Transmission Agency of Northern California

Financial Statements

and Independent Auditors' Report

June 30, 2024 and 2023

Transmission Agency of Northern California

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TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
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Independent Auditors' Report

To the Commissioners of
Transmission Agency of Northern California

Opinion

We have audited the accompanying financial statements of the Transmission Agency of Northern California (Agency), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2024 and 2023, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly US, LLP

Madison, Wisconsin
October 21, 2024

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

Using this Financial Report

This annual financial report for the Transmission Agency of Northern California (Agency) consists of management's discussion and analysis and the financial statements, including notes to financial statements. The basic Financial Statements consist of the Statements of Net Position, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Agency's accounting records are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Agency's accounting records generally follow the Uniform System of Accounts for Public Licensees prescribed by the Federal Energy Regulatory Commission.

Overview of the Financial Statements

The following discussion and analysis of the financial performance of the Agency provides an overview of the financial activities for the years ended June 30, 2024 and 2023. This discussion and analysis should be read in conjunction with the Agency's financial statements and accompanying notes, which follow this section.

The Statements of Net Position provide information about the nature and amount of resources and obligations at a specific point in time.

The Statements of Revenues, Expenses and Changes in Net Position report all the Agency's revenues and expenses during the periods indicated.

The Statements of Cash Flows report the cash provided and used by operating activities, as well as other cash sources such as investment income and debt financing, and other cash uses such as payments for debt service and capital additions.

The Notes to financial statements provide additional detailed information to support the financial statements.

Nature of Operations

The Agency is a joint powers authority (JPA) consisting of 15 Northern California publicly owned utilities (Members) pursuant to the California Government Code. The Agency's purpose is to provide electric transmission or other facilities to Members. The Agency is a Participant and the Project Manager of the California-Oregon Transmission Project (Project). The Project is a 340-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California, which began commercial operation in 1993. The Project operates in the Western Area Power Administration (WAPA) sub-balancing area with the Balancing Authority of Northern California. The Agency receives from Pacific Gas and Electric (PG&E), 300 MW of firm, bi-directional transmission service over PG&E's system between the Tesla and Midway Substations. The South of Tesla (SOT) Agreement between the Agency and certain Members sets forth the terms under which the Agency renders Tesla-Midway transmission to its Members.

The JPA Agreement provides that the costs of activities be financed or recovered through assessment of its Members or by user charges through transmission contracts with its Members. Each Member has agreed to pay a pro rata share of the costs to operate the Agency, including debt service, and has the right to participate in future project agreements. The JPA remains in effect until all debt obligations and interest thereon have been paid, unless otherwise extended by the Members.

The Agency's Commission is comprised of one commissioner from each Member. The Agency presently does not employ staff to conduct Agency business. The Agency has established various committees to assist in its administration and operations. An Agency Member, the Sacramento Municipal Utility District (SMUD), serves as the Agency's Treasurer and Controller. The Agency has a contract with a general manager who is responsible for the day-to-day management and operations of the Agency.

Financial & Operational Highlights

Maintaining reliability and safe operations are the major objectives of the Project. When the Project was permitted and built, the original easement rights did not prohibit the planting or growth of orchards within the right-of-way. The Agency is obligated to maintain a mandatory vegetation clearance distance between orchard trees and conductors as required by the North American Energy Reliability Corporation (NERC). In 2012, the Agency's and the Project's Management Committee adopted a policy to help maintain and improve the reliability and safety of the Project's transmission line by creating the Olinda-Tracy Rights-of-Way Improvement Program (OTRIP). The objective of the OTRIP is to remove orchard trees from the Project's right-of-way and maintain safe vegetation clearance distances associated with line reliability and outage potential. Additionally, securing long-term land rights that prohibit the planting of orchards and other wooded crops in the right-of-way ensured that clearances from crops in future years will meet or exceed the required vegetation clearance distance. Funding of this program was completed in Fiscal Year 2021 but will take several years to complete due to the timing of offers accepted by farmers and removal of trees from their property.

Wildfire awareness and protection for utility easements and rights of way continues as a major industry focus. For the Agency and the Project, it has been a primary focus and responsibility since the Project was permitted and constructed. The Agency has an established series of longstanding wildfire risk reduction activities that have been directed at reducing wildfire risks from the Project's transmission facilities within and outside the right-of-way, and other related facilities. These wildfire risk reduction activities are routine elements of the Agency's ongoing operation and maintenance work on the Project. The Agency employs an extensive fire risk management plan to mitigate its exposure that includes semi-annual aerial inspections, routine ground inspections, and a rigorous vegetation management program, as well as limiting crops and vegetation height in orchard areas. The Agency also has a 33-year relationship with the Modoc, Shasta-Trinity, and Lassen National Forests for fuels management, fire response, and access road maintenance services.

In 2019 the Agency formed an internal Wildfire Advisory Committee to ensure compliance with recently enacted laws, strengthen existing practices, and monitor relevant legislative and regulatory activities. Through this Wildfire Advisory Committee, the Agency developed a Wildfire Mitigation Plan (Plan) to comply with Senate Bill 901 which was enacted into law in 2018. It is anticipated that an annual review and update to this Plan will be an on-going activity of TANC and the Agency in the foreseeable future. TANC's current Plan that has been submitted to the California Wildfire Advisory Board can be downloaded from their website.

The Agency continues to implement the Reliability Standards Compliance Program (Compliance Program). The Agency's Commission adopted the Compliance Program in May 2007 in response to requirements mandated by NERC. Periodic updates to the program are approved by the Agency throughout the fiscal year in order to remain current with new NERC directives. The Compliance Program is reviewed semi-annually, and the Agency's Commission is provided with an annual updated version. In a year when no audit is conducted by the Western Electric Coordinating Council (WECC), an internal audit is conducted for all standards and requirements which are applicable to the Agency. WECC performed an audit of the Agency's compliance program in April 2024 with no findings of noncompliance.

In fiscal year 2024, the Project began a major replacement project related to the series capacitor banks at the two substations and single compensation station on the line. Engineering and design work was completed setting up procurement of four series capacitors in fiscal year 2025. Installation of the equipment will be staged over the next eight years.

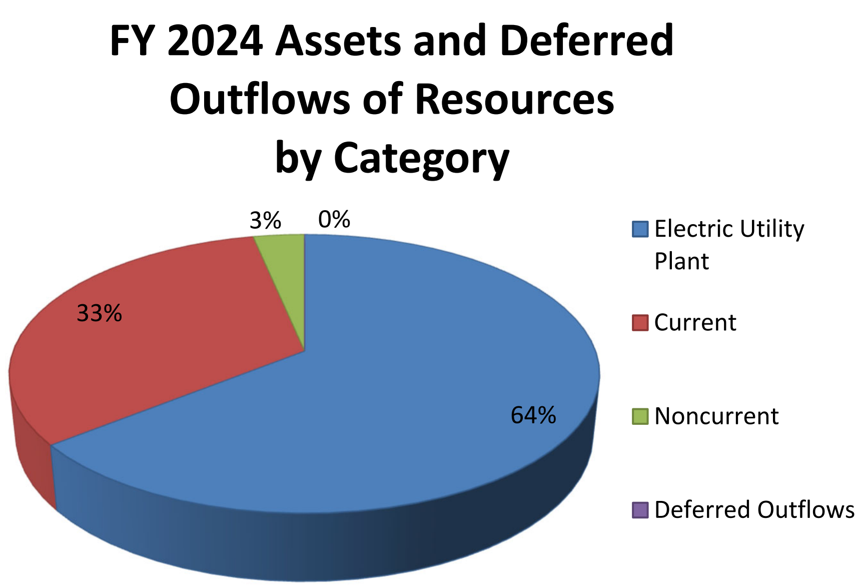
FINANCIAL POSITION

The following table summarizes the financial position as of June 30 (in thousands).

Statements of Net Position Summary

	2024	2023	2022
Assets			
Electric utility plant - net	$ 258,740	$ 259,386	$ 262,133
Current assets	126,713	119,504	109,990
Noncurrent assets	17,056	18,471	8,759
Total assets	402,509	397,361	380,882
Deferred outflows of resources	-0-	34	203
Total assets and deferred outflows	$ 402,509	$ 397,395	$ 381,085
Liabilities			
Long-term debt - net	$ 169,028	$ 178,559	$ 186,637
Current liabilities	33,544	34,515	28,229
Noncurrent liabilities	98,532	89,052	86,125
Total liabilities	301,104	302,126	300,991
Deferred inflows of resources	1,326	967	1,023
Net position			
Net investment in capital assets	5,717	8,603	10,495
Restricted	1,241	989	383
Unrestricted	93,121	84,710	68,193
Total net position	100,079	94,302	79,071
Total liabilities, deferred inflows and net position	$ 402,509	$ 397,395	$ 381,085

The following chart shows the breakdown of the Agency's assets by category:



2024 Compared to 2023

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets in 2024 increased $5.1 million or 1.3% over 2023, primarily due to the following:

- The Electric Utility Plant net decrease of $0.6 million is primarily due to $6.4 million of depreciation and amortization expense for the year, offset by $5.5 million of additions including Capital contribution and $0.2 million of leased assets. The additions to the Project include continued work on the substation service replacements, replacement of breakers and ground switches at Tracy, replacement of microwave batteries and charger, series capacitor bank, and shunt capacitor relay. The Capital contribution represents the difference between the ownership share percentage and the various cost sharing percentages associated with the capital Project costs.
- The Current Assets increase is primarily due to higher Unrestricted cash and cash equivalents due to the maturities of securities.

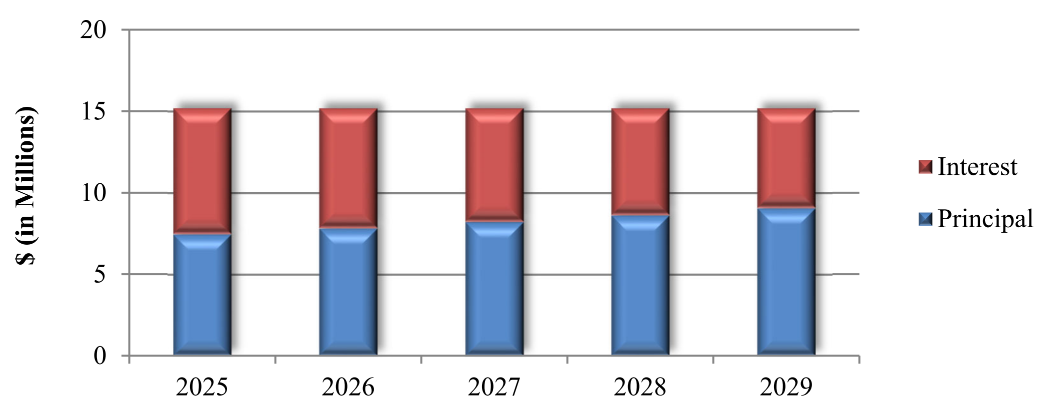
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

Total liabilities in 2024 decreased $1.0 million or 0.3% over 2023, primarily due to the following:

- The Long-Term Debt net decrease of $9.5 million is due to $2.1 million of amortization of bond premium, $5.9 million of the scheduled principal payments for fiscal year 2024 and $1.5 million higher Long-term debt due within one year. At June 30, 2024 the Agency had bonds outstanding of $159.6 million with maturities through May 2039.

The following chart summarizes the debt service requirements of the Agency for the next five years at June 30, 2024:

Debt Service Requirements



- Current Liabilities decrease is due to lower accrued expenses, Advances from Project Participants, offset by higher Long-term debt due within one year.
- Noncurrent Liabilities increase is primarily due to higher Due to Members, as a result of Member cash calls exceeding actual operating and capital related expenses.
- Net position in 2024 increased $5.8 million or 6.1% over 2023 based on results of operations.

2023 Compared to 2022

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Total assets in 2023 increased $16.5 million or 4.3% over 2022, primarily due to the following:

- The Electric Utility Plant net decrease of $2.7 million is primarily due to $6.6 million of depreciation and amortization expense for the year, retirement of assets at a loss of $2.1 million, inventory write-off of $1.0 million, offset by $5.0 million of additions including Capital contribution and $2.0 million of leased assets. The additions to the Project include continued work on the substation service replacements, replacement of breakers and ground switches at Tracy and Olinda, replacement of microwave batteries and charger, series capacitor bank, and shunt capacitor relay. The Capital contribution represents the difference between the ownership share percentage and the various cost sharing percentages associated with the capital Project costs.
- The Current Assets increase is primarily due to higher Unrestricted investments, Funds held for Project Participants and Prepayments offset by lower Unrestricted cash and cash equivalents and Transmission sales receivables.

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

Total liabilities in 2023 increased $1.1 million or 0.4% over 2022, primarily due to the following:

- The Long-Term Debt net decrease of $8.0 million is due to $2.1 million of amortization of bond premium, $2.3 million of the scheduled principal payments for fiscal year 2023 and $3.6 million higher Long-term debt due within one year. At June 30, 2023 the Agency had bonds outstanding of $165.5 million with maturities through May 2039.
- Current Liabilities increase is primarily due to higher Long-term debt due within one year, Advances from Project Participants, and accrued expenses.
- Noncurrent Liabilities increase is primarily due to higher Due to Members, as a result of Member cash calls exceeding actual operating and capital related expenses and Lease liability for Project.
- Net position in 2023 increased $15.2 million or 19.3% over 2022 based on results of operations.

RESULTS OF OPERATIONS

The following table summarizes the operating results for the years ended June 30 (in thousands).

Summary of Revenues, Expenses and Changes in Net Position

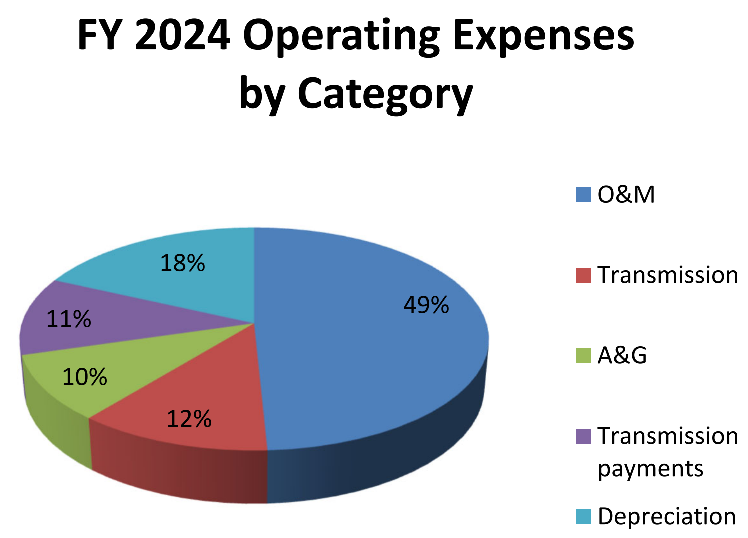
	2024	2023	2022
Operating revenues	$ 43,907	$ 55,419	$ 53,518
Operating expenses	(35,242)	(33,376)	(32,911)
Operating income	8,665	22,043	20,607
Non-operating expenses - net	(3,229)	(7,689)	(6,328)
Change in net position before distributions and contributions	5,436	14,354	14,279
Distributions to Members	(919)	-0-	-0-
Capital contribution	1,260	877	642
Change in net position	5,777	15,231	14,921
Net position - beginning of year	94,302	79,071	64,150
Net position - end of year	$ 100,079	$ 94,302	$ 79,071

2024 Compared to 2023

OPERATING REVENUES

- The Agency invoices its Members based on the Open Access Transmission Tariff (OATT). The OATT is developed using budgeted operations and maintenance expenses, administrative expenses, depreciation, and a return on rate base. Revenues are comprised of amounts billed under OATT, amounts billed to the Members for SOT transmission service, transmission sales revenues to Members, and Congestion Revenue Rights (CRR) sales revenue to Members. At year end, Operating Revenues are adjusted for amounts related to non-cash operating activities that are applied to Due to Members.

OPERATING EXPENSES



The following table summarizes Operating Expenses for the years ended June 30 (dollars in thousands):

	2024	2023	2022
Operating Expenses			
Operations and maintenance	$ 17,344	$ 12,358	$ 11,206
Transmission service	4,128	4,415	4,835
Administrative and general	3,369	3,574	3,395
Transmission sales payments	4,000	6,333	6,834
Depreciation and amortization	6,401	6,696	6,641
Total operating expenses	$ 35,242	$ 33,376	$ 32,911

- Operations and maintenance increase is primarily due to higher maintenance and project support expenses on the Project's transmission line in fiscal year 2024.

- Transmission sales payments to Members decrease due to lower transmission sales to third parties.

2023 Compared to 2022

- Operations and maintenance increase is primarily due to higher maintenance and project support expenses on the Project's transmission line in fiscal year 2023.

NON-OPERATING EXPENSES – NET

The following table summarizes the Non-Operating Expenses for the years ended June 30 (dollars in thousands):

	2024	2023	2022
Non-Operating Revenues (Expenses)			
Non-Operating expenses due to Members	$ (852)	$ (3,561)	$ (202)
Interest and other income	3,726	2,153	313
Interest on debt	(5,950)	(6,172)	(6,375)
Lease interest expense for Project	(152)	(110)	(64)
Total non-operating expenses - net	$ (3,228)	$ (7,690)	$ (6,328)

- Non-operating expenses due to Members decrease is primarily due to losses from assets retirements and inventory write-offs recognized in fiscal year 2023.

- Interest and other income increase is due to interest earned on the investments.

Requests for Information

For more information about the Transmission Agency of Northern California, visit our website at www.TANC.us or contact us at info@tanc.us.

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF NET POSITION

	June 30, 2024	June 30, 2023
ASSETS		
ELECTRIC UTILITY PLANT		
California-Oregon Transmission Project (Project)	$ 550,708,055	$ 545,216,531
South of Tesla	6,173,742	6,173,742
Lease assets for Project	5,699,459	5,451,743
Less accumulated depreciation and amortization	(303,841,514)	(297,456,284)
Total electric utility plant - net	258,739,742	259,385,732
CURRENT ASSETS		
Cash and cash equivalents:		
Unrestricted cash and cash equivalents	72,523,559	45,788,613
Unrestricted investments	-0-	19,989,033
Restricted cash and cash equivalents		
Funds held for Project Participants	14,249,582	14,700,699
Debt service fund	2,530,224	2,328,016
Receivables:		
Lease receivable for Project due within one year	63,989	47,371
Members	4,392,975	4,340,032
Transmission sales	230,853	154,823
Prepayments	32,721,907	32,155,898
Total current assets	126,713,089	119,504,485
NONCURRENT ASSETS		
Third party income receivable and other	2,127,341	3,651,697
Lease receivable for Project	1,319,406	963,895
Unrestricted investments	9,789,900	9,977,638
Restricted revenue bond reserve	3,819,550	3,877,580
Other restricted funds	2	2
Total noncurrent assets	17,056,199	18,470,812
TOTAL ASSETS	402,509,030	397,361,029
DEFERRED OUTFLOWS OF RESOURCES		
Unamortized bond refunding losses	-0-	33,721
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-0-	33,721
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 402,509,030	$ 397,394,750

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

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF NET POSITION

	June 30, 2024	June 30, 2023
LIABILITIES AND NET POSITION		
LONG-TERM DEBT - net	$ 169,027,558	$ 178,558,610
CURRENT LIABILITIES		
Accounts payable, accrued liabilities and advances	2,806,011	4,804,074
Lease liability for Project due within one year	142,041	134,717
Advances from Members	7,535,555	7,530,435
Advances from Project Participants	14,249,582	14,700,699
Interest payable on leases	76,077	70,843
Current liabilities payable from restricted assets:		
Long-term debt due within one year	7,445,000	5,935,000
Interest payable on debt	1,289,293	1,338,751
Total current liabilities	33,543,559	34,514,519
NONCURRENT LIABILITIES		
Due to Members	93,626,872	84,121,516
Lease liability for Project	4,905,581	4,931,107
Total noncurrent liabilities	98,532,453	89,052,623
TOTAL LIABILITIES	301,103,570	302,125,752
DEFERRED INFLOWS OF RESOURCES		
Leases for Project	1,326,126	967,343
TOTAL DEFERRED INFLOWS OF RESOURCES	1,326,126	967,343
NET POSITION		
Net investment in capital assets	5,717,130	8,602,856
Restricted	1,240,933	989,267
Unrestricted	93,121,271	84,709,532
TOTAL NET POSITION	100,079,334	94,301,655
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 402,509,030	$ 397,394,750

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

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	Years Ended June 30, 2024	Years Ended June 30, 2023
OPERATING REVENUES		
Project revenues	$ 35,442,399	$ 44,299,058
South of Tesla revenues	4,464,667	4,789,082
Transmission sales revenues	3,999,658	6,331,289
Total operating revenues	43,906,724	55,419,429
OPERATING EXPENSES		
Operations and maintenance	17,344,306	12,357,764
Transmission service	4,128,361	4,415,189
Administrative and general	3,368,988	3,573,995
Transmission sales payments to Members	3,999,745	6,333,205
Depreciation and amortization	6,400,570	6,696,215
Total operating expenses	35,241,970	33,376,368
OPERATING INCOME	8,664,754	22,043,061
NON-OPERATING REVENUES (EXPENSES)		
Non-operating expenses due to Members	(851,488)	(3,561,100)
Interest and other income	3,725,826	2,153,215
Interest on debt	(5,950,210)	(6,172,080)
Lease interest expense for Project	(152,196)	(109,682)
Total non-operating expenses - net	(3,228,068)	(7,689,647)
CHANGE IN NET POSITION BEFORE CONTRIBUTIONS	5,436,686	14,353,414
Distributions to Members	(919,110)	-0-
Capital contribution	1,260,103	877,000
CHANGE IN NET POSITION	5,777,679	15,230,414
NET POSITION - BEGINNING OF YEAR	94,301,655	79,071,241
NET POSITION - END OF YEAR	$ 100,079,334	$ 94,301,655

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

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF CASH FLOWS

	Years Ended June 30, 2024	Years Ended June 30, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members and third parties	$ 54,007,679	$ 58,285,258
Payments to Members, vendors and others	(31,405,472)	(28,543,085)
Net cash provided by operating activities	22,602,207	29,742,173
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Distributions to Members	(919,110)	-0-
Cash received and held (paid to) for Project Participants	(451,117)	1,836,248
Other disbursements	(18,697)	-0-
Net cash (used in) provided by noncapital financing activities	(1,388,924)	1,836,248
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayments of debt	(5,935,000)	(2,300,000)
Interest on long-term debt	(8,051,999)	(8,165,500)
Construction expenditures	(4,246,761)	(4,102,328)
Leases payments for Project	(412,880)	(207,099)
Net cash used in capital and related financing activities	(18,646,640)	(14,774,927)
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of securities	20,049,454	-0-
Purchases of securities	-0-	(29,918,750)
Interest received	3,799,730	1,638,441
Net cash provided by (used in) investing activities	23,849,184	(28,280,309)
Net change in cash and cash equivalents	26,415,827	(11,476,815)
Cash and cash equivalents at beginning of year	63,261,970	74,738,785
Cash and cash equivalents at end of year	$ 89,677,797	$ 63,261,970
CASH AND CASH EQUIVALENTS INCLUDED IN:		
Unrestricted cash and cash equivalents	$ 72,523,559	$ 45,788,613
Restricted cash and cash equivalents:		
Funds held for Project Participants	14,249,582	14,700,699
Debt service fund	2,530,224	2,328,016
Other restricted funds	2	2
Restricted revenue bond reserve (a component of the total of $3,819,550 and $3,877,580 at June 30, 2024 and 2023, respectively)	374,430	444,640
Cash and cash equivalents at end of year	$ 89,677,797	$ 63,261,970

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

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2024	2023
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 8,664,754	$ 22,043,061
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization expense	6,400,570	6,696,215
Changes in operating assets and liabilities:		
Third party income receivable and other	1,517,997	1,124,104
Due from Members	8,653,868	873,681
Transmission sales receivable	(76,030)	1,137,709
Prepayments	(566,009)	(2,587,207)
Payables and accruals	(1,998,063)	435,022
Advances	5,120	19,588
Net cash provided by operating activities	$ 22,602,207	$ 29,742,173
SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES		
Amortization of debt related costs	$ 2,052,331	$ 1,974,254
Unrealized holding loss	(255,429)	-0-
Capital contribution	1,260,103	877,000
Share of the Project expense	(1,570,940)	(709,399)
Loss on retirement of assets and inventory write-off	-0-	(3,124,278)

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

TRANSMISSION AGENCY OF NORTHERN CALIFORNIA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND OPERATIONS

The Transmission Agency of Northern California (Agency) is a joint powers authority (JPA) consisting of 15 Northern California publicly owned utilities (Members) pursuant to the California Government Code. The purpose of the Agency is to provide electric transmission or other facilities for the use of the Members. The Agency is exempt from federal and state income taxes.

Each Member has agreed to pay a pro rata share of the costs to operate the Agency, including debt service, and has the right to participate in future project agreements. The JPA remains in effect until all debt obligations and interest thereon have been paid, unless otherwise extended by the Members.

The Agency is the largest Participant and the Project Manager of the California-Oregon Transmission Project (Project), as described in Note 3. As Project Manager, the Agency is responsible for the overall direction and coordination of Project operations including maintenance, capital additions and betterments, and administrative support. The Project Agreement provides that each Member agrees to make payments to the Agency for Project debt service and expenses incurred. Total Agency payments to the Project were $22.2 million and $18.5 million for fiscal years ended June 30, 2024 and 2023, respectively. The total due to the Project for fiscal years ended June 30, 2024 and 2023 were $0.9 million, and is included in Accounts Payable, Accrued Liabilities, and Advances in the Statements of Net Position.

The Agency presently does not employ staff to conduct Agency business. The Agency has a contract with an industry professional to serve as its general manager who is responsible for the day-to-day management and operations of the Agency. The Agency has established various committees to assist in its administration and operations. Committee members, who are participants from the various Members of the Agency, are not reimbursed for their time. An Agency Member, the Sacramento Municipal Utility District (SMUD), serves as the Agency and Project's Treasurer and Controller. These services were reimbursed to SMUD at its cost, which totaled $0.3 million for fiscal years ended June 30, 2024 and 2023. The Project is part of the Western Area Power Administration (WAPA) sub-balancing authority with the Balancing Authority of Northern California (BANC). SMUD contracts with BANC to provide Balancing Authority Operator services and charges the Project for its share of this service based on a contracted rate which totaled $2.7 million and $2.6 million for fiscal years ended June 30, 2024 and 2023, respectively. The Agency's portion totaled $2.4 million and $2.3 million for fiscal years ended June 30, 2024 and 2023, respectively. Prior to May 1, 2023, SMUD also served as the Agency's Open Access Same-time Information System (OASIS) administrator and charged the Agency for this service based on a contracted rate, which totaled $0.2 million for fiscal year ended June 30, 2023. Effective May 1, 2023, WAPA began operating as the Agency's OASIS administrator and SMUD continued to perform OASIS accounting services.

In January 2009, the Agency's Commission approved a 15-year Long-Term Layoff Agreement (2009 LTLA) between the Agency and certain Members, expiring January 31, 2024. The participating Members are the City of Palo Alto (Palo Alto), City of Roseville (Roseville), Modesto Irrigation District (MID), Turlock Irrigation District (TID), and SMUD. The 2009 LTLA provides for the assignment of all rights and obligations of the assigning Members (Palo Alto and Roseville) related to their Project and South of Tesla (SOT) entitlements to the acquiring Members (MID, TID, and SMUD). In March 2014, the Commission approved Amendment No. 1 to the 2009 LTLA. The amendment provides for the return of only the rights and obligations related to the Project entitlements back to Roseville and was effective July 1, 2014. In November 2023, the Commission approved Amendment No. 3 to the 2009 LTLA. The amendment extends the duration of 2009 LTLA for an additional ten years and was effective January 30, 2024. In addition, starting May 1, 2024, and on each May 1st thereafter, the acquiring Members shall pay Palo Alto, an annual payment of $0.5 million for five years from 2024 through 2028 and an annual payment of $0.8 million for five years from 2029 through 2033.

In February 2014, the Commission approved a 25-year Long-Term Layoff Agreement (2014 LTLA) between the Agency and certain Members effective July 1, 2014. The participating Members are Santa Clara, MID, TID, SMUD and the Northern California Power Agency (NCPA), representing the City of Alameda, City of Healdsburg, City of Lodi, City of Lompoc, City of Ukiah and Plumas Sierra Rural Electric Cooperative.

The 2014 LTLA provides for the assignment of all rights and obligations of the assigning Member (NCPA) related to their Project entitlements to the acquiring Members (MID, TID and SMUD). It also provides for a partial assignment of rights and obligations of the assigning Member (Santa Clara) related to their Project entitlements so that the total amount of Project entitlements subject to this layoff is equal to 200 MW to the acquiring Members (MID, TID and SMUD). Starting May 1, 2024, and on each May 1st thereafter, the acquiring Members shall pay Santa Clara and NCPA, a total annual fixed payment of $1.7 million for the remainder of the term of the 2014 LTLA agreement.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accounting records of the Agency are maintained in accordance with Generally Accepted Accounting Principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The Agency's accounting records generally follow the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The Agency's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Cash Call revenues and costs that are directly related to transmission, operation and maintenance are reported as operating revenues and expenses. All other revenues and expenses are reported as non-operating revenues and expenses.

Use of 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 the reported amounts of assets and liabilities, as well as disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

California-Oregon Transmission Project. The Agency capitalized its direct costs associated with the development of the Project. Additionally, the Agency capitalized certain indirect costs in the construction of the Project, such as project management, legal, net interest costs incurred during the construction period, and a portion of the loss on refunding the 1990 Series A Revenue Bonds. When the Agency retires portions of its Electric Utility Plant, retirements are recorded against Accumulated Depreciation and the retired portion of the Electric Utility Plant is removed from the Project. The costs of removal and the related salvage value, if any, are charged or credited as appropriate to Accumulated Depreciation. When the Agency retires land, the retired portion is removed from the Project and related gains or losses are included in the Statements of Revenues, Expenses and Changes in Net Position. Depreciation is calculated on a straight-line basis using the following estimated lives:

Structures and Improvements	55 to 90 years
Station Equipment	30 to 55 years
Towers and Fixtures	75 to 95 years
Overhead Conductors and Devices	50 to 90 years
Communication Equipment	10 to 35 years

South of Tesla. SOT capitalized costs are comprised of the initial reinforcement costs for SOT and accumulated legal, interest and other costs relating to its financing. These costs are depreciated on a straight-line basis over the estimated 32 year life of the SOT Agreement.

Leases. Leases are contracts that convey control of the right to use another entity's nonfinancial asset as specified for a period of time in an exchange or exchange-like transaction without the transfer of ownership of the asset. The lease term is the period of time where there is a noncancellable right to use the underlying asset (Note 3).

For lessor contracts, lease receivables and deferred inflows of resources are reported at present value using Agency's incremental borrowing rate on the Statements of Net Position. The amortization of the discount for lessor contracts is recorded as Lease receivable for the Project on the Statements of Net Position with the offset to interest income in Interest and other income on the Statements of Revenues, Expenses and Changes in Net Position.

For lessee contracts, lease assets and liabilities are reported at present value using Agency's incremental borrowing rate on the Statements of Net Position. The lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. The amortization of the discount for lessee contracts is recorded as Interest payable on the Statements of Net Position with the offset to Lease interest expense for Project on the Statements of Revenues, Expenses and Changes in Net Position.

Cash and Cash Equivalents. Cash and cash equivalents include all highly liquid debt instruments purchased with an original maturity of 90 days or less, and all investments in the Local Agency Investment Fund (LAIF) and money market funds. LAIF has an equity interest in the State of California (State) Pooled Money Investment Account (PMIA). PMIA funds are on deposit with the State's Centralized Treasury System and are managed in compliance with the California Government Code, according to a statement of investment policy which sets forth permitted investment vehicles, liquidity parameters and maximum maturity of investments.

Investments. All the Agency's investments are reported at fair value. Realized and unrealized gains and losses are included in Interest and other Income in the Statements of Revenues, Expenses and Changes in Net Position.

Restricted Assets. The Agency's Indenture of Trust Agreements (Indenture) and Bond Resolutions require the maintenance of minimum levels of reserves for debt service. In addition, cash, cash equivalents and investments, which are restricted under terms of certain agreements for payments to third parties limiting the use of such funds are also included as restricted assets. Restricted assets are considered current and noncurrent depending upon how the funds are used. Funds used for debt service due within one year are considered current. All other restricted assets are noncurrent.

Third Party Income Receivable and Other. Third party income receivable and other consist of the Agency's share of the Project's third party income, government grants and accrued interest.

Prepayments. The Agency pays for Project operations costs and capital improvements three months in advance. These prepayments are recognized as expenses in the month the actual costs are incurred.

Due From (To) Members. The Agency invoices its Members based on the Open Access Transmission Tariff (OATT). The OATT is calculated by taking into account budgeted operations and maintenance expenses, administrative expenses, depreciation and a return on rate base. The Due From (To) Members balance represents revenues due from or owed to the Members that are not paid on a cash basis (see Note 5).

Gains and Losses on Bond Refundings. Gains and losses resulting from bond refundings are included in Deferred Outflows and Deferred Inflows of Resources on the Statements of Net Position and amortized as a part of Interest on Debt, over the shorter of the life of the refunded debt or the new debt using the effective interest method, on the Statements of Revenues, Expenses and Changes in Net Position.

Advances From Members. Members provide cash to the Agency in advance for Project operations costs and debt service in accordance with the OATT. These advances are recognized as Operating Revenue in the month service is received from the Project.

Advances From California-Oregon Transmission Project Participants. The Agency holds the Project's cash on behalf of the Participants of the Project and pools the Project's deposits and investments with its own deposits and investments.

Settlement Obligation. In connection with a settlement agreement between the Agency and WAPA, WAPA received a permanent 50 MW entitlement in the Project as partial reimbursement for costs associated with the acquisition of land and other related costs for the Project. The remaining obligation is being paid over the life of the Project, which was fully amortized on June 30, 2023.

California-Oregon Transmission Project and South of Tesla Revenues. The Agency invoices its Members based on the OATT. Revenues are comprised of amounts billed under OATT and amounts billed to the Members for SOT transmission service. Additionally, revenues are adjusted for amounts related to non-cash operating activities that are applied to Due from (to) Members.

Transmission Sales Revenues and Transmission Sales Payments to Members. The Agency invoices and collects transmission sales to third parties on behalf of its Members. The Agency disburses the transmission sales collected to the participating Members. Transmission sales revenues and Transmission sales payments to Members are presented gross on the Statements of Revenues, Expenses and Changes in Net Position.

Non-Operating Expenses Due To Members. Non-operating expenses due to Members is comprised of the capital contribution and related depreciation, loss on the retirement of assets and inventory write-off.

Distributions to Members. Amounts paid to Members from surplus funds are recorded as Distributions to Members. Distributions of excess OATT funds reduce the Net Position and distributions of non-OATT funds reduce the Due From (To) Members balance. The Agency distributed $0.6 million to TID and $0.3 million to MID to cover their share of 2009 LTLA and 2014 LTLA payments to Palo Alto, Santa Clara and NCPA in fiscal year 2024. There was no distribution in fiscal year 2023.

Capital Contribution. The Agency records the difference between the ownership percentage share and the various cost sharing percentages for capital Project costs. This amount is reported as Capital contribution in the Statements of Revenues, Expenses and Changes in Net Position.

Asset Retirement Obligation. The Agency records an asset retirement obligation (ARO) for a tangible capital asset when legally required. The Agency has identified potential retirement obligations related to certain transmission facilities located on or above properties that do not have perpetual lease rights. The Agency's non-perpetual leased land rights generally are renewed continuously because the Agency intends to utilize these facilities indefinitely. Statement of Governmental Accounting Standards (SGAS) No. 83, ***"Certain Asset Retirement Obligations"*** (GASB 83) requires the measurement of the ARO to be based on the probability weighting of potential outcomes. Due to the low probability that these leases will be terminated and lack of materiality of aggregate liability, a liability has not been recorded.

Insurance Programs. The Agency records liabilities for unpaid claims when an obligation is considered probable and the amount can be reasonably estimated. The liabilities for unpaid claims are recorded at their present value. The Agency carries commercial insurance for property damage and general liability, equipment, and non-owned aircraft liability with coverage deductibles from $0 to $1.5 million, depending on the program and nature of the claim. The property coverage is an All-Risk Program which provides coverage with deductibles from $0.1 million to $1.5 million including up to 5 percent of the value of equipment damaged by earthquake with a minimum of $1.5 million. No claims exceeded the limits of property or liability insurance during fiscal year 2024, fiscal year 2023, fiscal year 2022 and there were no significant reductions in coverage. At June 30, 2024 and 2023, the Agency's insurance related liabilities were zero.

Subsequent Events. Subsequent events for the Agency have been evaluated through October 21, 2024, which is the issuance date of these financial statements, for events requiring recording or disclosure in the financial statements. On August 21, 2024, the Agency's Commission approved the issuance of a line of credit for $120 million for the replacement project related to the series capacitors. On September 23, 2024, the Agency drew $92 million from the line of credit. The Agency disbursed $88.6 million for Agency's cost share and $28.7 million for WAPA's cost share of the series capacitors project.

Recent Accounting Pronouncements, adopted. In June 2022, GASB issued SGAS No. 100, "***Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62***" (GASB No. 100), to enhance accounting and financial reporting requirements for accounting changes and error corrections. The statement defines accounting changes and sets forth requirements for reporting changes and error corrections in the financial statements. In addition, the statement contains requirements for disclosure in notes to financial statements of information about accounting changes and error corrections. Furthermore, for periods that are earlier than those included in the financial statements, information presented in required supplementary information and supplementary information should be restated for error corrections, but not for changes in accounting principles. This statement is effective for the Agency in the current year but had no impact on the Agency.

Recent Accounting Pronouncements, not yet adopted. In June 2022, GASB issued SGAS No. 101, ***"Compensated Absences"*** (GASB No. 101), to better meet the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences. This will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. This statement is effective for the Agency in fiscal year 2025. The Agency currently does not employ staff and expects it will have no impact on the Agency.

In December 2023, GASB issued SGAS No. 102 ***"Certain Risk Disclosures"*** (GASB No. 102), to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. This Statement requires a government to assess whether a concentration or constraint could cause a substantial impact if the event occurred or has begun to occur prior to the issuance of financial statements. If a government determines that the criteria for disclosure have been met, it should disclose information in notes to financial statements in sufficient detail to enable financial statements users to understand the nature of the circumstances and the government's vulnerability to the risk of a substantial impact. This Statement is effective for the Agency in fiscal year 2025. The Agency is currently assessing the disclosure impact of adopting this statement.

In April 2024, GASB issued SGAS No. 103 ***"Financial Reporting Model Improvements"*** (GASB No. 103), to improve key components of the financial reporting model. The purposes of the improvements are to (a) enhance the effectiveness of the financial reporting model in providing information that is essential for decision making and assessing a government's accountability and (b) address certain application issues. This Statement is effective for the Agency in fiscal year 2026. The Agency is currently assessing the impact of adopting this statement.

NOTE 3. ELECTRIC UTILITY PLANT AND RELATED OPERATING AGREEMENTS

The Agency had the following Electric Utility Plant activity during fiscal year 2024:

	June 30, 2023	Additions	Transfers and Disposals	June 30, 2024
Nondepreciable utility plant:				
Land	$ 40,956,136	$ -0-	$ -0-	$ 40,956,136
CWIP	9,901,062	5,506,864	-0-	15,407,926
Total nondepreciable utility plant	50,857,198	5,506,864	-0-	56,364,062
Depreciable utility plant:				
Project land and land rights	15,876,278	-0-	-0-	15,876,278
Project structures and improvements	10,190,171	-0-	-0-	10,190,171
Project station equipment	180,638,098	-0-	-0-	180,638,098
Project towers and fixtures	89,482,367	-0-	-0-	89,482,367
Project overhead conductor and devices	178,474,027	-0-	-0-	178,474,027
Project communication equipment	19,698,392	-0-	(15,340)	19,683,052
SOT	6,173,742	-0-	-0-	6,173,742
Lease assets for Project:				
Real property	3,707,232	247,716	-0-	3,954,948
Right of way	1,744,511	-0-	-0-	1,744,511
	505,984,818	247,716	(15,340)	506,217,194
Less: accumulated depreciation and amortization	(297,456,284)	(6,400,570)	15,340	(303,841,514)
Total depreciable utility plant	208,528,534	(6,152,854)	-0-	202,375,680
Total utility plant - net	$ 259,385,732	$ (645,990)	$ -0-	$ 258,739,742

The Agency had the following Electric Utility Plant activity during fiscal year 2023:

	June 30, 2022	Additions	Transfers and Disposals	June 30, 2023
Nondepreciable utility plant:				
Land	$ 40,956,136	$ -0-	$ -0-	$ 40,956,136
CWIP	9,453,278	5,013,668	(4,565,884)	9,901,062
Other	1,007,232	-0-	(1,007,232)	-0-
Total nondepreciable utility plant	51,416,646	5,013,668	(5,573,116)	50,857,198
Depreciable utility plant:				
Project land and land rights	15,876,278	-0-	-0-	15,876,278
Project structures and improvements	10,190,171	-0-	-0-	10,190,171
Project station equipment	180,619,564	221,971	(203,437)	180,638,098
Project towers and fixtures	89,482,367	-0-	-0-	89,482,367
Project overhead conductor and devices	178,474,027	-0-	-0-	178,474,027
Project communication equipment	23,600,238	4,343,914	(8,245,760)	19,698,392
SOT	6,173,742	-0-	-0-	6,173,742
Lease assets for Project:				
Real property	1,613,036	2,094,196	-0-	3,707,232
Right of way	1,744,511	-0-	-0-	1,744,511
	507,773,934	6,660,081	(8,449,197)	505,984,818

Less: accumulated depreciation				
and amortization	(297,057,879)	(6,696,215)	6,297,810	(297,456,284)
Total depreciable utility plant	210,716,055	(36,134)	(2,151,387)	208,528,534
Total utility plant - net	$ 262,132,701	$ 4,977,534	$ (7,724,503)	$ 259,385,732

California-Oregon Transmission Project. The Project is a 340-mile long, 500-kilovolt alternating current (AC) transmission project between Southern Oregon and Central California. The Project is operated in coordination with the Pacific AC Intertie as a part of the California-Oregon Intertie (COI) within the Western Electricity Coordinating Council (WECC) region. The WECC approved rating of the COI is 4,800 MW.

The Agency, WAPA, and five other parties (collectively, Project Participants) have agreed to an Interim Participation Agreement (IPA) under which each Project Participant is granted a percentage entitlement in Project transfer capability and is required to pay a percentage of the costs. Pursuant to the IPA, an agreement with WAPA, and the purchase of entitlement, rights, title and interest in the City of Vernon's share of the Project transmission assets, the Agency is entitled to use approximately 1,362 MW, and is obligated to pay an average of approximately 80 percent of the operating costs associated with the Project.

South of Tesla. The Agency receives from Pacific Gas and Electric Company (PG&E), 300 MW of firm, bi-directional transmission service over PG&E's system between the Tesla and Midway Substations. The SOT Agreement between the Agency and certain Members sets forth the arrangement under which the Agency renders Tesla-Midway transmission service to its Members. The SOT Agreement remains in effect as long as the JPA Agreement and the Tesla-Midway Transmission Service Agreement remain effective.

Leases. The Project engages in lease contracts for tower space, buildings, communication sites, real property, and other assets, and subleases excess capacity at certain facilities. The Agency's portion of these leases as lessee is approximately 80 percent and as lessor is approximately 96 percent.

Lessor. Sublease agreements include tower space, a building, and communication site assets. Lease terms range from 13 to 20 years including options to extend the lease term after completion of the initial contracted term. The likelihood that the renewal options will be exercised has been evaluated and it has been determined that Lessees will exercise the renewal options with reasonable certainty. The agreements allow for periodic increases to the lease payments. The interest rates range between 1.6 percent to 2.0 percent based on the AAA Muni Curve with the number of years to maturity that corresponds to the lease term, plus an additional credit spread to account for a different credit rating and other factors. The lease contracts starting in fiscal year 2023 and onwards have the interest rates range between 1.6 percent to 3.7 percent based on A curve from Blomberg. The Agency recognized lease revenue and interest income of $0.09 million and $0.08 million at June 30, 2024 and 2023, which is reported as Interest and other income on the Statements of Revenues, Expenses and Changes in Net Position. There were no variable lease payments received in 2024 or 2023.

Lessee. Lessee agreements include real property and other assets. Lease terms range from 23 to 30 years including options to extend the lease term after completion of the initial contracted term. The likelihood that the renewal options will be exercised has been evaluated and it has been determined that the lease agreements will be renewed with reasonable certainty. The agreements allow for periodic increases to the lease payments. The interest rates range between 2.0 percent to 2.1 percent based on the AAA Muni Curve with the number of years to maturity that corresponds to the lease term, plus an additional credit spread to account for a different credit rating and other factors. The lease contracts starting in fiscal year 2023 and onwards have the interest rates range between 2.0 percent to 4.3 percent based on A curve from Blomberg. The Agency recognized amortization expense of $0.2 million on June 30, 2024 and 2023 which is reported as Depreciation and amortization on the

Statements of Revenues, Expenses and Changes in Net Position. There were no payments recorded in the current period that were not included in the measurement of the lease liability and no lease impairments as of June 30, 2024 and 2023.

The following table summarizes the lease principal and interest payments as of June 30, 2024:

	Principal	Interest	Total
2025	$ 142,041	$ 146,681	$ 288,722
2026	146,905	143,499	290,404
2027	157,433	139,480	296,913
2028	173,871	134,919	308,790
2029	181,978	130,125	312,103
2030-2034 (combined)	1,026,874	570,125	1,596,999
2035-2039 (combined)	1,298,804	410,511	1,709,315
2040-2044 (combined)	1,329,142	200,450	1,529,592
2045-2049 (combined)	432,533	67,330	499,863
2050-2053 (combined)	158,041	17,579	175,620
Total	$ 5,047,622	$ 1,960,699	$ 7,008,321

NOTE 4. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash, Cash Equivalents and Investments. The Agency's investments are governed by the California State and Municipal Codes and its Indenture, which allow Agency investments to include: obligations which are unconditionally guaranteed by the U.S. Government or its agencies or instrumentalities; direct and general obligations of the State or any local agency within the State; bankers' acceptances; commercial paper; certificates of deposit; repurchase and reverse repurchase agreements; medium term corporate notes; LAIF; and money market funds. The Agency's investment policy also includes restrictions for investments relating to maximum amounts invested as a percentage of total portfolio and with a single issuer, maximum maturities, and minimum credit ratings.

Credit Risk. This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. To mitigate the risk, the Agency limits investments to those rated, at a minimum, "A-1" or equivalent for short-term investments and "A" or equivalent for medium-term corporate notes by a nationally recognized rating agency.

Custodial Credit Risk. This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, the Agency's deposits may not be returned, or the Agency will not be able to recover the value of its deposits, investments or collateral securities that are in the possession of another party. The Agency does not have a deposit policy for custodial credit risk.

At June 30, 2024 and 2023, $12.3 million and $12.8 million of the Agency's bank balances were uninsured, respectively. The bank balance is also, per a depository pledge agreement between the Agency and the Agency's bank, collateralized at 113 percent and 132 percent of the collected funds on deposit (increased by the amount of accrued but uncredited interest, reduced by deposits covered by FDIC) at June 30, 2024 and 2023, respectively. The Agency had money market funds of $71.3 million and $39.7 million which were uninsured at June 30, 2024 and 2023, respectively. The Agency had $13.2 million and $33.4 million of U.S. Treasury investment at June 30, 2024 and 2023, respectively, that are not collateralized. The Agency's money market funds and investments are held in the Agency's name.

Concentration of Credit Risk. This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. The Agency places no limit on the amounts invested in any one issuer for federal agency securities. The Agency has no investments subject to concentration of credit risk at June 30, 2024 and June 30, 2023.

Interest Rate Risk. This is the risk that investments are exposed to fair value losses arising from increasing interest rates. Though the Agency has restrictions as to the maturities of some of the investments, it does not have a formal policy for interest rate risk.

The following schedules present the credit risk by type of security held at June 30, 2024 and 2023. The credit ratings listed are from Standard and Poor's.

At June 30, 2024, the Agency's cash, cash equivalents, and investments consist of the following:

		Remaining Maturities (in years)			
Description	Credit Rating	Less Than 1	1-5	More Than 5	Total Fair Value
Cash and Cash Equivalents:					
Deposits	Not Rated	$ 12,519,808	$ -0-	$ -0-	$ 12,519,808
LAIF	Not Rated	5,820,356	-0-	-0-	5,820,356
Money Market Funds	AAAm	71,337,633	-0-	-0-	71,337,633
Total cash and cash equivalents		89,677,797	-0-	-0-	89,677,797
Investments:					
U.S. Treasury Notes	AAA	3,445,120	9,789,900	-0-	13,235,020
Total investments		3,445,120	9,789,900	-0-	13,235,020
Total cash, cash equivalents, and investments		$ 93,122,917	$ 9,789,900	$ -0-	$ 102,912,817

At June 30, 2023, the Agency's cash, cash equivalents, and investments consist of the following:

		Remaining Maturities (in years)			
Description	Credit Rating	Less Than 1	1-5	More Than 5	Total Fair Value
Cash and Cash Equivalents:					
Deposits	Not Rated	$ 13,061,966	$ -0-	$ -0-	$ 13,061,966
LAIF	Not Rated	10,537,687	-0-	-0-	10,537,687
Money Market Funds	AAAm	39,662,317	-0-	-0-	39,662,317
Total cash and cash equivalents		63,261,970	-0-	-0-	63,261,970
Investments:					
U.S. Treasury Notes	AAA	19,989,033	13,410,578	-0-	33,399,611
Total investments		19,989,033	13,410,578	-0-	33,399,611
Total cash, cash equivalents, and investments		$ 83,251,003	$13,410,578	$ -0-	$ 96,661,581

The Agency's cash, cash equivalents and investments are classified in the Statements of Net Position as follows:

	June 30, 2024	June 30, 2023
Cash, Cash Equivalents and Investments:		
Revenue bond reserve and debt service funds:		
Revenue bond reserve fund	$ 3,819,550	$ 3,877,580
Debt service fund	2,530,224	2,328,016
Total revenue bond reserve and debt service funds	6,349,774	6,205,596
Other restricted funds	2	2
Funds held for the Project Participants	14,249,582	14,700,699
Unrestricted funds:		
LAIF	5,820,357	10,537,687
Unrestricted funds	76,493,102	65,217,597
Total unrestricted funds	82,313,459	75,755,284
Total cash, cash equivalents and investments	$ 102,912,817	$ 96,661,581

NOTE 5. DUE FROM (TO) MEMBERS

The Agency's Due From (To) Members is presented below:

	June 30, 2024	June 30, 2023
Difference between amount invoiced to Members and actual operating and capital related expenses	$ (76,165,653)	$ (66,078,329)
First year operating expenses funded by bond proceeds and related interest earnings	843,671	943,586
Share of the Project income	(1,470,253)	(3,041,194)
Capital contribution and related depreciation	(17,388,795)	(16,537,307)
City of Shasta Lake 10 MW entitlement proceeds distributed to Members	554,158	591,728
Total due to Members	$ (93,626,872)	$ (84,121,516)

Difference Between Amount Invoiced Members and Actual Operating and Capital Related Expenses. The Agency invoices for transmission service based on the OATT as described in Note 2.

First Year Operating Expenses Funded by Bond Proceeds and Related Interest Earnings. This represents first year operating expenses funded through bond proceeds and interest earned. This amount is being amortized through incremental cash flow payments received from the Members over the life of the remaining bonds. The 2016 Series Bonds refunded the original bonds.

Share of the Project Income. This represents the Agency's ownership share of the Project's income from communication sites leases, proceeds from sales of surplus communication sites and grants proceeds.

Capital Contribution and Related Depreciation. The Capital Contribution is the difference between the Agency's ownership share of capital project costs and its cost share as described in Note 2. The Capital Contribution is depreciated over the lives of the associated assets.

City of Shasta Lake 10 MW Entitlement Proceeds Distributed to Members. This represents the proceeds from the sale of the 10 MW entitlement in the Project to the City of Shasta Lake. The proceeds were distributed to certain Members and is amortized each year by a portion of the debt service payments made by those Members.

NOTE 6. LONG-TERM DEBT

The Agency's Long-Term Debt is presented below:

	June 30,	
	2024	2023
2016 Series A Revenue Bonds, 3.00% - 5.00%, 2025-2039	$ 159,565,000	$ 165,500,000
Total long-term debt outstanding	159,565,000	165,500,000
Unamortized premium - net	16,907,558	18,993,610
Total long-term debt	176,472,558	184,493,610
Less: amounts due within one year	(7,445,000)	(5,935,000)
Total long-term debt - net	$ 169,027,558	$ 178,558,610

The Agency had the following long-term debt activity during fiscal year 2024:

	June 30, 2023	Payments or Amortization	Additions	June 30, 2024
Revenue bonds	$ 165,500,000	$ (5,935,000)	$ -0-	$ 159,565,000
Unamortized premium - net	18,993,610	(2,086,052)	-0-	16,907,558
Total long-term debt	$ 184,493,610	$ (8,021,052)	$ -0-	$ 176,472,558

The Agency had the following long-term debt activity during fiscal year 2023:

	June 30, 2022	Payments or Amortization	Additions	June 30, 2023
Revenue bonds	$ 167,800,000	$ (2,300,000)	$ -0-	$ 165,500,000
Unamortized premium - net	21,137,097	(2,143,487)	-0-	18,993,610
Total long-term debt	$ 188,937,097	$ (4,443,487)	$ -0-	$ 184,493,610

The debt service payments are made semi-annually on May 1 and November 1.

Covenants. The Agency's bond Indentures contain various covenants that include requirements to maintain revenue bond reserves equal to 25 percent of the maximum annual debt service and various other requirements.

The annual debt service requirements to scheduled maturity for the revenue bonds at June 30, 2024 are as follows:

	Principal	Interest	Total
2025	$ 7,445,000	$ 7,735,750	$ 15,180,750
2026	7,815,000	7,363,500	15,178,500
2027	8,205,000	6,972,750	15,177,750
2028	8,615,000	6,562,500	15,177,500
2029	9,045,000	6,131,750	15,176,750
2030-2034 (combined)	52,490,000	23,404,000	75,894,500
2035-2039 (combined)	65,950,000	9,947,250	75,897,250
Total	$ 159,565,000	$ 68,117,500	$ 227,682,500

The following bonds have been issued and are outstanding at June 30, 2024:

Date	Issue	Final Maturity	Interest Rate	Original Amount	Outstanding Amount
3/9/2016	2016 Series A Bonds	5/1/2039	3.00% - 5.00%	$ 173,920,000	$ 159,565,000

NOTE 7. FAIR VALUE MEASUREMENTS

SGAS No. 72, ***"Fair Value Measurement and Application"*** (GASB No. 72), defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The Agency utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique.

GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy defined by GASB No. 72 are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs that reflect the Agency's own assumptions about factors that market participants would use in pricing the asset or liability.

The valuation methods of the fair value measurements are disclosed below.

- LAIF - uses the fair value of the pool's share price multiplied by the number of shares held. This pool can include a variety of investments such as U.S. government securities, federal agency securities, negotiable certificates of deposit, bankers' acceptances, commercial paper, corporate bonds, bank notes, and other investments. The fair values of the securities are generally based on quoted and/or observable market prices.
- U.S. Treasury Obligations - uses a market approach based on institutional bond quotes. Evaluations are based on various market and industry inputs.

The following table identifies the level within the fair value hierarchy that the Agency's financial assets and liabilities were accounted for on a recurring basis at June 30, 2024 and 2023. As required by GASB No. 72, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Agency's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of liabilities and their placement within the fair value hierarchy levels.

Recurring Fair Value Measures (Level 2)

	June 30,	
	2024	2023
Investments including Cash and Cash Equivalents:		
LAIF	$ 5,820,356	$ 10,537,687
U.S treasury notes	13,235,020	33,399,611
Total fair value investments including Cash and Cash Equivalents	$ 19,055,376	$ 43,937,298

NOTE 8. NET POSITION

The Agency classifies its Net Position into three components as follows:

- Net investment in capital assets – This component of net position consists of capital and lease assets, net of accumulated depreciation and amortization reduced by the outstanding debt balances, net of unamortized debt expenses, and lease liability. Deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are also included. Additionally, the Agency includes in the calculation certain components of Due From (To) Members related to capital assets.
- Restricted – This component of net position consists of assets with constraints placed on their use, either externally or internally. Constraints include those imposed by debt indentures (excluding amounts considered in net capital, above), grants or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. These restricted assets are reduced by liabilities and deferred inflows of resources related to those assets.
- Unrestricted – This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of “Net investment in capital assets” or “Restricted.”

At June 30, 2024 and 2023, the Agency's net investment in capital assets consisted of the following:

	June 30, 2024	June 30, 2023
Project	$ 550,708,055	$ 545,216,531
SOT	6,173,742	6,173,742
Lease assets for Project	5,699,459	5,451,743
Less: accumulated depreciation and amortization	(303,841,514)	(297,456,284)
	258,739,742	259,385,732
Less:		
Long-term debt due within one year	7,445,000	5,935,000
Lease liability for Project due within one year	142,041	134,717
Long-term debt	169,027,558	178,558,610
Lease liability for Project	4,905,581	4,931,107
Difference between amount invoiced to Members and actual operating and capital related expenses	76,165,653	66,078,329
	257,685,833	255,637,763
Add:		
Unamortized bond losses	-0-	33,721
Restricted revenue bond reserve	3,819,550	3,877,580
First year operating expenses funded by bond proceeds and related interest earnings	843,671	943,586
	4,663,221	4,854,887
Total net investment in capital assets	$ 5,717,130	$ 8,602,856

NOTE 9. COMMITMENTS AND CONTINGENCIES

General Contingencies. In the normal course of business, the Agency is party to various claims, disputes and litigation, including proceedings before FERC relating to PG&E's transmission owner tariff filings and matters with the California Independent System Operator. In the opinion of Agency management and legal counsel, the results of such actions will not have a material adverse impact on the Agency's financial position or its results of operations.