



PUBLIC UTILITIES
anaheim.net/utilities

ANNUAL REPORT

For the Fiscal Year Ended June 30, 2018

Relating to:

CITY OF ANAHEIM PUBLIC UTILITIES DEPARTMENT (ELECTRIC SYSTEM)

- \$42,955,000 Anaheim Housing and Public Improvements Authority Revenue Refunding Bonds, Series 2017-A (Electric Utility Distribution System Refunding), (“the 2017-A Bonds”)
- \$194,790,000 Anaheim Housing and Public Improvements Authority Revenue Refunding Bonds, Series 2017-B (Electric Utility Distribution System Refunding), (“the 2017-B Bonds”)
- \$219,285,000 Anaheim Housing and Public Improvements Authority Revenue Bonds, Series 2016-A (Electric Utility Distribution System Refunding and Improvements), (“the 2016-A Bonds”)
- \$69,780,000 Anaheim Housing and Public Improvements Authority Revenue Refunding Bonds, Series 2016-B (Electric Utility Distribution System Refunding),(Taxable), (“the 2016-B Bonds”)
- \$92,865,000 California Municipal Finance Authority Revenue Refunding Bonds, Series 2015-B (City of Anaheim Electric Utility Distribution System Refunding and Improvements) (“the 2015-B Bonds”)
- \$50,000,000 California Municipal Finance Authority Revenue Bonds, Series 2015-A (City of Anaheim Electric Utility Distribution Facilities) (“the 2015-A Bonds”)
- \$109,350,000 California Municipal Finance Authority Revenue Refunding Bonds, Series 2014-A (City of Anaheim Electric Utility Distribution System Refunding) (“the 2014 Bonds”)
- \$92,130,000 Anaheim Public Financing Authority Revenue Refunding Bonds, Series 2012-A (City of Anaheim Electric System Distribution Refunding) (“the 2012 Bonds”)
- \$90,390,000 Anaheim Public Financing Authority Revenue Bonds, Series 2011-A (City of Anaheim Electric System Distribution Facilities) (“the 2011 Bonds”)
- \$70,000,000 Anaheim Public Financing Authority Revenue Bonds, Series 2009-A (City of Anaheim Electric System Distribution Facilities) (“the 2009 Bonds”)

Dated as of:
December 27, 2017

CUSIP NUMBERS*

Anaheim Housing and Public Improvements Authority Revenue Refunding
Bonds, Series 2017-A
(Electric Utility Distribution System Refunding)

032556CK6	032556CN0	032556CR1
032556CL4	032556CP5	032556CS9
032556CM2	032556CQ3	

Anaheim Housing and Public Improvements Authority Revenue Refunding
Bonds, Series 2017-B
(Electric Utility Distribution System Refunding)

032556CU4	032556CZ3	032556DF6
032556CV2	032556DA7	032556DG4
032556CW0	032556DB5	032556DH2
032556CX8	032556DC3	032556DJ8
032556CY6	032556DD1	032556DK5
	032556DE9	

Anaheim Housing and Public Improvements Authority Revenue Bonds, Series
2016-A
(Electric Utility Distribution System Refunding and Improvements)

032556BA9	032556BG6	032556BP6
032556BB7	032556BH4	032556BQ4
032556BC5	032556BJ0	032556BR2
032556BD3	032556BK7	032556BS0
032556BE1	032556BL5	032556BT8
032556BF8	032556BM3	032556BU5
	032556BN1	032556BV3

Anaheim Housing and Public Improvements Authority Revenue Bonds, Series
2016-B
(Electric System Distribution System Refunding)
(Taxable)

032556BY7
032556BZ4
032556CA8

CUSIP NUMBERS*

California Municipal Financing Authority Revenue Refunding Bonds, Series
2015-B

(City of Anaheim Electric Utility Distribution System Refunding and
Improvements)

13048TXJ7	13048TWU3	13048TXC2
13048TWQ2	13048TWW1	13048TXD0
13048TXK4	13048TWW9	13048TXE8
13048TWR0	13048TWX7	13048TXF5
13048TWS8	13048TWY5	13048TXG3
13048TWT6	13048TWZ2	13048TXL2
	13048TXA6	13048TXH1
	13048TXB4	13048TXM0

California Municipal Financing Authority Revenue Bonds, Series 2015-A
(City of Anaheim Electric System Distribution Facilities)

13048TTU7

California Municipal Financing Authority Revenue Refunding Bonds, Series
2014-A

(City of Anaheim Electric System Distribution System Refunding)

13048TSM6	13048TSR5
13048TSN4	13048TSS3
13048TSP9	13048TST1
13048TSQ7	13048TSU8

Anaheim Public Financing Authority Revenue Refunding Bonds, Series 2012-A
(City of Anaheim Electric System Distribution System Refunding)

03255MQW0	03255MRE9
03255MQX8	03255MRF6
03255MRD1	03255MRG4

Anaheim Public Financing Authority Revenue Refunding Bonds, Series 2011-A
(City of Anaheim Electric System Distribution Facilities)

03255MQE0
03255MQF7
03255MQG5

CUSIP NUMBERS*

Anaheim Public Financing Authority Revenue Refunding Bonds, Series 2009-A
(City of Anaheim Electric System Distribution Facilities)

03255MNT0

* CUSIP is a registered trademark of American Bankers Association. CUSIP data herein is set forth for convenience of reference only. The department assumes no responsibility for the accuracy of such data.

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City of Anaheim
PUBLIC UTILITIES DEPARTMENT
Administration

Date: December 27, 2018

To: Holders and Beneficial Owners of the Anaheim Housing and Public Improvements Authority, Anaheim Public Financing Authority and California Municipal Finance Authority Bonds as listed below

From: Public Utilities Department of the City of Anaheim, California

RE: Fiscal Year 2018 - Ongoing Disclosure of Financial Information and Operating Data Relating to the Electric System

This submission constitutes the 2018 Annual Report of the City of Anaheim ("the City") and is being provided by the City's Department of Public Utilities ("the Department") to provide updated financial and operating information of the Department's Electric Utility of the type included in the final official statements for the following:

- \$42,955,000 Anaheim Housing and Public Improvements Authority Revenue Refunding Bonds, Series 2017-A (Electric Utility Distribution System Refunding), ("the 2017-A Bonds")
- \$194,790,000 Anaheim Housing and Public Improvements Authority Revenue Refunding Bonds, Series 2017-B (Electric Utility Distribution System Refunding), ("the 2017-B Bonds")
- \$219,285,000 Anaheim Housing and Public Improvements Authority Revenue Bonds, Series 2016-A (Electric Utility Distribution System Refunding and Improvements), ("the 2016-A Bonds")
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- \$50,000,000 California Municipal Finance Authority Revenue Bonds, Series 2015-A (City of Anaheim Electric System Distribution Facilities) ("the 2015-A Bonds"), (Second Lien Qualified Obligations)
- \$109,350,000 California Municipal Finance Authority Revenue Refunding Bonds, Series 2014-A (City of Anaheim Electric Utility Distribution System Refunding) ("the 2014 Bonds")
- \$92,130,000 Anaheim Public Financing Authority Revenue Refunding Bonds, Series 2012-A (City of Anaheim Electric System Distribution System Refunding) ("the 2012 Bonds")
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- \$70,000,000 Anaheim Public Financing Authority Revenue Bonds, Series 2009-A (City of Anaheim Electric System Distribution Facilities) ("the 2009 Bonds")

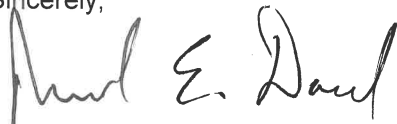
The 2018 Annual Report is provided pursuant to the covenants made by the Department in connection with the issuance of; (i) the 2016-A and 2016-B Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of October 1, 2016; (ii) the 2015-B Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of June 1, 2015; (iii) the 2015-A Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of April 1, 2015; (iv) the 2014-A Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of October 1, 2014; (v) the 2012 Bonds as required by the Continuing Disclosure Agreement by and between the City and The Bank of New York Mellon Trust Company dated as of September 1, 2012; (vi) the 2011 Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of May 1, 2011; (vii) the 2009 Bonds as required by the Continuing Disclosure Agreement by and between the City and The Bank of New York Mellon Trust Company, N.A. dated as of February 1, 2009; (viii) the 2017-A and 2017-B Bonds as required by the Continuing Disclosure Agreement by and between the City and U.S. Bank National Association dated as of December 1, 2017.

The information provided in this submission pertains only as of its date and is subject to change without notice. The submission of this information may not create an implication that there has been no change to the information provided. The City has not agreed to provide notice in the event of subsequent changes to the information provided.

The Annual Report and Audited Financial Statements were filed on December 27, 2018 with Electronic Municipal Market Access (emma.msrb.org).

For further information regarding this Report, please contact Russell Dowell at (714) 765-4628.

Sincerely,

A handwritten signature in black ink that reads "Russell E. Dowell". The signature is written in a cursive style with a large initial "R" and "D".

Russell E. Dowell
Controller
Public Utilities Department
City of Anaheim, CA

City of Anaheim Electric Utility
Continuing Disclosure Tabular Requirements

1. Historical Loads and Resources
(in mW)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Peak Loads	562	535	584	584	549
Combustion Turbine	45	45	45	45	46
San Juan, Unit 4	50	50	50	50	50
Hoover	40	40	40	40	40
JPP	236	236	236	236	237
Magnolia	118	118	118	118	118
Canyon Power Project	200	200	200	200	200
Ormat Technologies	8	8	8	8	9
PPM Energy	32	32	32	32	32
Brea Power Partners (Ridgewood)	27	27	27	27	5
Raser Technologies	7	7	7	7	11
San Gorgonio Farm	31	31	31	31	31
MWD Small Hydro	10	10	10	10	10
Noble	-	19.9	20	19.9	
Bowerman Power	20	20	20		
Westlands (Westside Solar, LLC)	2	2	2		
Loyalton	0.5				
Subtotal	827	846	846	824	789
Less Reserves and Losses		0	0	0	0
Net Resources	827	846	846	824	789

2. Electric System Statistics
(\$ in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Investment in Utility Plant:					
Production ⁽¹⁾	46,103	\$ 130,719	\$ 130,719	\$ 130,719	\$ 123,622
Transmission	97,367	97,235	96,727	96,400	94,220
Distribution	1,018,714	1,004,757	949,811	919,288	877,903
General	142,506	137,459	135,633	133,883	127,752
Gross Utility Plant	1,304,690	1,370,170	1,312,890	1,280,290	1,223,497
Less Accumulated Depreciation	(559,890)	(601,412)	(550,220)	(497,041)	(459,092)
Net Plant in Service	744,800	768,758	762,670	783,249	764,405
Land	34,243	34,243	34,243	35,671	35,671
Construction Work in Progress	144,398	91,236	84,945	60,646	55,001
Total Utility Plant	923,441	\$ 894,237	\$ 881,858	\$ 879,566	\$ 855,077
Production costs					
Owned Generation ⁽¹⁾	19,676	32,537	32,032	31,907	\$ 32,415
Purchased Power ⁽²⁾	179,470	200,916	176,248	200,952	207,542
Total Production Costs	\$ 199,146	\$ 233,453	\$ 208,280	\$ 232,859	\$ 239,957
Transmission - 69kV Circuit Miles	90	90	88	87	86
Distribution Overhead Circuit Miles	399	402	408	414	420
Distribution Underground Circuit Miles	714	708	693	680	666
Transformer Capacity (in kVA)					
220 kV to 69 kV	1,808,000	1,808,000	1,808,000	1,808,000	1,808,000
69 kV to 12 kV	1,157,800	1,157,800	1,157,800	1,157,800	1,135,400
12 kV to Customer	1,646,574	1,543,238	1,543,238	1,539,192	1,561,515

⁽¹⁾ Includes debt service on facilities during the fiscal period.

⁽²⁾ Excludes transmission costs and gas costs.

3. Total Megawatt Hours (mWh) Generated and Purchased and Peak Demand (mW)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Owned Generation:					
San Juan	182,327	340,146	266,263	325,045	387,518
Combustion Turbine	49,063	57,921	52,657	46,612	79,830
Firm Purchases:					
Intermountain Power Project	1,112,208	1,132,118	1,109,117	1,492,531	1,557,917
Canyon Power Project	177,257	144,510	84,064	115,090	88,271
Hoover	38,787	37,654	41,177	41,237	44,769
Magnolia	621,994	594,095	706,714	718,802	711,517
Renewable Resources	734,763	825,801	840,243	834,304	1,065,707
Non Firm Purchases:	303,380	256,752	269,341	215,495	296,193
System Total Energy Generated and Purchased, mWh	3,219,779	3,388,997	3,369,577	3,789,116	4,231,722
Distribution System Peak Demand, mW	562	535	584	578	549

City of Anaheim Electric Utility
Continuing Disclosure Tabular Requirements

4. Average Number of Customers (meters)	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Residential	101,740	100,480	99,836	98,475	98,382
Commercial	17,386	17,355	17,305	16,777	16,657
Industrial	306	297	303	300	302
Other	120	117	134	115	117
Other Utilities	12	15	15	15	16
Total - All Classes	119,564	118,264	117,593	115,682	115,474

5. Total Energy Sold (mWh)	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Residential	592,732	592,114	606,951	615,111	570,167
Commercial	797,648	773,010	774,254	794,509	708,322
Industrial	921,712	981,188	1,012,644	1,061,475	1,050,879
Other	825	821	7,459	9,228	28,327
Other Utilities	845,619	951,207	821,284	1,245,063	1,721,011
Total - All Classes	3,158,536	3,298,340	3,222,592	3,725,386	4,078,706

6. Primary Rate Schedules for Residential, Commercial and Industrial Customers

Type and Description of Service

Domestic Service: Single Family Basic

Customer Charge	\$ 5.00
Energy Charge (to be added to Customer Charge)	
First 300 kWh, per kWh	\$ 12.00 cents
All excess kWh, per kWh	\$ 19.74 cents

General Service: Small Commercial

Customer Charge	\$ 15.00
Energy Charge (to be added to Customer Charge)	
All kWh, per kWh	\$ 17.62 cents

General Service: Large Commercial & Industrial Customers

Customer Charge	\$ 360.91
Demand Charge (to be added to Customer Charge)	
First 200 kW or less of billing demand	\$ 2,769.00
All excess kW of billing demand, per kW	\$ 15.65
Energy Charge (to be added to Customer Charge)	
For the first 540 kWh per kW of billing demand, per kWh	\$ 11.35 cents
All excess kWh, per kWh	\$ 8.13 cents

Time of Use: Commercial / Industrial > 500 kW, optional

	<u>Summer</u>	<u>Winter</u>
Customer Charge	\$ 342.12	\$ 342.12
Demand Charge (to be added to Customer Charge)		
Non-time related Maximum Demand, per kW	\$ 8.66	\$ 8.66
Plus all on-peak demand, per kW	\$ 15.68	N/A
Plus all mid-peak demand, per kW	\$ 5.47	\$ 5.74
Plus all off-peak demand, per kW	N/A	N/A
Energy Charge (to be added to Customer Charge)		
All on-peak demand, per kWh	\$ 14.80 cents	N/A cents
Plus all mid-peak demand, per kWh	\$ 11.71 cents	12.48 cents
Plus all off-peak demand, per kWh	\$ 7.87 cents	7.87 cents

7. Average Percentage Increase (or decrease) in Electric Rates

Effective Date	Overall System	Residential	Commercial	Industrial
May 17, 2018	0.0%	0.0%	0.0%	3.3%
February 1, 2018	3.1%	3.0%	2.8%	3.4%
April 3, 2017	-2.5%	-2.4%	-2.2%	-2.7%
February 1, 2017	0.0%	0.0%	0.0%	-3.5%
September 8, 2015	2.8%	2.6%	2.6%	3.1%
September 1, 2015	0.0%	0.0%	0.0%	0.0%
May 5, 2015	3.2%	3.0%	3.0%	3.6%
August 1, 2013	0.0%	0.0%	0.0%	0.0%

Anaheim implemented a power cost adjustment (PCA) factor on 4/1/2001, and Environmental Mitigation adjustment (EMA) factor on 1/13/2009.

On August 1, 2013, a new large TOU rate was added as \$0.01/kWh

On May 5, 2015, the PCA was increased by \$0.005/kWh for all customers.

On September 1, 2015, rates were restructured to reduce the PCA and EMA to \$0.0000/kWh with a corresponding increase to base rates.

The residential lifeline allowance was also increased from 270 kWh/month to 300 kWh/month and the income-qualified discount was extended to military veterans.

On September 8, 2015, the EMA was increased by \$0.0045/kWh for all customers.

On February 1, 2017 the PCA was reduced by \$0.0052/kWh for Large TOU customers

On April 3, 2017 the EMA was reduced by \$0.004/kWh for all customers

On February 1, 2018, the PCA was increased by \$0.005/kWh for all customers.

On May 17, 2018, the EMA was increased by \$0.005/kWh for Large TOU customers

An underground surcharge of 4% on customer bills was implemented as part of electric rates in November 1996.

City of Anaheim Electric Utility
Continuing Disclosure Tabular Requirements

8. Average Billing Price (Cents) per kilowatt-hour (retail sales)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Residential	16.69	16.90	17.18	16.65	16.64
Commercial	17.54	17.79	17.65	16.58	16.79
Industrial	14.66	14.75	14.72	13.90	13.90
Other	14.62	14.61	16.10	15.87	14.03
System Average	16.20	16.29	16.29	15.47	15.49

Average billing price per kWh is included of PCA and EMA charges.
Average billing price changed to cents from mills since 2009.

9. Financial Results of the Electric System

(\$ in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
REVENUES					
Sale of electricity					
Residential	97,586	\$ 97,204	\$ 97,286	\$ 86,584	\$ 81,339
Commercial	138,140	134,231	129,479	115,934	105,636
Industrial	135,631	142,699	139,471	120,575	124,794
Other	5,772	4,489	1,157	1,270	3,591
Other utilities	28,879	24,372	11,568	27,800	42,374
Billed revenue from the sale of electricity	406,008	402,995	378,961	352,163	357,734
Change in unbilled revenue	694	\$ (1,852)	\$ 5,228	\$ (156)	1,556
Total revenue from the sale of electricity	406,702	401,143	384,189	352,007	359,290
Provision for rate stabilization (RSA)	-	-	7,000	65,000	26,500
Other revenues ⁽¹⁾	40,148	34,693	42,555	41,204	44,992
Total gross revenues	446,850	435,837	433,744	458,211	430,782
EXPENSES					
Cost of purchased power ^{(2) (3)}	244,687	263,729	239,863	264,870	275,013
Fuel and generation	19,676	19,337	20,833	23,171	23,643
Operations, maintenance, and administration	60,429	50,128	52,635	47,902	43,079
Right of way fee	5,584	5,694	5,838	5,263	5,555
Total operating expenses	330,376	338,888	319,169	341,206	347,290
NET REVENUES	116,474	96,949	114,575	117,005	83,492
Deposits/(Reduction) to renewal and replacement	(374)	(122)	(440)	377	149
SURPLUS REVENUES (a)	116,848	97,071	115,015	116,628	83,343
Second lien qualified obligations	832	571	292	47	8,417
Qualified obligations purchase payments ⁽⁴⁾	51,086	47,898	40,829	40,781	33,212
Qualified obligations purchase payments including second lien obligations	51,918	48,469	41,121	40,828	41,629
Net revenues after debt service payments	64,930	48,602	73,893	75,800	41,714
Transfers to Anaheim general fund	(17,028)	(19,032)	(17,358)	(17,151)	(17,128)
Transfers from (to) Anaheim other funds	492	53	110	4,114	297
BALANCE FOR OTHER PURPOSES	\$ 48,394	\$ 29,623	\$ 56,645	\$ 62,763	\$ 24,883
Qualified obligation debt service coverage (a/b)	2.3	2.0	2.8	2.9	2.0

(1) The other revenues include transmission revenues, natural gas sales and interest income.

(2) The cost of purchased power includes take-or-pay obligations with joint power agencies.

(3) The cost of purchased power includes transmission costs and natural gas cost.

(4) Qualified Obligations outstanding at June 30, 2018 include \$62,990,000 Anaheim Public Financing Authority Revenue Bonds, Series 2012-A; \$8,565,000 Anaheim Public Financing Authority Revenue Bonds, Series 2011-A; \$1,540,000 Anaheim Public Financing Authority Revenue Bonds, Series 2009; \$138,095,000 Anaheim Housing and Public Improvement Authority Revenue Refunding Bonds, Series 2016A,B; \$87,360,000 California Municipal Finance Authority Revenue Refunding Bonds Series 2014-A; \$85,110,000 California Municipal Finance Authority Revenue Refunding Bonds Series 2015-B; \$237,285,000 Anaheim Housing and Public Improvement Authority Revenue Refunding Bonds, Series 2017A,B; Second Lien Qualified Obligations outstanding at June 30, 2018 include \$50,000,000 California Municipal Finance Authority Revenue Refunding Bonds Series 2015-A;

**City of Anaheim Electric Utility
Continuing Disclosure Tabular Requirements**

10. Outstanding Debt of Joint Powers Agencies and Anaheim's Entitlement

As of June 30, 2018 (\$ in thousands)	Principal Amount of Outstanding Debt	Anaheim Participation %	Anaheim Share of Outstanding Debt
Intermountain Power Agency			
Intermountain Power Agency	\$ 912,229	13.225%	\$ 119,440
Southern California Public Power Authority			
Southern Transmission System	\$ 486,405	17.647%	\$ 85,836
Hoover Dam Upgrading	\$ -	42.553%	\$ -
Magnolia Power Project	\$ 295,440	39.683%	\$ 117,239
Mead-Phoenix Transmission	\$ 16,520	24.200%	\$ 3,998
Mead-Adelanto Transmission	\$ 54,660	13.500%	\$ 7,379
Prepaid Natural Gas Project	\$ 296,660	16.500%	\$ 48,949
Natural Gas Reserves	\$ 35,150	100.000%	\$ 35,150
Canyon Power Project	\$ 323,370	100.000%	\$ 323,370
Total	\$2,420,434		\$ 741,361

Source: Based on information provided by the Intermountain Power Agency and the Southern California Public Power Authority.

AUDITED FINANCIAL STATEMENTS

The City of Anaheim Electric Utility Fund Financial Statements for the Fiscal Year Ended June 30, 2018 (With Independent Auditors' Report Thereon dated December 19, 2018) is attached as a separate file.