

FY 2024-25 ABAG POWER Financial Reports and Year End Audit Results

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ASSOCIATION OF BAY AREA GOVERNMENTS
METROPOLITAN TRANSPORTATION COMMISSION

ABAG PUBLICLY OWNED ENERGY RESOURCES (POWER)

Highlights of the FY 2025 ABAG POWER financial statements:

- Membership and Meter Growth - A net increase of 16 new members, primarily school districts. Gas meter accounts increased from 732 to 970, a 32.5% growth.
- Gas Volume and Cost - Natural gas volume increased from 6 million therms to 8 million therms, by approximately 33%, leading to a corresponding rise in the natural gas sold to over \$16 million.
- True-Up Adjustment - The true-up reconciliation for FY 24-25 resulted in a credit adjustment of approximately \$1.7 million. This credit will be applied to members' accounts in November 2025.



ABAG PUBLICLY OWNED ENERGY RESOURCES (POWER)

Highlights of the FY 2025 ABAG POWER financial statements (continued):

- **Consultant Cost Savings** - In February 2025, POWER reduced consultant costs by internalizing some services, resulting in an anticipated cost savings of \$120,000 per year. This reduction in external service expenses will positively impact the program's overall operating budget.
- **Working Capital Deposit** - In July 2024, POWER started the collection of the additional working capital deposit, pursuant to Resolution 23-06. This action strengthens the program's liquidity and financial stability.



ASSETS

Current assets:

Cash and cash equivalents	\$ 6,346,494
Accounts receivable	264,875
Prepaid items	3,968
Natural gas inventory	<u>480,208</u>

TOTAL ASSETS	<u><u>7,095,545</u></u>
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LIABILITIES

Current liabilities:

Accounts payable	1,114,091
Due to members	2,315,877
Due to other government	<u>100,197</u>

Total current liabilities	<u><u>3,530,165</u></u>
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Non-current liabilities:

Deposits from members	<u>3,565,380</u>
Total non-current liabilities	<u><u>3,565,380</u></u>

TOTAL LIABILITIES	<u><u>7,095,545</u></u>
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NET POSITION	<u><u>\$ —</u></u>
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➤ Total assets increased by \$2.0 million from FY 2023-2024, primarily due to the collections on the billings to members and more investment income earned.

➤ Total liabilities increased by \$2.0 million, due to an increase of \$ 0.7 million in vendor payables and true-up payables to members & an increase of \$1.3 million in deposits from 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, 2025.

ABAG Publicly Owned Energy Resources
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

OPERATING REVENUES		
Sale of natural gas	\$	16,038,920
Other operating revenues		<u>16,976</u>
TOTAL OPERATING REVENUES		<u>16,055,896</u>
OPERATING EXPENSES		
Cost of natural gas		3,472,417
PG&E passthrough		11,611,585
Contracted administrative services		923,566
Professional fees		278,664
Other		<u>79,142</u>
TOTAL OPERATING EXPENSES		<u>16,365,374</u>
OPERATING LOSS		<u>(309,478)</u>
Interest income		<u>309,478</u>
TOTAL NONOPERATING REVENUES		<u>309,478</u>
CHANGE IN NET POSITION		<u>—</u>
TOTAL NET POSITION - BEGINNING		<u>—</u>
TOTAL NET POSITION - ENDING	\$	<u><u>—</u></u>

- In comparison to the prior year, operating revenues increased by \$5.7 million, due to greater gas consumption because of an increase in membership, as well as a change in market gas prices.
- Operating expenses increased by \$6.0 million, mainly due to increased market prices for natural gas and an increase in local distribution transportation charges and PG&E passthrough costs.
- POWER paid MTC \$923,566 for administrative support services in accordance with the ABAG-MTC Contract for Services for the fiscal year ended June 30, 2025.
- In FY 2024-25, prior to year-end adjustments, there was an excess of revenues over expenses in the amount of \$1,715,877, which will be returned to the members as true-up adjustments during the next fiscal year.