2025-2026

FISCAL YEAR OPERATING BUDGET

ORANGE COUNTY
POWER AUTHORITY
YOUR CLEAN ENERGY CHOICE

Table of Contents

Fiscal Year Operating Budget 2025-2026

CEO Message

As we prepare for the FY25/26 fiscal year, the Orange County Power Authority (OCPA) reaffirms its unwavering commitment to delivering affordable, reliable, and sustainable energy to our customers. The proposed budget reflects a strategic, forward-thinking approach, adeptly balancing immediate fiscal challenges with a vision for long-term resilience and growth. Anchored by our core principles of transparency, customer empowerment, and community-driven innovation, OCPA is poised to navigate a dynamic regulatory and market landscape while delivering exceptional value to the communities we serve.

A critical challenge in 2026 is the volatility of the Power Charge Indifference Adjustment (PCIA), driven by fluctuating market dynamics and legacy utility contract vintages. In collaboration with the California Community Choice Association (CalCCA), OCPA is spearheading advocacy efforts at the California Public Utilities Commission (CPUC) to enact meaningful PCIA reforms. These reforms prioritize capping the PCIA, enhancing transparency in its methodology, and ensuring equitable cost allocation. By stabilizing PCIA expenses, we safeguard our ability to offer competitive rates relative to Southern California Edison (SCE), reinforcing affordability for our customers.

Affordability remains the cornerstone of OCPA's mission. Our Basic Choice plan, delivering 47% renewable energy, is projected to maintain a 3% cost advantage over SCE's equivalent generation rates, ensuring tangible savings for our customers. The FY25/26 budget is meticulously crafted to fully fund operating expenses, debt obligations, and a prudent reserve contribution, supported by a robust energy cost mitigation strategy that preserves our competitive edge.

OCPA's financial position continues to strengthen, supported by consistent operating surpluses. For FY25/26, we aim to build reserves to 30–50% of annual operating expenses, enhancing liquidity and operational flexibility. Concurrently, we are advancing a strategic roadmap to secure an investment-grade credit rating by 2027, which will strengthen our capacity to negotiate favorable energy procurement terms and fortify our fiscal foundation.

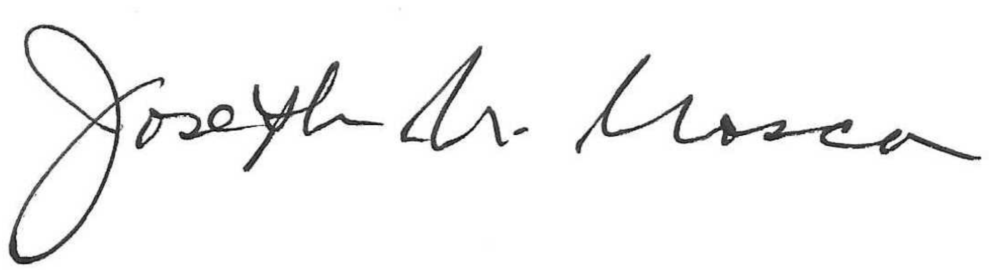
To optimize long-term power procurement costs, OCPA is exploring innovative financing solutions, such as green prepayment bonds. A rigorous feasibility study will assess market conditions and OCPA's financial preparedness, with findings to be presented in a transparent workshop for our Board of Directors. This session will feature detailed case studies and comprehensive cost-benefit analyses, ensuring decisions are informed, accountable, and aligned with our mission.

CEO Message (Continued)

OCPA is steadfast in its commitment to reinvesting in the communities we serve. In FY25/26, we will expand transformative customer programs to advance equitable access to clean energy. These initiatives include solar incentives, enhanced electric vehicle (EV) charging infrastructure, and the Disadvantaged Communities Green Tariff (DAC-GT) program. The DAC-GT will deliver 100% renewable energy and a 20% bill discount to eligible residential customers in disadvantaged communities, furthering the objectives of our Community Power Plan and promoting energy equity.

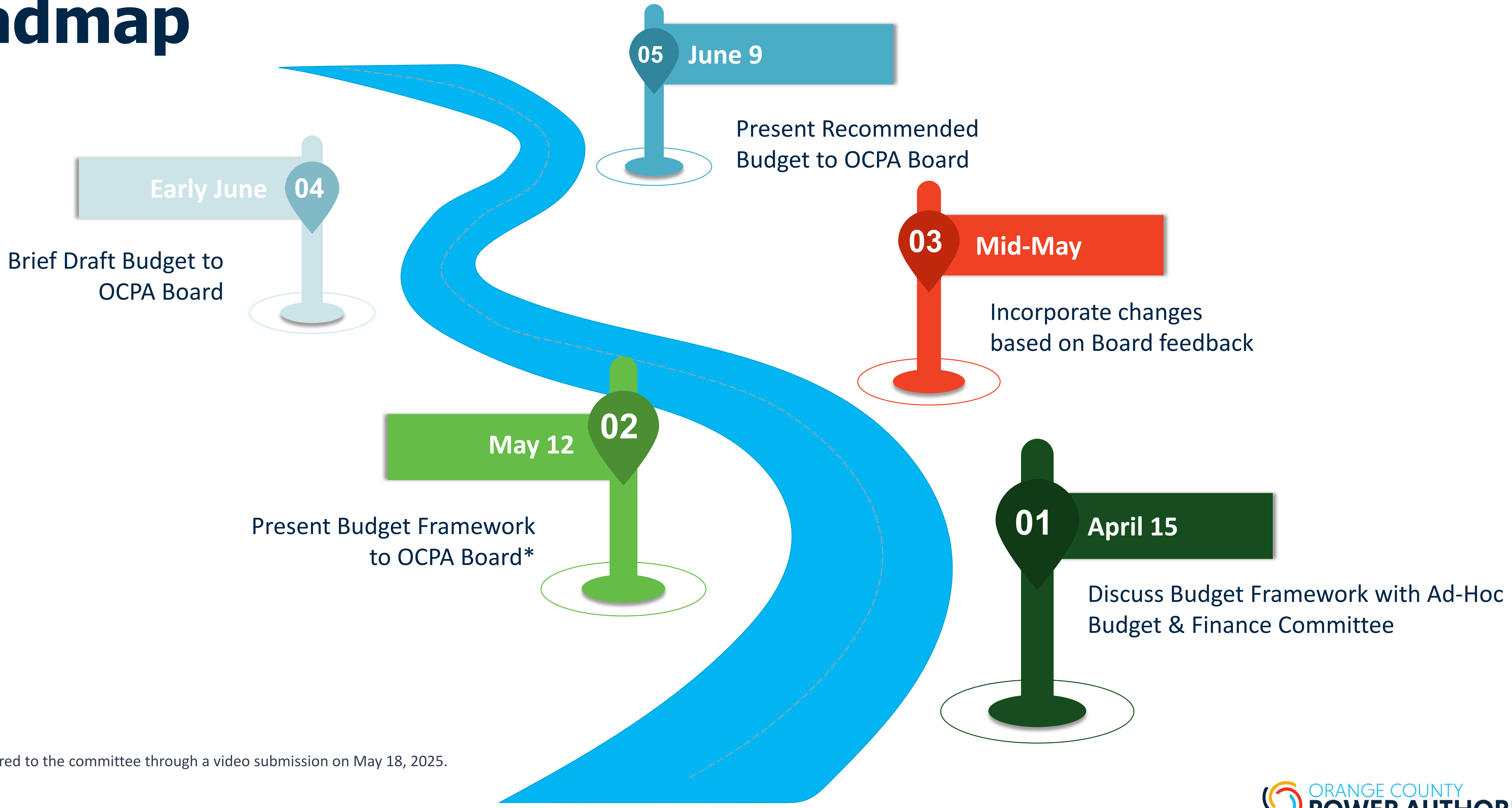
OCPA is thrilled to announce the planned expansion of service to Fountain Valley in October 2026. This milestone will broaden our customer base and enhance economies of scale, driving operational efficiencies. To ensure a seamless transition, we are implementing meticulous financial planning and strategic forecasting to align revenue and expenditure projections, maintaining our commitment to fiscal stability.

With the steadfast support of our Board and community, OCPA is uniquely positioned to lead the transition to a cleaner, more affordable, and equitable energy future. Through prudent resource management, robust policy advocacy, and impactful community programs, we will continue to combat climate change while empowering our communities with sustainable, accessible energy solutions.



Joe Mosca
Chief Executive Officer

FY2025/26 Budget Roadmap



*The presentation was delivered to the committee through a video submission on May 18, 2025.

OCPA FY2025/26 Operating Budget - Background

The Orange County Power Authority (OCPA) is pleased to present a balanced budget for Fiscal Year 2025-26, marking the third year of full operations. This budget aligns with the Board-approved strategic goal of prioritizing fiscal sustainability and affordability.

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, 2025, to June 30, 2026, 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 FY2025/26 Operating Budget - Highlights

1. **Financial Strength:** Despite reduced rates, OCPA maintains robust financial health, projecting a net surplus of $0.45 million. The operating reserve is expected to reach $45 million, covering 16% of total operating expenses by June 30, 2026, and subsequently elevate it to $76 million (30% of total operating expenses) by December 31, 2026, thus meeting the Board's minimum reserve target.
2. **Affordable Rates:** OCPA's 2025 rate structure remains unchanged, offering competitive pricing. Basic Choice rates, with 47% renewable energy, provide a 3% discount compared to SCE's equivalent generation rates. Smart Choice rates deliver 55% renewable and 40% carbon-free energy in 2025, increasing to 60% renewable and 40% carbon-free energy in 2026, and add 1¢/kWh to Basic Choice rates. 100% Renewable Choice rates add 1.5¢/kWh to Basic Choice rates. The 3% discount applied to Basic Choice rates is proportionally extended across all three rate plans.
3. **Competitive Net Energy Metering Program:** OCPA preserves NEM 2.0 benefits for all customers, providing full retail compensation, accelerated solar payback, and a net surplus compensation rate 10% higher than SCE's, reinforcing local solar adoption.
4. **Clean and Renewable Procurement Strategy:** Secures long-term contracts for clean and renewable energy resources to meet a significant portion of its electric demand, ensuring sustainability and cost stability.
5. **Innovative Financing Options:** To optimize long-term power procurement costs, OCPA will explore green prepayment bonds, enhancing financial flexibility for clean energy investments.
6. **Community Power Plan:** Advances equitable clean energy access through solar-focused initiatives, including a low-interest loan program for solar incentives, expanded EV charging infrastructure, and the Disadvantaged Community Green Tariff program, which provides 100% renewable energy and bill discounts to income-qualified residents.
7. **Talented Workforce:** OCPA plans to reclassify two existing positions and maintain adequate staffing to support core operations and strategic priorities.

Recommended OCPA Operating Budget FY2025/26

($ in thousands) Period Ending Jun 30	Approved Mid-Year Budget FY 2024/25	% of Rev	Reforecast FY2024/25	% of Rev	Proposed Budget FY2025/26	% of Rev	Change $	Change %
REVENUE AND OTHER SOURCES								
Revenue - Electricity Base	252,312		248,064		246,322			
Revenue - Smart Choice Premium	5,931		5,257		7,430			
Revenue - 100% Renewable Premium	13,411		16,008		3,252			
Less: Uncollectible Accounts	(4,754)		(4,713)		(3,855)		(11,467)	(4.3%)
Revenue deferral	45,000		15,112		29,888		14,776	97.8%
Net Revenue - Electricity	311,900	98.6%	279,728	98.4%	283,037	99.0%	3,309	1.2%
Investment and Miscellaneous Income	4,499	1.4%	4,510	1.6%	3,000	1.0%	(1,510)	(33.5%)
Total Net Revenue and Other Sources	316,399	100.0%	284,238	100.0%	286,037	100.0%	1,799	0.6%
EXPENDITURES AND OTHER USES								
CURRENT EXPENDITURES								
Cost of Energy	285,539	90.2%	271,038	95.4%	269,368	94.2%	(1,669)	(0.6%)
Data Manager	1,850	0.6%	1,831	0.6%	2,237	0.8%	406	22.2%
Utilities Service Fees	572	0.2%	456	0.2%	480	0.2%	24	5.2%
Staffing Costs	4,738	1.5%	4,560	1.6%	6,212	2.2%	1,652	36.2%
Contract Services	1,610	0.5%	1,521	0.5%	1,562	0.5%	40	2.6%
Legal Services	596	0.2%	506	0.2%	756	0.3%	250	49.3%
Marketing and Outreach	1,794	0.6%	1,726	0.6%	1,650	0.6%	(76)	(4.4%)
Other G&A	1,429	0.5%	1,328	0.5%	1,787	0.6%	459	34.6%
Energy Programs	592	0.2%	586	0.2%	1,221	0.4%	635	108.4%
	298,721	94.4%	283,552	99.8%	285,272	99.7%	1,720	0.6%
OTHER USES								
Capital Outlay	377	0.1%	377	0.1%	0	0.0%	(377)	(100.0%)
Total Other Uses	377	0.1%	377	0.1%	0	0.0%	(377)	(100.0%)
DEBT SERVICE								
Interest costs - nonoperating	315	0.1%	309	0.1%	314	0.1%	5	1.6%
Finance costs - Principal	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Expenditures and Other Uses	299,413	94.6%	284,238	100.0%	285,587	99.8%	1,349	0.5%
Net Income (Surplus/Deficit)	**16,986**	5.4%	**0**	0.0%	**450**	0.2%	450	105823.4%
Key Statistics:								
Total Load (MWh) - Retail	2,181,527		2,181,527		2,150,129			
$/MWh - Net Electricity Sales	$ 142.97		$ 121.30		$ 117.74			

OCPA FY2024/25 and FY2025/26 Operating Budget - Overview

$ in thousands Period Ending June 30	Approved FY2024/25 Mid-Year Budget	% rev	% of Total Operating Expenses	FY2024/25 Reforecast	% rev	% of Total Operating Expenses	Difference ($)	FY2025/26 Recommended Budget	% rev	% of Total Operating Expenses	YOY Difference ($)
Net Electricity Revenue	$266,900			$264,616				$253,149			
Revenue Deferral from FY2023/24	45,000			45,000							
Revenue Deferral from FY2024/25				(29,888)				29,888			
Net Electricity Revenue	311,900	98.6%		279,728	98.4%		(32,172)	283,037	99.0%		3,309
Investment Income	4,499	1.4%		4,510	1.6%		11	3,000	1.0%		(1,510)
Less: Cost of Energy	285,539	90.2%	95.6%	271,038	95.4%	95.6%	(14,501)	269,368	94.2%	94.4%	(1,669)
Less: Non-Energy Operating	13,182	4.2%	4.4%	12,514	4.4%	4.4%	(667)	15,904	5.6%	5.6%	3,390
Less: Capital Outlay & Debt Service	692	0.2%		686	0.2%		(6)	314	0.1%		(372)
Net Position (bottom line)	**$16,986**	**5.4%**		**$0**	**0.0%**		(16,986)	**$450**	**0.2%**		**450**
Operating Reserve	**$61,852**			**$44,866**			(16,986)	**$45,316**			**450**
Reserve as a % of operating expenses	21%			16%				16%			
Operating Reserve as of December 31, 2026								**$75,977**			
Reserve % as of December 31, 2026 (Board's minimum reserve target)								30%			

FY2024/25 Reforecast:
Despite a $36.4 million drop in net electricity revenue—driven by the retention of the 2024 rate design and Irvine's shift from 100% Renewable Choice to Basic Choice—OCPA mitigated the impact by deferring $45 million in revenue from FY 2023/24. This strategy enabled a projected $17 million contribution to the operating reserve, increasing the reserve to $62 million, or 21% of total operating expenses. Additional relief came from lower projected CPUC Market Price Benchmarks (MPBs), effective cost controls, and slower-than-expected hiring, reducing the need for deferred funds to just $15 million and preserving $30 million in the Rate Stabilization Fund. As energy costs are expected to outpace revenues in FY 2025/26, OCPA will deploy the remaining $30 million to maintain rate stability, resulting in a breakeven FY 2024/25 budget and a stable operating reserve of $45 million, or 16% of total operating expenses.

FY2025/26 Budget:
To offset an anticipated revenue shortfall—driven by the continued use of 2024 rate design and Irvine's shift to Basic Choice—OCPA will utilize the remaining $30 million in the Rate Stabilization Fund. Despite increases in system energy and RA costs, total energy costs are projected to decline by $1.7 million, primarily due to an $84 million reduction in PCC1 costs following the suspension of new PCC1 procurement in response to a sharp market price spike in late 2024. Non-energy operating expenses are expected to rise by $3.4 million to support staffing, customer program expansion, and the implementation of a risk management system. The budget forecasts a modest $450k increase in net position, with the operating reserve projected to remain at $45 million by June 30, 2026, and grow to $76 million—or 30% of total operating expenses—by December 31, 2026, meeting the Board's reserve target.

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OCPA Revenue Assumptions – Key Highlights

Primary Revenue Source: OCPA's revenue primarily derives from retail electricity sales, driven by generation rates designed to cover power procurement, operating and non-operating expenses, capital expenditures, and contributions to the operating reserve.

Demand Forecast: Total retail load consumption is projected at 2,150 GWh for FY2025/26, including residential and commercial customers from Buena Park, Fullerton, and Irvine.

Data Utilization: Customer counts and load consumption estimates combine actual customer data from SCE and Calpine reports.

2025 OCPA Rates (July through December 2025): Based on the board-approved 2025 Rate Design:

- Basic Choice: 3% discount below SCE's equivalent generation rates.
- Smart Choice: Basic Choice + 1c/kWh.
- 100% Renewable Choice: Basic Choice + 1.5c/kWh.

2026 OCPA Rates (January through June 2026): Guided by the Board-approved OCPA Rate Development Policy. Revenue will ensure coverage of power purchases, operational expenses, debt service, and targeted reserves.

FY2026/27 through FY2030/31 OCPA Rates: Aligned with the Board-approved OCPA Rate Development Policy for long-term financial stability.

Uncollectible Accounts: Reduced from 1.75% to 1.50% of operating, reflecting a low incidence of long-term aging accounts.

OCPA Revenue Assumptions – 2025 Rate Design

OCPA's 2025 rate design offers a 3% discount on the Basic Choice renewable energy plan generation rate compared to SCE's equivalent generation rate, providing significant relief to all customers.

OCPA Revenue – Revenue Deferral

- **$45 million** in revenue was deferred to the Rate Stabilization Fund from FY 2023/24 to FY 2024/25 to offset a projected revenue shortfall.
- This action aligns with the Board-approved Rate Stabilization Policy, which promotes financial stability and customer affordability.
- The 2024 rate design was maintained in 2025, despite SCE’s generation rate decline, to shield customers from rate shock in 2025.
- Irvine’s shift from 100% Renewable Choice to Basic Choice in February 2025 also contributed to revenue impacts.
- Financial relief came from a projected decline in the CPUC’s RPS & RA Market Price Benchmarks, combined with disciplined cost controls and slower-than-expected hiring.
- Only **$15 million** of the $45 million deferral is now expected to be used in FY2024/25, leaving $30 million in the Rate Stabilization Fund to protect against future volatility in SCE rates or energy price spikes.
- Energy costs in FY 2025/26 are projected to exceed revenues; OCPA will proactively deploy the remaining **$30 million** to maintain rate and operational stability.
- FY 2024/25 revenues and expenses are projected to balance at $284 million, resulting in a breakeven ($0) outcome.
- Following the $30 million deferral, FY 2025/26 net revenue is projected at $286 million – sufficient to fully cover energy and non-energy operating expenses.

OCPA Cost of Energy Assumptions – Key Highlights

OCPA procures electricity from renewable sources, such as solar and wind, to meet customer demand, with SCE managing delivery, billing, and infrastructure maintenance. OCPA's energy costs are shaped by market fluctuations, seasonal demand surges (e.g., summer heat waves), and increasing customer load, which may necessitate purchasing additional power at elevated market rates. Regulatory requirements, including California's Resource Adequacy mandates, require OCPA to secure sufficient energy capacity, potentially raising costs during peak periods. To address these challenges, OCPA employs long-term power purchase agreements and maintains a diverse renewable energy portfolio, ensuring competitive rates while supporting California's sustainability goals. Below are the key assumptions for FY2025/26 power supply costs:

Cost of Energy Components:

- Energy: Includes system energy, renewable energy (including carbon-free attributes), and CAISO fees, estimated at $225 million or 83% of total power supply cost.
- Resource Adequacy (RA): A reliability obligation requiring committed generating capacity for system reliability, estimated at $45 million or 17% of total power supply cost.

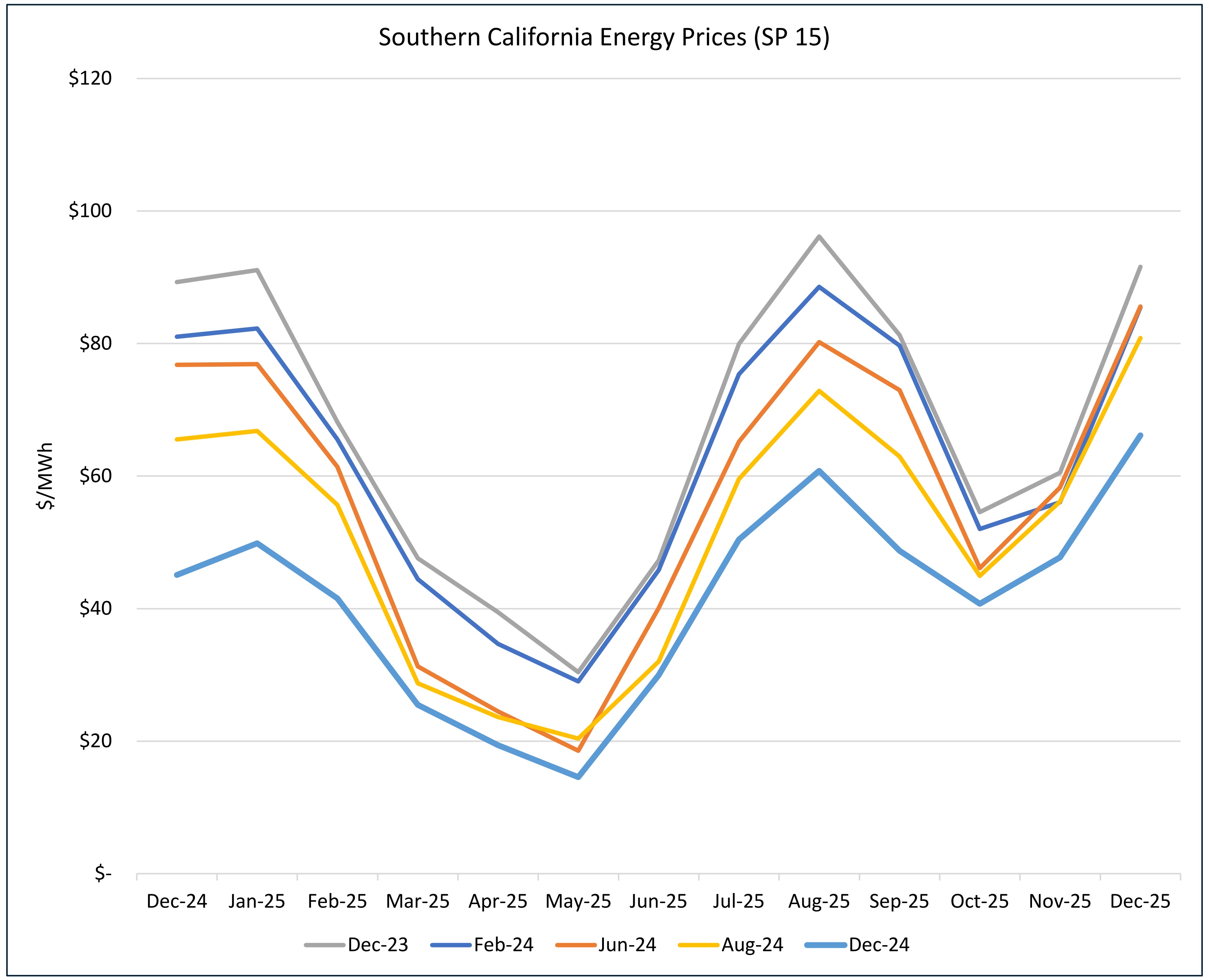
Forecast Contracts: OCPA employs forward contracts to secure energy supply in advance, ensuring resource sufficiency and cost predictability for the budget.

Competitive Net Energy Metering (NEM) program: OCPA maintains NEM 2.0 benefits, offering full retail rate compensation for excess solar generation and Net Surplus Compensation (NSC) at 10% above SCE's NSC rate. The estimated payout for NEM customers in FY2025/26 is $525,000.

OCPA Cost of Energy Assumptions – System Energy

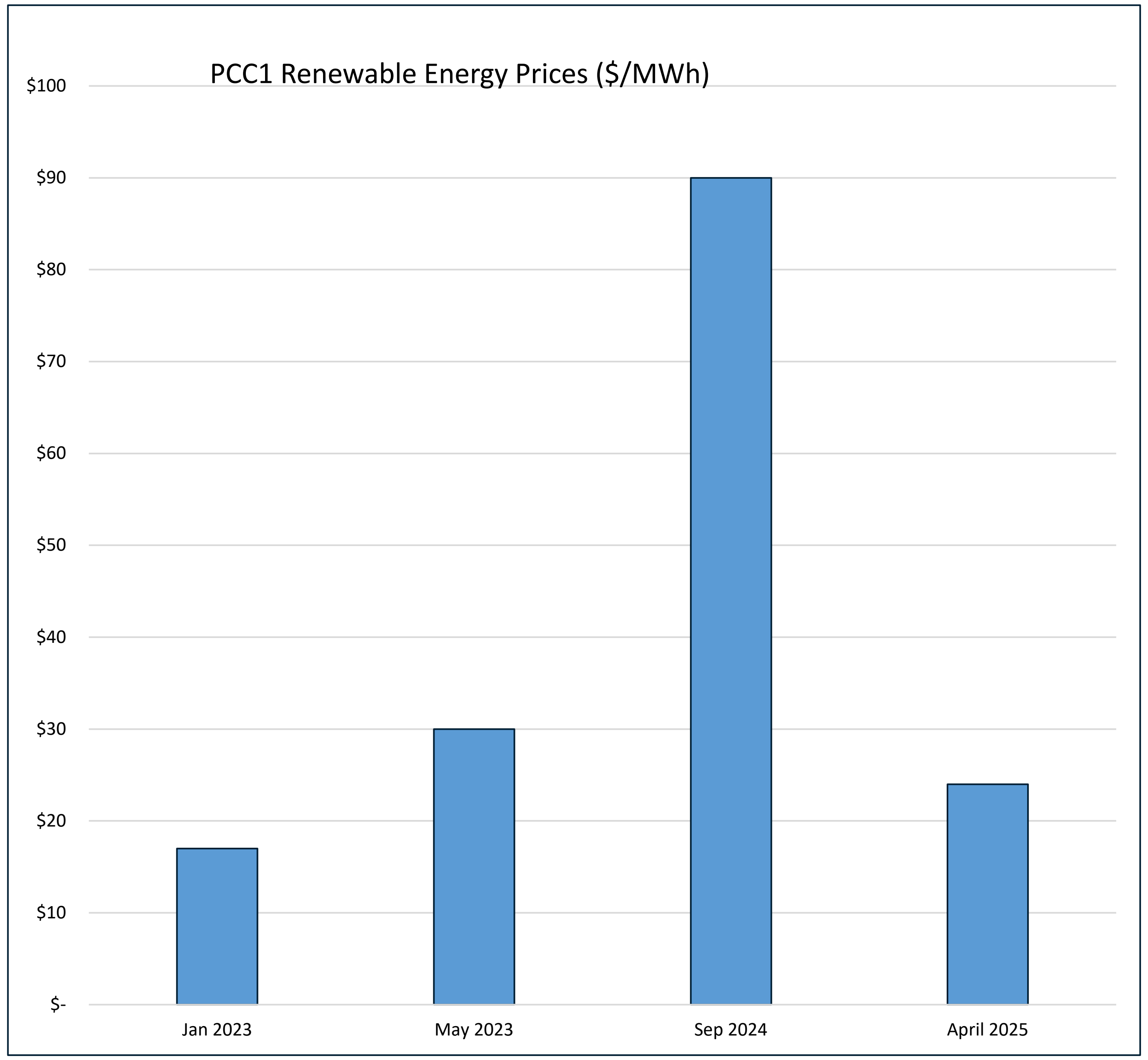
CAISO forward energy prices for the next 12-month period have continued to decline and are now 28% lower compared to one year ago.

The downward trend is driven by stable natural gas prices and an improving outlook on the supply stack's ability to meet demand.



OCPA Cost of Energy Assumptions – Eligible Renewable Energy

- PCC1 prices surged 400% from trough to peak over three years, driven by late 2024 market imbalances and rising demand.
- Over the past six months, PCC1 prices have declined by 83%.
- Rising renewable energy costs are reflected in SCE's higher VAMO (PCC1) prices, which are based on the CPUC's Market Price Benchmarks (MPBs).
- For OCPA, PCC1 from SCE's VAMO contracts is priced according to the CPUC's MPB mechanism. Despite recent market declines, the MPB continues to reflect elevated or rising renewable energy costs, impacting OCPA's RPS-related expenses.



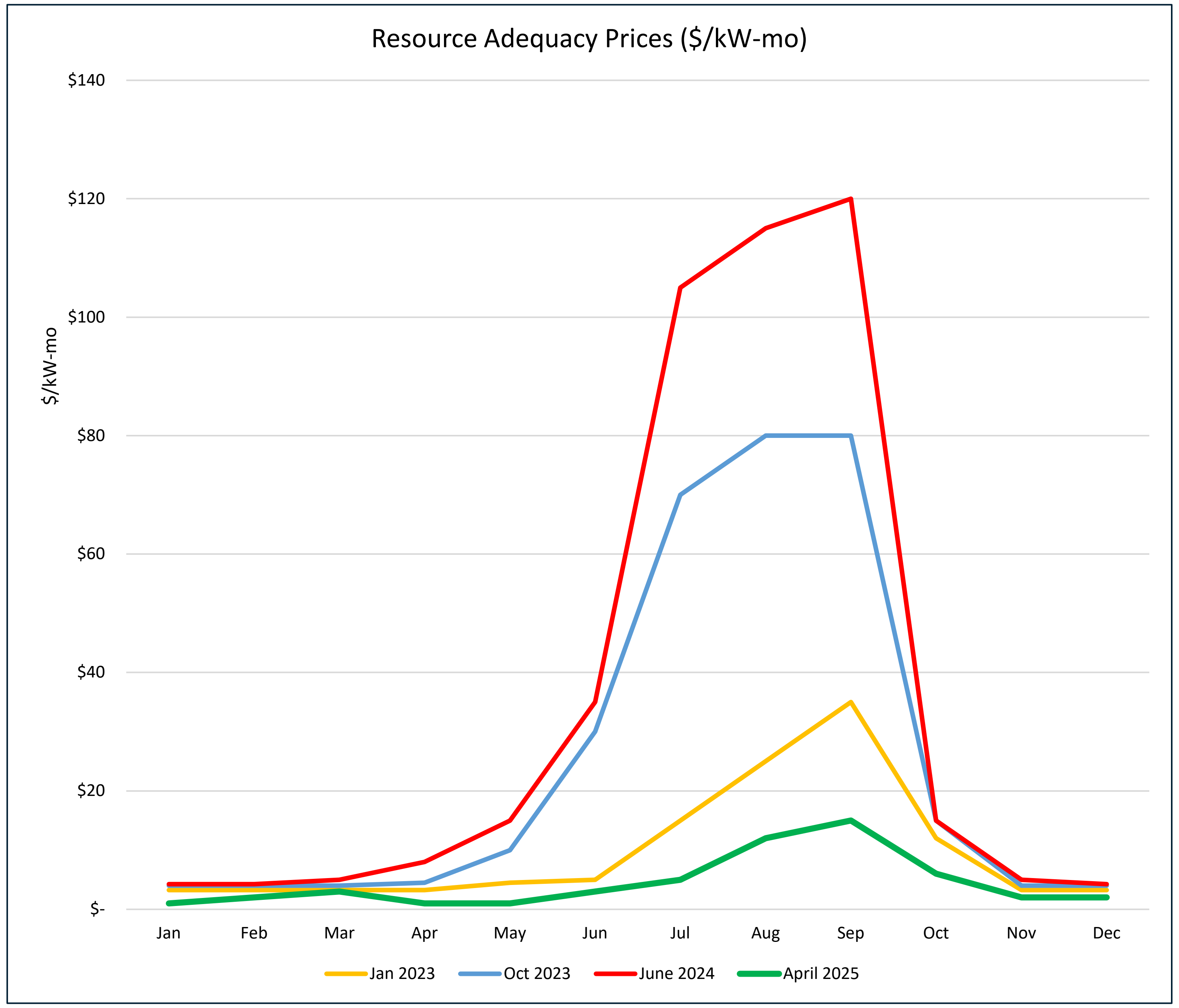
OCPA Cost of Energy Assumptions – Resource Adequacy

Chart shows price changes for 2025 RA volumes from Jan 2023 to present.

Significant price drop observed since the YA deadline in Oct 2024.

2026-2027 RA prices have started to decline but remain above 2025 levels – primarily due to higher MCAM prices, based on CPUC Market Price Benchmarks.

The new slice-of-day framework may require some portfolio-balancing transactions. The 2025 requirements will be known in July.



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Operating Expenses Highlights: Data Management & SCE Service Fees

OCPA's operating expenses are categorized into seven categories: Data Management & SCE Service Fees, Staffing Costs, Professional Contracts, Legal & Lobbying Support, Marketing and Outreach, General and Administrative Expenses, and Energy Programs. In addition to these operating costs, the budget includes non-operating debt service expenses, which account for interest and related financing costs. Key assumptions for each expense category are outlined below.

Data Management & SCE Service Fees

- Data Management Services: Provided by Calpine, these services encompass billing data validation, bill coordination with Southern California Edison (SCE), call center operations, customer enrollment database management, move-in/move-out services, and data reporting. Under the contract's service fee waiver clause, Calpine will waive $217,000 in data management fees.
- SCE Services: SCE provides meter reading, data processing, and customer billing services, as mandated by the California Public Utilities Commission (CPUC), with associated fees reflecting these regulatory requirements.

$ in thousands **Period Ending June 30**	**FY2025/26 Budget**	**% of rev**
Data Management Fee	$2,454	
Less: Fee Waiver	($217)	
Net Data Management Fee	**$2,237**	**1.0%**
SCE Service Fee	**$480**	
Customer Accounts	179,000	

CCA Comparison (3CE, MCE, CPA, SDCP, and SVCE): Total data management & utilities service fees range from 0.9% to 1.5% of revenue.

3CE: Central Coast Community Energy

MCE: Marin Clean Energy

CPA: San Diego Community Power

SDCP: San Diego Community Power

SVCE: Silicon Valley Clean Energy

Operating Expenses Highlights: Staffing Costs

Staffing costs include salaries, payroll taxes, benefits for staff, and board member stipends. The projections account for anticipated cost-of-living adjustments (COLA), recruitment of new positions, full-year financial impacts of existing staff, merit-based salary increases, and changes in employee benefits. Approximately $33,000 in staffing expenses are eligible for reimbursement through funding from the Equitable Building Decarbonization Direct Install (EBD-DI) Program. These salary projections will be further refined during the FY2025/26 Mid-Year Budget Update to reflect actual expenditures.

Approved Staffing – FY2024/25: The current fiscal year includes 29 full-time equivalents (FTEs) and 2 interns.

Proposed Staffing Strategy - FY2025/26: To support the agency's continued operational needs, OCPA will reclassify two existing positions. The total number of FTE positions will remain at 29 for FY2025/26.

Operating Expenses Highlights: Staffing Costs

Reclassifications

To align staff responsibilities with organizational needs and support agency growth, OCPA proposes reclassifying two existing positions within the Administrative Services Department. These updates reflect the evolving scope of duties and ensure compensation is equitable and competitive.

Administrative Services Manager

Current Title: Management Analyst

Department: Administrative Services

Recommended Salary Grade: HR/Administration – Manager (HA4)

Recommended Salary Range: $119,800 to $172,600 annually

Salary Adjustment Recommendation: To promote internal equity and maintain staff morale, OCPA recommends adjusting the salary range of Grade HA4 from $114,700–$165,200 to $119,800–$172,600. This aligns HA4 with the current salary range of the Management Analyst position, classified under Marketing/Program Management – Senior Professional (MP3).

Role & Responsibilities: This position will oversee key administrative functions including human resources, information technology, and office operations. The reclassification reflects the expanded scope and complexity of the role, which is critical to maintaining efficiency and supporting OCPA's evolving organizational needs.

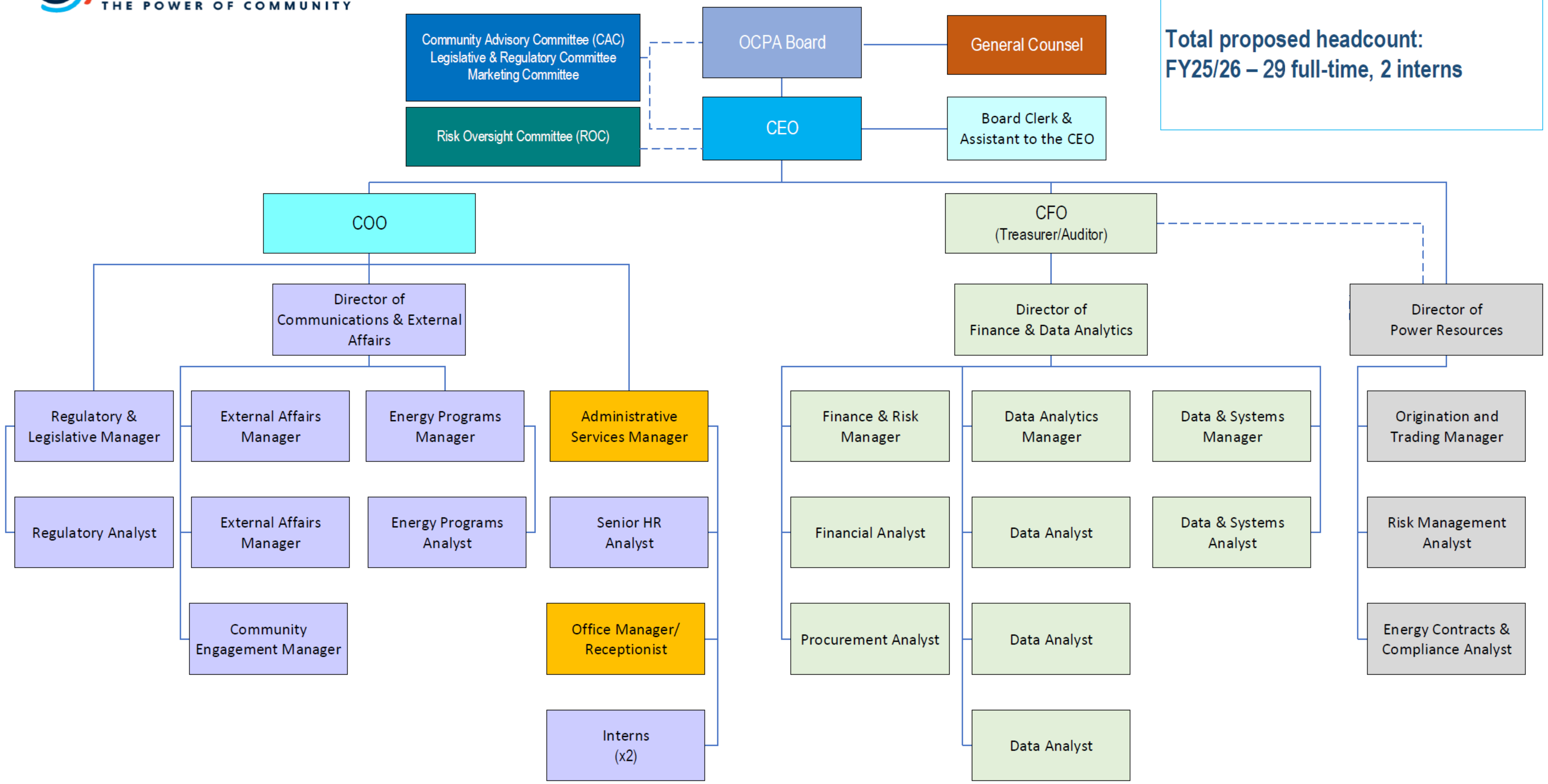
Operating Expenses Highlights: Staffing Costs

Reclassifications

Office Manager/Receptionist

- Current Title: Administrative Assistant
- Department: Administrative Services
- Recommended Salary Grade: HR/Administration – Intermediate Professional (HA2)
- Board-Approved Salary Range: $69,500 – $100,100 annually
- Role & Responsibilities: This position will serve as the primary point of contact for visitors and staff, managing front-desk reception, office logistics, internal communication support, and general clerical duties. The reclassification reflects the role's increased responsibility in maintaining a professional and organized office environment and supporting overall administrative operations.

FY2025/26 Budget Assumption – Proposed Organizational Chart



Organizational Structure

Total proposed headcount:
FY25/26 – 29 full-time, 2 interns

Proposed Reclassification

To Be Hired in FY26/27

ORANGE COUNTY POWER AUTHORITY

Operating Expenses Highlights: Cost-of-Living Adjustments (COLA)

OCPA proposes to continue offering a Cost-of-Living Adjustment (COLA) for full-time employees, effective January 1, 2026, to help offset the effects of inflation. The adjustment will be based on the April 2025 Consumer Price Index (CPI) for the Los Angeles-Long Beach-Anaheim area and will result in updated budgetary salary pay ranges to reflect the approved COLA.

For FY2025/26, the COLA is budgeted at 3%. Full-time employees hired before December 1, 2025, will receive the adjustment on a pro-rata basis. For example, an employee hired in July 2025 will receive a 1.5% COLA (50% of the full 3% adjustment), while those hired on or after January 1, 2026, will not receive a COLA in that cycle.

$ in thousands Period Ending June 30	**FY2025/26 Budget**	**% of total**	**% of rev**
Salaries	$4,883	78.6%	
Benefits	$998	16.1%	
Board Stipends & Misc.	$116	1.9%	
Payroll Taxes	$110	1.8%	
COLA	$106	1.7%	
Total Staffing Costs	**$6,212**	**100%**	**2.2%**
Total FTEs	29		
Estimated Customer Accounts per FTE	6,200		

CCA Comparison (3CE, MCE, CPA, SDCP, and SVCE): Total staffing costs range from 1.5% to 3.5% of revenue.

Operating Expenses Highlights: Professional Contracts

OCPA follows industry best practices by leveraging external consultants while progressively building internal staffing capacity to handle non-technical tasks. This strategic approach ensures operational efficiency and cost-effectiveness as OCPA transitions to greater self-reliance. Contract services include the following professional support services:

- Energy Procurement and Portfolio Management: Encompasses power supply portfolio and risk management, short and long-term energy procurement and contracting, load forecasting, integrated resource planning, scheduling coordination, Congestion Revenue Rights (CRR) purchases and sales, and California Independent System Operator (CAISO) settlements and reporting.
- Financial and Other Services: Includes accounting, annual financial audit, rate strategy development, SCE General Rate Case (GRC) assessments, SCE Energy Resource Recovery Account (ERRA) forecast reviews, information technology support, cybersecurity services, human resources, credit rating development, and banking services.

$ in thousands **Period Ending June 30**	**FY2025/26 Budget**	**% of rev**
Energy Procurement and Portfolio Management	$714	
Accounting, Auditing & Banking	$332	
IT, HR, Credit Rating Strategies & Related	$269	
Rate Strategies & Assessments	$247	
Total Professional Contracts	**$1,562**	**0.5%**

CCA Comparison (3CE, MCE, CPA, SDCP, and SVCE): Total professional contract costs range from 0.3% to 1.4% of revenue.

Operating Expenses Highlights: Legal & Lobbying Support Services

OCPA engages legal services to support its operations, governance, and advocacy efforts. These services include general and special counsel representation, support for power supply procurement transactions and negotiations, participation in regulatory proceedings (e.g., SCE's ERRA Applications, SCE GRC assessment, and other compliance obligations), non-energy contracting support, employment matters, governance and general liability management, clerk support, and regulatory and legislative advocacy.

In January 2026, OCPA plans to hire a Sacramento-based lobbyist to enhance its advocacy efforts. The lobbyist will provide insights into legislative sessions and specific bills, strengthen engagement with the California State Legislature and state departments, and amplify OCPA's voice in shaping policies that support clean energy and community power initiatives.

$ in thousands **Period Ending June 30**	**FY2025/26 Budget**	**% of rev**
General Counsel	$294	
Regulatory & Legislative	$110	
Clerk Support	$104	
Power Procurement Transactional & Negotiation	$100	
Labor Related	$98	
Sacramento Lobbying Support	$50	
Total Legal & Lobbying Support Services	**$756**	**0.3%**
Additional In-House Legal FTEs	None	

CCA Comparison (3CE, MCE, CPA, and SDCP): Total legal & lobbying support services costs range from 0.1% to 0.3% of revenue.

Operating Expenses Highlights: Marketing & Outreach

As a community-focused public agency, OCPA prioritizes meaningful engagement with its customers to build trust, strengthen relationships, and advance its mission of delivering clean, affordable energy. Through a variety of communication channels, OCPA actively connects with local communities to raise awareness of OCPA, educate the public on the benefits of community choice energy, and promote sustainability initiatives. These efforts ensure that residents and businesses across Orange County are well-informed about OCPA's role in supporting environmental stewardship.

The FY2025/26 Marketing and Outreach budget supports these goals by funding mandatory notifications, such as Joint Rate Comparisons, to ensure compliance, as well as marketing and public education campaigns designed to enhance brand recognition and public confidence. Additionally, the budget provides for sponsorships of community events and partnerships with local organizations, along with targeted outreach to promote OCPA's clean energy programs. These efforts reinforce OCPA's commitment to transparent communication and to cultivating an engaged, environmentally conscious community.

$ in thousands Period Ending June 30	**FY2025/26 Budget**	**% of rev**
Marketing & Communications Consulting	$734	
Direct Mailers & Postage	$412	
Advertising & Paid Media	$266	
Sponsorships & Memberships	$149	
Translation, Website Enhancement & Related	$67	
Promotions & Branding	$22	
Total Marketing & Outreach	**$1,650**	**0.6%**

CCA Comparison (3CE, MCE, CPA, SDCP, and SVCE): Total marketing & outreach costs range from 0.1% to 0.4% of revenue.

Operating Expenses Highlights: General & Administrative Expenses

General & Administrative (G&A) expenses support OCPA's daily operations and include office rent and lease amortization (in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87), maintenance, insurance, bank fees, and office supplies. This category also covers IT equipment and software, including OCPA's energy portfolio risk management and data analytics systems, which enhance market intelligence, optimize the power portfolio, mitigate risks, and ensure regulatory compliance.

Discretionary spending for conferences, professional development, travel, and business meals is managed prudently. G&A expenses also include dues for California Community Choice Association (CalCCA) and the California Community Choice Financing Authority (CCCFA) to support industry engagement and potential green bond prepayment opportunities.

$ in thousands Period Ending June 30	**FY2025/26 Budget**	**% of rev**
CalCCA Membership Due	$420	
OCPA Energy Portfolio Risk Management & Data Analytics Systems	$397	
Office Rental and Lease Amortization	$224	
Bank and Commitment Fees	$180	
Business Insurance	$120	
IT Equipment and Software	$93	
CCCFA Membership Due	$70	
Discretionary Spending:		
Conferences, Professional Development & Travel	$146	
Business Meals	$37	
Other Ordinary Business Expenses	$100	
Total General & Administrative Expenses	**$1,787**	**0.6%**

- CalCCA advocates on behalf of California's community choice aggregators (CCAs) before the state legislature and regulatory agencies.
- CCCFA supports its member CCAs by offering prepayment financing structures designed to lower the cost of power procurement.
- CCA Comparison (3CE, MCE, CPA, SDCP, and SVCE): Total general & administrative expenses range from 0.4% to 1.1% of revenue.

Operating Expenses Highlights: Energy Programs

OCPA is committed to reinvesting in the community through energy programs that directly support its customers. These programs are designed to address the specific energy needs of households and businesses while advancing the transition from fossil fuels to clean energy solutions.

As part of this commitment, OCPA has launched the Community Power Plan (CPP) to better understand the unique priorities of its member communities, ensuring that future programs are responsive and impactful. Continued support is also planned for community grant initiatives that promote clean energy education, as well as ongoing efforts such as the OCPA Marketplace, which offers discounts on energy-efficient products for the home.

$ in thousands **Period Ending June 30**	**FY2025/26 Budget**	**% of rev**
OCPA CPP Programs Development	$100	
OCPA Programs:		
OCPA CPP Programs	$745	
EV Charger and Solar Battery Rebate Programs	$218	
OC Bright Futures Grant	$100	
OCPA Marketplace and Incentive Finder	$58	
Total Energy Programs	**$1,221**	**0.4%**

CCA Comparison (3CE, MCE, CPA, and SVCE): Total energy programs costs range from 1.1% to 10.4% of revenue.

Operating Expenses Highlights: Equitable Building Decarbonization Direct Install Grant

The Equitable Building Decarbonization Direct Install (EBD-DI) Program, administered by the California Energy Commission (CEC), is a statewide initiative funded by state and federal sources to support the installation of all-electric appliances, energy efficiency measures, and weatherization upgrades in low-income households across under-resources communities.

As a partner, OCPA conducts culturally relevant outreach and education, facilitates participant handoffs, gathers feedback through follow-up surveys, and submits monthly reports to the Program Implementer.

OCPA has been awarded $771k to support the EBD-DI Program, with $474k allocated for OCPA-led activities and $297k for subcontractor outreach. For FY2025/26, reimbursable labor and travel expenses are projected at $34k, with no impact on OCPA's budget.

$ in thousands Period Ending June 30	**FY2025/26 Budget**	**% of rev**
EBD-DI Program Grant Income	$34	
Reimbursable Expenses:		
Direct Labor and Fringe Benefits	($33)	
Travel	($1)	
Total EBD-DI Program Fund Impact	**$0**	**0%**

ORANGE COUNTY POWER AUTHORITY

Operating Expenses Highlights: Debt Services

Debt service includes interest costs on the $7.5 million loan from the City of Irvine, as well as imputed interest on OCPA's office lease. The lease-related interest is calculated in accordance with Governmental Accounting Standards Board (GASB) Statement No. 87, which requires the net present value of lease obligations to be capitalized and amortized over the lease term.

$ in thousands Period Ending June 30	FY2025/26 Budget	% of rev
Interest Costs – City of Irvine	$265	
Interest Costs – OCPA's Office Lease	$49	
Total Debt Services	**$314**	0.1%

CCA Comparison (MCE and SDCP): Total debt services costs range from 0.1% to 0.7% of revenue.

5-Year OCPA Financial Proforma FY2026/27 to 2030/31

($ in thousands) Period Ending Jun 30	Reforecast FY2024/25	% of Rev	Budget FY2025/26	% of Rev	Projection FY2026/27	% of Rev	Projection FY2027/28	% of Rev	Projection FY2028/29	% of Rev	Projection FY2029/30	% of Rev	Projection FY2030/31	% of Rev
REVENUE AND OTHER SOURCES														
Revenue - Electricity Base	248,064	87.3%	246,322	86.1%	289,120	97.0%	306,105	96.9%	307,355	96.9%	309,504	96.9%	312,014	96.9%
Revenue - Smart Choice Premium	5,257	1.8%	7,430	2.6%	6,543	2.2%	5,001	1.6%	5,022	1.6%	5,064	1.6%	5,104	1.6%
Revenue - 100% Renewable Premium	16,008	5.6%	3,252	1.1%	4,048	1.4%	6,644	2.1%	6,672	2.1%	6,728	2.1%	6,781	2.1%
Less: Uncollectible Accounts	(4,713)	(1.8%)	(3,855)	(1.5%)	(4,496)	(1.5%)	(4,766)	(1.5%)	(4,786)	(1.5%)	(4,819)	(1.5%)	(4,858)	(1.5%)
Revenue deferral	15,112		29,888		0		0		0		0		0	
Net Revenue - Electricity	279,728	98.4%	283,037	99.0%	295,215	99.0%	312,983	99.1%	314,263	99.1%	316,476	99.1%	319,041	99.1%
Investment and Miscellaneous Income	4,510	1.6%	3,000	1.0%	3,000	1.0%	3,000	0.9%	3,000	0.9%	3,000	0.9%	3,000	0.9%
Total Net Revenue and Other Sources	284,238	100.0%	286,037	100.0%	298,215	100.0%	315,983	100.0%	317,263	100.0%	319,476	100.0%	322,041	100.0%
EXPENDITURES AND OTHER USES														
CURRENT EXPENDITURES														
Cost of Energy	271,038	95.4%	269,368	94.2%	260,317	87.3%	259,399	82.1%	265,720	83.8%	267,633	83.8%	270,720	84.1%
Data Manager	1,831	0.6%	2,237	0.8%	2,668	0.9%	2,790	0.9%	2,865	0.9%	2,942	0.9%	3,021	0.9%
Utilities Service Fees	456	0.2%	480	0.2%	525	0.2%	540	0.2%	540	0.2%	540	0.2%	540	0.2%
Staffing Costs	4,560	1.6%	6,212	2.2%	7,415	2.5%	8,194	2.6%	9,010	2.8%	9,868	3.1%	10,768	3.3%
Contract Services	1,521	0.5%	1,562	0.5%	1,525	0.5%	1,458	0.5%	1,477	0.5%	1,502	0.5%	1,529	0.5%
Legal Services	506	0.2%	756	0.3%	843	0.3%	881	0.3%	922	0.3%	922	0.3%	922	0.3%
Marketing and Outreach	1,726	0.6%	1,650	0.6%	1,731	0.6%	1,817	0.6%	1,906	0.6%	2,001	0.6%	2,099	0.7%
Other G&A	1,328	0.5%	1,787	0.6%	2,102	0.7%	2,101	0.7%	2,132	0.7%	2,190	0.7%	2,250	0.7%
Energy Programs	586	0.2%	1,221	0.4%	1,183	0.4%	1,438	0.5%	1,693	0.5%	1,949	0.6%	2,205	0.7%
	283,552	99.8%	285,272	99.7%	278,309	93.3%	278,618	88.2%	286,266	90.2%	289,547	90.6%	294,055	91.3%
OTHER USES														
Capital Outlay	377	0.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Other Uses	377	0.1%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
DEBT SERVICE														
Interest costs - nonoperating	309	0.1%	314	0.1%	196	0.1%	35	0.0%	26	0.0%	16	0.0%	5	0.0%
Finance costs - Principal	0	0.0%	0	0.0%	2,528	0.8%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Expenditures and Other Uses	284,238	100.0%	285,587	99.8%	281,033	94.2%	278,653	88.2%	286,292	90.2%	289,562	90.6%	294,060	91.3%
Net Income Surplus/(Deficit)	**0**	0.0%	**450**	0.2%	**17,181**	5.8%	**37,331**	11.8%	**30,971**	9.8%	**29,914**	9.4%	**27,981**	8.7%
Reserve Balance:														
Carryover balance	44,866	15.8%	44,866	15.7%	45,316	15.2%	62,498	19.8%	99,828	31.5%	130,799	40.9%	160,713	49.9%
Net Income Surplus/(Deficit)	0	0.0%	450	0.2%	17,181	5.8%	37,331	11.8%	30,971	9.8%	29,914	9.4%	27,981	8.7%
Ending balance	44,866		45,316		62,498		99,828		130,799		160,713		188,694	
% of operating expenses	16%		16%		22%		36%		46%		56%		64%	

OCPA Operating Reserves

Maintaining a healthy operating reserve to absorb numerous risks

CHANGE IN MEMBER PARTICIPATION

Possibility of incurring significant financial risks

IOU RATES

PCIA/Gen rates uncertainty

POWER SUPPLY SHOCKS

Record high power prices, volatile market, scarce RA supply during summer months, collateral postings

CUSTOMER PAYMENTS

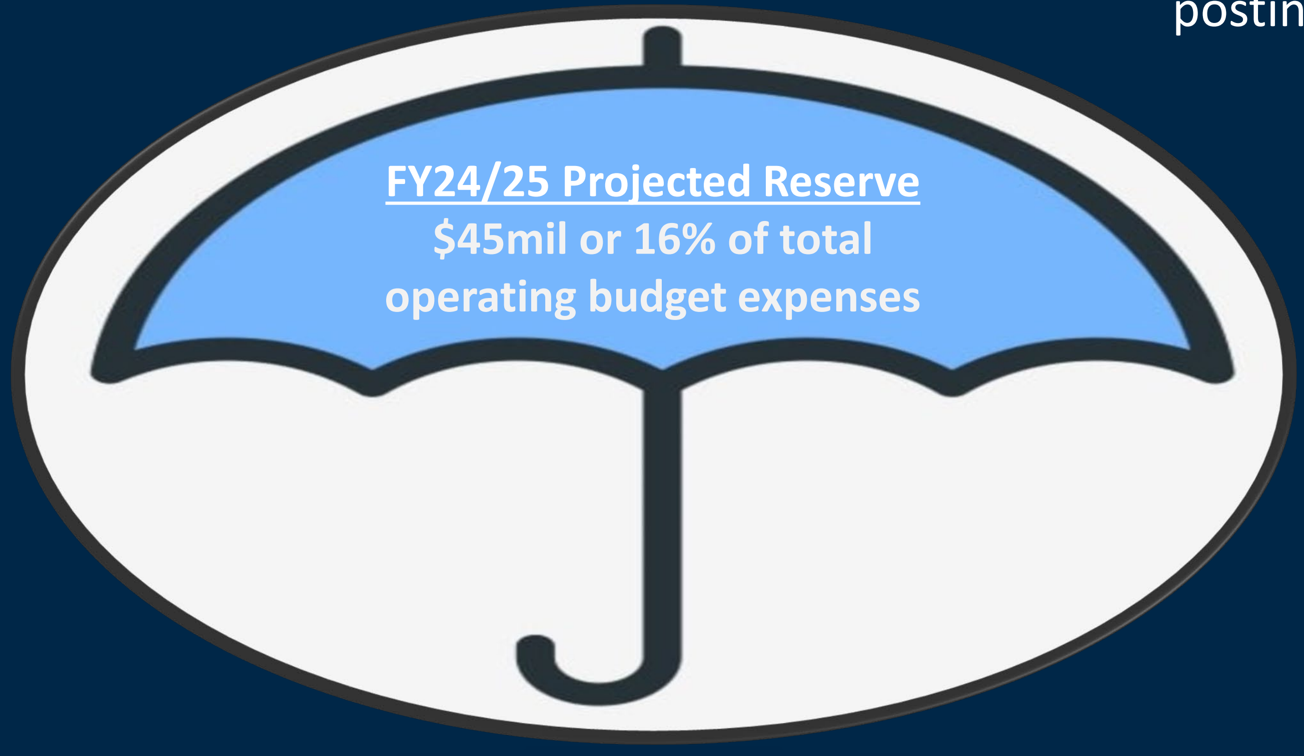
Customer defaults in the event of an economic downturn

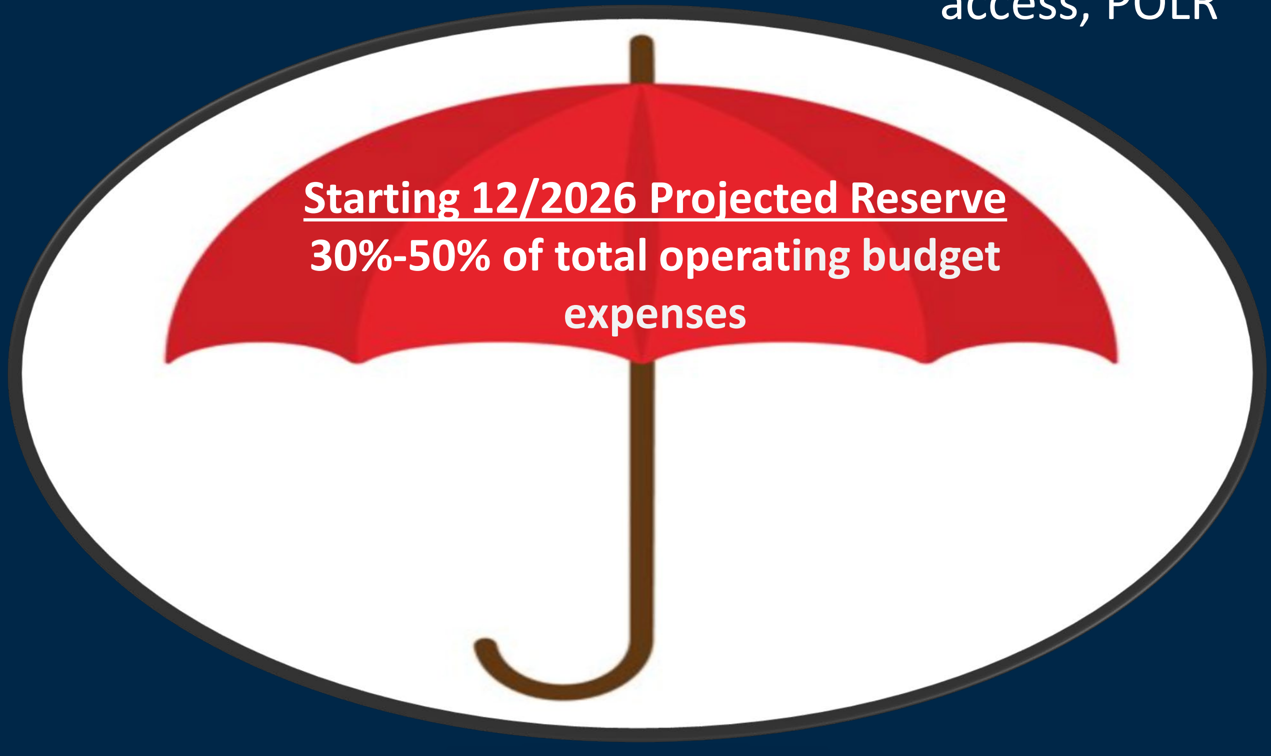
REG &LEG ISSUES

Regulatory & Legislative uncertainty, IRP, RPS, RA reform, PCIA, direct access, POLR

RATE AFFORDABILITY

Energy price increases will impact usage and electrification

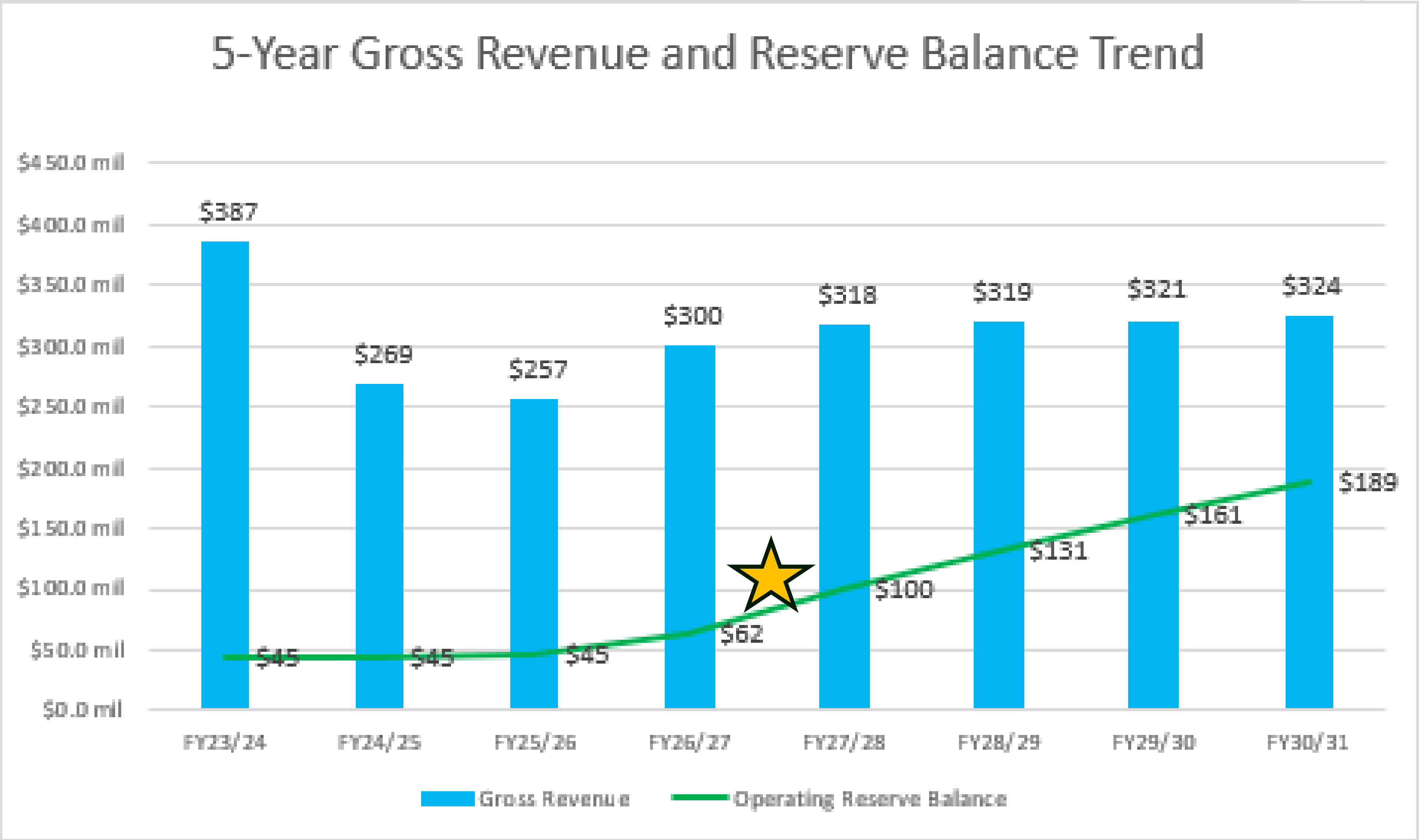




5-Year OCPA Financial Proforma

OCPA maintains an Operating Reserve as part of its long-term financial strategy to achieve an investment-grade credit rating and secure cost-effective energy procurement, promoting fiscal responsibility and operational resilience. The reserve targets 30%-50% of total operating expenses to buffer against external risks such as changes in member participation, fluctuations in SCE generation rates and the Power Charge Indifference Adjustment (PCIA), rising renewable and Resource Adequacy (RA) prices, customer payment defaults, regulatory uncertainties, and market volatility that could impact energy use and electrification goals.

As of December 2026, OCPA's 4th year of full operations, the Operating Reserve is projected to reach $76 million, equal to 30% of total operating budget expenditures, strengthening financial stability and advancing OCPA's clean energy mission.



About OCPA

Established in November 2020 as a Joint Powers Authority, OCPA provides electric generation services to residents and businesses in Buena Park, Fullerton, and Irvine through California's Community Choice Aggregation (CCA) model. Beginning in October 2026, Fountain Valley will also offer its community a choice in electricity generation.

OCPA allows customers to procure electricity from competitive suppliers, with SCE continues to manage transmission and distribution and billing. Focused on reducing greenhouse gas emissions, OCPA promotes local control of renewable energy, offers affordable rates, and delivers innovative energy programs. By supporting economic development, advancing clean energy, and ensuring long-term rate stability, OCPA helps build a sustainable and resilient energy future for Orange County.

2025 OCPA Board

Susan Sonne
Chair

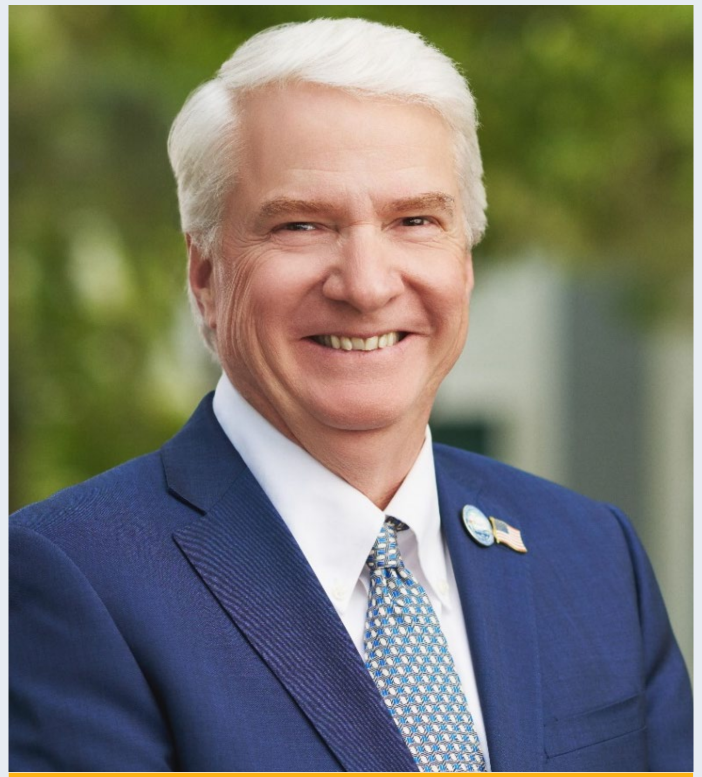
Councilmember
City of Buena Park

James Mai
Vice Chair

Vice Mayor
City of Irvine

Fred Jung
Director

Mayor
City of Fullerton



Glenn Grandis
Director

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City of Fountain Valley

William Go
Director

Councilmember
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