



2026-2027

Fiscal Year Operating Budget



Table of Contents

Fiscal Year Operating Budget 2026-2027

Pg. 02	CEO Message
Pg. 05	Operating Budget Roadmap
Pg. 06	Operating Budget Background and Highlights
Pg. 08	FY2026/27 Recommended OCPA Operating Budget
Pg. 10	Revenue and Power Supply Cost Assumptions
Pg. 14	Operating and Non-Operating Expense Highlights
Pg. 26	5-Year OCPA Financial Proforma FY2026/27 – FY2031/32
Pg. 29	About OCPA
Pg. 30	2026 OCPA Board



CEO Message

As we enter Fiscal Year 2026/27, Orange County Power Authority (OCPA) remains grounded in the principles that inspired our creation: local control, community partnership, affordability, innovation, transparency, and long-term sustainability. This budget reflects our commitment to serving Orange County communities with accountability, responsible stewardship, and purpose.

California's energy landscape continues to evolve rapidly. Increasing regulatory complexity, climate-related reliability needs, volatile power markets, and shifting state and federal policies continue to shape the future of energy procurement and delivery. These pressures affect community choice aggregators (CCAs) and other load-serving entities across California, making disciplined financial planning, active risk management, and customer-focused decision-making more important than ever.

As a locally governed, not-for-profit public agency, OCPA prioritizes customer value rather than shareholder profit. Our mission remains clear: to provide reliable, cleaner energy at competitive and stable rates while reinvesting in the communities we serve and advancing solutions that improve affordability, resilience, and sustainability.

The FY2026/27 Budget aligns with OCPA's updated Strategic Plan and focuses on five core priorities:

- Strengthening community partnerships and engagement;
- Maintaining fiscal sustainability and affordability;
- Designing customer programs that reflect local needs;
- Advancing renewable energy and clean-energy goals; and
- Advocating for customers in state and regional energy policy discussions.

A major accomplishment this past year was the completion of the Community Needs Assessment for OCPA's Community Power Plan (CPP), developed through extensive engagement with residents, businesses, community organizations, and local leaders. This work provides a roadmap for future customer programs and local investments centered on equity, resilience, affordability, and measurable community benefit. The FY2026/27 Budget begins the next phase of this work by moving from assessment to implementation, with a focus on practical benefits for customers and member communities.



CEO Message (Continued)

OCPA also successfully executed its first green prepayment bond transaction, marking a major milestone in the agency's strategy to manage power supply costs and support long-term customer affordability. Totalling approximately \$929.4 million, this innovative financing strategy is expected to generate energy cost savings through a 12.45% discount, producing approximately \$25.3 million in savings over the initial five-year period. This achievement advances OCPA's innovative financing strategy and provides a meaningful tool to help offset power cost pressure and support customer value.

Despite ongoing market and regulatory challenges, OCPA maintained financial stability throughout the year with positive reserves, stable operations, and no immediate liquidity concerns. At the same time, the agency recognizes that financial flexibility remains tighter than our long-term target and that reserve rebuilding must continue in a disciplined and phased manner.

OCPA is also advancing a comprehensive cost-of-service study that will provide the analytical foundation for future rate design, product strategy, cost allocation, customer competitiveness, and long-term financial sustainability beginning in 2027. This effort reflects OCPA's commitment to data-driven decision-making, transparency, and responsible financial planning. It will help ensure that future rate and product decisions are grounded in affordability, fairness, compliance, and the long-term cost realities of serving customers.

As OCPA continues to mature as a public power provider, we remain focused on strengthening long-term financial resilience through disciplined forecasting, reserve planning, liquidity management, and strategic innovation. These efforts support OCPA's goal of positioning the agency to pursue an investment-grade credit rating in 2028. Achieving this milestone would strengthen OCPA's market credibility, improve access to financing and procurement opportunities, and help position the agency as a stronger counterparty in an increasingly complex energy market.

At the same time, challenges remain. Rising long-term procurement costs, Resource Adequacy requirements, evolving clean-energy mandates, and volatility in the Power Charge Indifference Adjustment (PCIA) continue to impact customer affordability and community energy providers across California. Energy costs remain OCPA's largest budget driver, influenced by market prices, long-term procurement obligations, renewable compliance costs, and state procurement mandates.



CEO Message (Continued)

PCIA remains one of the most significant external challenges affecting OCPA's competitiveness and customer affordability. Because PCIA is embedded in SCE bundled rates but shown separately on OCPA customer bills, it can distort the apparent comparison between OCPA and SCE service. OCPA cannot control the PCIA, but we must account for its impact in our financial planning, customer communications, product strategy, and advocacy efforts.

In the near term, OCPA is particularly focused on PCIA Track 2, including the valuation of pre-2019 banked Renewable Energy Credits held by investor-owned utilities. OCPA supports fair valuation of these legacy renewable resources, especially where they provide compliance value to bundled utility customers. Assigning little or no value to these resources can increase PCIA pressure on departed customers, including OCPA customers, and undermine the fairness and transparency of the PCIA framework. OCPA will continue working with CalCCA and other CCAs to advocate for outcomes that are fair, transparent, and aligned with customer affordability.

OCPA will also continue to strengthen its regulatory and legislative engagement on Resource Adequacy, Integrated Resource Planning, procurement mandates, PCIA transparency, and other issues that affect customer costs. These efforts are essential because not all financial pressure can be solved through local budgeting alone. Some challenges require coordinated advocacy and policy reform.

This budget reflects both realism and optimism: realism about the challenges facing California's energy sector and optimism about what can be achieved through responsible leadership, innovation, and strong community partnership. FY2026/27 is a year of focused execution and strategic alignment, with an emphasis on maintaining stability, advancing affordability strategies, implementing customer programs, completing the cost-of-service study, rebuilding reserves, preparing for 2027 rate and product decisions, and continuing progress toward credit rating readiness.

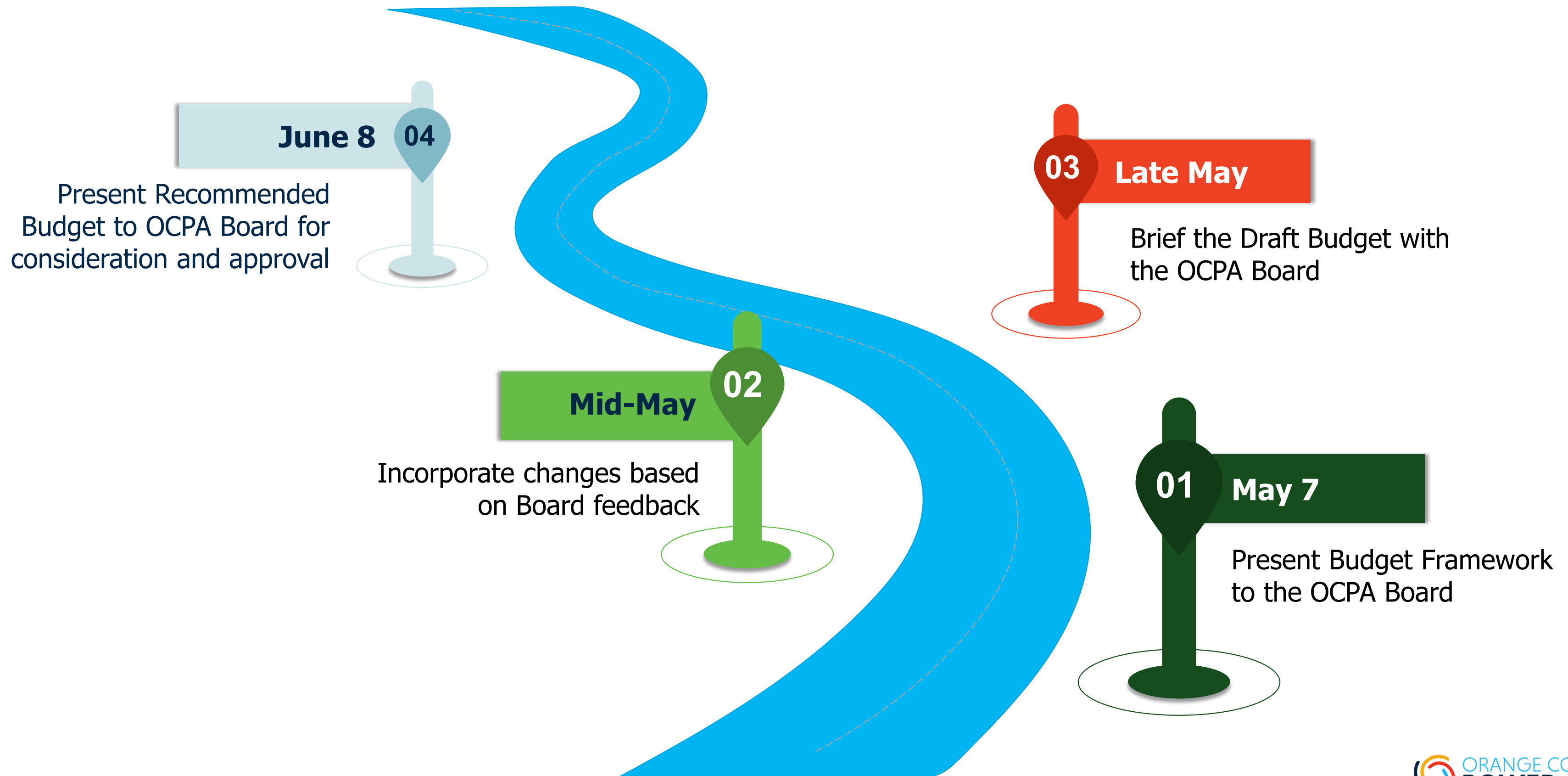
Together, we are building a more affordable, resilient, sustainable, and community-centered energy future for Orange County.



Joe Mosca
Chief Executive Officer



FY2026/27 Budget Roadmap





OCPA FY2026/27 Operating Budget - Background

The Orange County Power Authority (OCPA) is pleased to present a financially balanced FY2026/27 Operating Budget that projects a positive net position while supporting affordability, reserve rebuilding, and long-term financial sustainability.

OCPA's budget is updated annually and reviewed mid-year to balance immediate operational needs with long-term financial stability and rate affordability. It outlines estimated revenues and expenses for the fiscal year, spanning July 1, 2026, to June 30, 2027, and is developed using a zero-based budgeting approach, requiring all expenses to be justified from the ground up to ensure efficient and purpose-driven resource allocation.

The proposed budget is organized into two primary categories: revenues and expenses. These categories are intentionally broad to provide flexibility, minimizing the need for frequent adjustments while ensuring adaptability to changing conditions.





OCPA FY2026/27 Operating Budget - Highlights

- 1. Financial Stability:** Despite near-term budget pressure in FY2025/26 due to OCPA's commitment to limiting customer rate impacts while navigating rising energy costs, OCPA remains financially stable. OCPA is projecting a net surplus of approximately \$14 million and operating reserves of approximately \$60 million, equal to 24% of total operating expenses, by June 30, 2027. The budget also maintains disciplined non-power supply operating expenses while preserving the staffing capacity needed to manage power procurement, customer programs, regulatory compliance, data analytics, and financial oversight.
- 2. Reserve Rebuilding:** OCPA is expected to reach approximately \$76 million in reserves, or 30% of total operating expenses, by December 31, 2027, and approximately \$125 million, or 49% of total operating expenses, by December 31, 2029, consistent with the Board's reserve target. This reserve rebuilding path also supports OCPA's goal of positioning the agency to pursue an investment-grade credit rating in 2028.
- 3. Affordable and Predictable Rates:** OCPA is holding 2026 rates steady while preparing for data-driven 2027 rate and product decisions through the cost-of-service study. This approach allows OCPA to balance near-term affordability, customer competitiveness, financial sustainability, and transparency. OCPA is also implementing targeted affordability measures, including the Green Discount Program for eligible non-NEM residential customers, and continues to preserve NEM 2.0 benefits for all customers.
- 4. Innovative Financing and Cost Management:** OCPA executed its first green prepayment bond transaction totaling approximately \$929.4 million, generating an estimated 12.45% discount and approximately \$25.3 million in energy cost savings over the initial five-year period. Building on this achievement, OCPA will continue evaluating additional green prepayment bond opportunities and other innovative financing tools to reduce long-term power supply costs and support customer affordability.
- 5. Community Programs and Local Benefits:** The FY2026/27 Budget advances implementation of priorities identified through OCPA's Community Power Plan process by supporting programs that respond to local community needs, including energy efficiency, small business support, workforce development, customer education, targeted bill relief, and clean energy access.





Recommended OCPA Operating Budget FY2026/27

(\$ in thousands)	Approved Mid-Year Budget FY 2025/26	% of Rev	Reforecast FY2025/26	% of Rev	Proposed Budget FY2026/27	% of Rev	Change \$	Change %
Period Ending Jun 30								
REVENUE AND OTHER SOURCES								
Revenue - Electricity Base	242,389		241,675		254,504			
Revenue - Smart Choice Premium	7,525		7,306		6,233		13,701	5.6%
Revenue - 100% Renewable Premium	262		259		2,412			
Less: Uncollectible Accounts	(3,753)		(3,739)		(3,947)			
Revenue deferral	30,000		30,000		0		(30,000)	(100.0%)
Net Revenue - Electricity	276,425	99.4%	275,500	99.4%	259,201	99.5%	(16,299)	(5.9%)
Investment and Miscellaneous Income	1,535	0.6%	1,592	0.6%	1,200	0.5%	(392)	(24.6%)
Total Net Revenue and Other Sources	277,960	100.0%	277,093	100.0%	260,401	100.0%	(16,691)	(6.0%)
EXPENDITURES AND OTHER USES								
CURRENT EXPENDITURES								
Cost of Energy	267,287	96.2%	262,837	94.9%	228,169	87.6%	(34,667)	(13.2%)
Data Manager	2,217	0.8%	2,220	0.8%	2,607	1.0%	386	17.4%
Utilities Service Fees	399	0.1%	270	0.1%	250	0.1%	(20)	(7.3%)
Staffing Costs	5,198	1.9%	5,295	1.9%	7,218	2.8%	1,923	36.3%
Contract Services	1,808	0.7%	1,446	0.5%	1,791	0.7%	344	23.8%
Legal Services	706	0.3%	663	0.2%	791	0.3%	127	19.2%
Communications and Outreach	1,546	0.6%	1,397	0.5%	1,592	0.6%	195	13.9%
Other G&A	1,316	0.5%	1,272	0.5%	1,528	0.6%	256	20.1%
Energy Programs	1,199	0.4%	976	0.4%	2,204	0.8%	1,228	125.9%
	281,675	101.3%	276,376	99.7%	246,149	94.5%	(30,227)	(10.9%)
NON-OPERATING EXPENDITURES								
Interest costs - nonoperating	317	0.1%	311	0.1%	150	0.1%	(161)	(51.8%)
Total Expenditures and Other Uses	281,992	101.5%	276,688	99.9%	246,299	94.6%	(30,388)	(11.0%)
Net Income (Surplus/Deficit)	(4,032)	(1.5%)	405	0.1%	14,102	5.4%	13,697	3381.4%





OCPA FY2025/26 Reforecast and FY2026/27 Recommended Budget Overview

\$ in thousands Period Ending June 30	FY2025/26 Reforecast	% Revenue	FY2026/27 Recommended Budget	% Revenue	Budget Impact/ Change (\$)
Retail Electricity Revenue	\$245,500		\$259,201		\$13,701
Revenue Deferral / Rate Stabilization Adjustment	30,000		0		(30,000)
Net Electricity Revenue After Revenue Deferral	275,500	99.4%	259,201	99.5%	(16,299)
Investment Income	1,592	0.6%	1,200	0.5%	(392)
Less: Power Supply Costs	(262,837)	94.9%	(228,169)	87.6%	34,668
Less: Non-Power Supply Operating Expenses	(13,540)	4.9%	(17,980)	6.9%	(4,440)
Less: Debt Service	(311)	0.1%	(150)	0.1%	161
Net Position	\$405	0.1%	14,102	5.4%	\$13,697
Operating Reserve as of June 30	\$45,420		\$59,521		\$14,101
Reserve %	16%		24%		
Operating Reserve as of December 31	\$61,695		\$75,953		\$14,258
Reserve %	25%		30%	Meet Board's minimum reserve target	

Key Notes:

FY2025/26:

- FY2025/26 reforecast projects a **positive net position of approximately \$405,000**, improving by approximately \$4.4 million compared to the approved Mid-Year Budget projection of an approximately \$4.0 million deficit.
- The FY2025/26 improvement is primarily driven by lower projected power supply costs resulting from updated market-based renewable energy cost assumptions, risk management actions, and initial renewable energy prepayment savings beginning in June 2026.

FY2026/27:

- FY2026/27 recommended budget projects a **positive net position of approximately \$14 million** while rebuilding reserves.
- Operating reserves are projected to reach approximately \$60 million or 24% by June 30, 2027, and approximately \$76 million or 30% by December 31, 2027, meeting the Board's minimum reserve target.
- Non-power supply operating expenses remain limited relative to revenue and total operating costs, supporting a lean operating model and essential customer, finance, data, regulatory, and program functions.



OCPA Revenue Assumptions – Key Highlights

Primary Revenue Source: OCPA's operating revenue is primarily derived from retail electricity sales. Revenue assumptions are developed to support power procurement, operating and non-operating costs, and reserve contributions consistent with Board-approved financial policies.

Retail Load Forecast: The forecast reflects projected retail load for Buena Park, Fullerton, Irvine, and Fountain Valley, with Fountain Valley included beginning April 2027 consistent with its planned service launch.

Data-Based Forecasting: Customer counts and load estimates are based on actual customer data from Southern California Edison (SCE) and Calpine Community Energy (Calpine) reports, supplemented by forecast assumptions for future service territory changes, customer usage patterns, and program participation.

2026 Revenue Assumptions, July through December 2026: Revenue is based on Board-approved rates held flat at October 2025 levels, supporting customer affordability and rate predictability. The forecast also reflects current customer product selections and unchanged product adders of +1¢/kWh for Smart Choice and +1.5¢/kWh for 100% Renewable Choice, relative to Basic Choice.

2027 and Future Revenue Assumptions, January 2027 through June 2032: Projected revenue is developed consistent with the Board-approved OCPA Rate Development Policy and will be informed by the cost-of-service study. Revenue assumptions are intended to support power supply costs, operating expenses, debt service, and targeted reserve rebuilding while balancing affordability, competitiveness, and long-term financial sustainability.

Final 2027 rates will be brought to the Board separately after completion of the cost-of-service study, bill impact analysis, and Board policy discussions.





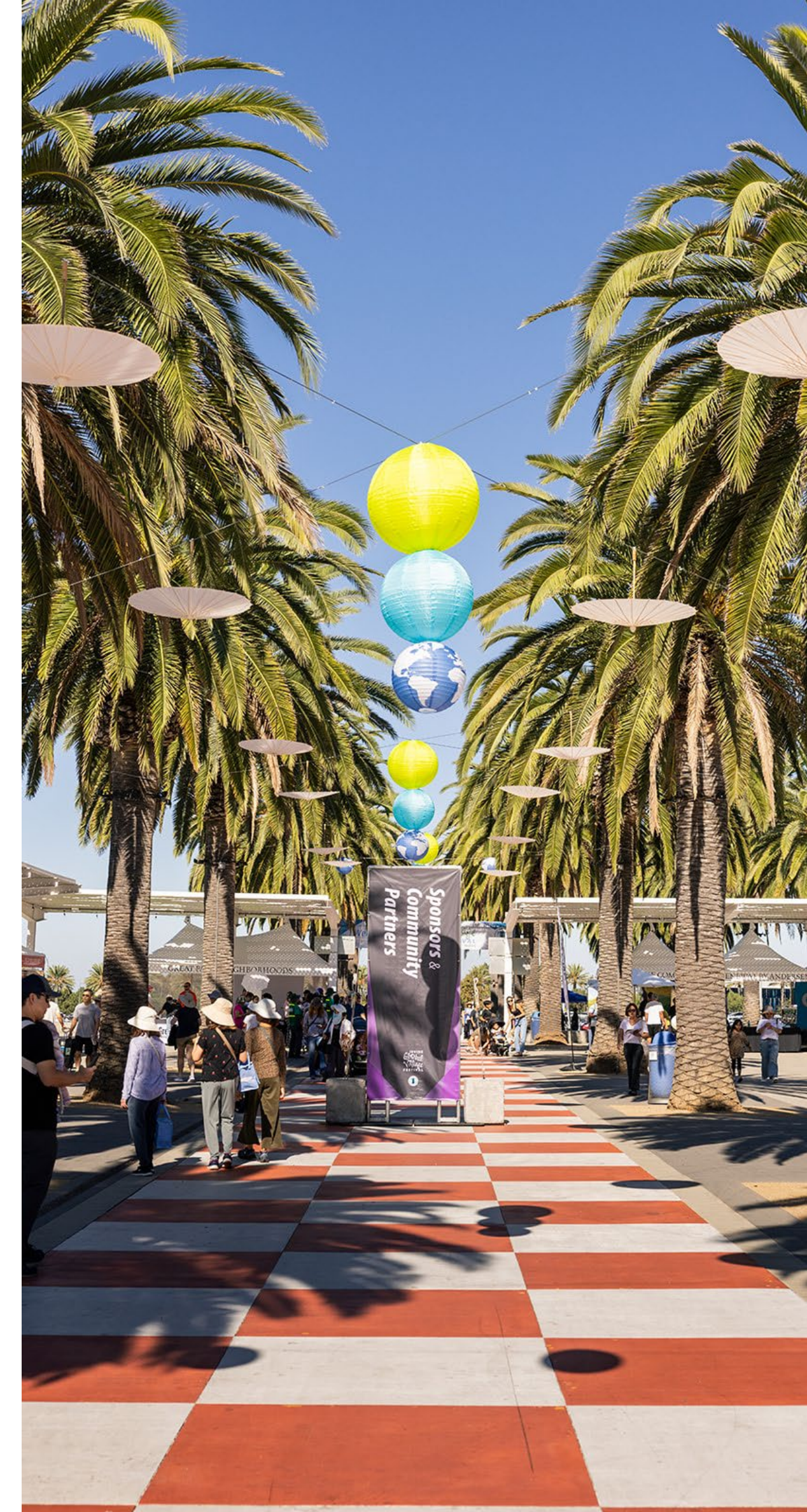
Power Supply Cost Assumptions: Cost Components

OCPA's power supply costs include energy, renewable resources, carbon-free attributes, Resource Adequacy, and CAISO-related costs required to serve customers reliably and meet state requirements. SCE continues to manage transmission, distribution, billing, and grid infrastructure, while OCPA procures electric generation and related power supply products for its customers.

Key cost drivers include market prices, weather, customer load, Resource Adequacy requirements, renewable compliance obligations, and state procurement mandates. OCPA manages these pressures through long-term contracts, forward purchases, portfolio diversification, disciplined procurement planning, and ongoing portfolio risk management, as further discussed on the following page.

Power Supply Cost Components:

- Energy and Renewable Resources: Includes system energy, renewable energy, carbon-free attributes, and CAISO-related costs. These costs are estimated at \$181 million, or approximately 79% of total power supply costs.
- Resource Adequacy (RA): A state-mandated reliability requirement that ensures sufficient generating capacity is available to serve customer demand during peak and stressed grid conditions. RA costs are estimated at \$47 million, or approximately 21% of total power supply costs.





Power Supply Cost Assumptions: Market Drivers and Cost Management

The FY2026/27 power supply forecast reflects updated market-based assumptions for system energy, renewable energy, and Resource Adequacy. While market conditions have improved from recent peak levels, OCPA continues to use disciplined procurement planning and portfolio risk management because system energy, renewable energy, and Resource Adequacy markets remain subject to volatility.

Key Market Assumptions:

- System Energy: CAISO forward energy prices have continued to decline and are approximately 23% lower than one year ago, reflecting stable natural gas prices and an improved supply outlook.
- Renewable Energy: PCC1 renewable energy prices have declined significantly from prior peak levels. The budget reflects updated market-based renewable energy assumptions while recognizing that renewable compliance costs and CPUC Market Price Benchmark outcomes remain subject to market and regulatory uncertainty.
- Resource Adequacy: RA pricing has generally stabilized as incremental procurement and new supply have helped ease near-term capacity constraints. However, RA remains a state-mandated reliability requirement and a major power supply cost component.
- Cost Management Strategy: OCPA's FY2026/27 forecast reflects multiple cost-management actions, including portfolio planning, forward procurement, renewable energy prepayment savings, and ongoing risk management. These efforts support budget predictability, state compliance, customer affordability, and long-term financial sustainability.





Power Supply Cost Assumptions: Renewable Energy Prepayment Savings

Major Power Supply Cost Savings Achievement: Renewable Energy Prepayment Transaction

- OCPA closed its first renewable energy prepayment transaction on March 19, 2026.
- The transaction totaled approximately \$929.4 million through CCCFA, was rated Aa2 by Moody's, and received a Green Bonds designation.
- The transaction is expected to reduce energy costs for the covered renewable energy supply by approximately 12.45%, generating approximately \$25.3 million in energy cost savings over the initial five-year term.
- These savings support rate stability, customer affordability, and OCPA's long-term financial sustainability.

Budget and Customer Impact

- This transaction helps convert financial innovation into practical customer value by reducing power supply cost pressure.
- Available net prepayment savings will help support the Board-approved Green Discount Program, allowing OCPA to provide targeted bill relief without relying on unrestricted reserves or increasing net operating costs for the program.
- The Green Discount Program provides an approximate 1% discount below SCE's equivalent residential generation rates for eligible non-NEM residential customers who select the Green Discount option. CARE, FERA, and other income-qualified households will be prioritized as administratively feasible.
- The program is designed to maintain overall revenue stability and long-term financial sustainability.





Operating Expenses Highlights: Data Management & SCE Service Fees

Non-power supply operating expenses remain a small portion of OCPA’s overall budget. The FY2026/27 Budget emphasizes disciplined cost management, lean staffing, customer-facing services, regulatory compliance, and investments that support affordability, operational stability, and long-term financial resilience.

OCPA’s Data Management and SCE Service Fees support the customer data, billing, and service infrastructure required to operate a CCA serving approximately 188,000 customer accounts.

Data Management & SCE Service Fees

- Data Management Services: Provided by Calpine, these services include billing data validation, bill coordination with SCE, call center operations, customer enrollment database management, move-in/move-out services, and data reporting.
- SCE Services: SCE provides meter reading, data processing, and customer billing-related services as required under the utility billing and service framework. These fees reflect services needed to support customer billing and data exchange.

\$ in thousands Period Ending June 30		
	FY2026/27 Budget	% of rev
Data Management Fee	\$2,607	
SCE Service Fee	\$250	
Total Data Management & SCE Service Fees	\$2,857	1.1%

CCA Comparison: Based on a comparison of 3CE, MCE, CPA, SDCP, and SVCE, total data management and SCE service fees range from approximately 0.9% to 1.6% of revenue. OCPA’s projected cost of 1.1% of revenue is within the peer CCA range and equates to approximately \$1.27 per customer per month.



Operating Expenses Highlights: Staffing Costs and FTE Discipline

Staffing costs include salaries, payroll taxes, employee benefits, and Board member stipends. The FY2026/27 budget includes assumptions for cost-of-living adjustments, approved position recruitment, full-year impacts of existing staff, budgeted merit adjustments, and employee benefit changes.

Proposed Staffing: The FY2026/27 budget maintains the total number of full-time equivalent positions at 29 FTEs, with no proposed increase in total FTEs. The budget also includes 2 intern positions to support operational workload and professional development opportunities.

Key Staffing Assumptions:

- No net increase in authorized FTEs: Total full-time positions remain at 29 for FY2026/27.
- Approved position recruitment: Budget assumptions include filling approved or vacant positions as needed to support core finance, data, power resources, communications and outreach, customer programs, regulatory and legislative, and administrative functions.
- Compensation planning: The budget includes cost-of-living adjustment (COLA) and merit assumptions consistent with OCPA's compensation policies, labor market conditions, and actual performance evaluations.
- Lean staffing model: OCPA serves approximately 188,000 customer accounts with 29 FTEs, equal to approximately 6,500 customer accounts per FTE.
- Budget refinement: Staffing projections will be reviewed and refined during the FY2026/27 Mid-Year Budget Update based on actual hiring, vacancies, benefit elections, and expenditures.

Key Notes:

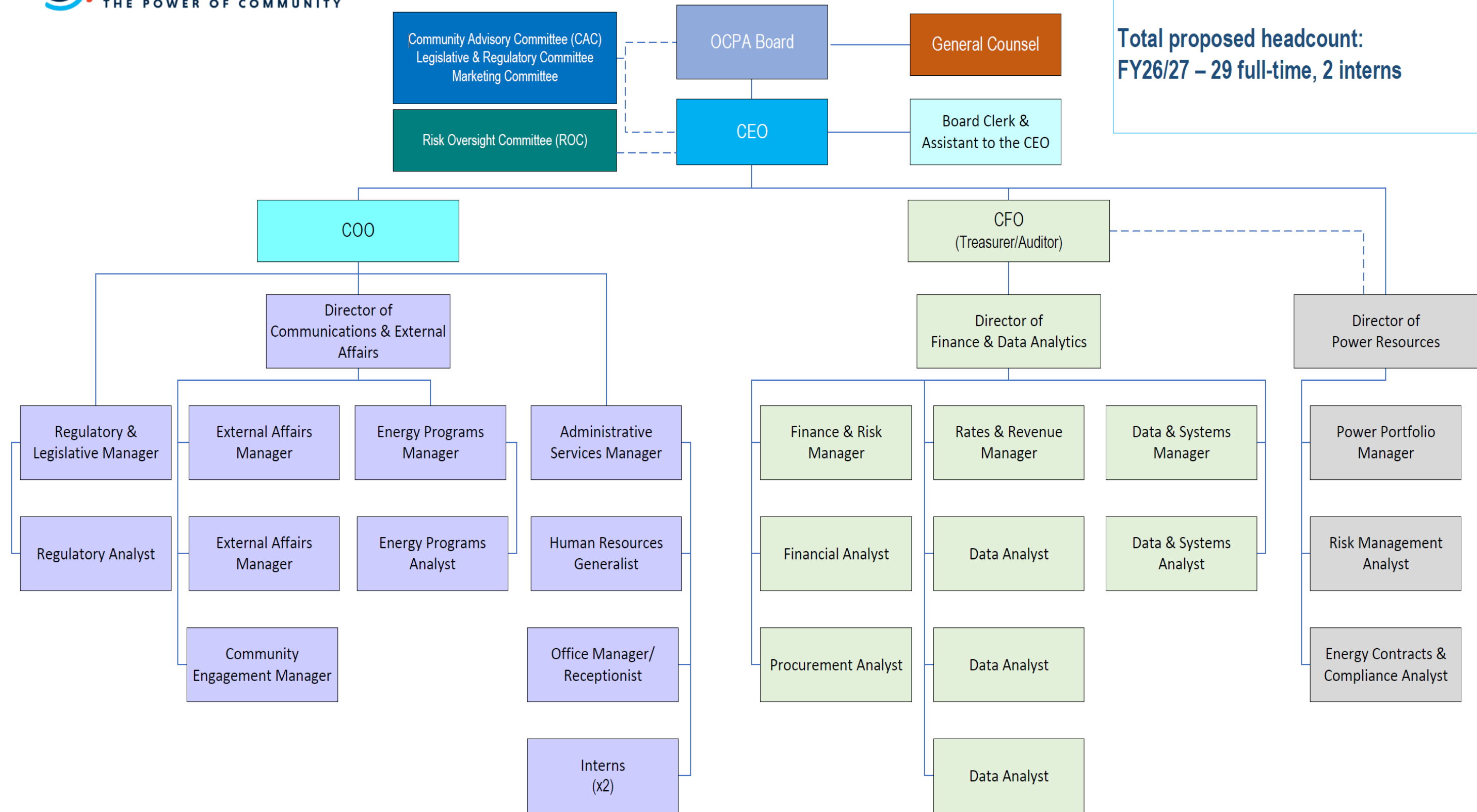
OCPA is maintaining a lean staffing model with no increase in authorized full-time positions. Staffing assumptions are designed to preserve essential operational capacity, support regulatory compliance, manage power supply and financial risk, and avoid higher costs that could result from turnover, vacancies, or overreliance on outside support.



FY2026/27 Budget Assumption – Proposed Organizational Chart



Organizational Structure
Total proposed headcount:
FY26/27 – 29 full-time, 2 interns



To Be Hired in
FY27/28





Operating Expenses Highlights: Group Health Plan Enhancement

Staff proposes adjusting OCPA's employer contribution for baseline employer-covered medical and vision plan options from 95% to 100%, effective July 2026, for employees and dependents enrolled in those plans. This is an incremental adjustment to OCPA's existing benefits structure, not a new benefit program, and is intended to support retention, recruitment competitiveness, and organizational stability in a specialized energy-sector labor market.

Market Alignment, Retention, and Cost Control

- Incremental adjustment: OCPA currently provides 95% employer-paid medical and vision coverage. The proposal closes the remaining 5% employee cost-share for OCPA's baseline employer-covered plan options and aligns more closely with peer CCA practices.
- Relevant labor market comparison: While 100% employer-paid coverage may be less common in the broader private sector, OCPA competes for specialized energy, regulatory, rates, finance, data, and compliance talent with CCAs, utilities, public agencies, and energy-sector organizations. For this reason, CCA and energy-sector benchmarks provide the most relevant comparison for recruitment and retention purposes.
- Peer CCA alignment: Mercer's CCA compensation survey found OCPA's overall group health benefits were below the CCA median, with its dental ranked 7th out of 7 CCAs before the Board-approved dental enhancement in July 2024.
- Not an outlier: Based on the benchmarking reviewed, the proposal is consistent with benefit practices used by comparable CCAs and moves OCPA closer to prevailing CCA market practices rather than above market.
- Total compensation context: Benefit comparisons should be considered within total compensation. OCPA does not offer certain benefits commonly available in other public-sector settings, such as CalPERS pension participation, retiree medical benefits, bargaining agreements, or other employer-funded compensation features. The proposed enhancement helps support competitiveness within OCPA's actual labor market without increasing authorized FTEs.
- Retention and continuity: OCPA's workforce is small and specialized; retaining experienced staff helps reduce recruiting costs, knowledge loss, and reliance on external consultants.

Key Notes:

The proposed group health plan enhancement is a targeted market-alignment measure.

The proposal does not increase authorized FTEs, does not create a new benefit program, and represents an estimated incremental FY2026/27 budget impact of approximately \$31,000, or about 0.01% of revenue and 0.4% of total staffing costs. Employees would continue to pay any incremental cost for higher-cost plan elections, preserving the cost-control structure.



Operating Expenses Highlights: Cost-of-Living Adjustments and Staffing Costs

OCPA proposes to continue providing a Cost-of-Living Adjustment (COLA) for full-time employees, effective January 1, 2027, to help offset inflationary pressures and maintain competitive salary ranges. The adjustment will be based on the April 2026 Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim area, which is 3.7%. If approved, OCPA’s budgetary salary pay ranges will be updated to reflect the COLA.

COLA eligibility will be prorated based on hire date. Full-time employees hired before December 1, 2026, would receive the adjustment on a prorated basis. Employees hired on or after January 1, 2027, would not receive a COLA in this cycle.

\$ in thousands			
Period Ending June 30	FY2026/27 Budget	% of total	% of rev
Salaries	\$5,708	79.1%	
Benefits	\$1,141	15.8%	
COLA	\$174	2.4%	
Board Stipends	\$119	1.6%	
Payroll Taxes	\$76	1.1%	
Total Staffing Costs	\$7,218	100%	2.8%
Total FTEs	29		
Estimated Customer Accounts per FTE	6,500		

OCPA maintains 29 FTEs with no increase in authorized full-time positions. Total staffing costs represent 2.8% of revenue, within the peer CCA range of 1.8% to 5.3%, and support a lean staffing model serving approximately 188,000 customer accounts, or about 6,500 accounts per FTE.



Operating Expenses Highlights: Professional Contract Services

OCPA uses specialized external expertise to support essential functions that require technical, regulatory, financial, and energy market knowledge. This approach allows OCPA to maintain a lean staffing model while accessing expertise that may be specialized, time-sensitive, or periodic in nature. Professional contract services support the following areas:

- Energy Procurement and Portfolio Management: Supports power supply portfolio management, new member feasibility studies, scheduling coordination, Congestion Revenue Rights (CRR) purchases and sales, and California Independent System Operator (CAISO) settlements and reporting.
- Financial, Technology, and Other Professional Services: Includes accounting, annual financial audit, credit facility evaluation, rate strategy and cost-of-service study, SCE Energy Resource Recovery Account (ERRA) special assessment, information technology support, cybersecurity services, human resources, and banking services.

\$ in thousands	FY2026/27 Budget	% of rev
Period Ending June 30		
Power Supply Portfolio Management and Related	\$638	
Accounting, Auditing, and Banking	\$375	
Scheduling Coordination and Related	\$287	
Rate Strategies and Assessments	\$287	
IT, HR, Cybersecurity, and Other Support	\$204	
Total Professional Contract Services	\$1,791	0.7%

Key Notes:

These services allow OCPA to access specialized, time-sensitive expertise without adding permanent staff for functions that may be technical, periodic, or project-specific.

Professional contract services total approximately \$1.8 million, or 0.7% of revenue, supporting specialized energy, financial, technology, regulatory, and compliance functions while allowing OCPA to maintain a lean staffing model.

Based on peer CCA budget comparisons, professional contract services range from approximately 0.3% to 3.0% of revenue. OCPA's projected professional contract services cost of 0.7% of revenue is within this peer range.



Operating Expenses Highlights: Legal, Compliance & Legislative Advocacy Support Services

OCPA uses legal and specialized advocacy support to protect the agency’s operations, ensure compliance, support governance, and represent customer interests in regulatory and legislative matters. These services include general and special counsel, power procurement contract review and negotiation, regulatory proceedings, employment and labor matters, governance support, risk and liability management, clerk support, and legislative advocacy.

In FY2026/27, OCPA plans to add Sacramento-based legislative advocacy support to strengthen engagement with the California Legislature and state agencies. This support will help OCPA monitor legislation, provide timely policy insight, and advocate on issues that directly affect customer affordability, rate competitiveness, local energy choice, the Power Charge Indifference Adjustment (PCIA), Resource Adequacy, procurement mandates, and clean energy policy.

\$ in thousands	FY2026/27 Budget	% of rev
Period Ending June 30		
General Counsel	\$309	
Regulatory & Legislative	\$116	
Clerk Support	\$109	
Power Procurement Transactional & Negotiation	\$105	
Labor Related	\$102	
Sacramento Legislative Advocacy Support	\$50	
Total Legal, Compliance & Legislative Advocacy Support Services	\$791	0.3%
Additional In-House Legal FTEs	None	

Based on peer CCA budget comparisons, total legal and advocacy support costs range from approximately 0.1% to 0.4% of revenue. OCPA’s projected cost of 0.3% of revenue is within the peer range, with no additional in-house legal FTEs.



Operating Expenses Highlights: Communications & Outreach

OCPA’s Communications and Outreach budget supports required customer notifications, public education, program awareness, community engagement, and transparent communication with customers and member communities. These activities help ensure residents and businesses understand OCPA’s rates, customer choices, clean energy programs, and role as a locally governed public agency.

For FY2026/27, the budget funds mandatory customer notices, including Joint Rate Comparisons, direct mailers, website and translation support, customer surveys, community outreach, and targeted communications for the Fountain Valley launch. The budget also supports outreach for customer programs, community events, sponsorships, and partnerships that help OCPA provide practical information about available services and benefits.

\$ in thousands		
Period Ending June 30	FY2026/27 Budget	% of rev
Customer Communications, Education, Consulting, and Public Outreach	\$920	
Required Notices, Direct Mailers, and Postage	\$315	
Sponsorships and Community Memberships	\$165	
Translation, Website Enhancement, and Annual Survey	\$143	
Customer Materials, Design, and Miscellaneous Outreach Support	\$49	
Total Communications & Outreach	\$1,592	0.6%

Based on peer CCA budget comparisons, communications and outreach costs range from approximately 0.2% to 0.6% of revenue. OCPA’s projected cost of 0.6% of revenue is within the peer range. Communications and Outreach supports required customer notices, rate transparency, multilingual access, program education, community engagement, and Fountain Valley launch preparation.



Operating Expenses Highlights: General & Administrative Expenses

General and Administrative expenses support OCPA’s core public agency operations, financial controls, risk management, technology systems, office operations, and industry participation. These costs include office rent and lease amortization, utilities, insurance, bank and commitment fees, IT equipment and software, office maintenance, subscriptions, supplies, and ordinary business expenses.

G&A expenses also include targeted staff training, professional development, industry engagement, and membership dues for the California Community Choice Association (CalCCA) and the California Community Choice Financing Authority (CCCFA). These memberships support regulatory advocacy, legislative engagement, and financing structures that help OCPA manage long-term power supply costs, strengthen policy representation, and protect customer interests.

\$ in thousands	FY2026/27 Budget	% of rev
Period Ending June 30		
CalCCA and CCCFA Membership Dues	\$453	
Office Rental and Lease Amortization	\$227	
Bank and Commitment Fees	\$180	
IT Equipment and Software	\$152	
Business Insurance	\$140	
Office Maintenance, Improvements, Supplies, and Utilities	\$114	
Staff Training, Industry Engagement, and Business Travel	\$175	
Board, Public Meeting, and Business Meal Support	\$40	
Other Ordinary Business Expenses	\$47	
Total General & Administrative Expenses	\$1,528	0.6%

- CalCCA supports CCA advocacy before the California Legislature and regulatory agencies on issues affecting customer affordability, PCIA, Resource Adequacy, and procurement requirements.
- CCCFA supports prepayment financing structures designed to lower long-term power supply costs for participating CCAs.
- G&A expenses total approximately \$1.5 million, or 0.6% of revenue, supporting core operations, financial controls, risk management, IT systems, industry advocacy, and green prepayment bond administration. OCPA’s projected G&A cost remains within the peer CCA range of 0.4% to 1.6% of revenue.



Operating Expenses Highlights: Customer Programs, Targeted Bill Relief, and Incentives

OCPA is committed to reinvesting in the community through customer programs that support affordability, energy efficiency, clean energy access, and measurable local benefits. These programs are designed to respond to the needs of households, renters, small businesses, multifamily communities, and cost-sensitive customers.

Building on priorities identified through OCPA’s Community Power Plan (CPP) process, FY2026/27 programs will focus on practical customer benefits, including targeted bill relief, energy efficiency improvements, customer education, workforce development, and community grants.

Green Discount Program: Provides targeted bill relief for eligible non-NEM residential customers who select the Green Discount option, with an approximate 1% discount below SCE’s equivalent residential generation rates. Program participation will be supported by available net prepayment savings, with CARE, FERA, and other income-qualified households prioritized as administratively feasible.

\$ in thousands	FY2026/27 Budget	% of rev
Period Ending June 30		
Green Discount Program, Targeted Bill Relief	\$1,000	
Energy Efficiency Programs:		
Renter	\$545	
Residential	\$263	
Multifamily Housing	\$235	
Small Business	\$45	
OC Bright Futures Grant	\$100	
OCPA Marketplace, Incentive Finder, and Build Smart Trailer	\$16	
Total Customer Programs	\$2,204	0.8%

Based on peer CCA budget comparisons, customer program costs range from approximately 1.1% to 3.6% of revenue. OCPA’s projected customer program budget of 0.8% of revenue remains below this peer range while funding targeted affordability, energy efficiency, and community benefit programs.



Operating Expenses Highlights: State, Federal, and Utility-Funded Programs

OCPA participates in several state-, federal-, and utility-funded programs that support under-resourced communities and provide customer energy benefits. The FY2026/27 budgeted program income fully offsets eligible program costs, resulting in no net budget impact to OCPA.

Equitable Building Decarbonization Direct Install (EBD-DI): A California Energy Commission statewide initiative supporting all-electric appliances, energy efficiency measures, and weatherization upgrades for low-income households in under-resourced communities. OCPA’s role includes outreach, participant handoffs, follow-up surveys, and program reporting.

OCPA Clean Energy Access (CEA) Program: OCPA’s locally branded Disadvantaged Community Green Tariff (DAC-GT) Program is a CPUC-approved program designed to provide eligible low-income residential customers in disadvantaged communities with clean energy benefits. Participants would receive 100% solar energy and an additional 20% bill discount. When combined with CARE or FERA discounts, qualified customers could save more than 50% on their monthly electric bill.

SoCal REN Program: The Southern California Regional Energy Network, a service of the County of Los Angeles, helps public agencies, households, multifamily properties, and small businesses access energy efficiency opportunities that reduce energy use and lower costs.

FY2026/27 Budget	Income (\$ in thousands)	Costs (\$ in thousands)	Net Impact (\$ in thousands)
EBD-DI Program	\$89	(\$89)	\$0
CEA Program	\$291	(\$291)	\$0
SoCal REN Program	\$105	(\$105)	\$0
Total	\$485	(\$485)	\$0

All three programs are externally funded and fully reimbursable, allowing OCPA to deliver targeted benefits to under-resourced communities without increasing net operating costs.



Non-Operating Expenses Highlights: Debt Service

Debt service includes interest costs on OCPA's loan from the City of Irvine, which is scheduled to be fully paid off by January 2027, as well as imputed interest related to OCPA's office lease. Lease-related interest is calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87, which requires lease obligations to be recognized over the lease term.

\$ in thousands Period Ending June 30	FY2026/27 Budget	% of rev
Interest Costs, City of Irvine Loan, Scheduled Payoff January 2027	\$107	
Interest Costs, OCPA Office Lease	\$43	
Total Debt Service	\$150	0.1%

CCA Comparison: Based on peer CCA budget comparisons, debt service costs range from approximately 0.1% to 0.4% of revenue. OCPA's projected debt service cost of 0.1% of revenue is at the low end of the peer range, and the City of Irvine loan is scheduled to be fully paid off by January 2027.



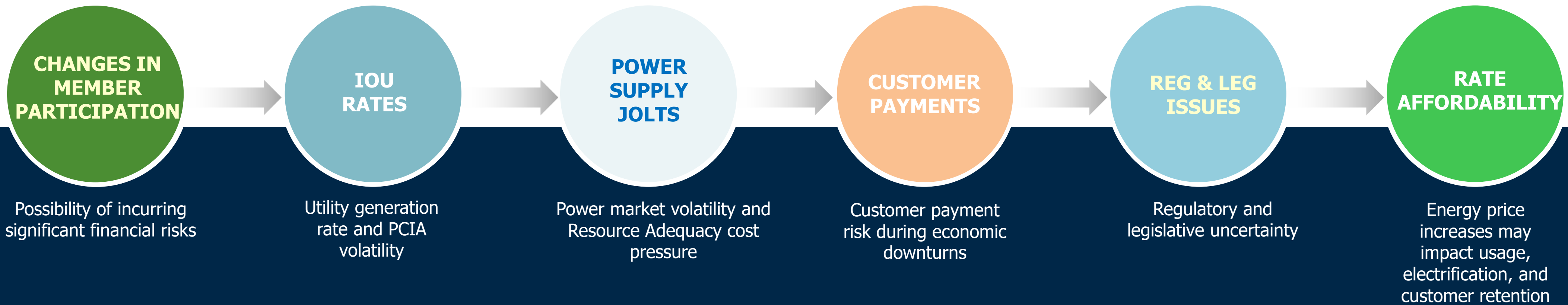
5-Year OCPA Financial Proforma FY2026/27 to 2031/32

(\$ in thousands)														
Period Ending Jun 30	Reforecast FY2025/26	% of Rev	Budget FY2026/27	% of Rev	Projection FY2027/28	% of Rev	Projection FY2028/29	% of Rev	Projection FY2029/30	% of Rev	Projection FY2030/31	% of Rev	Projection FY2031/32	% of Rev
REVENUE AND OTHER SOURCES														
Revenue - Electricity Base	241,675	87.2%	254,504	97.7%	265,722	97.3%	264,161	97.3%	267,441	97.3%	263,251	97.1%	269,742	97.2%
Revenue - Smart Choice Premium	7,306	2.6%	6,233	2.4%	4,881	1.8%	4,878	1.8%	4,960	1.8%	5,041	1.9%	5,129	1.8%
Revenue - 100% Renewable Premium	259	0.1%	2,412	0.9%	5,360	2.0%	5,438	2.0%	5,525	2.0%	5,609	2.1%	5,701	2.1%
Less: Uncollectible Accounts	(3,739)	(1.5%)	(3,947)	(1.5%)	(4,139)	(1.5%)	(4,117)	(1.5%)	(4,169)	(1.5%)	(4,109)	(1.5%)	(4,209)	(1.5%)
Revenue deferral	30,000		0		0		0		0		0		0	
Net Revenue - Electricity	275,500	99.4%	259,201	99.5%	271,824	99.6%	270,359	99.6%	273,757	99.6%	269,792	99.6%	276,363	99.6%
Investment and Miscellaneous Income	1,592	0.6%	1,200	0.5%	1,200	0.4%	1,200	0.4%	1,200	0.4%	1,200	0.4%	1,200	0.4%
Total Net Revenue and Other Sources	277,093	100.0%	260,401	100.0%	273,024	100.0%	271,559	100.0%	274,957	100.0%	270,992	100.0%	277,563	100.0%
EXPENDITURES AND OTHER USES														
CURRENT EXPENDITURES														
Cost of Energy	262,837	94.9%	228,169	87.6%	226,023	82.8%	229,737	84.6%	235,578	85.7%	244,074	90.1%	251,237	90.5%
Data Manager	2,220	0.8%	2,607	1.0%	2,849	1.0%	2,949	1.1%	3,052	1.1%	3,159	1.2%	3,270	1.2%
Utilities Service Fees	270	0.1%	250	0.1%	260	0.1%	267	0.1%	275	0.1%	284	0.1%	292	0.1%
Staffing Costs	5,295	1.9%	7,218	2.8%	8,102	3.0%	8,516	3.1%	8,942	3.3%	9,389	3.5%	9,858	3.6%
Contract Services	1,446	0.5%	1,791	0.7%	1,845	0.7%	1,724	0.6%	1,754	0.6%	1,784	0.7%	1,815	0.7%
Legal Services	663	0.2%	791	0.3%	828	0.3%	866	0.3%	866	0.3%	866	0.3%	866	0.3%
Communications and Outreach	1,397	0.5%	1,592	0.6%	1,688	0.6%	1,769	0.7%	1,855	0.7%	1,945	0.7%	2,039	0.7%
Other G&A	1,272	0.5%	1,528	0.6%	1,477	0.5%	1,510	0.6%	1,538	0.6%	1,569	0.6%	1,601	0.6%
Energy Programs	976	0.4%	2,204	0.8%	1,204	0.4%	1,204	0.4%	1,204	0.4%	1,204	0.4%	1,204	0.4%
	276,376	99.7%	246,149	94.5%	244,277	89.5%	248,543	91.5%	255,064	92.8%	264,273	97.5%	272,183	98.1%
NON-OPERATING EXPENDITURES														
Interest costs - nonoperating	311	0.1%	150	0.1%	35	0.0%	26	0.0%	16	0.0%	5	0.0%	5	0.0%
Total Expenditures and Other Uses	276,688	99.9%	246,299	94.6%	244,311	89.5%	248,569	91.5%	255,079	92.8%	264,278	97.5%	272,188	98.1%
Net Income Surplus/(Deficit)	405	0.1%	14,102	5.4%	28,712	10.5%	22,991	8.5%	19,877	7.2%	6,714	2.5%	5,375	1.9%
Reserve Balance:														
Carryover balance	45,014	16.2%	45,420	17.4%	59,521	21.8%	88,234	32.5%	111,224	40.5%	131,102	48.4%	137,816	49.7%
Net Income Surplus/(Deficit)	405	0.1%	14,102	5.4%	28,712	10.5%	22,991	8.5%	19,877	7.2%	6,714	2.5%	5,375	1.9%
Ending balance	45,420		59,521		88,234		111,224		131,102		137,816		143,191	
% of operating expenses	16%		24%		36%		45%		51%		52%		53%	



OCPA Operating Reserves

OCPA maintains operating reserves to absorb key financial and operating risks, including:



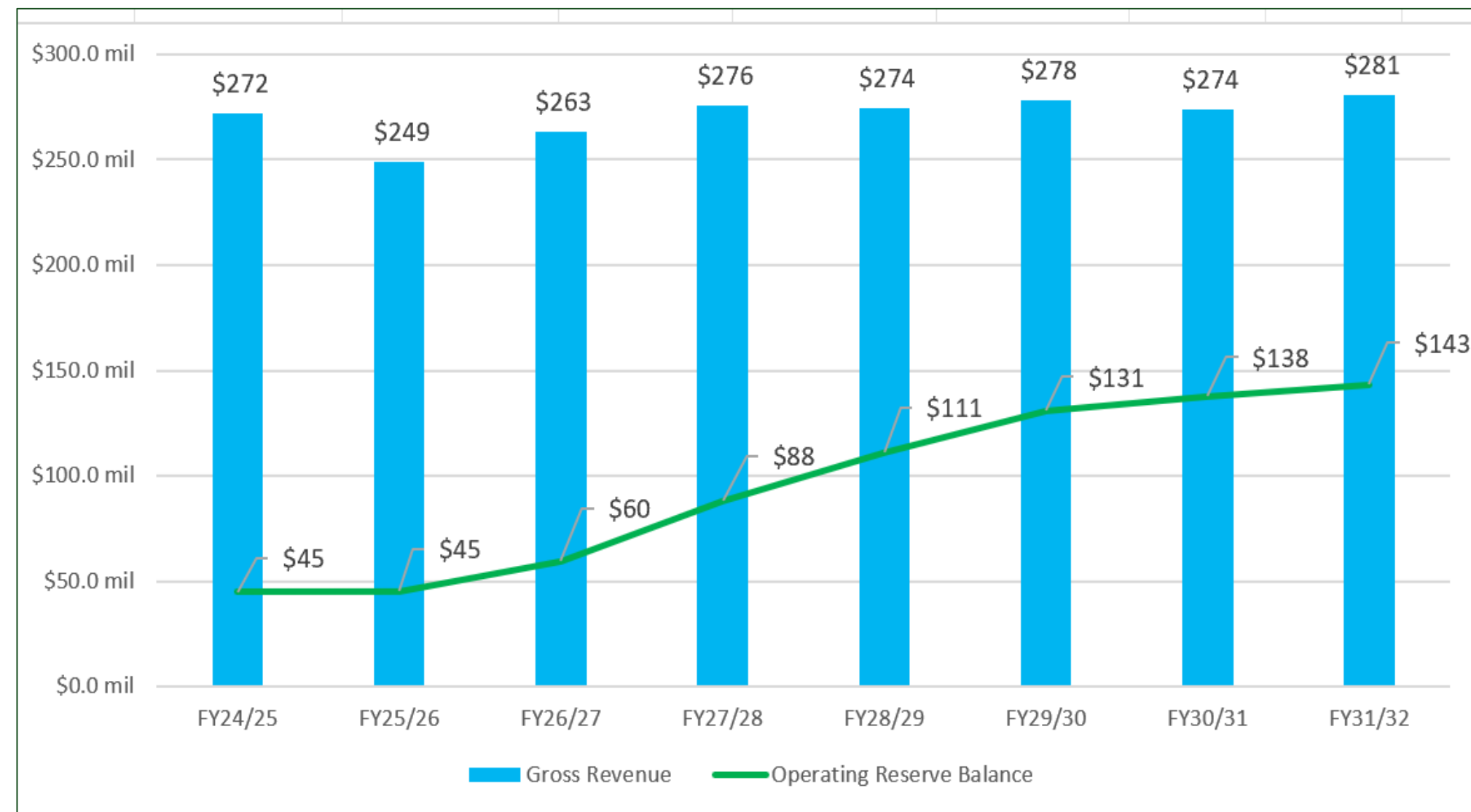


5-Year Financial Outlook and Reserve Rebuilding Plan

OCPA's five-year financial outlook shows a disciplined reserve rebuilding path while maintaining stable operations and supporting customer affordability. The reserve strategy is designed to strengthen OCPA's ability to manage external risks, maintain liquidity, support power procurement, and prepare for future credit rating evaluation.

OCPA is projected to reach approximately \$76 million in reserves, or 30% of total operating expenses, by December 31, 2027, and approximately \$125 million in reserves, or approximately 49% of total operating expenses, by December 31, 2029. This reserve rebuilding path supports long-term financial sustainability, customer affordability, credit rating readiness, and cost-effective power procurement.

Projected Revenue Stability and Reserve Growth



Key Notes:

OCPA is projected to meet the Board's minimum reserve target by December 31, 2027, and approach the upper end of the reserve target range by December 31, 2029. This supports financial resilience, customer affordability, credit rating readiness, and cost-effective power procurement.



About OCPA

Established in November 2020 as a Joint Powers Authority, OCPA is a locally governed, not-for-profit public agency that provides electric generation services to customers in Buena Park, Fullerton, and Irvine through California’s Community Choice Aggregation model. Fountain Valley is scheduled to begin receiving service through OCPA in April 2027.

OCPA procures electricity generation on behalf of customers, while SCE continues transmission, distribution, metering, and billing services. OCPA’s work focuses on cleaner energy, customer affordability, local control, rate stability, customer programs, and long-term financial sustainability.





2026 OCPA Board



Susan Sonne
Chair

**Councilmember
City of Buena Park**



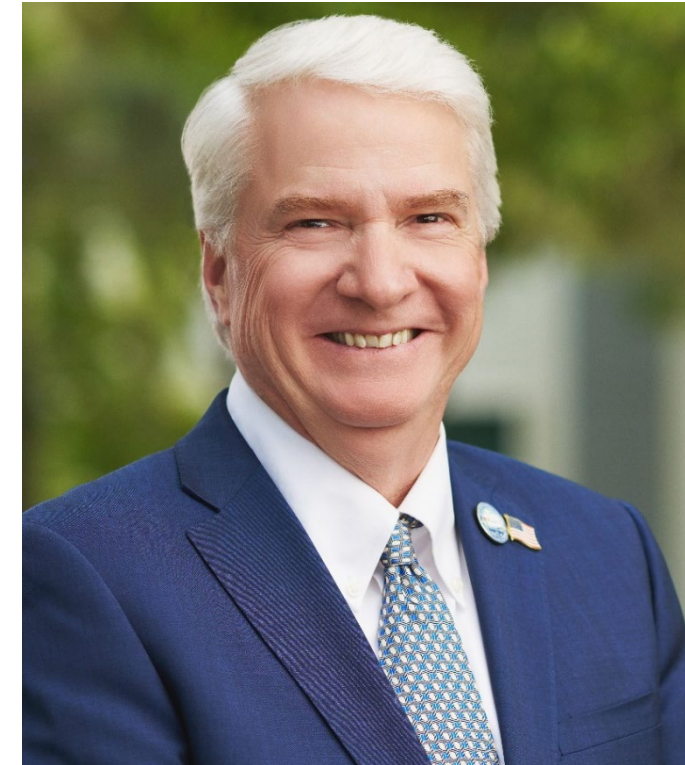
James Mai
Vice Chair

**Vice Mayor
City of Irvine**



Fred Jung
Director

**Mayor
City of Fullerton**



Glenn Grandis
Director

**Councilmember
City of Fountain
Valley**



Kathleen Treseder
Director

**Councilmember
City of Irvine**

Alternates Board Members:

Lamiya Hoque
Vice Mayor
City of Buena Park

William Go
Councilmember
City of Irvine

Shanna Charles
Councilmember
City of Fullerton

Ted Bui
Councilmember
City of Fountain
Valley

Betty Martinez Franco
Councilmember
City of Irvine