CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

Basic Financial Statements with Independent Auditors' Report

For the Fiscal Years Ended June 30, 2026 and 2025

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Independent Auditors' Report

To the Board of Directors of
Clean Power Alliance of Southern California

Opinion

We have audited the accompanying financial statements of Clean Power Alliance of Southern California (CPA), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the CPA's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CPA as of June 30, 2026 and 2025, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the CPA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the CPA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are members of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities. Baker Tilly US, LLP is a licensed CPA firm that provides assurance services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and consulting services to their clients and are not licensed CPA firms.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CPA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CPA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Baker Tilly US, LLP

Madison, Wisconsin
October 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis section provides an overview of Clean Power Alliance of Southern California's (CPA's) financial activities as of and for the fiscal years ending June 30, 2026 and 2025. The information presented here should be considered in conjunction with the audited financial statements.

Overview of the Financial Statements

CPA's financial report contains basic financial statements:

- The *Statements of Net Position,* which include all of CPA's assets, liabilities, deferred inflows of resources, and net position and provide information about the nature and amount of resources and obligations at a specific point in time.

- The *Statements of Revenues, Expenses, and Changes in Net Position,* which report all of CPA's revenues and expenses for the years shown.

- The *Statements of Cash Flows,* which report the cash provided and used by operating activities, as well as other sources and uses, such as non-capital financing activities.

- Notes to the Basic Financial Statements, which provide additional details and information related to the Basic Financial Statements.

The purpose of Management's Discussion and Analysis (MD&A) is to provide CPA's customers, creditors, and other stakeholders with an overview of the organization's financial health for the fiscal year (FY) and why it changed from the prior year. This discussion draws on details presented elsewhere in this report and adds explanations based on management's knowledge of CPA's operations and financial position.

Please address any questions about this report or requests for additional financial information to the Chief Financial Officer, 801 S. Grand Avenue, Suite 400, Los Angeles, CA 90017.

OVERVIEW OF THE FINANCIAL STATEMENTS

CPA is a local government agency formed as a joint powers authority. Its business-type operations are reported in an enterprise fund and accounted for using the economic resources measurement focus and accrual basis of accounting. This report presents three basic financial statements and the accompanying notes:

- The *Statements of Net Position* (p.11) present a point-in-time summary of CPA's assets and liabilities as of June 30th for each fiscal year period. This statement details the resources that CPA controls (assets), the amounts that CPA owes (liabilities), and resource flows that have occurred but are not yet recognized as revenues (deferred inflows of resources). Assets less liabilities and deferred inflows of resources equals the net position, which, viewed at points in and over time, is an indicator of CPA's financial health.
- The *Statements of Revenues, Expenses, and Changes in Net Position* (p.12) presents the inflows of economic resources (revenues) and outflows of economic resources (expenses) for CPA's operations over the course of a fiscal year and reconciles the resulting difference, called the change in net position, to the total net position reported in the Statement of Net Position.
- The *Statements of Cash Flows* (p.13) present the sources and uses of cash and cash equivalents during a fiscal year, classified by operating, noncapital financing, capital and related financing, and investing activities, and reconciles operating income from the Statement of Revenues, Expenses, and Changes in Net Position to net cash provided by operating activities.
- The notes to the Basic Financial Statements (p.15) are an integral part of the financial statements. They describe the accounting policies and significant estimates used, provide details supporting the reported amounts, and disclose information that the statements alone do not convey.

FINANCIAL SUMMARY

The following table summarizes CPA's assets, liabilities, deferred inflows of resources, and net position at June 30:

Clean Power Alliance
Summary of Net Position at June 30:
(in millions)

	2026	2025	2024
Current assets	$ 618.5	$ 564.2	$ 738.4
Noncurrent assets			
Capital assets, net	1.5	1.9	2.4
Other noncurrent assets	224.4	174.2	0.1
Total noncurrent assets	225.9	176.1	2.5
Total assets	844.3	740.3	740.9
Current liabilities	114.3	136.5	273.3
Noncurrent liabilities	4.5	4.3	5.0
Total liabilities	118.7	140.8	278.3
Deferred inflows of resources	220.0	135.0	135.0
Net position			
Investment in capital assets	0.1	0.0	0.1
Unrestricted	505.5	464.5	327.5
Total net position	$ 505.6	$ 464.5	$ 327.6

As of June 30, 2026, CPA’s total net position is $505.6 million, an increase of $41.1 million, or 9%, from $464.5 million at June 30, 2025. This increase reflects CPA’s operating results, which are discussed in the next section.

Current assets increased by $54.3 million year-over-year, primarily due to higher cash and cash equivalents, as cash received from customers exceeded cash paid for power supply and operating expenses, certain short-term investments were sold and reinvested in funds reported as cash equivalents, and other assets representing the value of renewable energy delivered but not yet consumed by CPA customers. This was partially offset by a decline in accounts receivable, reflecting lower year-over-year retail rates and reduced energy sales. Noncurrent assets increased by $49.8 million as a significant portion of cash generated during the year was invested in U.S. Treasury notes with maturities greater than one year.

Total liabilities decreased year-over-year by $22.1 million, primarily due to a lower energy cost accrual for June 2026, resulting from lower energy costs compared to the prior fiscal year.

Deferred inflows of resources increased in FY 2025-26 due to the deferral of $85.0 million of revenue, which will be recognized in future years.

At June 30, 2025, CPA's total net position was $464.5 million, an increase of $136.9 million, or 42%, from $327.6 million at June 30, 2024. Current assets decreased year-over-year, while other noncurrent assets increased due to cash invested in long-term investments. Total assets remained relatively constant with less than a 1% decline. Total liabilities decreased by $137.5 million, reflecting lower accrued energy costs resulting from more prompt delivery of invoices by other energy counterparties compared to the prior fiscal year.

The following table summarizes CPA's results of operations for the fiscal years ending June 30:

Clean Power Alliance
Summary of Revenues, Expenses, and Change in Net Position for 12 months ended June 30:
(in millions)

	2026	2025	2024
Operating revenues	$ 1,107.9	$ 1,443.5	$ 1,356.6
Interest and investment income	19.7	22.3	10.9
Total revenues	1,127.6	1,465.8	1,367.5
Cost of electricity	1,026.9	1,277.4	1,219.5
Other operating expenses	59.2	50.8	41.2
Nonoperating expenses	0.5	0.6	0.6
Total expenses	1,086.6	1,328.9	1,261.3
Change in net position	41.0	136.9	106.1
Net position beginning of period	464.6	327.6	221.5
Net position end of period	$ 505.6	$ 464.5	$ 327.6

CPA's change in net position is $41.0 million for FY 2025-26, a decrease of $95.9 million, or 70%, from $136.9 million in FY 2024-25. CPA has a lower change in net position in FY 2025-26 than in FY 2024-25, due to lower revenues partially offset by lower expenses, and an $85.0 million deferral of FY 2025-26 revenues to the Fiscal Stabilization Fund (FSF) pursuant to the Fiscal Stabilization Fund Policy.

Operating revenues and the cost of electricity are lower year-over-year because less electricity was purchased for and delivered to customers in FY 2025-26 than in FY 2024-25. Less energy was purchased and sold in FY 2025-26 due to lower residential customer demand for heating and cooling, driven by mild weather in Los Angeles and Ventura counties. Operating revenues are further affected by decreased year-over-year retail electric rates, including an interim rate adjustment introduced in February 2026. The cost of energy is also lower due to favorable market

conditions and lower prices in the day-ahead energy market, as well as lower short-term contract costs for Resource Adequacy in FY 2025-26. Other operating expenses, which support CPA's operations, increased year-over-year but by substantially less than the decrease in the cost of energy.

In FY 2024-25, operating revenues increased compared to the prior year, primarily because FY 2023-24 operating revenues were reduced by a $135.0 million revenue deferral to the FSF. This increase was partially offset by lower retail electric rates that became effective in March 2025. Interest and investment income more than doubled year over year, reflecting a larger investment portfolio funded by growth in CPA's reserves. Energy costs increased as a result of higher costs for renewable energy and Resource Adequacy. CPA also reported a larger increase in net position in FY 2024-25 than in FY 2023-24, primarily due to the $135.0 million FSF revenue deferral in FY 2023-24.

Other operating expenses increased by $8.4 million in FY 2025-26 and $9.6 million in FY 2024-25. Increases primarily reflect investments in staffing and customer programs. Staffing expenses increased due to increases in compensation, staff retention efforts, and the addition of new positions to support the organization's growth. Customer programs related expenses, including customer incentives, implementation services, and marketing expenses, also contributed to expense growth in both years; in FY 2025-26, the program incentives paid to customers grew by 93% year-over-year, while the FY 2024-25 incentives expense increased by 46% from FY 2023-24.

CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

CPA does not own any assets used for electric generation, transmission, or distribution. Capital assets make up 0.2% of CPA's total assets and consist of furniture, equipment, leasehold improvements, website development, and a right-of-use asset for CPA's office lease. There were no significant disposals.

CPA has no outstanding debt.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

Several developments are expected to have an impact on CPA's future financial position and, where applicable, have been incorporated into next year's budget:

Purchase Commitments - CPA enters into long-term purchase agreements to bring new renewable energy-generating and energy storage facilities online. Details of future purchase commitments can be found on page 29 of this report.

Reserves - At June 30, 2026, CPA's reserves represent 67.1% of annual operating expenses, as defined in CPA's Financial Reserve Policy. Per the policy, if reserve funds exceed 60%, CPA will consider actions to reduce reserves in the coming fiscal year.

Revenue Projections - CPA projects lower revenues in FY 2026-27, arising from retail electric rate decreases supported by projected reductions in power supply costs and the reduced need for the accumulation of reserves. CPA sets customer rates based on its cost of service and aims to offer retail electricity rates that are competitive with SCE's. CPA may draw on revenues deferred to the Fiscal Stabilization Fund in future years pursuant to the Fiscal Stabilization Fund Policy.

New Service Territories - The cities of Cudahy and Fillmore elected to join CPA, which is projected to add approximately 11,000 customer accounts to CPA's customer account base. Following completion of the regulatory approval process, CPA expects to begin serving customers in these communities in October of 2027. The addition of these new customers is expected to add to CPA's revenues.

BASIC FINANCIAL STATEMENT

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

STATEMENTS OF NET POSITION

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents	$ 401,667,304	$ 297,234,579
Investments	9,828,222	70,000,000
Accounts receivable, net of allowance	76,478,956	97,304,782
Accrued revenue	62,172,764	73,349,087
Other receivables	14,531,322	10,142,000
Interest receivable	1,294,987	2,315,977
Prepaid expenses and other assets	48,788,042	5,962,975
Deposits	3,708,467	7,929,251
Total current assets	618,470,064	564,238,651
Noncurrent assets		
Capital assets, net of depreciation and amortization	1,454,522	1,782,734
Deposits	89,875	88,875
Investments	224,335,079	174,258,907
Total noncurrent assets	225,879,476	176,130,516
Total assets	$ 844,349,540	$ 740,369,167
LIABILITIES		
Current liabilities		
Accounts payable	$ 4,652,681	$ 3,254,851
Accrued cost of electricity	87,511,425	107,720,929
Other accrued liabilities	5,800,010	9,302,824
User taxes and energy surcharges due to other governments	9,641,253	10,692,841
Security deposits from energy suppliers	750,000	180,000
Unearned program funds	5,443,390	4,849,605
Lease liability, current	477,612	451,767
Total current liabilities	114,276,371	136,452,817
Noncurrent liabilities		
Security deposits from energy suppliers	2,794,952	2,366,852
Lease liability, noncurrent	899,734	1,377,346
Other noncurrent liabilities	775,687	616,970
Total noncurrent liabilities	4,470,373	4,361,168
Total liabilities	$ 118,746,744	$ 140,813,985
DEFERRED INFLOWS OF RESOURCES		
Fiscal stabilization fund	220,000,000	135,000,000
NET POSITION		
Investment in capital assets	$ 77,176	$ (46,379)
Unrestricted	505,525,620	464,601,561
Total net position	$ 505,602,796	$ 464,555,182

The accompanying notes are an integral part of these financial statements.

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
OPERATING REVENUES		
Electricity sales for resale, net	$ 1,188,791,451	$ 1,440,562,620
Revenue transferred (to) from fiscal stabilization fund	(85,000,000)	-
Other revenue	4,110,940	2,906,373
Total operating revenues	1,107,902,391	1,443,468,993
OPERATING EXPENSES		
Cost of electricity	1,026,893,820	1,277,421,945
Contract services	29,247,129	24,768,864
Staff compensation	26,052,748	22,779,394
General and administration	3,871,680	3,286,198
Total operating expenses	1,086,065,377	1,328,256,401
Operating income	21,837,014	115,212,593
NONOPERATING REVENUES (EXPENSES)		
Interest and investment income	19,671,542	22,299,651
Interest financing and investment expenses	(460,309)	(611,293)
Loss on disposal of fixed asset	(633)	-
Total nonoperating revenues	19,210,600	21,688,357
CHANGE IN NET POSITION	41,047,614	136,900,950
Net position at beginning of period	464,555,182	327,654,232
Net position at end of period	$ 505,602,796	$ 464,555,182

The accompanying notes are an integral part of these financial statements.

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$ 1,165,696,330	$ 1,456,667,747
Other operating receipts	2,307,443	10,262,342
Payments to suppliers for electricity	(992,518,562)	(1,236,710,470)
Payments for other goods and services	(31,897,316)	(27,530,656)
Payments for staff compensation	(25,464,316)	(22,436,812)
Tax and surcharge payments to other governments	(43,314,154)	(52,600,211)
Net cash provided by operating activities	74,809,425	127,651,940
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Interest and related expense payments	(448,220)	(569,168)
Net cash used by non-capital financing activities	(448,220)	(569,168)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments to acquire capital assets	(225,871)	(10,183)
Payments on lease (principal and interest)	(490,749)	(476,456)
Net cash used by capital and related financing activities	(716,620)	(486,639)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(97,181,007)	(184,258,907)
Proceeds from sales and maturities of investments	107,276,613	-
Interest income received	20,692,533	21,387,933
Net cash provided by investing activities	30,788,139	(162,870,974)
Net change in cash and cash equivalents	104,432,725	(36,274,841)
Cash and cash equivalents at beginning of year	297,234,579	333,509,421
Cash and cash equivalents at end of year	$ 401,667,304	$ 297,234,579
Reconciliation to the Statement of Net Position		
Cash and cash equivalents (unrestricted)	401,667,304	297,234,579
Cash and cash equivalents	$ 401,667,304	$ 297,234,579

NONCASH INVESTING ACTIVITIES

	2026	2025
Change in fair value of investments	$ (2,762,441)	$ 801,370

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2026 AND 2025

	2026	2025
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Net operating income (loss)	$ 21,837,014	$ 115,212,593
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation expense	147,092	159,997
Amortization expense	406,358	457,360
(Increase) decrease in:		
Accounts receivable, net of allowance	20,825,826	45,862,924
Other receivables	(4,389,322)	1,360,941
Accrued revenue	11,176,323	21,868,778
Prepaid expenses and other assets	(42,825,067)	85,329,943
Deposits	4,219,783	(5,597,833)
Increase (decrease) in:		
Accounts payable	1,397,830	208,951
Energy market settlements payable	(2,928,357)	(435,708)
Accrued cost of electricity	(17,281,147)	(138,713,314)
Other accrued liabilities	(3,317,205)	5,761,909
User taxes due to other governments	(1,051,588)	(58,032)
Fiscal stabilization fund	85,000,000	-
Supplier security deposits	998,100	(4,561,500)
Unearned program funds	593,785	794,931
Net cash provided by operating activities	$ 74,809,425	$ 127,651,940

The accompanying notes are an integral part of these financial statements.

1. REPORTING ENTITY

Clean Power Alliance of Southern California (CPA) is a joint powers authority created on June 27, 2017. As of June 30, 2026, parties to its Joint Powers Agreement consist of the following local governments:

Counties	Cities	
Los Angeles	Agoura Hills	Monrovia
Ventura	Alhambra	Moorpark
	Arcadia	Ojai
	Beverly Hills	Oxnard
	Calabasas	Paramount
	Camarillo	Port Hueneme
	Carson	Redondo Beach
	Claremont	Rolling Hills Estates
	Cudahy *	Santa Monica
	Culver City	Santa Paula
	Downey	Sierra Madre
	Fillmore *	Simi Valley
	Hawaiian Gardens	South Pasadena
	Hawthorne	Temple City
	Hermosa Beach	Thousand Oaks
	La Cañada Flintridge	Ventura
	Lynwood	West Hollywood
	Malibu	Westlake Village
	Manhattan Beach	Whittier

* *Fillmore and Cudahy are officially parties to the JPA as of March 2026. Customers in those jurisdictions will begin receiving service from CPA in October 2027.*

CPA is separate from its members and derives no ongoing financial support from them. CPA is governed by a Board of Directors whose membership is comprised of elected officials representing the parties.

CPA's mission is to provide cost-competitive electric services, reduce electric sector greenhouse gas emissions, stimulate renewable energy development, implement distributed energy resources, promote energy efficiency and demand reduction programs, and sustain long-term rate stability for residents and businesses through local control. CPA provides electric service to retail customers as a Community Choice Aggregation Program under the California Public Utilities Code (CPUC) Section 366.2.

Electricity is acquired from commercial suppliers and delivered through existing physical infrastructure and equipment managed by Southern California Edison (SCE).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

CPA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

CPA's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when earned, and expenses are recognized when liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories: investment in capital assets, restricted, and unrestricted.

When both restricted and unrestricted resources are available for the same expenditure, CPA's policy is to apply restricted resources first, followed by unrestricted resources as needed.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, demand deposits with banks, and deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that CPA may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

INVESTMENTS

Investments reported on the Statements of Net Position include Local Government Investment Pools (LGIP) such as California Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP); negotiable and non-negotiable certificates of deposit; U.S. Treasury securities; federal agency securities; corporate medium-term notes; asset-backed, mortgage-backed, mortgage pass-through securities and collateralized mortgage obligations; money market funds; and commercial paper. Negotiable investments have an original term to maturity of more than three months and are stated at fair value. CPA intends to hold its securities to maturity. Investments with a remaining term to maturity of less than one year are shown as current assets in the Statement of Net Position. Investments with a remaining term to maturity of one year or more are shown as non-current assets in the Statement of Net Position.

Permitted investments are defined in the CPA's Investment Policy.

Negotiable certificates of deposit are reported at fair value. Nonnegotiable certificates of deposit with redemption terms that do not consider market rates are reported using a cost-based measure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PREPAID EXPENSES AND OTHER ASSETS

Payments made to vendors that will provide benefits in periods beyond the end of the current fiscal year are recorded as prepaid expenses. Renewable Energy Certificates that will provide benefits in periods beyond the end of the current fiscal year are recorded as other assets.
Prepaid expenses were approximately $8,551,000 and $5,963,000 as of June 30, 2026 and 2025, respectively. Other assets were approximately $40,236,000 and $0 as of June 30, 2026 and 2025, respectively.

DEPOSITS

Contracts to purchase energy may require CPA to provide the supplier with advance payments or security deposits. Deposits consist of collateral deposits required by CAISO and security deposits held by suppliers as required under certain energy contracts entered into by CPA. Depending on the length of time the deposits will be outstanding, they are classified as current or noncurrent assets.

OTHER RECEIVABLES

Other receivables primarily consist of receivables related to the wholesale sales of excess energy purchased, as well as accrued interest receivable. These receivables are expected to be collected within the next fiscal year and are considered fully collectible.

CAPITAL ASSETS AND DEPRECIATION

CPA's policy is to capitalize furniture and equipment valued over $5,000 that is expected to be in service for over one year. Depreciation is computed according to the straight-line method over estimated useful lives of three years for electronic equipment, seven years for furniture, and eight years for leasehold improvements. CPA does not own any electric generation or storage assets.

LEASE ASSETS AND LIABILITIES

CPA recognizes an asset and a liability when it enters into certain leasing arrangements. The leased assets are included in the capital assets and amortized over the lease term. The lease liabilities are established at the present value of payments expected to be paid to the lessors during the terms of the lease. CPA's only leased assets and liabilities are related to its office premises.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OTHER ACCRUED LIABILITIES

Other accrued liabilities consist primarily of amounts owed for employee compensated absences, deferred revenue, and unspent grant funds as of June 30, 2026. Accrued compensated absences represent the value of earned but unused vacation and other leave benefits. The liability is recognized as employees earn these benefits in accordance with GASB Statement No. 101, *Compensated Absences*. Deferred revenues represent payments received in advance for services that have not yet been performed or earned, and unspent grant funds represent grant proceeds received that have not yet been expended.

USER TAXES AND ENERGY SURCHARGES DUE TO OTHER GOVERNMENTS

CPA is required by governmental authorities to collect and remit user taxes on certain customer sales. These taxes do not constitute revenues or expenses to CPA.

ACCRUED COST OF ELECTRICITY

Accrued cost of electricity represents the estimated cost of electrical power and related energy products delivered or attributable to CPA during the fiscal year that had not yet been invoiced as of the fiscal year-end. These accruals primarily consist of costs associated with power supply contracts, estimated CAISO market transactions, and Renewable Energy Credits attributable to the respective fiscal year but not yet billed. Accrued cost of electricity was approximately $87,511,000 and $107,721,000 as of June 30, 2026, and 2025, respectively.

SECURITY DEPOSITS FROM ENERGY SUPPLIERS

Various energy contracts entered into by CPA require the supplier to provide CPA with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or non-current depending on the length of time the deposits will be held.

UNEARNED PROGRAM FUNDS

CPA received Power Share program funding from the California Public Utilities Commission. The amount represents funds received by CPA, but not yet spent on the Power Share program-specific expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

FISCAL STABILIZATION FUND

In Fiscal Year 2020, CPA's Board approved the Fiscal Stabilization Fund policy to allow CPA to defer revenue in years when financial results are strong and for use in future years when financial results may be negatively impacted by uncontrollable events as described in the Policy. In accordance with GASB Statement No. 62, the amount deposited into the fund is shown as a reduction of operating revenues and reported on the statements of net position as a deferred inflow of resources. Deferring revenue for use in future years reduces the impact of unplanned rate changes that would otherwise be necessary to meet CPA's financial objectives.

In Fiscal Year 2025, CPA did not have a transfer to the Fiscal Stabilization Fund.

In Fiscal Year 2026, CPA transferred $85,000,000 to the Fiscal Stabilization Fund, bringing the total fund balance to $220,000,000 as of June 30, 2026. The Fiscal Stabilization Fund balance is included in cash and cash equivalents.

NET POSITION

Net position is presented in the following components:

Investment in capital assets: This component of net position consists of capital and lease assets, net of accumulated depreciation and amortization, and is reduced by outstanding borrowings that are attributable to the acquisition, construction, or improvement of those assets. CPA did not have any outstanding borrowings as of June 30, 2026, and 2025 attributable to those assets.

Restricted: This component of net position consists of net assets subject to external constraints on their use imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This component of net position consists of a net position that does not meet the definition of "investment in capital assets" or "restricted."

OPERATING AND NON-OPERATING REVENUE AND EXPENSES

Nonoperating revenues and expenses generally include subsidies received and provided, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. Revenues or expenses that do not meet the definition of nonoperating would be considered operating when the transactions constitute CPA's principal ongoing operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

REVENUE RECOGNITION

CPA recognizes electricity revenue as electricity is delivered to customers. Revenue includes amounts billed to customers during the reporting period and estimated amounts for electricity delivered but not yet billed as of the end of the reporting period. Management estimates the portion of billed amounts that will not be collected and records an allowance for uncollectible accounts.

ELECTRICAL POWER PURCHASED

During the normal course of business, CPA purchases electrical power from numerous suppliers. Electricity costs include the cost of energy and capacity arising from bilateral contracts with energy suppliers, as well as wholesale sales and generation credits, and load and other charges arising from CPA's participation in CAISO's centralized market. Electricity costs are recognized as "Cost of electricity" in the Statements of Revenues, Expenses, and Changes in Net Position. To comply with the State of California's Renewable Portfolio Standards (RPS) and other annual product content targets and requirements, CPA acquires RPS-eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by Western Renewable Energy Generation Information System (WREGIS). CPA obtains Certificates with the intent to retire them. Certificate costs are recognized in proportion to the renewable energy consumed by CPA customers. CPA purchases capacity commitments from qualifying generators to comply with the California Energy Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the grid in real time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

STAFFING COSTS

CPA pays employees semi-monthly and fully pays its obligations for health benefits and contributions to its defined contribution retirement plan each month. CPA is not obligated to provide post-employment healthcare or other fringe benefits; accordingly, no related liability is recorded in these financial statements. CPA provides compensated time off, and the related liability is recorded in these financial statements.

In September 2023, the Board approved the Retention Incentive Program, whose purpose is to retain management-level staff and promote high performance. Retention incentive parameters approved by the Board in September 2023 remain in effect. Retention incentive amounts are earned over two-year periods beginning July 1, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES

CPA is a Joint Powers Authority under the provisions of the California Government Code and is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective for the fiscal year ended June 30, 2026, CPA implemented the provisions of the following GASB statements:

GASB Statement No. 103, *Financial Reporting Model Improvements*: This statement makes targeted improvements to the financial reporting model, including revised requirements for management's discussion and analysis (MD&A), the definition and presentation of unusual or infrequent items, the format of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit reporting, budgetary comparison information, and financial trends information in the statistical section. The adoption of this statement changed the contents and structure of the MD&A, but otherwise did not have a material effect on the financial statements.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: This statement establishes additional note disclosure requirements for capital assets, including intangible assets related to leases, public-private and public-public partnerships, and subscription-based information technology arrangements (SBITAs). It also introduces a new disclosure category for capital assets held for sale — those that the government intends to sell and reasonably expects to complete the sale within one year of the financial statement date. Implementation of this statement did not have a material effect on the financial statements.

3. CASH AND CASH EQUIVALENTS

As of June 30, 2026, CPA maintains its cash in both interest-earning and non-interest-earning bank accounts with River City Bank, in CAMP, in an interest-earning account with U.S. Bank, and in the California LAIF. As of June 30, cash and cash equivalents were as follows:

	2026	2025
Cash and cash equivalents held at:		
River City Bank	$ 247,897,000	$ 94,812,000
California Asset Management Program	149,277,000	199,219,000
Chandler Asset Management	4,011,000	-
U.S. Bank	464,000	3,187,000
California Local Agency Investment Fund	18,000	17,000
Total cash & cash equivalents	$ 401,667,000	$ 297,235,000

Cash and cash equivalent balances are subject to the Local Agency Security Program (LASP) administered by the California Department of Financial Protection and Innovation (DFPI) pursuant to California Government Code, Section 53630 through 53686. The LASP is designed to protect government agency deposits and requires banks holding agency deposits to collateralize deposits in excess of $250,000 with highly rated government securities and/or a letter of credit issued by the Federal Home Loan Deposit Corporation (FHLDC) in amounts equal to 110% and 105% of the agency deposits, respectively. Government securities collateralizing agency deposits are required to be held by third-party trust companies with legal and regulatory obligations to the DFPI. The DFPI is the beneficiary of FHLDC letters of credit collateralizing agency deposits. CPA's Board-approved Investment Policy requires that when managing funds, CPA's primary objectives, in the following order of importance, shall be to (1) safeguard the principal of the funds, (2) meet the liquidity needs of CPA, and (3) achieve a return on investment on funds in CPA's control. Risk is monitored on an ongoing basis.

CPA maintains cash equivalents in CAMP to earn higher interest rates and have same-day liquidity without penalty. CAMP is a California Joint Powers Authority established in 1989 under provisions of the California Joint Exercise of Powers Act to provide public agencies with professional investment services. CAMP funds are governed by California Government Code 53600, which only allows investments in low-risk eligible securities. CAMP funds are considered government agency deposits and are subject to California's LASP, which protects agency deposits.

CPA also holds cash equivalents with LAIF, managed by the State Treasurer, for the purpose of increasing interest earnings through pooled investment activities. These funds are not registered with the Securities and Exchange Commission but are required to be invested according to the California Government Code. Participants in the pool include voluntary and involuntary

3. CASH AND CASH EQUIVALENTS (continued)

participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. LIAB consists of four members as designated by state statute.

Cash and cash equivalents include funds held in the Fiscal Stabilization Fund.

CUSTODIAL CREDIT RISK

Cash and Cash Equivalents

Custodial credit risk for bank deposits is the risk that, in the event of a bank failure, CPA's deposits may not be returned to it. CPA's bank deposits are protected by LASP as described in Note 3 and by deposit guarantees provided by the Federal Deposit Insurance Corporation (FDIC) for balances up to $250,000.

As of June 30, 2026 and 2025, none of CPA's bank balances are known to be individually exposed to material levels of custodial credit risk.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, CPA would not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in CPA's name, and are held by the counterparty. CPA does not believe it is exposed to significant custodial credit risk arising from its investments in LAIF and CAMP, or arising from its investments in U.S. Treasuries and other securities held in custodial accounts with U.S. Bank Trust Company, National Association.

4. ACCOUNTS RECEIVABLE

Accounts receivable as of June 30 were as follows:

	2026	2025
Accounts receivable from customers	$ 189,208,996	$ 205,545,911
Allowance for uncollectible accounts	(112,730,040)	(108,241,128)
Net accounts receivable	$ 76,478,956	$ 97,304,782

4. ACCOUNTS RECEIVABLE (continued)

The majority of account collections occur within the first few months following customer invoicing. CPA estimates that a portion of the billed amounts will not be collected. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years.

5. INVESTMENTS

FAIR VALUE MEASUREMENT

GASB Statement No. 72, *Fair Value Measurement and Application*, sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

U.S. Treasury securities are classified as Level 1 inputs because they rely on unadjusted, quoted prices in active markets for identical assets.

Other investments, other than non-negotiable certificates of deposits, are classified as Level 2 inputs as they were valued using institutional bond quotes or valuations based on various market inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. CPA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Deposits and withdrawals from CAMP and LAIF are made on the basis of $1, which is substantially equal to the fair value.

During the fiscal years ended June 30, 2026 and 2025, CPA purchased investments with original maturities of three months or more. As of June 30, the fair value of investments was as follows:

5. INVESTMENTS (continued)

	2026	2025	Level
Current Investments:			
Certificates of deposit *	$ 1,995,732	$ 70,000,000	2
Commercial Paper	7,832,490	-	2
Total current investments	$ 9,828,222	$ 70,000,000	

	2026	2025	Level
Noncurrent Investments:			
U.S. Treasury notes	$ 136,982,294	$ 174,258,907	1
Asset-backed securities	17,943,093	-	2
Agency mortgage-backed securities	11,386,938	-	2
Corporate bonds	58,022,754	-	2
Total noncurrent investments	$ 224,335,079	$ 174,258,907	

**The 2025 certificate of deposit (CD) holdings are non-negotiable, non-participating CDs, measured using a cost-based measure, and therefore, were not subject to the GASB 72 fair value hierarchy. The 2026 CD holdings are negotiable, all with original terms of greater than three months and less than one year.*

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. CPA's investments are limited to investment types authorized under its Investment Policy, including LGIP such as LAIF and CAMP; negotiable and non-negotiable certificates of deposit; U.S. Treasury securities; federal agency securities; corporate medium-term notes; asset-backed, mortgage-backed, mortgage pass-through securities, and collateralized mortgage obligations; money market funds; and commercial paper. LGIP shares and/or deposits, U.S. Treasury securities, federal agency securities, corporate medium-term notes, asset-backed securities, and mortgage-backed securities are subject to interest rate risk, as their fair values may fluctuate in response to changes in market interest rates. CPA manages its exposure to declines in fair values of investments by limiting its investments subject to fair value adjustments, restricting its investments to high-quality securities authorized under its Investment Policy, and by limiting the term to maturity of its Treasury investments. LGIP administrators and Chandler Asset Management also manage CPA's exposure to declines in fair values of investments through diversifying portfolio investments across various maturity terms, restricting investments to high-quality securities, and limiting the term to the maturity of their managed investments.

5. INVESTMENTS (continued)

As of June 30, 2026, CPA's investments were as follows:

Investment Type	Fair Value	Investment Maturities	
		Less Than 1 Year	1-5 Years
U.S. Treasury securities	$ 136,982,294	$ -	$ 136,982,294
Asset-backed securities	17,943,093	-	17,943,093
Agency mortgage-backed securities	11,386,938	-	11,386,938
Corporate bonds	58,022,754	-	58,022,754
Commercial Paper	7,832,490	7,832,490	-
Certificates of deposit	1,995,732	1,995,732	-
Total:	$ 234,163,301	$ 9,828,222	$ 224,335,079

As of June 30, 2025, CPA's investments were as follows:

Investment Type	Fair Value	Investment Maturities	
		Less Than 1 Year	1-5 Years
U.S. Treasury securities	$ 174,258,907	$ -	$ 174,258,907
Total:	$ 174,258,907	$ -	$ 174,258,907

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Certain investments, such as obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government, are not considered to have credit risk. As of June 30, 2026 and 2025, CPA's investments were rated as follows:

	Moody's / S&P Rating	
	2026	2025
Asset-backed securities	Aaa / AAA	None held
Money market funds	Aaa / AAAm	None held
Agency CMBs	Aa1 / AA+ to Aaa / AA+	None held
Corporate bonds	A3 / BBB+ to Aa1 / AA	None held
Non-negotiable certificates of deposit	None held	Not Rated
Negotiable certificates of deposit	P-1 / A-1+	None held
Commercial paper	P-1 / A-1 to P-1 / A-1+	None held

CPA's Investment Policy addresses credit risk and mandates strategies for CPA to mitigate and manage credit risk. CPA's Investment Policy restricts eligible investments to a selection of instruments allowed under Section 53601 of the California Government Code and mandates risk management criteria for those instruments consistent with the requirements of Section 53601.

5. INVESTMENTS (continued)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss to the magnitude of CPA's investment in a single issuer. CPA manages the concentration of credit risk by diversifying its portfolio so that reliance on any one issuer will not place an undue burden on CPA.

As of June 30, 2026 and 2025, there were no concentrations of credit risk.

6. LEASE

Property Lease

CPA entered into an agreement to lease approximately 11,000 square feet of office space in Los Angeles, California, for 8 years, commencing in March 2021. Monthly base rent payments were approximately $32,000 in the first year of the lease and are subject to 3% annual rent escalations on each anniversary of lease commencement. The lease expires in February 2029. CPA also pays a pro-rata share of operating expenses and property taxes, which are not included in the measurement of the lease liability as they are variable in nature. The Company paid $23,000 in variable costs for both FY2025-26 and FY2024-2025.

As of June 30, 2026, the Company has reported $1,053,000 in right-of-use (ROU) intangible assets, net of amortization, and $1,377,000 in lease liabilities related to this agreement.

Amortization expense was $383,000 and interest expense was $39,000 for the right to use the office space during the fiscal year.

As of June 30, 2025, the Company has reported $1,436,000 in right-of-use (ROU) intangible assets, net of amortization, and $1,829,000 in lease liabilities related to this agreement. For the right to use the office space during the fiscal year, amortization expense was $383,000, and interest expense was $50,000.

CPA has the option to extend the lease for two additional years. The table below represents the future lease principal and interest payments under this agreement.

Year ended June 30,	Principal	Interest	Total
2027	$ 477,612	$ 27,860	$ 505,472
2028	504,535	16,101	520,636
2029	395,199	3,998	399,197
	$ 1,377,346	$ 47,959	$ 1,425,305

6. LEASE (continued)

Storage Contract Arrangements

In providing electricity to its customers, CPA has entered into three stand-alone energy storage agreements and nine co-located solar and energy storage agreements, all of which achieved commercial operation as of June 2026. Stand-alone energy storage assets receive charging energy from the grid. Collocated energy storage assets receive charging energy from collocated solar facilities. Through these agreements, CPA obtains the right to control certain aspects of the nature, manner, and use of the underlying storage facilities. The monthly payments made by CPA are variable and based on the performance of the underlying assets, including the plant's available capacity, operating charging efficiency, and the seller's responsiveness to CPA's charging and discharge instructions. The variable payments under energy storage agreements are recognized as part of the cost of energy in the Statement of Revenues, Expenses, and Changes in Net Position.

Variable payments for storage under stand-alone energy storage and collocated solar and energy storage agreements totaled approximately $133,017,000 and $106,188,000 in FY 2025-26 and FY 2024-25, respectively.

7. CAPITAL ASSETS

Capital asset activities for the years ended June 30, 2026 and 2025, were as follows:

	Balances at June 30, 2025	Additions	Dispositions	Balances at June 30, 2026
Capital assets				
Office equipment	$ 25,236	$ -	$ -	$ 25,236
Computer equipment	483,997	225,871	(124,441)	585,427
Website/App development	315,102	-	-	315,102
Leasehold improvements	436,985	-	-	436,985
Intangible assets-office lease	3,095,195	-	-	3,095,195
Total capital assets	4,356,515	225,871	(124,441)	4,457,945
Less accumulated depreciation & amortization				
Office, computer, leasehold, and website	(914,513)	(46,734)	-	(961,247)
Intangible assets-office lease	(1,659,268)	(382,908)	-	(2,042,176)
Total accumulated depreciation & amortization	(2,573,781)	(429,642)	-	(3,003,423)
Total capital assets, net of depreciation & amortization	$ 1,782,734	$ (203,771)	(124,441)	$ 1,454,522

7. CAPITAL ASSETS (continued)

	Balances at June 30, 2024	Additions	Dispositions	Balances at June 30, 2025
Capital assets				
Office equipment	$ 15,053	$ 10,183	$ -	$ 25,236
Computer equipment	483,997	-	-	483,997
Website/App development	315,102	-	-	315,102
Leasehold improvements	436,985	-	-	436,985
Intangible assets-office lease	3,095,195	-	-	3,095,195
Total capital assets	4,346,332	10,183	-	4,356,515
Less accumulated depreciation & amortization				
Office, computer, leasehold, and website	(680,064)	(234,449)	-	(914,513)
Intangible assets-office lease	(1,276,360)	(382,908)	-	(1,659,268)
Total accumulated depreciation & amortization	(1,956,424)	(617,357)	-	(2,573,781)
Total capital assets, net of depreciation & amortization	$ 2,389,908	$ (607,174)	$ -	$ 1,782,734

Depreciation and amortization expenses are included under general and administration on the Statements of Revenues, Expenses, and Changes in Net Position.

8. DEBT

JPMorgan Chase Bank Credit Facility

In September 2021, CPA entered into an $80 million revolving credit agreement with JPMorgan Chase Bank, N.A. The agreement provides a revolving borrowing and letter-of-credit facility that may be used for working capital and collateral requirements. The facility was subsequently amended to increase the available amount to $160 million in June 2023 and reduce the available amount to $120 million in May 2025. In March 2026, the agreement was amended to extend its maturity date from March 31, 2026, to March 31, 2028.

As of June 30, 2026 and 2025, CPA had no borrowings outstanding under the credit facility and was in compliance with all applicable covenants.

As of June 30, 2026, and 2025, CPA had outstanding letters of credit totaling $488,000 and $5,647,000, respectively. Outstanding letters of credit reduce the amount available for borrowing under the facility.

9. DEFINED CONTRIBUTION RETIREMENT PLAN

The Clean Power Alliance of Southern California Plan (Plan) is a defined contribution retirement plan established by CPA to provide retirement benefits to its employees. The Plan is administered

9. DEFINED CONTRIBUTION RETIREMENT PLAN (continued)

by Nationwide Retirement Solutions. Currently, the employer contribution is 6% of the employee's salary plus an additional 4% employer match contribution for a maximum annual employer contribution to the Plan equal to 10% of the employee's salary. As of June 30, 2026 and 2025, there were 97 and 85 plan members, respectively. CPA contributed $1,774,000 and $1,538,000 during the years ended June 30, 2026 and 2025, respectively. Plan provisions and contribution requirements are established and may be amended by the Board of Directors.

10. RISK MANAGEMENT

CPA is exposed to various insurable risks of loss related to torts, theft of, damage to, and destruction of assets, and errors and omissions. During the year, CPA purchased insurance policies from investment-grade commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, crime and cybercrime, and property damage. Settled claims have not exceeded CPA's commercial liability insurance coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

On July 12, 2018, CPA's Board adopted the Energy Risk Management Policy (ERMP). The ERMP establishes CPA's Energy Risk Program and applies to all power procurements and related business activities that may impact CPA's risk profile. The ERMP documents the framework by which CPA's staff and consultants will identify and quantify risk, develop and execute procurement strategies, develop controls and oversight, monitor, and measure and report on the effectiveness of the CPA's Energy Risk Program. Risks covered by the ERMP include market price risk, credit risk, volumetric risk, operational risk, opt-out risk, legislative and regulatory risk, and other risks arising from operating as a Community Choice Aggregation and participating in California energy markets. The Board approved updates to the ERMP in July 2019, July 2020, July 2021, July 2022, July 2023, July 2024, July 2025, and July 2026.

CPA maintains other risk management policies, procedures, and systems that help mitigate and manage credit, liquidity, financial, regulatory, and other risks not covered by the ERMP. Credit guidelines include a preference for transacting with investment-grade counterparties, evaluating counterparties' financial condition, and assigning credit limits as applicable. These credit limits are established based on risk and return considerations under terms customarily available in the industry. In addition, CPA enters into netting arrangements whenever possible and, where appropriate, obtains collateral and other performance assurances from counterparties.

11. PURCHASE AND SALE COMMITMENTS

POWER AND ELECTRIC CAPACITY

In the ordinary course of business, CPA enters into various power purchase and energy storage agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of electricity on the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydroelectric facilities.

CPA enters into power purchase and energy storage agreements in order to comply with state law and elective targets for renewable and greenhouse gas (GHG) free products and to ensure stable and competitive electric rates for its customers.

The following tables represent the expected, undiscounted contractual commitments for energy storage, power, and electric capacity outstanding as of June 30, 2026:

FY25-26 Purchase Commitments

Year ended June 30,	
2027	$ 994,126,000
2028	968,019,000
2029	920,421,000
2030	897,729,000
2031	889,501,000
2032 to 2036	4,321,109,000
2037 to 2041	3,350,337,000
2042 to 2046	1,702,112,000
2047 to 2050	95,755,000
	$ 14,139,109,000

Totals are rounded to the nearest thousand.

11. PURCHASE AND SALE COMMITMENTS (continued)

FY25-26 Sales Commitments

Year ended June 30,		
2027	$	(45,055,000)
2028		(13,710,000)
2029		(5,789,000)
2030		(273,000)
2031		-
2032 to 2036		-
2037 to 2041		-
2042 to 2046		-
2047 to 2050		-
	$	(64,827,000)

Totals are rounded to the nearest thousand.

As of June 30, 2026, CPA had non-cancellable contractual commitments to contract and professional service providers through December 31, 2029, for services yet to be performed. The associated costs with these contracts are based on volumetric activity and are expected to be approximately $14 million.

12. JOINT VENTURE

In July 2022, CPA's Board of Directors authorized CPA to join California Community Choice Financing Authority (CCCFA) as a founding member. CPA joined CCCFA in September 2022 and participates in the Joint Powers Agreement with CCCFA along with other founding members (Central Coast Community Energy, Ava Community Energy, MCE, and Silicon Valley Clean Energy). Other CCAs are associate members, receiving the benefits of CCCFA but are not represented on the CCCFA Board of Directors. CCCFA was created on June 25, 2021, and its financial statements are available online at http://www.cccfa.org/keydocuments.html.

CCCFA was formed as a conduit issuer to assist its members by undertaking the financing or refinancing of energy prepayments on behalf of one or more of the members by, among other things, issuing or incurring tax-advantaged bonds and entering into related contracts with its members. No debt, liability, or obligation of CCCFA is considered a debt, liability, or obligation of any member of CCCFA. Any debt or liability incurred by CCCFA on behalf of a member to prepay for renewable energy is not a debt or liability of that member. Furthermore, the assets of CCCFA in the form of prepaid energy or reserves held by the respective bond trustees for any prepayment transaction undertaken on behalf of a member do not constitute an asset or reserve of that member.

12. JOINT VENTURE (continued)

Each member of CCCFA is responsible for paying an equal portion of CCCFA's general and administrative operating costs as determined by its board. During the year ending June 2026, CPA contributed approximately $30,000 to CCCFA to assist in its operating activities. No contributions were requested by CCCFA during the year ending June 2025.

The following Clean Energy Revenue Bonds were issued by CCCFA on behalf of CPA.

Description	Issued/Closed	Principal Amount	Maturity	Type	Underwriter
Prepay Bond #1	2/23/2023	$ 998,780,000	10/1/2031	Series 2023C (Green Bonds)	Goldman Sachs
Prepay Bond #2	6/15/2023	958,290,000	11/1/2028	Series 2023D (Green Bonds)	Goldman Sachs
Prepay Bond #3	8/27/2024	1,524,180,000	12/1/2032	Series 2024B (Green Bonds)	Goldman Sachs
Prepay Bond #4	11/14/2024	1,152,995,000	9/1/2032	Series 2024D (Green Bonds)	RBC
Prepay Bond #5	12/20/2024	1,290,750,000	8/1/2033	Series 2024H (Green Bonds)	Goldman Sachs
Prepay Bond #6	2/27/2026	962,915,000	3/1/2036	Series 2026B (Green Bonds)	Morgan Stanley
		$ 6,887,910,000			

The proceeds were used to finance energy purchases that will flow to CPA over a 30-year term. CPA will purchase energy from CCCFA in the same manner as CPA purchases energy from other suppliers. The outstanding purchase commitments related to these financings are included in Note 11.

13. FUTURE GASB PRONOUNCEMENT

The requirements of the following GASB Statement are effective for future fiscal years ending after June 30, 2026

GASB No. 105, *Subsequent Events*

Management is evaluating the effects of implementing these statements.

14. SUBSEQUENT EVENTS

New Community Enrollments

In October 2027, CPA will begin providing electric service to 11,000 additional customer accounts located in Fillmore and Cudahy.

14. SUBSEQUENT EVENTS (continued)

Clean Energy Bonds

On October 19, 2026, CCCFA issued the Series 2026I Bond on behalf of CPA in the par amount of $1,442,515,000. The proceeds were used to finance energy purchases that will flow to CPA over a 30-year term, pursuant to the transaction's Clean Energy Purchase Contract. CPA will purchase energy from CCCFA in the same manner as CPA purchases energy from other suppliers. The Series 2026I prepay transaction is expected to provide energy cost savings to CPA of $91 million over the initial seven-year period of the bond, or approximately $13.0 million annually. CPA will begin to receive energy cost savings resulting from the Series 2026B prepay transaction in January 2027.