

**Regular Meeting of the Audit and Finance Committee of the
Peninsula Clean Energy Authority (PCEA)
AGENDA**

Monday, November 10, 2025

8:30 am

PLEASE NOTE: This meeting will be held in a hybrid format with both in-person and Zoom participation options for members of the public; Board members shall appear in person.

In-Person Meeting Location:

**PCEA Lobby, 2075 Woodside Road, Redwood City, CA 94061
Los Banos City Hall, Conference Room B, 520 J Street, Los Banos, CA 93635**

Zoom, Virtual Meeting Link: <https://pencleanenergy.zoom.us/j/89514559357>

Meeting ID: 895-1455-9357 **Passcode:** 2075 **Phone:** +1 (669) 444-9171

This meeting of the Peninsula Clean Energy Audit and Finance Committee will be held at the Peninsula Clean Energy Lobby: 2075 Woodside Road, Redwood City, CA 94061, and Los Banos City Hall, Conference Room B, 520 J Street, Los Banos, CA 93635 and by teleconference pursuant to California Assembly Bill 2449 and the Ralph M. Brown Act, CA Gov't Code. Section 54950, et seq. Members of the Committee are expected to attend the meeting in person and should reach out to our General Counsel for Peninsula Clean Energy, Jennifer Stalzer, with questions or accommodation information (jstalzer@smcgov.org). For information regarding how to participate in the meeting remotely, please refer to the instructions at the end of the agenda. In addition, a video broadcast of the meeting can be viewed at <https://www.peninsulacleanenergy.com/meetings-events> following the meeting.

Public Participation

The PCEA Audit and Finance Committee meeting may be accessed through Zoom online at <https://pencleanenergy.zoom.us/j/89514559357>. The meeting ID is: 895-1455-9357 and the passcode is: 2075. The meeting may also be accessed via telephone by dialing +1(669) 444-9171. Enter the webinar ID: 895-1455-9357, then press #. (Find your local number: <https://pencleanenergy.zoom.us/u/kTIH1Ocod>). Peninsula Clean Energy uses best efforts to ensure audio and visual clarity and connectivity. However, it cannot guarantee the connection quality.

Members of the public can also attend this meeting physically at the **Peninsula Clean Energy Lobby** at 2075 Woodside Road, Redwood City, CA 94061, and **Los Banos City Hall**, Conference Room B, 520 J Street, Los Banos, CA 93635

Written public comments may be emailed to PCEA Board Clerk, Nelly Wogberg (nwogberg@peninsulacleanenergy.com) and such written comments should indicate the specific agenda item on which the member of the public is commenting.

Spoken public comments will be accepted during the meeting in the Board Room(s) or remotely through Zoom at the option of the speaker. Please use the "Raise Your Hand" function in the Zoom platform, or

press *6 if you phoned into the meeting, to indicate that you would like to provide comment.

Please note that Peninsula Clean Energy Audit and Finance Committee meetings are a limited public forum, and all public comment must relate to something that is within the subject matter jurisdiction of the Committee. If comments do not relate to the subject matter jurisdiction of the Committee, we will stop the comment and move on to the next speaker. General Counsel will assist in identifying comments that are not related to the subject matter jurisdiction of the Committee.

ADA Requests

Individuals who require special assistance or a disability related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting, should contact Nelly Wogberg, Board Clerk, by 10:00 a.m. on the day before the meeting at (nwogberg@peninsulacleanenergy.com). Notification in advance of the meeting will enable PCEA to make reasonable arrangements to ensure accessibility to this meeting, the materials related to it, and your ability to comment.

Closed Captioning is available for all PCEA Board meetings. While watching the video broadcast in Zoom, please enable captioning.

CALL TO ORDER / ROLL CALL / APPROVE TELECONFERENCE PARTICIPATION UNDER AB 2449

This item is reserved to approve teleconference participation request for this meeting by Director pursuant to Brown Act revisions of AB 2449 due to an emergency circumstance to be briefly described.

PUBLIC COMMENT

This item is reserved for persons wishing to address the Committee on any PCEA-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. Members of the public who wish to address the Committee are customarily limited to two minutes per speaker. The Committee Chair may increase or decrease the time allotted to each speaker.

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS

1. [Approval of the 2026 Audit and Finance Committee Meeting Schedule](#)
2. [Approval of Minutes from the September 8, 2025 Audit and Finance Committee Meeting](#)

REGULAR AGENDA

3. Chair Report (Discussion)
4. Staff Report (Discussion)
5. [Receive and Recommend that the Board of Directors Approve the Audited Financial Statements for Fiscal Year 2024-2025 \(Action\)](#)
6. [Quarter One Fiscal Year 2026 Financial Report \(Quarter Ending September 30, 2025\) \(Discussion\)](#)
7. Committee Members' Reports (Discussion)

ADJOURNMENT

Public records that relate to any item on the open session agenda are available for public inspection. The records are available at the Peninsula Clean Energy offices or on PCEA Website at:

<https://www.peninsulacleanenergy.com>.

Instructions for Joining a Zoom Meeting via Computer or Phone

Best Practices:

- Please mute your microphone when you are not speaking to minimize audio feedback
- If possible, utilize headphones or ear buds to minimize audio feedback
- If participating via videoconference, audio quality is often better if you use the dial-in option (option 2 below) rather than your computer audio

Options for Joining

- Videoconference with Computer Audio - see Option 1 below
- Videoconference with Phone Call Audio - see Option 2 below
- Calling in via Telephone/Landline - see Option 3 below

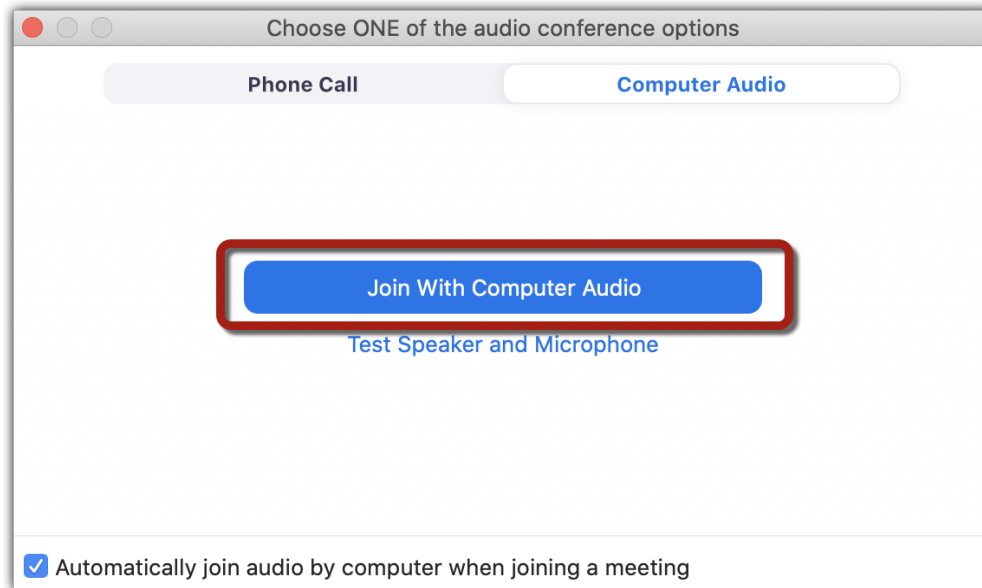
Videoconference Options:

Prior to the meeting, we recommend that you install the Zoom Meetings application on your computer by clicking here <https://zoom.us/download>.

If you want full capabilities for videoconferencing (audio, video, screensharing) you must download the Zoom application.

Option 1 Videoconference with Computer Audio:

- From your computer, click on the following link that is also included in the meeting calendar invitation: <https://pencleanenergy.zoom.us/j/89514559357>
- The Zoom application will open on its own or you will be instructed to open Zoom.
- After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Computer Audio option at the top of the pop-up screen.



- Click the blue, "Join with Computer Audio" button.
- In order to enable video, click on "Start Video" in the bottom left-hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Option 2 Videoconference with Phone Call Audio

- From your computer, click on the following link that is also included in the Meeting Calendar Invitation: <https://pencleanenergy.zoom.us/j/89514559357>
- The Zoom Application will open on its own or you will be instructed to Open Zoom.

- After the application opens, the pop-up screen below will appear asking you to choose ONE of the audio conference options. Click on the Phone Call option at the top of the pop-up screen.

Choose ONE of the audio conference options

Phone Call | Computer Audio - Connected

Country/Region: United States

Dial: +1 669 444 9171
+1 253 215 8782
+1 346 248 7799
+1 719 359 4580
+1 720 707 2699

Meeting ID: 881 0096 6124

Participant ID: 2075

- Please dial +1 (669) 444-9171.
- You will be instructed to enter the meeting ID: **895-1455-9357 followed by #.**
- You will be instructed to enter in your participant ID. Your participant ID is unique to you and is what connects your phone number to your Zoom account.
- After a few seconds, your phone audio should be connected to the Zoom application on your computer.
- In order to enable video, click on "Start Video" in the bottom left-hand corner of the screen. This menu bar is also where you can mute/unmute your audio.

Audio Only Options:

Please note that if you call in/use the audio only option, you will not be able to see the speakers or any presentation materials in real time.

Option 3: Calling in via Telephone/Landline:

- Please dial +1 (669) 444-9171.
- You will be instructed to enter the meeting ID: **895-1455-9357 followed by #.**
- You will be instructed to enter your **Participant ID** followed by #. If you do not have a participant ID or do not know it, you can press # to stay on the line.
- You will be instructed to enter the meeting passcode **2075 followed by #.**



PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence

DATE: November 7, 2025

MEETING DATE: November 10, 2025

VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Audit and Finance Committee

FROM: Nelly Wogberg, Clerk of the Board

SUBJECT: Approval of the 2026 Audit and Finance Committee Meeting Schedule

RECOMMENDATION

Approval of the 2026 Audit and Finance Committee Meeting Schedule.

ATTACHMENTS:

[2026 AFC Meeting Schedule.pdf](#)

2026 Audit and Finance Committee Meeting Schedule

Location: Video/Teleconference/PCEA Lobby/Check Agenda

Meeting Date:	Time:	Location:
February 9, 2026	8:30 am	Video/Teleconference/PCEA Lobby/Check Agenda
May 11, 2026	8:30 am	Video/Teleconference/PCEA Lobby/Check Agenda
June 8, 2026	8:30 am	Video/Teleconference/PCEA Lobby/Check Agenda
September 14, 2026	8:30 am	Video/Teleconference/PCEA Lobby/Check Agenda
November 9, 2026	8:30 am	Video/Teleconference/PCEA Lobby/Check Agenda



PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence

DATE: October 10, 2025

MEETING DATE: November 10, 2025

VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Audit and Finance Committee

FROM: Nelly Wogberg, Board Clerk

SUBJECT: Approval of Minutes from the September 8, 2025 Audit and Finance Committee Meeting

RECOMMENDATION

Approval of Minutes from the September 8, 2025 Audit and Finance Committee Meeting.

ATTACHMENTS:

[09-08-2025 A&FC Draft Minutes.pdf](#)

Special Meeting of the Audit and Finance Committee of the Peninsula Clean Energy Authority (PCEA) Minutes

Monday, September 8, 2025
8:30 a.m.
Zoom Video Conference and Teleconference

CALL TO ORDER

Meeting was called to order at 8:35 a.m. in virtual teleconference, in the Peninsula Clean Energy Authority lobby, and in Los Banos City Hall Conference Room B.

ROLL CALL YouTube

Participating:

Tom McCune, Belmont
Donna Colson, Burlingame, *Chair*
Carlos Romero, East Palo Alto
Michale Amabile, Los Banos, *participating from Los Banos*
Elmer Martinez Saballos, Redwood City, arrived at 8:40 a.m.

Absent:

A quorum was established.

PUBLIC COMMENT

None

ACTION TO SET AGENDA AND TO APPROVE CONSENT AGENDA ITEMS YouTube

Public Comment: None

MOTION: Director McCune moved, seconded by Chair Colson to set the Agenda and approve Agenda Item Number 1.

1. Approval of the Minutes for the June 9, 2025 Audit and Finance Committee Meeting

MOTION PASSED: 4-0 (Absent: Redwood City)

JURISDICTION	BOARD MEMBER	YES	NO	ABSTAIN	ABSENT
Belmont	Director McCune	X			
Burlingame	Director Colson	X			
East Palo Alto	Director Romero	X			
Los Banos	Director Amabile	X			
Redwood City	Elmer Martinez-Saballos				X
	Totals	4			1

REGULAR AGENDA

2. [Chair Report](#) YouTube

None.

3. [Staff Report](#) YouTube

Nick Bijur, Chief Financial Officer, provided an update to the Committee on an upcoming second prepay transaction, revised S&P outlook to “Positive,” progress on the annual audit, issuance of a \$1.3M Letter of Credit to PG&E under updated CPUC financial security rules (replacing a \$147K escrow and subject to semiannual recalculation), and the launch of the Enterprise Risk Management program.

4. [Discussion of Future Prepay Transaction and Planning](#) YouTube

Nick Bijur, Chief Financial Officer, provided an overview of a future prepay transaction for discussion.

Public Comment: None

5. [Q4 Fiscal Year 2025 Financial Report \(Quarter Ending June 30, 2025\) \(Discussion\)](#) YouTube

Nick Bijur, Chief Financial Officer, gave a presentation with the results of the fourth quarter financial report.

Public Comment: None

6. [Committee Members' Reports](#) YouTube

Director McCune noted planned outages from PG&E in Belmont.

ADJOURNMENT

Meeting was adjourned at 9:36 a.m.



PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence

DATE: October 31, 2025

MEETING DATE: November 10, 2025

VOTE REQUIRED: Majority Vote

TO: Honorable Peninsula Clean Energy Authority Audit and Finance Committee

FROM: Nicholas Bijur, Chief Financial Officer

SUBJECT: Receive and Recommend that the Board of Directors Approve the Audited Financial Statements for Fiscal Year 2024-2025 (Action)

RECOMMENDATION

Receive and Recommend Approval of the Audited Financial Statements for Fiscal Year 2024-2025.

BACKGROUND

The financial statements for Fiscal Year 2024-2025 have been prepared by Peninsula Clean Energy's (PCE) finance team, with support from Maher Accountancy, and audited by Sorren CPAs, P.C., a licensed independent auditing firm. Note that PCE's prior independent auditing firm, Pisenti & Brinker, was recently acquired by Sorren; there has been no change to the team of professionals working with PCE. The audit work began in July 2025 and the financial statements are ready for the Audit and Finance Committee's review. Upon recommendation of approval of these statements by the Audit and Finance Committee, the statements will be presented to the Board of Directors for their final approval.

Pisenti & Brinker, and now Sorren, has provided auditing services to PCE since 2017. In order to abide by California rules that require a change in audit partner at least every seven year, Kellin Gilbert assumed the role of engagement partner for PCE last year. Kellin will provide an overview of the audit process and results during the meeting.

ATTACHMENTS:

[PCE - Letter to Those Charged with Governance 6.30.2025.pdf](#)

[Peninsula Clean Energy Authority 6.30.2025 Financial Statements.pdf](#)

[Sorren Presentation - Peninsula Clean Energy A&F 11.10.2025.pdf](#)



Report to the Board of Directors

Peninsula Clean Energy Authority
For the year ended June 30, 2025



To the Board of Directors
Peninsula Clean Energy Authority
2075 Woodside Road
Redwood City, CA 94061

We are pleased to present this report related to our audit of the financial statements of Peninsula Clean Energy Authority ("PCE") as of and for the year ended June 30, 2025. Our report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for PCE's financial reporting process.

This report is intended solely for the information and use of the Audit and Finance Committee, Board of Directors and management of PCE and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Peninsula Clean Energy Authority.

Sorren CPAs P.C.

Santa Rosa, California
October 30, 2025

cc: Nick Bijur, Chief Financial Officer

TABLE OF CONTENTS

Required Communications	1
Significant Accounting Estimates	3
Appendices	
Appendix A—Significant Written Communications Between Management and Our Firm	
• Representation Letter	4

REQUIRED COMMUNICATIONS

The following required communications summarize our responsibilities regarding the financial statement audit as well as observations from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Our Responsibilities

We described our responsibilities under auditing standards generally accepted in the United States of America have been described to you in our engagement letter dated September 29, 2025. Our audit of the financial statements does not relieve management or you of your responsibilities, which are also described in that letter.

Planned Scope and Timing

We previously issued a separate communication dated August 26, 2025 regarding the planned scope and timing of our audit and identified significant risks.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of, or Change in, Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by PCE. PCE did not change any existing significant accounting policies. As disclosed in Note 12, PCE adopted GASB 102-104 which did not have a significant effect on the financial statements.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant or Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.

Audit Adjustments and Uncorrected Misstatements

Management chose to pass on one adjustment related to GASB 96 which management concluded wasn't material. We are not aware of any other passed adjustments that were not trivial.

Observations About the Audit Process

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed With Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Shared Responsibilities for Independence

Auditor independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with applicable independence rules. For Sorren CPAs P.C. (the Firm) to fulfill its professional responsibility to maintain and monitor independence, management, the Board of Directors, and the Firm each play an important role.

Our Responsibilities

- We are required to maintain both independence of mind and in appearance when providing audit and other attestation services. It is our responsibility to ensure that the general requirements for performing nonattest services are adhered to and included in all letters of engagement.
- We are required to maintain a system of quality management over compliance with independence rules and firm policies.

PCE's Responsibilities

- Timely inform the Firm, before the effective date of transactions or other business changes, of the following:
 - New affiliates, directors, or officers.
- Understand and conclude on the permissibility, prior to PCE's, officers, directors, or persons in a decision-making capacity, engaging in business relationships with the Firm.
- Not entering into relationships resulting in close family members of the Firm covered persons, temporarily or permanently acting as an officer, director, or person in an accounting or financial reporting oversight role at the Company.

Significant Written Communications Between Management and Our Firm

Copies of significant written communications between our firm and the management of PCE, including the representation letter provided to us by management, are attached as Appendix A

SIGNIFICANT ACCOUNTING ESTIMATES

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events, and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following summarizes the significant accounting estimates reflected in PCE's June 30, 2025 financial statements.

Significant Accounting Estimates

Accrued Revenue

Accounting policy/ Management's estimation process	Management's estimate of accrued revenue includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate analytically and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.

Cost of Electricity

Accounting policy/ Management's estimation process	Management's estimate of accrued cost of electricity includes historical trends and anticipated energy usage.
Basis for our conclusion on the reasonableness of the estimate	We tested management's estimate through subsequent disbursements and analytical procedures and determined management's estimate to be reasonable in relation to the financial statements taken as a whole.

Allowance for Uncollectible Accounts

Accounting policy/ Management's estimation process	Management's estimate of the allowance for uncollectible accounts includes historical collection trends and anticipated future collections.
Basis for our conclusion on the reasonableness of the estimate	We evaluated the key factors and assumptions used to develop the estimate in determining that the allowance is reasonable in relation to the financial statements taken as a whole.

APPENDIX A

Significant Written Communications Between Management and Our Firm



October 30, 2025

Sorren CPAs, P.C.
3562 Round Barn Circle, Suite 200
Santa Rosa, CA 95403

This representation letter is provided in connection with your audit of the basic financial statements of Peninsula Clean Energy Authority (PCE) as of and for the years ended June 30, 2025 and 2024 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, that as of October 30, 2025:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated September 29, 2025 for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation and maintenance of controls to prevent and detect fraud.
4. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP, and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
9. Management has followed applicable laws and regulations in adopting, approving and amending budgets.

10. Risk disclosures associated with deposit and investment securities and derivative transactions are presented in accordance with GASB requirements.
11. Provisions for uncollectible receivables have been properly identified and recorded.
12. Capital assets, including infrastructure, intangible assets, and right of use assets are properly capitalized, reported and, if applicable, depreciated.
13. The government properly separated information in debt disclosures related to direct borrowings and direct placements of debt from other debt and disclosed any unused lines of credit, collateral pledged to secure debt, terms in the debt agreements related to significant default or termination events with finance-related consequences and significant subjective acceleration clauses in accordance with GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.
14. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
15. Leases have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 87, *Leases*.
16. Subscription-based technology information arrangements (SBITAs) have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.
17. There are no concentrations or constraints requiring disclosure in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.
18. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders, that is not disclosed in the financial statements.
19. We have complied with all aspects of laws, regulations and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
20. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

21. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within PCE from whom you determined it necessary to obtain audit evidence.

- d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
22. All transactions have been recorded in the accounting records and are reflected in the basic financial statements.
23. We have disclosed to you the results of our assessment of risk that the basic financial statements may be materially misstated as a result of fraud.
24. We have no knowledge of allegations of fraud or suspected fraud affecting PCE's basic financial statements involving:
- a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the basic financial statements.
25. We have no knowledge of any allegations of fraud or suspected fraud affecting PCE's basic financial statements received in communications from employees, former employees, analysts, regulators, or others.
26. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.
27. We are not aware of any pending or threatened litigation, claims or assessments; unasserted claims or assessments that are probable of assertion and must be disclosed in accordance with Accounting Standards Codification (ASC) Topic 450, Contingencies; violations or possible violations of laws and regulations; or other matters, including gain or loss contingencies, whose effects should be considered when preparing the financial statements.
28. We have disclosed to you the identity of all of PCE's related parties and all the related-party relationships and transactions of which we are aware.
29. We are aware of no significant deficiencies in internal control over financial reporting, including significant deficiencies or material weaknesses, in the design or operation of internal controls that could adversely affect PCE's ability to record, process, summarize and report financial data.
30. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

Supplementary Information

31. With respect to the Management's Discussion and Analysis presented as required by GAAP and the Governmental Accounting Standards Board to supplement the basic financial statements:
- a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

A handwritten signature in dark ink, appearing to read "Nicholas Bijur". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Nicholas Bijur, Chief Financial Officer
Peninsula Clean Energy Authority

A handwritten signature in dark ink, appearing to read "Michael Maher". The signature is written in a cursive style with a distinct loop at the end.

Mike Maher, Accountant

FINANCIAL STATEMENTS
FISCAL YEARS ENDED JUNE 30, 2025 AND 2024
WITH REPORT OF
INDEPENDENT AUDITORS



PENINSULA
CLEAN ENERGY

TABLE OF CONTENTS

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statements of Net Position	9
Statements of Revenues, Expenses and Changes in Net Position	10
Statements of Cash Flows	11
Notes to the Basic Financial Statements	13

Independent Auditor's Report

To the Board of Directors
Peninsula Clean Energy Authority

Opinion

We have audited the accompanying financial statements of Peninsula Clean Energy Authority (PCE), which comprise the statements of net position as of June 30, 2025 and 2024, the related statements of revenue, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PCE as of June 30, 2025 and 2024, and the results of its operations 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PCE 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 PCE's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditor's Report (continued)

Auditor's 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 auditor's 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.

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 PCE'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 PCE'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.

Independent Auditor's Report (continued)

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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.

Sorren CPAs P.C.

Santa Rosa, California
October 30, 2025

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

The purpose of management’s discussion and analysis (MD&A) is to help stakeholders and other readers understand what the financial statements and notes in this report say about Peninsula Clean Energy Authority’s (PCE) financial health and why it has changed since last year. It contains information drawn from other parts of the report, accompanied by explanations informed by the finance staff’s knowledge of PCE’s finances.

If you have questions about this report or require further information, please contact PCE at info@PenCleanEnergy.com.

Overview of the Financial Statements

PCE’s financial report contains basic financial statements, which include:

- The *Statements of Net Position* include all of PCE’s assets, liabilities, and net position and provide information about the nature and amounts of resources and obligations at a specific point in time.
- The *Statements of Revenues, Expenses, and Changes in Net Position* report all of PCE’s revenue and expenses for the years shown.
- The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as capital and investing activities.
- The notes to the Basic Financial Statements provide additional details and information related to the basic financial statements.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Financial Summary

PCE's Net Position

	2025	2024	2023
Current assets	\$296,837,851	\$271,029,376	\$230,229,924
Noncurrent assets:			
Capital assets, net	13,884,602	7,192,785	3,245,102
Other noncurrent assets	218,321,725	196,984,028	115,190,369
Total noncurrent assets	232,206,327	204,176,813	118,435,471
Total assets	529,044,178	475,206,189	348,665,395
Current liabilities	40,178,389	55,478,759	37,979,864
Noncurrent liabilities	2,571,232	2,527,330	3,059,539
Total liabilities	42,749,621	58,006,089	41,039,403
Deferred inflows of resources	128,000,000	68,000,000	-
Net position			
Net Investment in capital assets	12,420,556	5,455,117	399,493
Unrestricted	345,874,001	343,744,983	307,226,499
Total net position	\$358,294,557	\$349,200,100	\$307,625,992

As of June 30, 2025, PCE's total net position was approximately \$358,000,000, an increase of \$9,000,000 or 3% as compared to June 30, 2024. See the discussion in the following section for the changes in the various components.

PCE's Changes in Net Position

	2025	2024	2023
Operating revenues	\$ 391,935,615	\$ 388,612,693	\$ 428,218,199
Nonoperating revenues	26,275,124	14,844,423	2,953,610
Total revenues	418,210,739	403,457,116	431,171,809
Operating expenses	409,064,698	361,835,489	291,154,063
Nonoperating expenses and losses	51,584	47,519	62,488
Total expenses	409,116,282	361,883,008	291,216,551
Change in net position	\$ 9,094,457	\$ 41,574,108	\$ 139,955,258

The increase in electricity sales in 2025 were offset by the \$60,000,000 voluntary deferral into the Rate Stabilization Fund. The cost of electricity, a component of operating expenses, increased from fiscal year (FY) 2024 to FY 2025 due to increases in renewable energy and resource adequacy (RA) market costs. See the following section for a detailed discussion.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Detailed Analysis

Current assets increased from \$271,029,000 at the end of FY 2024 to \$296,838,000 at the end of FY 2025, an increase of approximately \$25,809,000 (9.6%). The increase was the result of normal operating results and investment earnings. At June 30, 2025, current assets consisted mainly of cash and investments of \$228,077,000, accounts receivable of \$30,563,000, and accrued revenue of \$23,609,000. Included in cash and investments is \$128,000,000 held in the Rate Stabilization Fund, which PCE uses to defer revenue to future years to allow PCE to mitigate potential future volatility in energy procurement costs and maintain stable and competitive customer rates. By comparison, the Rate Stabilization Fund balance at June 30, 2024 was \$68,000,000. Also included in current assets are loans related to PCE's On-Bill-Financing program. Under this program retail customers finance qualifying home electrification projects and make repayments with their monthly utility bills. PCE recognizes a current and noncurrent balance on its Statement of Net Position in accordance with the terms of the loans.

Noncurrent assets totaled \$232,206,000 at June 30, 2025, up from \$204,177,000 in FY 2024, reflecting investments of \$211,007,000 (versus \$192,300,000 in FY 2024) and capital assets of \$13,885,000 (versus \$7,193,000 in FY 2024). Growth in capital assets is attributable to investments in rooftop solar and battery storage assets.

Current liabilities decreased from \$55,479,000 at June 30, 2024 to \$40,178,000 at June 30, 2025, a reduction of \$15,301,000 (27.6%). The primary driver was lower accrued cost of electricity, which totaled \$33,039,000 at the end of FY 2025, compared to \$43,669,000 at the end of FY 2024. These balances fluctuate annually based on the timing of energy purchases and payments, as well as wholesale market conditions.

Noncurrent liabilities remained relatively stable, totaling \$2,571,000 in FY 2025 compared to \$2,527,000 in FY 2024. These liabilities primarily represent supplier security deposits and the long-term portion of the lease liability for PCE's office premises.

Total net position increased from \$349,200,000 in FY 2024 to \$358,295,000 in FY 2025, an increase of \$9,095,000 (3%). Of the net position at the end of FY 2025, \$12,421,000 represents PCE's investment in capital assets, while the remaining \$345,874,000 is unrestricted and available to support future operating activity, programs and rate stabilization efforts.

Operating revenues were \$391,936,000 in FY 2025, up slightly from \$388,613,000 in FY 2024 (0.9% increase), though down from \$428,218,000 in FY 2023 (8.5% decrease). The modest year-over-year increase for 2025 reflects (a) a decrease of \$7,260,000 in retail electricity sales, (b) a reduction of \$8,000,000 offset for the deferred amount transferred to the Rate Stabilization Fund and (c) an increase of \$4,185,000 in revenue from liquidated damages revenue received primarily as compensation for supplier contract delays.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Detailed Analysis (continued)

Grant revenue totaled \$2,961,000 in FY 2025 compared to \$3,271,000 in FY 2024. Investment income increased significantly to \$22,621,000 in FY 2025, compared to \$14,844,000 in FY 2024 and \$2,164,000 in FY 2023, due to both higher interest rates and growth in invested balances.

Total operating expenses rose from \$361,835,000 in FY 2024 to \$409,065,000 in FY 2025, an increase of \$47,230,000 (13%), following a larger increase of \$70,681,000 (24%) from FY 2023 to FY 2024. The primary driver continues to be the cost of electricity, which was \$365,972,000 in FY 2025 compared to \$325,171,000 in FY 2024 and \$265,208,000 in FY 2023. Rising costs in the RA market played a major role in driving this increase. Staff compensation also grew to \$14,611,000 in FY 2025 (up from \$9,842,000 in FY 2024 and \$8,002,000 in FY 2023), reflecting continued program expansion and workforce growth.

Significant Capital Asset and Long-Term Financing Activity

Capital assets include office equipment, furniture, leasehold improvements, and rooftop solar and battery storage systems. During FY 2025, capital asset acquisitions totaled \$7,634,000, primarily for the continued deployment of solar and battery storage on public buildings in partnership with San Mateo County cities. Depreciation and amortization expense was \$653,000 in FY 2025.

**PENINSULA CLEAN ENERGY AUTHORITY
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2025 AND 2024**

Currently Known Facts, Decisions, or Conditions

PCE expects to experience steady load growth over the next 10 years due to organic load growth, addition of new customers, increase in building electrification, and higher electric vehicle (EV) adoption rates. At the same time, rising costs for procurement of renewable energy and storage projects, RA, and environmental attributes will increase the cost of energy. Despite these challenges, PCE remains committed to its goal of delivering 100% renewable energy by 2030 while maximizing renewable energy matching against load on a time-coincident basis. Currently, 55% of PCE's energy mix is sourced from renewable resources, and PCE is focused on balancing sustainability, affordability, and reliability as demand continues to grow.

PCE has a portfolio of energy programs supporting electrification of buildings and transportation, load shaping, and fostering local solar and storage. In PCE 2026-26, PCE is investing over \$30 million in programs including technical assistance for solar and EV charging installations, finance support for electrification and solar systems, and financial incentives for EVs, EV charging, and electric appliances. Adoption of clean energy technologies is in a period of accelerating adoption contributing to customer load growth. In addition, local and regional agencies continue to adopt policies accelerating the transition to clean electric buildings and transportation systems.

In the past, PCE’s rates were linked to Pacific Gas and Electric’s (PG&E), consistently offering a 5% discount compared to PG&E’s generation rates. However, PCE recently decoupled from PG&E, allowing greater flexibility in setting PCE’s rates. PCE’s current rates are designed to cover the full cost of energy delivery, including RA, operating expenses, and funding for customer programs. Additionally, this change enables PCE to better meet its financial goals, such as maintaining reserves and liquidity.

BASIC FINANCIAL STATEMENTS

PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF NET POSITION
JUNE 30, 2025 AND 2024

ASSETS	2025	2024
Current assets		
Cash and cash equivalents	\$ 216,555,767	\$ 179,932,959
Accounts receivable, net of allowance	30,562,761	32,381,329
Accrued revenue	23,609,119	25,740,350
Investments	11,520,856	16,828,861
Other receivables	9,141,461	6,315,467
Prepaid expenses	3,077,647	4,611,128
Deposits and other assets	2,370,240	5,219,282
Total current assets	<u>296,837,851</u>	<u>271,029,376</u>
Noncurrent assets		
Investments	211,007,402	192,300,331
Loans receivable	7,122,104	4,493,035
Deposits and other assets	192,219	190,662
Capital assets, net of depreciation and amortization	13,884,602	7,192,785
Total noncurrent assets	<u>232,206,327</u>	<u>204,176,813</u>
Total assets	<u>529,044,178</u>	<u>475,206,189</u>
LIABILITIES		
Current liabilities		
Accrued cost of electricity	33,038,673	43,668,621
Accounts payable	3,155,099	2,950,037
Other accrued liabilities	1,567,473	899,037
Deferred revenue	1,087,084	4,372,157
User taxes and energy surcharges due to other governments	643,960	1,166,699
Deposits - energy suppliers	120,000	1,889,999
Lease liability	566,100	532,209
Total current liabilities	<u>40,178,389</u>	<u>55,478,759</u>
Noncurrent liabilities		
Deposits - energy suppliers	2,409,451	1,799,451
Lease liability	161,781	727,879
Total noncurrent liabilities	<u>2,571,232</u>	<u>2,527,330</u>
Total liabilities	<u>42,749,621</u>	<u>58,006,089</u>
DEFERRED INFLOWS OF RESOURCES		
Rate Stabilization Fund	<u>128,000,000</u>	<u>68,000,000</u>
NET POSITION		
Net investment in capital assets	12,420,556	5,455,117
Unrestricted	345,874,001	343,744,983
Total net position	<u>\$ 358,294,557</u>	<u>\$ 349,200,100</u>

**PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
OPERATING REVENUES		
Electricity sales, net	\$ 437,922,956	\$ 445,183,763
Rate stabilization fund transfer	(60,000,000)	(68,000,000)
Liquidated damages revenue	10,740,686	6,555,711
Grant revenue	2,961,165	3,270,369
Other income	310,808	1,602,850
Total operating revenues	<u>391,935,615</u>	<u>388,612,693</u>
OPERATING EXPENSES		
Cost of electricity	365,971,833	325,171,050
Contract services	12,382,693	12,534,557
Staff compensation	14,610,948	9,841,887
Program incentives	12,579,039	11,273,657
Other operating expenses	2,867,532	2,436,014
Depreciation and amortization	652,653	578,324
Total operating expenses	<u>409,064,698</u>	<u>361,835,489</u>
Operating income (loss)	<u>(17,129,083)</u>	<u>26,777,204</u>
NONCAPITAL SUBSIDIES		
Income from solar energy investment credit	3,654,609	-
Operating income (loss) and noncapital subsidies	<u>(13,474,474)</u>	<u>26,777,204</u>
OTHER NONOPERATING REVENUES (EXPENSES AND LOSSES)		
Investment income	22,620,515	14,844,423
Loss on disposal of assets	(20,022)	-
Finance costs	(31,562)	(47,519)
Total other nonoperating revenues (expenses and losses)	<u>22,568,931</u>	<u>14,796,904</u>
CHANGE IN NET POSITION	9,094,457	41,574,108
Net position at beginning of year	349,200,100	307,625,992
Net position at end of year	<u>\$ 358,294,557</u>	<u>\$ 349,200,100</u>

PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 446,771,516	\$ 457,426,586
Receipts from grantors	1,503,049	3,270,369
Receipts of deposits and collateral	9,977,148	14,735,000
Receipts of liquidated damages	10,740,686	6,555,711
Receipts from wholesale sales and other operating activities	39,870,144	17,141,880
Payments to suppliers for electricity	(416,380,959)	(321,205,879)
Payments for other goods and services	(27,873,852)	(30,617,940)
Payments of deposits and collateral	(8,959,245)	(2,238,725)
Payments of staff compensation	(14,107,483)	(9,643,002)
Payments of taxes and surcharges to other governments	(6,650,008)	(6,346,905)
Net cash provided by operating activities	<u>34,890,996</u>	<u>129,077,095</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of solar energy investment credit	<u>325,365</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(7,105,906)	(5,113,486)
Payments of lease liability	(563,770)	(547,354)
Net cash used by capital and related financing activities	<u>(7,669,676)</u>	<u>(5,660,840)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	64,778,115	57,048,636
Investment income received	16,351,114	9,947,512
Purchase of investments	(72,053,106)	(140,704,733)
Net cash provided (used) by investing activities	<u>9,076,123</u>	<u>(73,708,585)</u>
Net change in cash and cash equivalents	36,622,808	49,707,670
Cash and cash equivalents at beginning of year	179,932,959	130,225,289
Cash and cash equivalents at end of year	<u>\$ 216,555,767</u>	<u>\$ 179,932,959</u>
NONCASH INVESTING ACTIVITIES		
Change in fair value of investments	\$ 6,269,401	\$ 4,896,911
NONCASH CAPITAL FINANCING ACTIVITIES		
Capital acquisitions included in accounts payable and other liabilities	\$ 736,165	\$ 477,580

**PENINSULA CLEAN ENERGY AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2025</u>	<u>2024</u>
Operating income (loss)	\$ (17,129,083)	\$ 26,777,204
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation and amortization expense	652,653	578,324
Loss on disposal of assets	20,022	-
(Increase) decrease in:		
Accounts receivable, net of allowance	1,818,568	4,843,470
Accrued revenue	2,131,231	(3,515,790)
Other receivables	(2,204,127)	(1,418,862)
Prepaid expenses	1,533,481	3,955,081
Deposits and other assets	3,051,098	11,783,042
Increase (decrease) in:		
Accrued cost of electricity	(10,629,948)	18,022,051
Accounts payable	(53,523)	1,311,342
Other accrued liabilities	668,436	154,836
Deferred revenue	(3,285,073)	(471,906)
User taxes and energy surcharges due to other governments	(522,739)	(73,597)
Deposits - energy suppliers	(1,160,000)	(868,100)
Rate Stabilization Fund	60,000,000	68,000,000
Net cash provided by operating activities	<u>\$ 34,890,996</u>	<u>\$ 129,077,095</u>

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

Peninsula Clean Energy Authority (PCE) is a joint powers authority created on February 29, 2016. As of June 30, 2025, parties to its Joint Powers Agreement consist of the following local governments:

<u>County</u>	<u>Cities and Towns</u>	
San Mateo	Atherton	Menlo Park
	Belmont	Millbrae
	Brisbane	Pacifica
	Burlingame	Portola Valley
	Colma	Redwood City
	Daly City	San Bruno
	East Palo Alto	San Carlos
	Foster City	San Mateo
	Half Moon Bay	South San Francisco
	Hillsborough	Woodside
	Los Banos	

PCE is separate from and derives no financial support from its members. PCE is governed by a Board of Directors (Board) whose membership is composed of elected officials representing the member governments.

A core function of PCE is to provide electric service that includes renewable sources, and it operates as a Community Choice Aggregation Program subject to California Public Utilities Code Section 366.2.

PCE began its energy delivery operations in October 2016. Electricity is acquired from electricity suppliers and delivered through existing physical infrastructure and equipment managed by Pacific Gas and Electric Company.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

PCE'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.

PCE'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 they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into two categories – net investment in capital assets and unrestricted.

When both restricted and unrestricted resources are available for use, it is PCE's policy to use restricted resources first, and then unrestricted resources as they are needed.

CASH AND CASH EQUIVALENTS

For purposes of the Statements of Cash Flows, PCE defines cash and cash equivalents to include cash on hand, demand deposits and short-term investments with an original maturity of three months or less.

ACCRUED REVENUE

Accrued revenue reflects the estimated value of electricity delivered to customers during the reporting period for which invoices had not been issued by the end of the fiscal year.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS

Investments are stated at fair value based on prices listed on a national exchange for debt securities. Certificates of deposits are stated at cost. PCE intends to hold its securities to maturity. Investments with a maturity of less than one year are shown as current assets in the Statement of Net Position. Investments with a maturity of one year or more are shown as noncurrent assets in the Statement of Net Position.

PCE's Investment Policy permits the following types of investments:

U.S. Treasury obligations	Repurchase agreements
Obligations of the State of California	Local Agency Investment Fund
Bonds of any of the other 49 states	San Mateo County Pool
Commercial paper	Local Government Investment Pools
Negotiable certificates of deposits	Bankers' acceptances
Demand deposits	Medium-term notes
Passbook savings accounts	Asset-backed securities
Money market funds	Supranationals

PREPAID EXPENSES

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid expenses.

DEPOSITS

Contracts to purchase energy may require PCE to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding.

LOANS RECEIVABLE

PCE provides an On-Bill-Financing program to its retail customers. Under this program customers finance qualifying home electrification projects and make repayments when they pay their monthly utility bills. PCE recognizes a current and noncurrent balance in the Statement of Net Position in accordance with the terms of the loans.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

LEASE ASSET AND LEASE LIABILITY

PCE recognizes an asset and liability when it enters into certain leasing arrangements. The leased asset is amortized over the term of the lease. The lease liability is the present value of payments expected to be paid to the lessor during the lease term. PCE's leased asset and liability relate to its office premises.

CAPITAL ASSETS AND DEPRECIATION

PCE'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, ten years for leasehold improvements and twenty years for solar and battery storage.

DEFERRED REVENUE

Deferred revenue consists of payments received in advance from customers for which revenue has not been earned and is shown as a current liability in the Statement of Net Position.

DEPOSITS – ENERGY SUPPLIERS

Various energy contracts entered into by PCE require the supplier to provide PCE 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 noncurrent, depending on the length of time the deposits will be held.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

RATE STABILIZATION FUND

In May 2024, PCE created a Rate Stabilization Fund (RSF) that is reported in accordance with GASB Statement No. 62. The purpose of the RSF is to allow PCE to defer revenue in years when financial results are strong for use in future years when financial results may decline. Withdrawals of revenues from the RSF can be made in a fiscal year when change in net position is projected to be negative or if necessary to satisfy any covenants and contractual obligations. The amount deposited into the Fund is shown as a reduction in operating revenues and reported on the statements of net position as a deferred inflow of resources. Transfers to this Fund were \$60,000,000 and \$68,000,000 in fiscal years 2025 and 2024, respectively.

NET POSITION

Net position is presented in the following components:

Net Investment in capital assets: This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by a lease obligation that is attributable to the acquisition, construction, or improvement of those assets.

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

OPERATING AND NONOPERATING REVENUES

Operating revenues include energy sales to retail and wholesale customers, grant revenue earned from the delivery of program activities, and liquidated damages from suppliers that fail to meet delivery commitments.

Investment income and grants that are not earned from the delivery of program activities are considered “nonoperating revenues”.

REVENUE RECOGNITION

PCE recognizes revenue according to the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the costs of electricity, services, administrative expenses, and depreciation of capital assets. Nonoperating expenses are expenses related to financing and loss on asset disposals.

COST OF ELECTRICITY

During the normal course of business, PCE 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 generation credits, and load and other charges arising from PCE's participation in the California Independent System Operator's centralized market. The cost of electricity and capacity is 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 self-imposed benchmarks, PCE acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System. PCE obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive.

PCE purchases capacity commitments from qualifying generators to comply with the California Public Utilities Commission's Resource Adequacy (RA) Program. The goals of the RA Program are to provide sufficient resources to the California Independent System Operator to ensure the safe and reliable operation of the electrical 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

PCE pays employees semi-monthly and fully satisfies its obligation for health benefits and contributions to its defined contribution retirement plan. PCE does not provide post-employment healthcare or other fringe benefits and, accordingly, no related liability is recorded in these financial statements.

PCE provides compensated absences, including paid time off, which are accrued when earned and recorded as part of accrued liabilities. The liability includes leave that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid. The liability is measured using the employee's pay rate as of the financial statement date.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAXES

PCE is a joint powers authority under the provision 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.

RECLASSIFICATIONS

Certain amounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

2. CASH AND CASH EQUIVALENTS

PCE maintains its cash in both interest-bearing and non-interest-bearing deposit accounts in several banks. PCE's deposits are subject to California Government Code Section 16521, which requires banks to provide collateral of 110% of account balances in excess of the \$250,000 insurance coverage by Federal Deposit Insurance Corporation. Accordingly, the amount of risk is not disclosed for bank deposits. The risk disclosures in Note 4 address the risks related to certain short-term investments with original maturities of less than three months that are classified as cash and cash equivalents in the statements of net position and statements of cashflow. PCE monitors its risk exposure on an ongoing basis.

3. ACCOUNTS RECEIVABLE

Accounts receivable were as follows as of June 30:

	<u>2025</u>	<u>2024</u>
Accounts receivable from customers	\$37,591,761	\$37,763,313
Allowance for uncollectible accounts	<u>(7,029,000)</u>	<u>(5,381,984)</u>
Net accounts receivable	<u><u>\$30,562,761</u></u>	<u><u>\$32,381,329</u></u>

The majority of account collections occur within the first few months following the issuance of customer invoices. PCE estimates that a portion of the billed accounts will not be collected. PCE continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, PCE continues to have success in collecting older accounts.

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

4. INVESTMENTS

During the years ended June 30, 2025 and 2024, PCE held investments with original maturities of three months or more. As of June 30, the fair value of investments was as follows:

	<u>2025</u>	<u>2024</u>	<u>Level</u>
Current Investments:			
U.S. Treasury securities	\$ 9,866,789	\$ 8,015,940	1
U.S. agency obligations	-	592,613	2
Corporate bonds - U.S.	931,097	7,154,986	2
Municipal bonds	722,970	1,065,322	2
Total current investments	<u>\$ 11,520,856</u>	<u>\$ 16,828,861</u>	
	<u>2025</u>	<u>2024</u>	<u>Level</u>
Noncurrent Investments:			
U.S. Treasury securities	\$ 106,057,258	\$ 132,450,396	1
U.S. agency obligations	31,698,244	612,325	2
Corporate bonds - U.S.	66,650,942	56,311,594	2
Corporate bonds - foreign	4,762,116	-	2
Municipal bonds	1,838,842	2,926,016	2
Total noncurrent investments	<u>\$ 211,007,402</u>	<u>\$ 192,300,331</u>	

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.

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. PCE's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

4. INVESTMENTS (continued)

CREDIT RISK

Credit risk is the risk 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 considered to have no credit risk. As of June 30, 2025 and 2024, PCE's investments were rated as follows:

	Moody's Investors Service	
	2025	2024
U.S. Treasury securities	NR and Aaa	NR and Aaa
U.S. agency obligations	NR and Aaa	NR and Aaa
Corporate bonds-U.S.	NR & A to Aaa	NR & Baa to Aaa
Corporate bonds-foreign	A to Aaa	-
Municipal Bonds	Aa	NR & Aa to Aaa

PCE's investment policy addresses this risk by limiting investments to those allowed by Section 53601 of the California Government Code.

CUSTODIAL CREDIT RISK

Cash and cash equivalents

Custodial credit risk is the risk that in the event of a financial institution failure, PCE's deposits may not be returned to PCE. PCE's deposits are fully insured or collateralized.

As of June 30, 2025 and 2024, none of PCE's bank balances are known to be exposed to credit risk.

Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, PCE would not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. All of PCE's investments are exposed to credit risk.

PCE's investment policy addresses custodial credit risk. All investments owned by PCE shall be held in safekeeping by a third-party custodian, acting as an agent for PCE under the terms of a custody agreement.

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

4. INVESTMENTS (continued)

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates. PCE manages its exposure to declines in fair values by limiting the weighted average maturity of its investments.

Following is a summary of investment maturities as of June 30, 2025:

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1-5 Years	More than 5 years
U.S. Treasury securities	\$ 115,924,047	\$ 9,866,789	\$ 106,057,258	\$ -
U.S. agency obligations	31,698,244	-	31,698,244	-
Corporate bonds-U.S.	67,582,039	931,097	66,650,942	-
Corporate bonds-foreign	4,762,116	-	4,762,116	-
Municipal bonds	2,561,812	722,970	1,838,842	-
	<u>\$ 222,528,258</u>	<u>\$ 11,520,856</u>	<u>\$ 211,007,402</u>	<u>\$ -</u>

Following is a summary of investment maturities as of June 30, 2024:

Investment Type	Fair Value	Investment Maturities		
		Less Than 1 Year	1-5 Years	More than 5 years
U.S. Treasury securities	\$ 140,466,336	\$ 8,015,940	\$ 131,174,241	\$ 1,276,155
U.S. agency obligations	1,204,938	592,613	612,325	-
Corporate bonds-U.S.	59,795,065	7,154,986	52,640,079	-
Corporate bonds-foreign	3,671,515	-	3,671,515	-
Municipal bonds	3,991,338	1,065,322	2,926,016	-
	<u>\$ 209,129,192</u>	<u>\$ 16,828,861</u>	<u>\$ 191,024,176</u>	<u>\$ 1,276,155</u>

CONCENTRATION OF CREDIT RISK

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

As of June 30, 2025 and 2024, PCE's investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2025	2024
Federal Home Loan Mortgage Corporation (Freddie Mac)	U.S. agency implicitly guaranteed	13.7%	10.6%

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets not being depreciated:				
Construction in progress	\$ 5,322,353	\$ 7,364,491	\$ (7,633,800)	\$ 5,053,044
Capital assets being depreciated and amortized:				
Furniture and equipment	430,534	-	(93,135)	337,399
Leasehold improvements	268,414	-	(12,878)	255,536
Solar and battery storage	606,000	7,633,800	-	8,239,800
Lease asset	3,079,488	-	-	3,079,488
Total capital assets being depreciated and amortized	4,384,436	7,633,800	(106,013)	11,912,223
Less accumulated depreciation and amortization:				
Furniture, equipment and leasehold improvements	(543,128)	(159,935)	85,992	(617,071)
Lease asset	(1,970,876)	(492,718)	-	(2,463,594)
Total accumulated depreciation and amortization	(2,514,004)	(652,653)	85,992	(3,080,665)
Total capital assets, net of depreciation and amortization	\$ 7,192,785	\$ 14,345,638	\$ (7,653,821)	\$ 13,884,602

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets not being depreciated:				
Construction in progress	\$ 1,433,434	\$ 4,494,919	\$ (606,000)	\$ 5,322,353
Capital assets being depreciated and amortized:				
Furniture and equipment	444,402	-	(13,868)	430,534
Leasehold improvements	236,873	31,541	-	268,414
Solar and battery storage	-	606,000	-	606,000
Lease asset	3,079,488	-	-	3,079,488
Total capital assets being depreciated and amortized	3,760,763	637,541	(13,868)	4,384,436
Less accumulated depreciation and amortization:				
Furniture, equipment and leasehold improvements	(470,939)	(85,604)	13,415	(543,128)
Lease asset	(1,478,156)	(492,720)	-	(1,970,876)
Total accumulated depreciation and amortization	(1,949,095)	(578,324)	13,415	(2,514,004)
Total capital assets, net of depreciation and amortization	\$ 3,245,102	\$ 4,554,136	\$ (606,453)	\$ 7,192,785

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

6. LEASE

A lease asset is reported in accordance with Governmental Accounting Standards Board No. 87 (GASB 87).

On August 1, 2017, PCE entered into an 86-month non-cancelable lease for its office premises. The rental agreement includes an option to renew the lease for two additional five-year terms. In September 2019, the lease was extended an additional two years to September 30, 2026. As part of the extension, PCE leased additional office space through the same termination date.

Rental payments under this lease were \$593,000 and \$573,000 for the years ended June 30, 2025 and 2024, respectively.

As of June 30, 2025, future minimum lease payments under this lease were projected as follows:

Year ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 566,100	\$ 14,586	\$ 580,686
2027	161,781	877	162,658
Total	<u>\$ 727,881</u>	<u>\$ 15,463</u>	<u>\$ 743,344</u>

7. GRANTS

PCE participates in various grants from the California Public Utilities Commission (CPUC) and other sources.

The Disadvantaged Communities Green Tariff (DAC-GT) grant provides bill discounts for eligible customers. The FLEXmarket grant provides incentives for customers to install various energy saving equipment in their homes or businesses.

The following is a summary of grant revenue for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Operating grants:		
DAC-GT	\$ 1,322,471	\$ 1,182,963
FLEXmarket	1,458,116	2,087,406
Other	180,578	-
	<u>\$ 2,961,165</u>	<u>\$ 3,270,369</u>

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

8. DEFINED CONTRIBUTION RETIREMENT PLAN

PCE provides retirement benefits through the County of San Mateo 401(a) Retirement Plan (Plan). The Plan is a defined contribution retirement plan that is compliant with Internal Revenue Code 401(a) and was established to provide benefits at retirement to qualified employees admitted by the Plan. The Plan is administered by Empower. As of June 30, 2025, there were 65 plan participants. PCE is required to contribute 6% of covered payroll and up to an additional 4% of annual covered payroll to match employee contributions. PCE contributed \$1,022,000 and \$698,000 during the years ended June 30, 2025 and 2024, respectively. Plan provisions and contribution requirements are established and may be amended by the Board.

9. RISK MANAGEMENT

PCE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the year, PCE purchased insurance policies from highly rated commercial carriers to mitigate risks that include those associated with earthquakes, theft, general liability, errors and omissions, and property damage. Settled claims have not exceeded coverage in the last two years. There were no significant reductions in coverage compared to the prior year. PCE has general liability coverage of \$2,000,000 as well as a \$10,000,000 umbrella policy. Deductibles on the various policies range from \$0 to \$25,000.

From time to time, PCE may be party to various pending claims and legal proceedings. PCE has no current litigation or claims pending that are expected to have a material adverse effect on PCE's financial position or results of operations.

PCE maintains risk management policies, procedures and systems that help mitigate credit, liquidity, market, operating, regulatory and other risks that arise from participation in the California energy market. Credit guidelines include a preference for transacting with highly rated 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, PCE enters into netting arrangements whenever possible and where appropriate obtains collateral and other performance assurances from counter parties.

PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024

10. PURCHASE COMMITMENTS

In the ordinary course of business PCE enters into various power purchase agreements 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 either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydro-electric facilities.

The following table details the obligations to purchase existing energy, renewable, and RA contracts as of June 30, 2025:

Year ending June 30,	
2026	\$ 310,900,000
2027	306,900,000
2028	290,100,000
2029	279,400,000
2030	263,600,000
2031-2048	<u>2,235,800,000</u>
Total	<u><u>\$3,686,700,000</u></u>

11. JOINT VENTURE

PCE participates in a joint powers agreement (JPA) through the California Community Choice Financing Authority (CCCFA). CCCFA was formed to assist its members by undertaking the financing or refinancing of energy prepayments through tax-advantaged bonds on behalf of one or more of the members by issuing or incurring bonds and entering into related contracts with its members. 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.

CCCFA issued the following bonds, excluding original issue premium, which are to be used to finance energy purchases that will be delivered to PCE. No debt, liability, or obligation of CCCFA is a debt, liability, or obligation of PCE.

Deal	Date issued	Amount
2024C	October 2024	<u><u>\$ 959,825,000</u></u>

**PENINSULA CLEAN ENERGY AUTHORITY
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

11. JOINT VENTURE (continued)

PCE will purchase energy from CCCFA in the same manner as it purchases energy from other suppliers. PCE purchased approximately \$14,517,000 and \$0 from CCCFA during fiscal years 2025 and 2024, respectively. The outstanding purchase commitments related to these financing facilities are included in Note 10. This amount represents executed energy contracts assigned to CCCFA at June 30, 2025. Additional contracts will be assigned throughout the full bond period.

The financial statements of CCCFA are available online at <http://www.cccfa.org/key-documents.html>

12. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

PCE implemented GASB Statement No. 102, *Certain Risk Disclosures*, which requires additional disclosures regarding concentrations and constraints that could impact PCE's financial position or results of operations. Implementation of this statement did not have a material effect on the financial statements.

PCE also implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, which establishes revised guidance for the presentation of financial statements by state and local governments. The adoption of this statement did not have a material effect on PCE's financial statements.

In addition, PCE adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Implementation of this statement did not have a material effect on the financial statements.



*Peninsula Clean Energy Authority
Audit and Finance Committee
November 10, 2025*



Kellin Gilbert, CPA

Audit Partner

17 years in public accounting and performing audits of government entities

Currently working with several CCA's throughout California

Aliandra Schaffer

Engagement Supervisor

6 years in public accounting and performing audits of governments (CCA's)

Alauna Rico

Audit Senior Associate

4 years in public accounting and performing audits of governments (CCA's)

Transition to Sorren CPAs P.C.



As of May 2025, legacy Pimenti & Brinker combined practices with several other like-sized firms and rebranded as one unified firm “Sorren.”

By combining resources with the strategic merger, we can make even greater investments in technology as well as our greatest assets, our people and clients.

Sorren is a new national top 50 firm and currently has twenty-three office locations and almost a thousand employees.

The Santa Rosa office will continue to be the lead office for Peninsula Clean Energy Authority. No changes to the current engagement team, costs or timing of the services we provide to PCE.

Results of Current Year Audit



The audit is complete. We reported the following:

- Unmodified opinion – Based on our audit, the financial statements are materially accurate.
- No significant deficiencies or material weakness in internal control noted.

Audit of the year ended June 30, 2025

Financial Statements



Relative Roles & Responsibilities

- **Management** is responsible for preparing the Financial Statements and establishing a system of internal control.
- **Auditor** is responsible for auditing the Financial Statements
 - Considering risks of material misstatement in the Financial Statements
 - Considering internal controls relevant to the Financial Statements
 - Performing tests of year-end balances based on risk assessment
 - Evaluating adequacy of disclosures

Risk Assessment for the year ended June 30, 2025



Our audit is a risk-based audit. Risk assessment procedures include:

- Gain understanding of the entity's operating characteristics, practices, and procedures.
- Compare to our knowledge of similar entities, industry and professional guidance.
- Review procedures and controls surrounding significant transaction cycles and business processes.

Risk Assessment for the year ended June 30, 2025



Significant areas of focus for the audit:

- Revenue recognition
 - Accounts receivable and accrued revenue
 - Test a sample of customer billings
 - Relate total cash received during the year to revenue
 - Review revenue recognition through year-end and method for determining (accrued revenue)
- Cash & Investments
 - Confirmations sent to financial institutions
- Accrued Cost of Electricity
 - Review subsequent bills from electricity providers and cash payments
- Financial Statement Note Disclosures – Complete and without bias

Required Board Communications



- As discussed in Note 12, PCE adopted GASB 102 through 104 which did not have a material effect on the financial statements.
- We did not propose any adjustments to the financial statements.
- We did not identify any significant or unusual transactions or applications of accounting principles where a lack of authoritative guidance exists.
- There have been no disagreements with management concerning the scope of our audit and we have not encountered any difficulties in dealing with management during the performance of our audit.
- We issued a letter to the board dated October 30th detailing these required communications.



Thank You



Kellin Gilbert



Partner



kgilbert@sorren.com



(707) 577-1511



sorren.com



PENINSULA CLEAN ENERGY AUTHORITY
JPA Board Correspondence

DATE: October 31, 2025

MEETING DATE: November 10, 2025

VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Audit and Finance Committee

FROM: Nicholas Bijur, Chief Financial Officer

SUBJECT: Quarter One Fiscal Year 2026 Financial Report (Quarter Ending September 30, 2025) (Discussion)

RECOMMENDATION

Receive report and provide any feedback. This is a discussion item only.

BACKGROUND

Staff will review financial results for the quarter ending September 30, 2025.

ATTACHMENTS:

[Q1 Financials.pdf](#)

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
September 30, 2025
(\$000s)

Net Position Balance		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
June 30, 2016	Audited	(\$1,044)
June 30, 2017	Audited	\$21,711
June 30, 2018	Audited	\$85,365
June 30, 2019	Audited	\$140,139
June 30, 2020	Audited	\$189,072
June 30, 2021	Audited	\$180,717
June 30, 2022	Audited	\$167,671
June 30, 2023	Audited	\$307,626
June 30, 2024	Audited	\$349,200
June 30, 2025	Audited	\$358,295
September 30, 2025	Actual	\$407,892
September 30, 2025	Budget	\$409,869

Unrestricted Cash/Investments Balance		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
June 30, 2016	Audited	\$3,833
June 30, 2017	Audited	\$18,882
June 30, 2018	Audited	\$64,689
June 30, 2019	Audited	\$114,069
June 30, 2020	Audited	\$177,629
June 30, 2021	Audited	\$165,652
June 30, 2022	Audited	\$135,090
June 30, 2023	Audited	\$254,074
June 30, 2024	Audited	\$389,062
June 30, 2025	Audited	\$439,084
September 30, 2025	Actual	\$479,064
September 30, 2025	Budget	\$473,761

Change in Net Position		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	(\$1,044)
FY2016-2017	Audited	\$22,755
FY2017-2018	Audited	\$63,655
FY2018-2019	Audited	\$54,774
FY2019-2020	Audited	\$48,933
FY2020-2021	Audited	(\$8,355)
FY2021-2022	Audited	(\$13,046)
FY2022-2023	Audited	\$139,955
FY2023-2024	Audited	\$41,574
FY2024-2025	Audited	\$9,094
FY2025-2026	3mo. Act + 9mo. Fcst	\$2,000
FY2025-2026	Budget	\$3,976

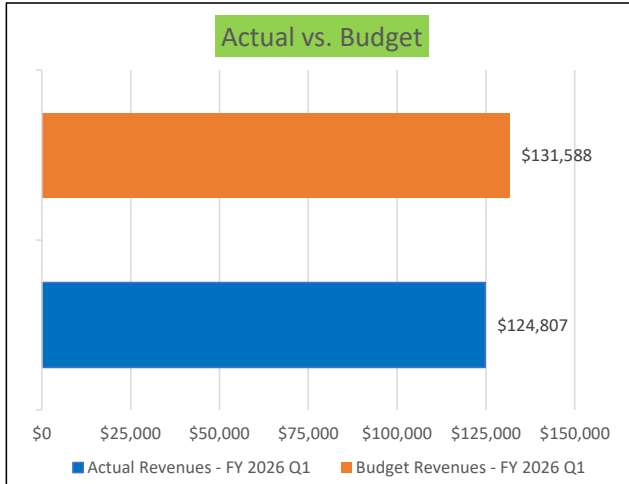
Cost of Electricity		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$0
FY2016-2017	Audited	\$64,501
FY2017-2018	Audited	\$170,135
FY2018-2019	Audited	\$194,035
FY2019-2020	Audited	\$216,066
FY2020-2021	Audited	\$213,834
FY2021-2022	Audited	\$226,678
FY2022-2023	Audited	\$265,208
FY2023-2024	Audited	\$325,171
FY2024-2025	Audited	\$365,972
FY2025-2026	3mo. Act + 9mo. Fcst	\$336,553
FY2025-2026	Budget	\$337,650

Revenues		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$0
FY2016-2017	Audited	\$93,129
FY2017-2018	Audited	\$244,738
FY2018-2019	Audited	\$259,782
FY2019-2020	Audited	\$278,093
FY2020-2021	Audited	\$228,101
FY2021-2022	Audited	\$237,899
FY2022-2023	Audited	\$428,218
FY2023-2024	Audited	\$388,613
FY2024-2025	Audited	\$391,936
FY2025-2026	3mo. Act + 9mo. Fcst	\$374,290
FY2025-2026	Budget	\$381,071

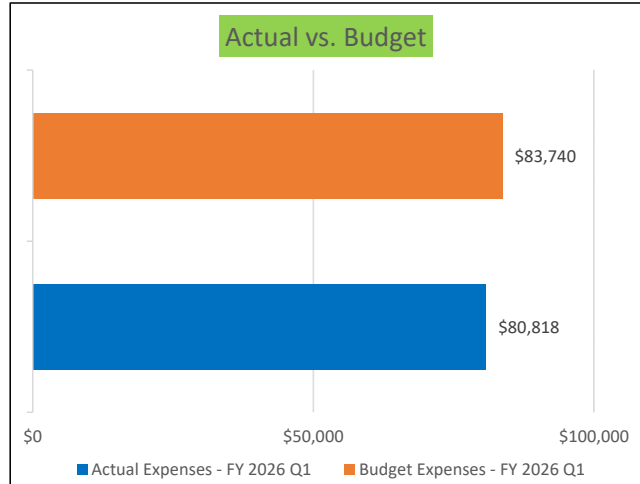
Total Other Operating Expenses		
<u>Fiscal Year</u>	<u>Actual/Budget</u>	<u>Amount</u>
FY2015-2016	Audited	\$1,041
FY2016-2017	Audited	\$5,603
FY2017-2018	Audited	\$10,836
FY2018-2019	Audited	\$12,877
FY2019-2020	Audited	\$15,272
FY2020-2021	Audited	\$22,469
FY2021-2022	Audited	\$19,861
FY2022-2023	Audited	\$25,946
FY2023-2024	Audited	\$36,664
FY2024-2025	Audited	\$43,093
FY2025-2026	3mo. Act + 9mo. Fcst	\$52,522
FY2025-2026	Budget	\$54,347

Peninsula Clean Energy
Performance at a Glance
Results for the Fiscal Quarter Ended
September 30, 2025
(\$000s)

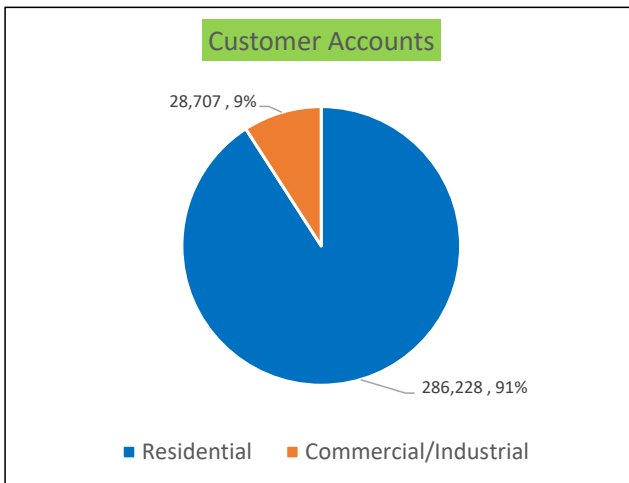
FY 2026 Q1 Revenue



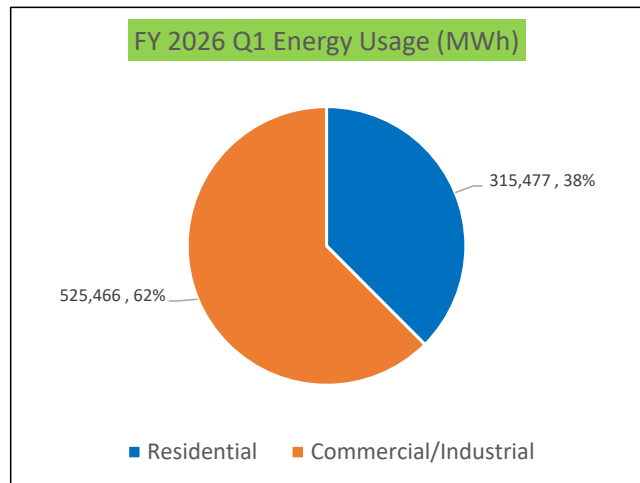
FY 2026 Q1 Expense



Customer Accounts



Energy Used





ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying financial statements of Peninsula Clean Energy Authority (PCE), a California Joint Powers Authority, which comprise the statement of net position as of September 30, 2025, and the statement of revenues, expenses, and changes in net position, and the statement of cash flows for the three months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. PCE's annual audited financial statements will include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to PCE because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
October 30, 2025

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of September 30, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 190,870,041
Accounts receivable, net of allowance	39,192,429
Accrued revenue	24,452,114
Investments	13,805,914
Other receivables	11,567,516
Prepaid expenses	3,329,966
Deposits and other assets	2,703,163
Total current assets	285,921,143

Noncurrent assets

Investments	271,872,653
Loans receivable	7,606,434
Deposits and other assets	192,562
Capital assets, net of depreciation and amortization	14,469,947
Total noncurrent assets	294,141,596
Total assets	580,062,739

LIABILITIES

Current liabilities

Accrued cost of electricity	33,797,269
Accounts payable	3,141,986
Other accrued liabilities	1,686,836
Deferred revenue	1,415,250
User taxes and energy surcharges due to other governments	1,121,750
Lease liability	589,055
Total current liabilities	41,752,146

Noncurrent liabilities

Deposits - energy suppliers	2,418,451
Total noncurrent liabilities	2,418,451
Total liabilities	44,170,597

DEFERRED INFLOWS OF RESOURCES

Rate Stabilization Fund	128,000,000
-------------------------	-------------

NET POSITION

Net investment in capital assets	13,596,959
Unrestricted	394,295,183
Total net position	\$ 407,892,142

PENINSULA CLEAN ENERGY AUTHORITY

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION**

Three Months Ended September 30, 2025

OPERATING REVENUES

Electricity sales, net	\$ 124,228,534
Liquidated damages revenue	27,086
Grant revenue	578,727
Total operating revenues	<u>124,834,347</u>

OPERATING EXPENSES

Cost of electricity	68,967,411
Contract services	3,208,024
Staff compensation	3,886,414
Program incentives	3,731,493
Other operating expenses	786,670
Depreciation and amortization	232,345
Total operating expenses	<u>80,812,357</u>
Operating income (loss)	<u>44,021,990</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	5,580,880
Finance costs	(5,285)
Nonoperating revenues (expenses), net	<u>5,575,595</u>

CHANGE IN NET POSITION

	49,597,585
Net position at beginning of period	<u>358,294,557</u>
Net position at end of period	<u>\$ 407,892,142</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS

Three Months Ended September 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 115,812,954
Receipts from grantors	678,727
Receipts of deposits and collateral	9,000
Receipts of liquidated damages	27,086
Receipts from wholesale sales and other operating activities	8,279,248
Payments to suppliers for electricity	(78,396,700)
Payments for other goods and services	(7,548,244)
Payments of deposits and collateral	(427,375)
Payments of staff compensation	(3,874,923)
Payments of taxes and surcharges to other governments	(1,131,933)
Net cash provided (used) by operating activities	<u>33,427,840</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Purchases of capital assets	(1,269,922)
Payments of lease liability	(144,108)
Net cash provided (used) by capital and related financing activities	<u>(1,414,030)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sales and maturities of investments	13,673,362
Investment income received	4,334,978
Purchase of investments	(75,707,876)
Net cash provided (used) by investing activities	<u>(57,699,536)</u>

Net change in cash and cash equivalents	(25,685,726)
Cash and cash equivalents at beginning of period	216,555,767
Cash and cash equivalents at end of period	<u>\$ 190,870,041</u>

NONCASH INVESTING ACTIVITIES

Change in fair value of investments	\$ 1,141,687
Change in interest receivable	\$ 104,215

NONCASH CAPITAL FINANCING ACTIVITIES

Capital acquisitions included in accounts payable and other liabilities	\$ 283,933
---	------------

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS

(continued)

Three Months Ended September 30, 2025

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 44,021,990
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation and amortization expense	232,345
(Increase) decrease in:	
Accounts receivable, net of allowance	(8,629,668)
Accrued revenue	(842,995)
Other receivables	(2,806,170)
Prepaid expenses	(252,319)
Deposits and other assets	(307,375)
Increase (decrease) in:	
Accrued cost of electricity	758,594
Accounts payable	439,119
Other accrued liabilities	119,363
Deferred revenue	328,166
User taxes and energy surcharges due to other governments	477,790
Deposits - energy suppliers	(111,000)
Net cash provided (used) by operating activities	<u>\$ 33,427,840</u>



PENINSULA CLEAN ENERGY - PFM

Page 3 of 57
Period from September 1, 2025 to September 30, 2025

MARKET VALUE RECONCILIATION

	CURRENT PERIOD 09/01/2025 TO 09/30/2025	YEAR TO DATE 07/01/2025 TO 09/30/2025
Beginning Market Value	146,001,205.72	114,734,317.12
Receipts		
Cash Receipts	.00	30,000,000.00
Total Receipts	.00	30,000,000.00
Asset Activity		
Taxable Interest	537,655.89	1,014,595.22
Realized Gain/Loss	47,683.90	106,584.19
Change In Unrealized Gain/Loss	- 66,467.42	402,022.65
Change In Accrued Income	- 115,741.43	146,817.48
Total Asset Activity	403,130.94	1,670,019.54
Net Change In Market Value	403,130.94	31,670,019.54
Ending Market Value	146,404,336.66	146,404,336.66



PENINSULA CLEAN ENERGY - PFM

Page 4 of 57
Period from September 1, 2025 to September 30, 2025

COST RECONCILIATION

	CURRENT PERIOD 09/01/2025 TO 09/30/2025	YEAR TO DATE 07/01/2025 TO 09/30/2025
Beginning Cost	143,668,486.01	112,870,087.48
Receipts		
Cash Receipts	.00	30,000,000.00
Total Receipts	.00	30,000,000.00
Asset Activity		
Taxable Interest	537,655.89	1,014,595.22
Realized Gain/Loss	47,683.90	106,584.19
Change In Accrued Income	- 115,741.43	146,817.48
Total Asset Activity	469,598.36	1,267,996.89
Ending Cost	144,138,084.37	144,138,084.37

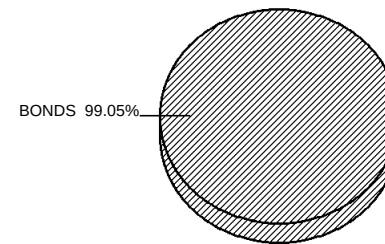


PENINSULA CLEAN ENERGY - PFM

Page 5 of 57
Period from September 1, 2025 to September 30, 2025

ASSET SUMMARY

ASSETS	09/30/2025 MARKET VALUE	% OF MARKET
Cash And Equivalents	399,355.04	0.27
U.S. Government Issues	110,128,902.13	75.22
Corporate Issues	33,172,267.85	22.66
Foreign Issues	981,317.50	0.67
Municipal Issues	728,057.15	0.50
Total Assets	145,409,899.67	99.32
Accrued Income	994,436.99	0.68
Grand Total	146,404,336.66	100.00





PENINSULA CLEAN ENERGY - CHANDLER

Page 3 of 42
Period from September 1, 2025 to September 30, 2025

MARKET VALUE RECONCILIATION

	CURRENT PERIOD 09/01/2025 TO 09/30/2025	YEAR TO DATE 07/01/2025 TO 09/30/2025
Beginning Market Value	141,597,574.23	130,118,434.85
Receipts		
Cash Receipts	.00	10,000,000.00
Total Receipts	.00	10,000,000.00
Asset Activity		
Taxable Interest	507,808.26	1,255,515.07
Realized Gain/Loss	2,981.30	- 412.75
Change In Unrealized Gain/Loss	- 20,837.22	607,600.81
Change In Accrued Income	- 78,737.90	27,650.69
Total Asset Activity	411,214.44	1,890,353.82
Net Change In Market Value	411,214.44	11,890,353.82
Ending Market Value	142,008,788.67	142,008,788.67



PENINSULA CLEAN ENERGY - CHANDLER

Page 4 of 42
Period from September 1, 2025 to September 30, 2025

COST RECONCILIATION

	CURRENT PERIOD 09/01/2025 TO 09/30/2025	YEAR TO DATE 07/01/2025 TO 09/30/2025
Beginning Cost	139,845,263.44	128,994,562.09
Receipts		
Cash Receipts	.00	10,000,000.00
Total Receipts	.00	10,000,000.00
Asset Activity		
Taxable Interest	507,808.26	1,255,515.07
Realized Gain/Loss	2,981.30	- 412.75
Change In Accrued Income	- 78,737.90	27,650.69
Total Asset Activity	432,051.66	1,282,753.01
Ending Cost	140,277,315.10	140,277,315.10

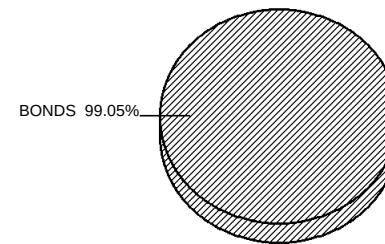


PENINSULA CLEAN ENERGY - CHANDLER

Page 5 of 42
Period from September 1, 2025 to September 30, 2025

ASSET SUMMARY

ASSETS	09/30/2025 MARKET VALUE	% OF MARKET
Cash And Equivalents	405,608.25	0.29
U.S. Government Issues	86,560,618.14	60.95
Corporate Issues	49,193,220.26	34.64
Foreign Issues	3,790,582.50	2.67
Municipal Issues	1,123,601.40	0.79
Total Assets	141,073,630.55	99.34
Accrued Income	935,158.12	0.66
Grand Total	142,008,788.67	100.00





Account Statement - Transaction Summary

For the Month Ending September 30, 2025

Peninsula Clean Energy Authority - Peninsula Clean Energy - [REDACTED]

CAMP Pool

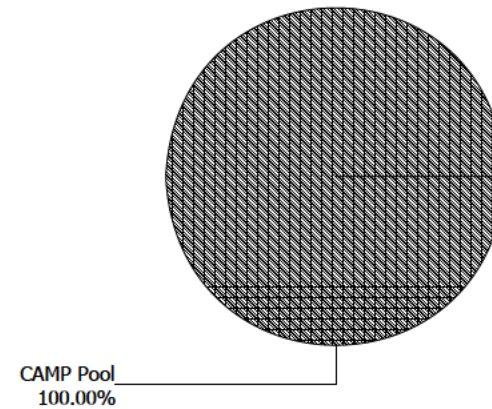
Opening Market Value	163,210,494.84
Purchases	10,586,175.15
Redemptions	0.00
Unsettled Trades	0.00
Change in Value	0.00

Closing Market Value	\$173,796,669.99
Cash Dividends and Income	586,175.15

Asset Summary

	September 30, 2025	August 31, 2025
CAMP Pool	173,796,669.99	163,210,494.84
Total	\$173,796,669.99	\$163,210,494.84

Asset Allocation





Account Statement

For the Month Ending **September 30, 2025**

Peninsula Clean Energy Authority - Peninsula Clean Energy - [REDACTED]

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Total Shares Owned
CAMP Pool					
Opening Balance					163,210,494.84
09/30/25	09/30/25	Purchase - Incoming Wires	1.00	10,000,000.00	173,210,494.84
09/30/25	10/01/25	Accrual Income Div Reinvestment - Distributions	1.00	586,175.15	173,796,669.99
Closing Balance					173,796,669.99

	Month of September	Fiscal YTD July-September		
Opening Balance	163,210,494.84	181,963,814.31	Closing Balance	173,796,669.99
Purchases	10,586,175.15	31,832,855.68	Average Monthly Balance	163,563,367.35
Redemptions (Excl. Checks)	0.00	(40,000,000.00)	Monthly Distribution Yield	4.36%
Check Disbursements	0.00	0.00		
Closing Balance	173,796,669.99	173,796,669.99		
Cash Dividends and Income	586,175.15	1,832,855.68		