receivable	1,140,659
Prepaid items	3,968
Natural gas inventory	<u>426,508</u>

**TOTAL ASSETS** 5,119,429

**LIABILITIES**

**Current liabilities:**

Accounts payable	662,611
Unearned revenue	2,098,936
Due to other government	<u>84,154</u>

**Total current liabilities** 2,845,701

**Non-current liabilities:**

Deposits from members	<u>2,273,728</u>
-----------------------	------------------

**Total non-current liabilities** 2,273,728

**TOTAL LIABILITIES** 5,119,429

**NET POSITION** \$ —

- Total assets increased by \$2.2 million from FY 2022-2023, primarily due to the collections on the billings to members. Fiscal year 2024 billings to members were relatively higher than the actual energy costs throughout the year.
- Total liabilities increased by \$2.2 million, significantly due to an increase in unearned revenue, which resulted from a higher true-up payable to members.
- 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, 2024.

See accompanying notes to financial statements

**ABAG Publicly Owned Energy Resources**  
**Statement of Revenue, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2024**

**OPERATING REVENUE**

Sale of natural gas	\$ 10,309,124
Other operating revenues	<u>4,440</u>
<b>TOTAL OPERATING REVENUE</b>	<u>10,313,564</u>

**OPERATING EXPENSES**

Cost of natural gas	3,308,612
PG&E passthrough	6,269,734
Contracted salaries and benefits	367,342
Professional fees	216,765
Overhead	205,234
Other	<u>26,800</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>10,394,487</u>

**OPERATING LOSS**

	<u>(80,923)</u>
--	-----------------

Interest income	<u>80,923</u>
-----------------	---------------

**TOTAL NONOPERATING REVENUE**

	<u>80,923</u>
--	---------------

**CHANGE IN NET POSITION**

	—
--	---

**TOTAL NET POSITION - BEGINNING**

	<u>—</u>
--	----------

**TOTAL NET POSITION - ENDING**

	<u>\$ —</u>
--	-------------

See accompanying notes to financial statements

- In comparison to the prior year, operating revenues decreased by \$4.6 million, due to a change in market gas prices, as well as a decrease in gas usage from those in fiscal year 2023.
- Operating expenses decreased by \$4.5 million, mainly due to decreased market prices for natural gas and a transition to independent storage providers.
- POWER paid MTC \$572,576 for administrative support services in accordance with the ABAG-MTC Contract for Services for the fiscal year ended June 30, 2024.
- In FY 2023-24, prior to year-end adjustments, there was an excess of revenues over expenses in the amount of \$2,098,936, which will be returned to the members as true-up adjustments during the next fiscal year.