

ANNUAL REPORT
(Pursuant to S.E.C. Rule 15c2-12)
December 30, 2025

Relating to:
\$16,565,000 Southern California Public Power Authority
Natural Gas Project A, 2008 Revenue Bonds (Taxable)
(City of Colton, California)

INTRODUCTION

This Annual Report is filed pursuant to the Continuing Disclosure Resolution (Resolution No. 2007-69), adopted by the Southern California Public Power Authority (the “Authority” or “SCPPA”) on December 20, 2007 (the “Disclosure Resolution”), in accordance with Securities and Exchange Commission Rule 15c2-12 (the “Rule”). This Annual Report relates to the above-captioned bonds (the “Bonds”). The Bonds are described in the Authority’s Official Statement dated January 24, 2008 (the “Official Statement”). The Bonds were issued to finance, among other things, the costs of acquisition and development of certain natural gas resources, reserves, fields, wells, and related facilities as well as certain capital improvements related thereto. Except as otherwise provided herein, terms used herein that are not defined herein have the meanings ascribed to such terms in the Official Statement.

The information in this Annual Report is provided in order to comply with the Authority’s contractual commitment established by the Disclosure Resolution to provide certain of the information specified therein. Certain information in this Annual Report is not required to be provided by the Disclosure Resolution. By providing such information, the Authority does not undertake or agree to provide such information in any future year. The Authority and the City of Colton, California (“Colton”) make no representation that this Annual Report contains all information material to a decision to purchase or sell any of the Bonds.

The information set forth herein has been furnished by the Authority and Colton and includes information obtained from other sources, which are believed to be reliable. Any statements herein involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinion or estimates will be realized. The information and expressions of opinion contained in this Annual Report are provided as of the respective dates specified herein and are subject to change without notice, and the filing of this Annual Report shall not, under any circumstances, create any implication that there has been no change in the affairs of the Authority or any Participant (as defined below) or in the other matters described herein since the date as of which such information is provided.

THE NATURAL GAS PROJECT

General Description

The Natural Gas Project includes the Authority’s leasehold interests in (i) certain natural gas resources, reserves, fields, wells and related facilities located near Pinedale, Wyoming (the “Wyoming Subproject”) and (ii) certain natural gas resources, reserves, fields, wells and related facilities in (or near) the Barnett Shale geological formation in Texas (the “Texas Subproject,” and collectively with the Wyoming Subproject, the “Natural Gas Project” or the “Project”). The Authority has sold to each of Colton and the Cities of Anaheim, Burbank, Glendale and Pasadena, California (collectively, the “Participants”) a portion of the entire production capacity of its leasehold interests, as a source of long-term supply of Gas at a more levelized price to provide fuel for their generation needs, on a “take-or-pay” basis through gas sales agreements with each of the Participants. The Bonds are payable only from amounts received by

SCPPA from Colton. Colton has taken delivery of Gas from the Wyoming Subproject since 2005 and has taken delivery of Gas from the Texas Subproject since 2006.

Pinedale Leases

Output, Gathering and Processing. The wells have historically produced approximately 95% natural gas and 5% Oil. The Oil is removed at the surface and trucked to a refinery, and the dry gas is delivered into a gathering pipeline system and transported to a processor for removal of natural gas liquids (“NGLs”). The processor delivers pipeline-quality gas to the interstate pipeline. Proceeds from the sale of gas in Wyoming financed the purchase of approximately 16,989 MMBtu at SoCal City Gate during fiscal year ended June 30, 2025.

Barnett Leases

Output; Gathering, Processing, Marketing and Distribution; Delivery to Participants. The wells produce approximately 71% natural gas, 28% NGLs, and 1% Oil. The Oil is removed at the surface and trucked to a refinery, and the dry gas is delivered into a gathering pipeline system and transported to a processor for removal of NGLs. The processor delivers pipeline-quality gas to the interstate pipeline. Proceeds from the sale of gas in Texas financed the purchase of approximately 29,096 MMBtu at SoCal City Gate during fiscal year ended June 30, 2025.

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Certain Financial Statements Relating to the Natural Gas Project

The following Statement of Net Position has been prepared by the Authority based upon audited financial statements of the Authority for fiscal years ended June 30, 2025 and June 30, 2024.

Southern California Public Power Authority Natural Gas Project Pinedale & Barnett Statement of Net Position (In Thousands)

	Fiscal Year Ended June 30,	
	2025	2024
ASSETS		
Noncurrent assets		
Net utility plant	\$34,537	\$39,951
Investments – restricted	40,488	37,249
Investments - unrestricted	1,000	700
Prepaid and other assets	126	126
Total noncurrent assets	<u>76,151</u>	<u>78,026</u>
Current assets		
Cash and cash equivalents – restricted	6,301	7,862
Cash and cash equivalents – unrestricted	5,130	4,877
Interest receivable	386	434
Accounts receivable	837	1,869
Prepaid and other assets	512	513
Total current assets	<u>13,166</u>	<u>15,555</u>
DEFERRED OUTFLOWS OF RESOURCES		
Reclamation and decommissioning obligation	332	378
Total deferred outflows of resources	<u>332</u>	<u>378</u>
Total assets and deferred outflows of resources	<u>\$89,649</u>	<u>\$93,959</u>
LIABILITIES		
Noncurrent liabilities		
Long-term debt	\$23,330	\$27,165
Advances from participants	9,118	11,300
Reclamation and decommissioning obligation	2,143	2,087
Total noncurrent liabilities	<u>34,591</u>	<u>40,552</u>
Current liabilities		
Debt due within one year	3,835	4,025
Advances from participant due within one year	4,248	4,188
Accrued interest	808	921
Accounts payable and accruals	2,149	2,228
Accrued property tax	91	50
Total current liabilities	<u>11,131</u>	<u>11,412</u>
Total liabilities	<u>45,722</u>	<u>51,964</u>

NET POSITION

Net investment in capital assets	34,537	22,627
Restricted	20,271	15,058
Unrestricted	<u>(10,881)</u>	<u>4,310</u>
Total net position	<u>43,927</u>	<u>41,995</u>
Total liabilities and net position	<u><u>\$89,649</u></u>	<u><u>\$93,959</u></u>

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The following Statement of Revenues, Expenses and Changes in Net Position has been prepared by the Authority based upon audited financial statements of the Authority for fiscal years ended June 30, 2025 and June 30, 2024.

Southern California Public Power Authority
Natural Gas Project Pinedale & Barnett
Statement of Revenues, Expenses and Changes in Net Position
(In Thousands)

	Fiscal Year Ended	
	June 30,	
	2025	2024
Operating revenues:		
Sales of natural gas	\$10,232	\$11,954
Total operating revenues	10,232	11,954
Operating expenses:		
Operations and maintenance	3,374	3,444
Depreciation, depletion, and amortization	5,423	3,703
Decommissioning	47	47
Total operating expenses	8,844	7,194
Operating income	1,388	4,760
Non-operating revenues (expenses)		
Investment and other income	2,217	2,371
Inflation of decommissioning liability	(56)	(61)
Other interest and debt expense	(1,617)	(1,843)
Net non-operating revenues (expenses)	544	467
Change in net position	1,932	5,227
Net position – beginning of year	41,995	36,768
Net position – end of year	\$43,927	\$41,995

DEBT SERVICE REQUIREMENTS FOR THE BONDS

The debt service requirements for the Bonds are as follows:

<u>Year Ending</u> <u>July 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$445,000.00	\$162,615.00	\$607,615.00
2027	420,000.00	136,538.00	556,538.00
2028	405,000.00	111,926.00	516,926.00
2029	395,000.00	88,193.00	483,193.00
2030	380,000.00	65,046.00	445,046.00
2031	370,000.00	42,778.00	412,778.00
2032	<u>360,000.00</u>	<u>21,096.00</u>	<u>381,096.00</u>
Totals:	<u>\$2,775,000.00</u>	<u>\$628,192.00</u>	<u>\$3,403,192.00</u>

FINANCIAL STATEMENTS

The audited financial statements of the Authority for the fiscal year ended June 30, 2025 are attached hereto. The unaudited financial statements of Colton for the fiscal year ended June 30, 2025 are attached hereto. The audited financial statements of Colton for the fiscal year ended June 30, 2025 will be filed with the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System for Municipal Securities disclosures once their audited financial statements are available to the public and the Authority.

MISCELLANEOUS; MOST RECENT AUTHORITY OFFICIAL STATEMENT

The historical information set forth in this Annual Report is not necessarily indicative of future results or performance due to various factors, including, among others, those discussed in the Authority’s Official Statement, dated July 9, 2025, relating to the Southern Transmission System Renewal Project, Revenue Bonds, 2025-1 (Fixed Rate Bonds) and Southern Transmission System Renewal Project, Revenue Bonds, 2025-2 (Fixed Tender Bonds – Term Rate Mode), under the section entitled “DEVELOPMENTS IN THE CALIFORNIA ENERGY MARKETS.” Such Official Statement is on file with the Municipal Securities Rulemaking Board and is available to the public.

The Disclosure Resolution provides, in part, that under no circumstances shall any person or entity be entitled to recover monetary damages in the event the Authority fails to comply with the Disclosure Resolution. The Disclosure Resolution further provides that in the event of any such failure, only certain remedies may be available to Owners or Beneficial Owners. For a description of such remedies, see section 11 of the Disclosure Resolution which is set forth in Appendix F to the Official Statement.

CITY OF COLTON

There follows certain information concerning the City of Colton (the “City” or “Colton”) and its Electric System (the “Electric System”), prepared by the City for inclusion herein. This information does not purport to cover all aspects of the Electric System’s business, operations and financial position. The June 30, 2025 information provided herein is preliminary and unaudited.

General

The City is a municipal corporation that exists under the laws of the State of California. The City owns and operates an electric public utility for its citizens, which provides electric service to virtually all of the electric customers within the City limits, encompassing approximately 17.5 square miles. The City is located between Riverside and San Bernardino, approximately 59 miles east of downtown Los Angeles.

The City was incorporated as a general law city in 1887 and is administered by a Council-City Manager form of government. The four City Council members are elected by district for four-year terms. The office of Mayor is elected at large for a four-year term.

Colton owns and operates the Electric System with a staff of approximately 52 full-time employees. Of these employees: (i) 2 are executives, the Director and Assistant Director of the Electric System, (ii) 11 are represented by the Teamsters Mid-Manager Local 1932, (iii) 5 are represented by Teamsters General Unit Local 1932 (General), and (iv) 34 are represented by the International Brotherhood of Electrical Workers Local 47 Electric Unit (“IBEW”). All of the associations are subject to the Meyers-Milias-Brown Act, which requires an effort to develop a Memorandum of Understanding (MOU). The current contract with IBEW expires on December 31, 2024. The City and IBEW are in negotiations on a new MOU with an anticipated commencement date of January 1, 2025. All other MOUs are active and will expire on June 30, 2026.

Governance and Management

On October 17, 1895, the Colton Board of Trustees passed Ordinance No. 119 to provide for the establishment of a municipally owned electric utility. Colton voters approved \$6,000 in bonded indebtedness to create the utility on December 9, 1895. Prior to 1986, the City’s power supply needs were met by Southern California Edison (“SCE”) under a total requirements contract for all capacity and energy requirements.

The Electric System, which is operated by the Colton Electric Utility (“CEU”), is under the supervision of the Electric Utility Director, who is responsible for overseeing resource planning, legislative and regulatory compliance, engineering, design, construction, maintenance and operation. The Electric Utility Director is under the supervision of the City Manager who is appointed by the City Council. The City Treasurer is the investment officer for the City and all enterprise funds. The Treasurer is also responsible for the administration of all outstanding debt. The Treasurer is a member of the City’s debt financing team with other City staff and is elected to a four-year term.

Existing Facilities

The principal facilities of the Electric System are the 43 MW Agua Mansa Power Plant, 1 switchyard, 6 substations (including 1 customer substation), and 190 miles of sub-transmission and distribution lines as of June 30, 2025. The energy requirements of the City’s Electric System currently are met by generating resources in which the City has a contractual interest and, to the extent required, by purchases from the California Independent System Operator (“CAISO”).

The following table sets forth statistical information relating to the facilities of the Electric System and bonded indebtedness during the last five fiscal years.

**City of Colton
Electric System Facilities and Bonded Indebtedness**

	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Electric Plant:					
Net Utility Plant	\$44,599,091	\$42,578,835	\$41,807,142	\$40,171,048	\$41,911,748
Miles of Lines:					
Transmission	10.4	10.4	10.4	10.4	10.4
Distribution.....	175.0	175.0	175.0	175.0	180.0
Bonded Indebtedness.....	\$21,585,000	\$19,370,000	\$17,050,000	\$14,620,000	\$12,060,000

⁽¹⁾ Fiscal Year ended June 30, 2025 is based on unaudited information.

Source: City of Colton.

Power Supply

The City currently obtains its power supply from several different sources, including the following resources:

Local Plant/Projects:

- Agua Mansa Power Plant (which commenced operation on July 1, 2003);
- Colton Solar One and Colton Solar Two projects; and
- Gonzales Center and Arbor Terrace Solar projects.

Long-term Power Purchase Agreements:

- The Hoover Upgrading Project; and
- High Wind project by Avangrid Renewables, LLC (formerly Iberdrola Renewables, LLC).

Southern California Public Power Authority (the “Authority”) Projects:

- Project Entitlements in Units 1, 2 and 3 of the Palo Verde Nuclear Generating Station (“PVNGS”);
- The Magnolia Power Project (MPP);
- Metropolitan Water District Small Hydro Projects;
- First Solar’s Kingbird B and Astoria 2 Solar Projects;
- Puente Hills Landfill Gas Project by Los Angeles County Sanitation District; and
- Ormat’s Casa Diablo IV geothermal project.

The City purchases energy from other utilities and governmental agencies, including Shell Energy and Tenaska Power Systems. The City had Project Entitlements in the Authority’s San Juan Generating Station Unit 3 Project through December 8, 2017, at which time the facility ceased commercial operations.

The following table sets forth Electric System peak demand and the amount of energy purchased and generated during the last five Fiscal Years.

**City of Colton
Peak Demand and Total Energy Purchased and Generated**

	Fiscal Year Ended June 30,				
	2021	2022	2023	2024	2025*
Peak (MW).....	88.02	83.5	92.96	98.04	95.38
Power Resource (MWh):					
Agua Mansa ⁽¹⁾	18,962	9,933	12,355	10,342	9,017
PVNGS.....	18,425	18,708	18,753	19,097	19,041
Hoover.....	3,150	2,883	2,342	2,397	2,562
San Juan Unit 3.....	-	-	-	-	-
Magnolia.....	47,156	60,307	65,532	64,912	55,569
Avangrid.....	6,572	5,709	5,557	1,834	-
Metropolitan Water District.....	-	1,027	655	179	-
Colton Solar One.....	4,629	4,635	3,803	1,878	4,126
Colton Solar Two.....	1,774	1,445	974	1,389	748
Kingbird B Solar.....	8,871	8,841	8,501	8,387	8,262
Shell Energy.....	-	-	-	-	-
Tenaska Power.....	-	-	-	-	-
Astoria 2 Solar.....	21,406	21,986	20,136	15,911	14,052
Antelope DSR2 Solar.....	-	-	-	-	-
Puente Hills Landfill.....	44,251	39,797	38,515	35,640	33,972
Casa Diablo (CDIV) Geothermal...	-	-	137,034	138,553	137,594
Solar City-Gonzales Center.....	537	502	459	459	443
Solar City-Arbor Terrace	514	550	504	371	161
Non-firm ⁽³⁾	<u>309,360</u>	<u>286,710</u>	<u>273,347</u>	<u>225,343</u>	<u>261,259</u>
Total Purchased/Generated.....	485,607	463,034	587,880	526,692	546,806
Less Unaccounted For Energy ⁽²⁾ ...	<u>(27,164)</u>	<u>(674)</u>	<u>(591)</u>	<u>(480)</u>	<u>(530)</u>
Net Power Requirements.....	458,443	462,360	587,880	526,212	546,276

* Fiscal Year ended June 30, 2025 is based on unaudited information.

⁽¹⁾ The City has a Participating Generation Agreement (“PGA”) with the CAISO for Agua Mansa (“AMPP”). Under the PGA, CAISO determines when to dispatch the plant to minimize statewide generation costs. Colton may self-schedule AMPP to meet its retail load requirements if necessary. AMPP annual generation is dependent upon statewide energy conditions, such as hydroelectric conditions, weather and other factors.

⁽²⁾ Unaccounted For Energy (“UFE”) is the difference between total annual generation and total annual retail and wholesale sales. UFE includes such items as transmission and distribution line losses, electricity theft, and hourly deviation payback to balancing authorities or generators for delivering fixed schedules. The annual UFE can vary due to a variety of reasons, including higher than anticipated transmission losses or electricity theft.

⁽³⁾ Colton’s CAISO purchases increased with the closure of San Juan Unit 3 and the loss of 30 MWh of firm energy, Colton has replaced generation from San Juan Unit 3 with renewable resources delivered to the CAISO at various interconnection points.

Source: City of Colton.

Purchase of Transmission Service. Since January 1, 2003, the City has purchased transmission service from the ISO. In addition, the City purchases ancillary services from the ISO. The City became a California Participating Transmission Owner on January 1, 2013.

The following table sets forth the annual purchased power cost during the last five fiscal years.

City of Colton					
Annual Purchased Power Cost					
	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Annual Cost.....	\$27,830,304	\$34,782,491	\$42,765,291	\$35,227,667	\$32,292,766
Average Cost per kWh Purchased	\$0.0596	\$0.0768	\$0.0743	\$0.0682	\$0.0600

⁽¹⁾ Fiscal Year ended June 30, 2025 is based on unaudited information.
Source: City of Colton.

Power, Transmission and Natural Gas Projects

The Electric System has entitlements to both electric power and transmission capacity and to natural gas pursuant to long-term contracts with the Authority and with the federal government in connection with the Hoover Upgrading Project. Set forth below are the power, transmission and natural gas projects in which the City currently has such entitlements. In addition, as discussed above, in 2003 the City completed construction of the 43 MW Agua Mansa Power Plant in order to meet a portion of the Electric System’s power requirements.

Palo Verde Nuclear Generating Station. The City has a 1% entitlement (approximately 2 megawatts) in the Authority’s share of PVNGS.

San Juan Unit 3 Project. The City had a 14.7% entitlement (approximately 30 megawatts) through December 18, 2017 in the Authority’s ownership interest in the San Juan Project. The San Juan Unit 3 facility ceased commercial operations on December 18, 2017. The City continues to have some administrative costs associated with decommissioning activities.

Magnolia Power Project. The City has a 4.1% entitlement (approximately 10 megawatts) in the Authority’s Magnolia Power Project.

Mead-Phoenix Transmission Project. The City has a 1.3% entitlement (approximately 21 megawatts of transfer capability) in the Authority’s ownership interest in the Mead-Phoenix Transmission Project.

Mead-Adelanto Transmission Project. The City has a 2.6% entitlement (approximately 21 megawatts of transfer capability) in the Authority’s ownership interest in the Mead-Adelanto Transmission Project.

Natural Gas Project. The City has a 12.5% entitlement in the Authority’s Natural Gas Project, with interests in Wyoming and Texas.

Natural Gas Prepaid Project. The City has an 11.0% entitlement in the Authority’s Natural Gas Prepaid Project.

Hoover Upgrading Project. The City has certain entitlements for capacity and energy in the Hoover Upgrading Project pursuant to an agreement with the federal government through September 30, 2067. The City owns less than 1% of the total project entitlement.

The Electric System also receives electric power and capacity from several long-term power purchase agreements for renewable energy to meet its California Renewable Portfolio Standards (“RPS”) requirements.

Astoria 2 Solar Project. The City has a 15.56% entitlement (approximately 7 megawatts) in the Authority’s solar project.

Casa Diablo (CDIV) Geothermal Project. The City has a 54% entitlement (approximately 16 megawatts) in the Authority’s geothermal Casa Diablo (CDIV) project.

Kingbird B Solar Project. The City has a 15% entitlement (approximately 3 megawatts) in the Authority’s solar project.

Metropolitan Water District Small Hydro Project. The City has approximately 21.76% entitlement (approximately 3.7 megawatts) in the Authority’s small hydro project.

Summary of Off-Balance Sheet Debt

The principal amount of the City’s off balance sheet debt (excluding interest payments and any payments resulting from the default of another project participant), relating to Authority projects in which the City is a participant, is summarized in the following table.

**City of Colton
Off Balance Sheet Debt⁽¹⁾
Relating to Authority Projects in which Colton is a Participant
(as of December 1, 2025)**

<u>Year</u>	<u>Magnolia Power Project</u>	<u>Natural Gas Project</u>	<u>Prepaid Natural Gas Project</u>	<u>Total Off Balance Sheet Debt</u>
2026	\$520,615	\$445,000	\$1,722,050	\$2,687,665
2027	548,005	420,000	1,952,500	2,920,505
2028	576,473	405,000	2,196,150	3,177,623
2029	606,881	395,000	2,397,450	3,399,331
2030	638,584	380,000	2,618,000	3,636,584
2031	672,012	370,000	2,850,100	3,892,112
2032	707,166	360,000	3,104,200	4,171,366
2033	743,829	0	3,350,600	4,094,429
2034	782,864	0	1,986,050	2,768,914
2035	823,840	0	1,973,950	2,797,790
2036	<u>1,478,815</u>	<u>0</u>	<u>0</u>	<u>1,478,815</u>
Total	\$8,099,084	\$2,775,000	\$24,151,050	\$35,025,134

⁽¹⁾ Totals may not add due to rounding. Excludes interest.
Source: City of Colton

Customers and Energy Sales

The Electric System provides electric service to the entire area within the City’s limits, excluding a small number of legacy SCE customers. The following table sets forth the ten largest power customers of Colton’s Electric System, in terms of kWh sales, for the fiscal year ended June 30, 2025. The ten largest power customers accounted for approximately 31.9% of the Electric System’s total energy sales for the fiscal year ended June 30, 2025. The largest power customer accounted for approximately 12.6% of total energy sales for such fiscal year.

**City of Colton
Ten Largest Power Customers
Fiscal Year Ended June 30, 2025**

<u>Major Customers</u>	<u>Type of Business</u>	<u>(kWh)</u>	<u>% of Total (kWh)</u>
Arrowhead Regional Med Ctr.	Hospital	42,775,792	12.6%
Ardent Mills	Food Processing	15,064,200	4.5
Pacific Rail Industries	Railroad Equipment/Salvage	11,042,040	3.3
CSM Bakery Products	Food Processing	8,261,760	2.4
Walmart Store #01-1692	Warehouse	8,016,754	2.4
Ecotech Consumer Products, LLC	Misc. Product Manufacturer	6,782,400	2.0
Inland Logistics 2, LLC	Warehouse	4,327,200	1.3
Pacific West Management	Asset Management Company	4,230,320	1.3
City of San Bernardino Water Dept.	Groundwater Pumping Station	3,742,980	1.1
Ashley Furniture Inc	Furniture Manufacturing	3,449,211	1.0

The following tables set forth the average number of customers and total energy sold during the last five fiscal years.

**City of Colton
Average Number of Electric System Customers**

	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Residential	17,208	17,291	19,454	17,282	17,364
Commercial.....	2,626	2,658	2,252	2,184	2,169
Industrial	102	105	72	65	64
Other	<u>272</u>	<u>276</u>	<u>228</u>	<u>230</u>	<u>231</u>
Total Customers.....	20,208	20,330	22,006	19,761	19,828

⁽¹⁾ Fiscal Year ended June 30, 2025 is based on unaudited information.
Source: City of Colton.

**City of Colton
Energy Sold (kWh)**

	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Residential	113,426,743	110,736,040	115,370,176	105,062,231	110,390,795
Commercial.....	71,458,337	72,933,926	71,104,091	69,044,699	69,083,325
Industrial	161,362,218	164,654,791	155,747,722	152,473,648	151,364,891
Other	<u>5,293,222</u>	<u>5,418,558</u>	<u>5,429,666</u>	<u>5,659,281</u>	<u>5,666,636</u>
Total Energy Sold	351,540,520	353,743,315	347,651,655	332,239,859	336,505,647
Average Revenue/kWh Sold.	\$0.1624	\$0.1635	\$0.1814	\$0.2457	\$0.2464

⁽¹⁾ Fiscal Year ended June 30, 2025 is based on unaudited information.
Source: City of Colton.

The following table sets forth the Electric System's revenues by customer class during the five fiscal years indicated.

**City of Colton
Revenues by Customer Class**

	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Residential.....	\$18,936,690	\$18,232,815	\$20,474,435	\$25,152,239	27,096,906
Commercial.....	\$14,742,225	\$15,352,930	\$15,149,856	\$19,481,476	19,530,768
Industrial	\$23,061,508	\$23,655,324	\$26,415,846	\$35,718,449	34,700,770
Other	<u>\$953,795</u>	<u>\$982,917</u>	<u>\$1,023,598</u>	<u>1,294,660</u>	<u>1,576,995</u>
Total Revenues.....	\$57,694,218	\$58,223,986	\$63,063,736	\$81,646,824	82,905,440

⁽¹⁾ Fiscal Year ended June 30, 2025 is based on unaudited information.
Source: City of Colton.

Capital Requirements

The City currently expects capital requirements for the five years shown to aggregate approximately \$35,997,111 for the Electric System. These capital requirements are primarily for the addition of a new 66-KV transmission line and two 12-KV distribution lines, underground cable replacement throughout the City, for the hardening of the City’s distribution system for wildfire prevention. The City is also inspecting and repairing where necessary all its electric poles in accordance with state requirements. The City expects that such capital requirements will be funded totally from revenues of the Electric System.

The following table lists the expected yearly capital requirements through 2029:

<u>Year</u>	<u>Capital Requirements</u>
2025	15,687,111
2026	5,370,000
2027	6,478,000
2028	4,822,000
2029	3,640,000
Total.....	<u>\$35,997,111</u>

Source: City of Colton.

Electric Rates and Charges

Electric rates of the Electric System are established by the Colton City Council and are not subject to regulation by any California state agency. Changes in the “power cost adjustment” are handled administratively as prescribed by the Electric System’s “Customer Service Policy.” Changes to the Customer Service Policy require approval of the Colton City Council. The power cost adjustment is a charge that is used (i) to minimize fluctuations in electric rates and (ii) to adjust electric rates for the actual cost of purchasing, generating and delivering electric power and energy to serve the City’s customers. The Electric System has maintained rates sufficient to provide revenues for its normal operations, including purchased power, maintenance, administrative, and general costs. The Electric System’s rates have also provided for normal system renewals, repairs, replacements, additions and betterments, not otherwise provided for from bond financings.

In June 2016, voters approved Measure D giving the City Council the ability to increase the electric general fund transfer (“GFT”) from the current 12.39% up to a maximum amount of 20%. Measure D imposed an electric rate freeze through June 30, 2021. During this time, the City Council could increase electric rates if an emergency existed and with a unanimous vote of the City Council. Measure D increased the reserve requirement in the Flow of Funds Ordinance to require three months operating cash. A Power Cost Adjustment (the “PCA”) of \$0.085/kWh became effective April 1, 2023 to all customers, implemented by the unilateral authority of Electric Utility Director. In early 2025, the City engaged a consulting firm to perform a cost of service study. Based on the results of that study, the City Council adopted revised electric rates that became effective October 1, 2025, and concurrently, staff set the PCA to zero.

Prior to the adoption of the revised rates, and while the City was conducting its rate study, the electric rates in effect during the fiscal year ending June 30, 2025 are summarized in the following table:

City of Colton
Monthly Rates (Includes PCA⁽¹⁾ & Public Benefit Charge)

	<u>Residential</u>	<u>Small Commercial Under 20 kW Demand</u>	<u>Medium Commercial 20kW – 200 kW Demand</u>	<u>Large Commercial/ Industrial Greater than 200 kW Demand⁽²⁾ And Municipal Water Pumping</u>
Customer Charge Per Month	\$3.00	Single phase \$14.00 Three phase \$17.50	Single phase \$14.00 Three phase \$17.50	\$659.18-\$797.50
Energy Charge (per kWh)	Tier 1=1st 250 kWh \$.08000 Tier 2=251-500 kWh \$.19305 Tier 3=501-1,500 kWh \$.22770 Tier 4=>1500 kWh \$.29205	Tier 1=1st 2,500 kWh \$.18763 Tier 2=2,501-10,000 kWh \$.19950 Tier 3= >10,000 kWh \$.20425	First 7,500 kWh \$.18050 Above 7500 kWh \$.18525	Summer: On-peak \$0.16869 Mid-peak \$0.16023 Off-peak \$0.15533 Winter: Mid-peak \$0.16022 Off-peak \$0.15320 Municipal Non-Water Pumping: On-peak \$.17572 Mid-peak \$0.16690 Off-peak \$0.16108 Winter: Off-peak \$0.16690 High Voltage (66 kV) On-peak \$0.10500 Mid-peak \$0.09250 Off-peak \$0.09000 Winter: Mid-peak \$0.09250 Off-peak \$0.09000
Demand Charge (per kW)	N/A	N/A	First 20kW or less No charge All excess \$3.75	Summer: On-peak \$10.28 Mid-peak \$2.58 Off-peak \$0.00 Non-time related- \$4.04 Winter: Off-peak \$0.00 Mid-peak \$2.37 Non-time related-\$3.37

⁽¹⁾ The PCA of \$0.085/kWh to all customers to be effective April 1, 2023.

⁽²⁾ A contract rate is optional for customers over 225 kW in total connected lighting and equipment load, and is negotiated based on cost to serve.

Source: City of Colton.

Based on the rates above, typical monthly electric bills of certain sizes of customers are as follows (not including state taxes):

Residential	
At 500 kWh	\$114
At 1,000 kWh	\$270
Commercial	
At 10,000 kWh; 40 kW (3 phase)	\$2,684
At 100,000 kWh; 300 kW (winter rates, mid peak)	\$20,690

Source: City of Colton.

Power Resource Strategic Plan

CEU has a 20-year planning horizon, presented in its Integrated Resources Plan (“IRP”) that attempts to economically optimize annual power supply costs while maintaining system reliability and resiliency subject to (1) annual capacity requirements (2) renewable resource procurement standards and (3) GHG emission reduction requirements. Any short-term capacity deficits are identified and remedied through monthly resource adequacy capacity purchases as needed. Long-term capacity and energy deficits are met through either bi-lateral contracts or through participation with other municipal utilities (the Authority) in long-term power supply contracts or purchases. CEU is in the process of updating its IRP, which the City anticipates will be completed in 2026.

CEU had planned for the expected decommissioning of San Juan Generating Station Unit 3 at the end of 2017. CEU has entered into several long-term power purchase agreements, from renewable energy resources, to replace approximately 60% of its energy needs when San Juan Generating Station Unit 3 was decommissioned. The first resource was a 3 MW solar photovoltaic project that achieved commercial operation in June 2015. Another 1 MW solar photovoltaic project achieved commercial operation in March 2015. The City also has two small solar photovoltaic projects of approximately 0.6 MW (combined) that achieved commercial operation in late 2016 & 2017. In 2015 CEU began taking 3 MW of power from the First Solar Kingbird B project. In 2016 CEU began taking 5 MW from the Recurrent Astoria 2 solar project and 2 MW of solar energy from the sPower Antelope 2 DSR Project. In January 2018, CEU swapped its 2 MW of solar energy from the Antelope 2 DSR Project with Azusa for 2 MW of energy from the Astoria 2 solar project. CEU began taking 10 MW from the Puente Hills Landfill Gas Project on January 1, 2017. In June of 2022, CEU began taking output from the Casa Diablo IV geothermal facility in Mammoth Lakes, California. This facility provides enough renewable energy and emissions reduction characteristics that will allow CEU to remain in compliance with State Renewable Portfolio Standards and emissions reductions programs, such as California’s Cap-and-Invest program (formerly known as Cap-and-Trade program). This facility will also serve about 39% of CEU’s total annual energy requirements and provides 16 MW of Resource Adequacy, fulfilling much of CAISO’s capacity planning requirements. However, CEU is actively pursuing long-term power purchase agreements to secure additional short-term or seasonal capacity during fiscal year 2025–26 in anticipation of future load growth. On October 15, 2024, City Council approved the 20 MW Grace Solar Orchard III, LLC solar photovoltaic project with a commercial operation date of December 2027. CEU’s existing and planned resources is set to meet SB 100 renewable portfolio standard requirements.

Summary of Operations

For the period ended June 30, 2025, the total operating expenses of the Electric System were approximately \$62,022,754. The total operating revenues of the Electric System for the same period were approximately \$87,390,349. Revenues from the sale of electricity decreased from \$84,011,950 in the fiscal year ended June 30, 2024 to \$82,248,620 in the fiscal year ended June 30, 2025.

The following table shows a summary of operations of the Electric System for the last five fiscal years.

**City of Colton
Summary of Operations; Debt Service Coverage**

	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
Revenue					
Sales & Charges for Services ⁽¹⁾ .	\$60,414,141	\$60,781,946	\$66,327,789	\$84,011,950	\$82,248,620
Sales of Excess Energy.....	18,665	9,347	656,247	514,500	214,000
Connection Fees	8,093	3,023	1,365	195	\$98
Other Income	<u>3,378,032</u>	<u>1,276,253</u>	<u>2,591,108</u>	<u>4,540,478</u>	<u>4,927,631</u>
Total Operating Revenue.....	<u>\$63,818,931</u>	<u>\$62,070,569</u>	<u>\$69,576,509</u>	<u>\$89,067,123</u>	<u>\$87,390,349</u>
Non-Operating Revenue					
Interest Income	68,728	790,642	(666,468)	(549,711)	(427,509)
Other Income.....	<u>(39,184)</u>	<u>2,285,424</u>	<u>(5,225,187)</u>	<u>(5,172,150)</u>	<u>8,556,807</u>
Net Revenues.....	<u>\$63,848,475</u>	<u>\$61,146,635</u>	<u>\$63,684,854</u>	<u>\$83,345,262</u>	<u>98,614,484</u>
Operating Expenses					
Personnel Services.....	\$7,063,432	\$5,459,140	\$6,872,527	\$8,731,871	9,836,841
Maintenance & Operations ⁽²⁾	3,470,765	3,175,670	3,664,998	5,824,081	7,685,545
Purchased Power.....	27,830,302	34,782,491	42,765,291	35,426,463	32,499,166
Generation O&M.....	2,785,299	2,068,648	2,348,568	2,887,904	3,233,199
Charges from Other Funds.....	<u>3,466,392</u>	<u>4,328,141</u>	<u>4,792,639</u>	<u>5,626,468</u>	<u>5,749,649</u>
Total Operating Expenses.....	<u>\$44,616,190</u>	<u>\$53,220,329</u>	<u>\$63,095,848</u>	<u>\$61,516,719</u>	<u>62,022,754</u>
Net Income	<u>\$19,232,284</u>	<u>\$8,850,240</u>	<u>\$6,480,661</u>	<u>\$27,550,403</u>	<u>25,367,595</u>
2012 Revenue Refunding Bonds	\$2,769,500	\$2,770,250	\$2,767,250	\$2,764,000	2,770,750
2007 Bonds.....	1,634,483	503,983	503,264	502,108	505,182
Total Debt Service.....	\$4,403,983	\$3,274,733	\$3,270,514	\$3,266,108	3,275,932
Debt Coverage Ratio	4.37	2.70	1.98	8.44	7.74
Average Cost per kWh Purchased	\$0.0596	\$0.0768	\$0.0743	\$0.0668	0.0594

* Fiscal Year ended June 30, 2025 is based on unaudited information.

(1) See the table entitled "Revenues by Customer Class" under "Customers and Energy Sales." The differences between these amounts and the total revenues shown in such table are due primarily to differences between the time of the sales of energy and the receipt of revenues for such sales. It also includes revenue for items such as: customer penalties, new connections, tract development fees and customer service charges.

(2) Excludes annual transfers to the City's general fund. Prior to the action described in the following sentence, annual transfers were generally 12.39% of the Electric System's gross revenues of the preceding fiscal year (less the amount of certain specified items). On June 7, 2016, the voters in the City of Colton approved Measure D, temporarily increasing the GFT to 20% through June 2021. On November 6, 2018, the voters in the City of Colton approved Measure V, extending the increase to the GFT up to a maximum of 20% after June 2021.

Source: City of Colton.

Balance Sheet

The following table shows the balance sheet of the Electric System for the five fiscal years.

**City of Colton
Electric Utility Fund
Balance Sheet**

	Fiscal Year Ended June 30,				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025*</u>
Assets					
Cash and Investments	\$52,597,594	\$49,094,004	\$41,923,279	\$63,396,466	\$71,989,716
Receivable accounts.....	8,016,344	17,222,848	20,305,170	18,305,851	18,470,314
Deposits with others	2,323,911	2,329,014	2,540,529	3,722,003	5,540,247
Deferred charges.....	2,961,629	3,361,040	5,468,014	4,653,152	4,398,294
Prepaid Items.....	4,000	819	-	330,000	
Materials and supplies inventory ..	1,196,629	1,442,477	1,622,471	1,799,943	2,313,614
Fixed assets (net book value).....	<u>44,599,091</u>	<u>42,581,702</u>	<u>41,842,980</u>	<u>40,188,968</u>	<u>41,911,749</u>
Total assets	<u>\$111,699,198</u>	<u>\$116,031,904</u>	<u>\$113,702,443</u>	<u>\$132,396,383</u>	<u>\$144,623,934</u>
Liabilities and Fund Equity					
Liabilities:					
Accounts payable.....	\$3,077,211	\$3,887,410	\$2,121,591	\$4,657,497	\$4,301,226
Leases payable.....	-	2,335	-	-	
Accrued liabilities.....	18,008,252	14,570,798	18,646,849	18,735,154	18,628,950
Unearned Revenue.....	-	-	-	-	
Deposits	1,103,416	1,350,817	1,210,848	1,413,528	1,729,950
Deferred Revenue/Inflow GASB 68	221,726	11,440,705	9,350,639	8,212,729	7,953,533
Compensated absences payable....	314,590	338,884	405,737	453,967	651,224
Bonds payable ⁽¹⁾	<u>23,364,283</u>	<u>20,875,604</u>	<u>18,281,925</u>	<u>15,578,246</u>	<u>12,744,567</u>
Total liabilities.....	\$46,089,478	\$52,466,553	\$50,017,589	\$49,051,121	\$46,009,450
Fund equity:					
Retained earnings (accumulated deficit).....	<u>\$65,609,720</u>	<u>\$63,565,351</u>	<u>\$63,684,854</u>	<u>\$83,345,262</u>	<u>98,614,484</u>
Total fund equity	<u>\$65,609,720</u>	<u>\$63,565,351</u>	<u>\$63,684,854</u>	<u>\$83,345,262</u>	<u>\$98,614,484</u>
Total liabilities and fund equity	<u>\$111,699,198</u>	<u>\$116,031,904</u>	<u>\$113,702,443</u>	<u>\$132,396,383</u>	<u>\$144,623,934</u>

* Fiscal Year ended June 30, 2025 is based on unaudited information.

⁽¹⁾ Bonds payable represents the Electric System’s obligations to the 2012 Revenue Refunding Bonds and the 2007 Bonds as discussed herein.

Source: City of Colton.