California Community Choice Financing Authority

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY

FINANCIAL STATEMENTS

PERIOD ENDED DECEMBER 31, 2021

WITH REPORT OF

INDEPENDENT AUDITORS

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
PERIOD FROM INCEPTION TO DECEMBER 31, 2021

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Independent Auditors' Report

To the Board of Directors of
California Community Choice Financing Authority

Opinion

We have audited the accompanying financial statements of California Community Choice Financing Authority (CCCFA), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the CCCFA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CCCFA as of December 31, 2021, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CCCFA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the CCCFA's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Baker Tilly US, LLP

Madison, Wisconsin
September 28, 2022

The Management's Discussion and Analysis provides an overview of California Community Choice Financing Authority (CCCFA) financial activities from inception (June 25, 2021) to December 31, 2021. The information presented here should be considered in conjunction with the audited financial statements.

BACKGROUND

CCCFA is a Joint Powers Agency comprised of Community Choice Aggregators (CCAs) and was established on June 25, 2021. CCAs were made possible in 2002 by the passage of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation. CCCFA was established for the purpose of prepaying for a supply of electricity to be delivered over a multi-year period under a Prepaid Energy Purchase and Sale Agreement between CCCFA and energy suppliers. CCCFA sells the electricity to its member CCAs who are a party to the applicable Prepay Agreement.

Each CCCFA Prepay Energy Purchase and Sale Agreement is specific to the member CCAs who elect to be part of that particular agreement. Member CCAs who are not a party to a specific agreement are not responsible to purchase electricity through that agreement. CCCFA issued its first bond in September 2021 followed by a second bond in November 2021.

CCCFA has no employees and the member CCAs contribute to CCCFA the actual costs of providing general and administrative services. CCCFA is governed by a Board consisting of one director representing each founding member of CCCFA.

Financial Reporting

CCCFA presents its financial statements as an enterprise fund under the economic resources measurement focus and accrual basis of accounting, in accordance with Generally Accepted Accounting Principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

Contents of this report

This report is divided into the following sections:

- Management's discussion and analysis, which provides an overview of the financial operations.

- The basic financial statements:

    - The *Statement of Net Position* includes all of CCCFA's assets, liabilities, and net position and provides information about the nature and amount of resources and obligations at a specific point in time.

    - The *Statement of Revenues, Expenses, and Changes in Net Position* reports all of CCCFA's revenue and expenses for the period shown.

    - The *Statement of Cash Flows* reports the cash provided and used by operating activities, as well as other sources and uses, such as debt financing, if applicable.

    - Notes to the Basic Financial Statements, which provide additional details and information related to the basic financial statements.

FINANCIAL HIGHLIGHTS

The following is a summary of CCCFA's assets, liabilities, and net position and a discussion of changes for the period ended December 31, 2021.

Current assets	$ 98,026,819
Noncurrent assets	2,055,035,274
Deferred outflow of resources	1,000,000
Total assets	2,154,062,093
Current liabilites	14,265,952
Noncurrent liabilites	2,162,472,945
Total liabilites	2,176,738,897
Net position	
Unrestricted (deficit)	(22,676,804)
Total net position	$ (22,676,804)

Current and Noncurrent Assets

CCCFA's most significant asset is its Prepaid Energy Supply, of which the current portion was $48,770,000 and the noncurrent portion was $2,055,000,000.

CCCFA also has $48,984,000 in investments subject to restrictions under trust indentures related to outstanding debt.

Current and Noncurrent Liabilities

Current liabilities consist primarily of accrued interest payable on bonds outstanding.

Noncurrent liabilities consist entirely of bonds outstanding with serial maturities from 2023 through 2052.

Results of Operations

The following table is a summary of CCCFA's results of operations and a discussion of changes for the period from inception through December 31, 2021:

Operating revenues	$ -
Operating expenses	67,502
Nonoperating revenues (expenses)	
Interest income	129,095
Debt issuance costs	(11,929,938)
Interest on debt	(10,863,064)
Nonoperating revenues (expenses), net	(22,663,907)
Member contributions	54,605
Change in net position	$ (22,676,804)

Operating Revenues

CCCFA had no operating revenues during 2021.

Operating Expenses

Operating expenses include contract services and other general and administrative expenses.

Nonoperating revenues (expenses)

CCCFA earned $129,000 in interest income during 2021.

Debt issuance costs were $11,505,000 during 2021. These costs covered underwriter's discount and other issuance costs on bonds issued during 2021.

Interest on debt for the year was $10,863,000. Interest was accrued on bonds issued during 2021.

Member contributions

CCCFA' members make contributions to provide for the cost of general and administrative services.

REQUEST FOR INFORMATION

This financial report is designed to provide CCCFA's users and creditors with an overview of CCCFA's finances and to demonstrate CCCFA's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 1125 Tamalpais Ave, San Rafael CA 94901.

Respectfully submitted,

Garth Salisbury, Treasurer/Controller

BASIC FINANCIAL STATEMENTS

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2021

ASSETS	
CURRENT ASSETS	
Cash	$ 126,400
Restricted cash and cash equivalents	110,181
Restricted investments	15,758,966
Accrued interest receivable	36,342
Prepaid energy supply	48,769,977
Total current assets	64,801,866
NONCURRENT ASSETS	
Prepaid energy supply	2,055,035,274
Restricted investments	33,224,953
Total noncurrent assets	2,088,260,227
TOTAL ASSETS	2,153,062,093
LIABILITIES	
CURRENT LIABILITIES	
Accrued interest payable	14,249,849
Accounts payable and accrued expenses	16,103
Total current liabilities	14,265,952
NONCURRENT LIABILITIES	
Bonds payable, net	2,161,472,945
Total noncurrent liabilities	2,161,472,945
TOTAL LIABILITIES	2,175,738,897
NET POSITION	
Unrestricted (deficit)	(22,676,804)
Total net position (deficit)	$ (22,676,804)

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

CALIFORNIA COMMUNITY CHOICE FINANCING AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PERIOD FROM INCEPTION TO DECEMBER 31, 2021

OPERATING REVENUES	$ -
OPERATING EXPENSES	
Contract services and administrative costs	67,502
OPERATING LOSS	(67,502)
NONOPERATING REVENUES (EXPENSES)	
Interest income	129,095
Member contributions	54,605
Debt issuance costs	(11,929,938)
Interest on debt, net	(10,863,064)
Nonoperating revenues (expenses), net	(22,609,302)
CHANGE IN NET POSITION	(22,676,804)
Net position at beginning of year	-
Net position (deficit) at end of year	$ (22,676,804)

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

CASH FLOWS FROM OPERATING ACTIVITIES	
Prepaid energy supply expenditures	$ (2,103,805,251)
Payments for administrative and general expenses	(51,399)
Net cash provided (used) by operating activates	(2,103,856,650)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITES	
Proceeds from bond issuance, net of premium	2,156,747,973
Receipts of member contributions	54,605
Debt issuance costs	(3,261,142)
Interest paid	(557,039)
Net cash provided by noncapital financing activates	2,152,984,397
CASH FLOWS FROM INVESTING ACTIVITES	
Investment income	92,753
Sale of investments	628,833
Purchase of investments	(49,612,752)
Net cash used by investing activates	(48,891,166)
Net change in cash and cash equivalents	236,581
Cash and cash equivalents at beginning of period	-
Cash and cash equivalents at end of period	$ 236,581
Reconciliation to the Statement of Net Position	
Cash	$ 126,400
Restricted cash and cash equivalents	110,181
Cash and cash equivalents	$ 236,581
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (67,502)
Adjustments to reconcile operating loss to net cash used by operating activities:	
(Increase) decrease in:	
Prepaid energy supply	(2,103,805,251)
Increase (decrease) in:	
Accrued cost of electricity	
Accounts payable	16,103
Net cash used by operating activities	$ (2,103,856,650)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REPORTING ENTITY

California Community Choice Financing Authority (CCCFA) is a California joint powers authority created on June 25, 2021, and is comprised of the following Community Choice Aggregators (CCAs) as of December 31, 2021:

Central Coast Community Energy
East Bay Community Energy
Marin Clean Energy
Silicon Valley Clean Energy

CCCFA is distinct from its members and is governed by a Board of Directors consisting of one director from each member of CCCFA.

CCCFA was established to issue debt to provide cash to pay in advance for a supply of electricity to be delivered over a multi-year period under a Prepaid Energy Sales Agreement (Prepaid Agreement) between CCCFA and its members.

CCCFA has entered into two Prepaid Agreements as of December 31, 2021. Two members participated in one Prepaid Agreement. One member participated in the second Prepaid Agreement. The members that participate in each Prepaid Agreement are obligated to pay CCCFA for the electricity delivered under the Prepaid Agreement. The member CCAs have no obligation to pay for electricity that CCCFA fails to deliver. CCCFA anticipates that additional Prepaid Agreements will be entered into in subsequent years.

The JPA agreement will remain in effect until terminated by a supplemental written agreement of the parties; provided, that in no event shall the JPA agreement terminate while any of the Prepaid Agreements are in effect, or while any of CCCFA’s debt is outstanding.

Revenues from Prepaid Agreements and the debt service payments are dependent upon the continued delivery of electricity under the Prepaid Agreements. Various termination events are specified in the Prepaid Agreements. Upon the occurrence of any such event, the Prepaid Agreement may be terminated by CCCFA or the energy supplier. If the Prepaid Agreement is terminated, the energy supplier will be required to pay a scheduled termination payment to CCCFA. Any termination of the Prepaid Agreements will result in the extraordinary mandatory redemption of CCCFA’s long-term debt. No member has any obligation or liability to CCCFA beyond that specifically provided for in the JPA agreement or the Prepaid Agreements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF ACCOUNTING

CCCFA's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

CCCFA's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. General and administrative costs, electric energy sale revenues, and electric energy purchase costs that are directly related to delivery of electricity are reported as operating revenues and expenses. All other revenues and expenses are reported as non-operating revenues and expenses. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position. Reported net position is segregated into three categories, if applicable – investment in capital assets, restricted and unrestricted.

When both restricted and unrestricted resources are available for use, CCCFA will use restricted resources first, then unrestricted resources as they are needed.

CASH

For purpose of the Statement of Cash Flows, CCCFA has defined cash to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less.

RESTRICTED ASSETS

CCCFA's restricted assets are comprised of money market funds and Guaranteed Investment Contracts (GICs) which use is limited for specific purposes pursuant to the Trust Indenture (Indenture) requirements. The Indenture specifies the flow of cash into the various trust accounts and dictates when they may become unrestricted.

PREPAID ELECTRICITY SUPPLY

CCCFA has prepaid for delivery of electricity supply with the proceeds from revenue bonds. CCCFA provides for amortization of the historical cost of the Prepaid Energy Supply based on the contracted volume expected to be delivered under contract. When CCCFA amortizes its Prepaid Electricity Supply, the amortization is recorded against the current portion of Prepaid Electricity Supply.

BOND ISSUANCE COSTS

CCCFA considers all bond issuance costs as an expense in the year of issuance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

DERIVATIVE FINANCIAL INSTRUMENTS

Forward Contracts - CCCFA enters into forward contracts (electricity price swap agreements) to manage its exposure to market volatility of electricity commodity prices. CCCFA does not enter into these agreements for trading purposes. Due to the termination provisions of these agreements, they have no fair value, and therefore, there is no adjustment to mark-to-market and CCCFA does not record these derivative financial instruments on its Statement of Net Position. CCCFA is exposed to the risk of early termination of the Prepaid Agreement if the counterparties default or if the swap agreements are terminated. Net swap payments received or paid for the swap are reported as a component of Operating Revenues in the Statement of Revenues, Expenses and Changes in Net Position.

Interest Rate Swap Agreements CCCFA enters into interest rate swap agreements to modify the effective interest rates on outstanding debt. Due to the termination provisions of these agreements, they have no fair value. Interest expense is reported net of the swap payments received or paid as a component of Interest on Debt in the Statement of Revenues, Expenses and Changes in Net Position.

NET POSITION

CCCFA classifies its Net Position as follows:

Unrestricted - This component of net position consists of net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "Restricted."

Restricted - This component of net position consists of assets with constraints placed on their use, either externally or internally. Constraints include those imposed by debt indentures (excluding amounts considered in net capital), grants or laws and regulations of other governments, by law through constitutional provisions or enabling legislation, or by the Board. These restricted assets are reduced by liabilities and deferred inflows of resources related to those assets. No net position was considered restricted at June 30, 2022.

OPERATING AND NONOPERATING REVENUE

Electricity sales to members are recorded as revenues when the electricity is delivered. As of December 31, 2021, there was no revenue as the electricity deliveries had not begun.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

OPERATING AND NONOPERATING EXPENSES

Operating expenses include the cost of electricity sold, professional services, and administrative expenses as incurred. CCCFA's policy is to recognize an expense for energy costs associated with the volume of electricity delivered. The majority of such expense will be through the amortization of prepaid electricity supply asset. The amortization of prepaid electricity is recognized in proportion to the total scheduled volume of energy to be delivered under each contract.

MEMBER CONTRIBUTIONS

Amounts contributed by CCA members to provide for the cost of administrative and general expenses are recorded as Member Contributions.

FAIR VALUE REPORTING

CCCFA's investments in guaranteed investment contracts (GIC) have been determined to be nonparticipating and are valued at amortized cost as required by Governmental Standards Board Statement No. 31. Derivative instruments are stated at fair value.

INCOME TAXES

CCCFA is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

CCCFA also maintains cash for general operations at River City Bank in Sacramento, California. CCCFA's deposits with River City Bank are subject to California Government Code Section 16521 which requires that banks collateralize the amount of public funds in excess of the Federal Deposit Insurance Corporation limit of $250,000 by 110%.

Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. To mitigate the risk, CCCFA limits investments to Guaranteed Investment Contracts to be held only by trustee banks rated "A" or better and money market funds held at the trustee banks.

Custodial Credit Risk

This is the risk that in the event of the failure of a depository financial institution or counterparty to a transaction, CCCFA's deposits may not be returned or CCCFA will not be able to recover the value of its deposits, investments or securities that are in the possession of another party. CCCFA is exposed to custodial risk in that cash and investments are held by Bank of New York Mellon Trust Company, N.A. and U.S. Bank N.A.

Concentration of Credit Risk

This is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. CCCFA places no limit on the amounts invested in any one issuer for Guaranteed Investment Contract providers that are rated at least "A".

At December 31, 2021, CCCFA's investments in uncollateralized guaranteed investment contracts were as follows:

GIC 2021A (J.Aron / Goldman Sachs)	$ 23,624,953
GIC 2021A (Mass Mutual)	9,600,000
GIC 2021B (Morgan Stanley)	15,758,966
	$ 48,983,919

Interest Rate Risk

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

3. PREPAID ELECTRICITY SUPPLY

During 2021, CCCFA paid for electricity supply that is expected to be delivered each year until 2052. No electricity was delivered during 2021.

Prepaid electricity supply	$ 2,103,805,251
Less: current portion	(48,769,977)
Total prepaid electricity supply - noncurrent portion	$ 2,055,035,274

	June 25, 2021 (Inception)	Additions	Amortization	December 31, 2021
Prepaid electricity supply	-	$ 2,103,805,251	-	$ 2,103,805,251

4. DEBT

CCCFA issued $1,234,720,000 of fixed rate (2021B-1) and SIFMA Index Rate (2021B-2) bonds in September 2021 (2021B Bonds) with fixed and variable interest rates maturing from 2025 to 2052. CCCFA also issued $602,655,000 of 2021A (Green Bonds – Climate Bond Certified) bonds in November 2021 (2021A Bonds) with fixed interest rates maturing from 2023 to 2052.

CCCFA's long-term debt is presented below:

	Coupon Rate	Effective Rate	Maturity Date	December 31, 2021
2021A Bonds	4.00%	0.540% - 1.380%	2023-2027	$ 9,405,000
2021A Bonds	4.00%	1.440%	2052	593,250,000
Unamortized premiums				86,353,318
Less: amounts due within one year				-
Total long-term debt, net				$ 689,008,318

	Coupon Rate	Effective Rate	Maturity Date	December 31, 2021
2021B Bond	4.00%	1.440% - 1.540%	2025-2031	$ 39,340,000
2021B Bond	4.00%		2052	1,041,380,000
2021B Bonds	2%	1.540%	2052	4,000,000
2021B Bonds	SIFMA Index plus 45 basis	1.540%	2052	150,000,000
Unamortized premiums				237,744,627
Less: amounts due within one year				-
Total long-term debt, net				$ 1,472,464,627

4. DEBT (continued)

The following is a summary of long-term activity for the period ended December 31, 2021:

	June 25, 2021 (Inception)	Additions	Reductions	December 31, 2021
Nominal value				
2021A Bonds	$ -	$ 602,655,000	$ -	$ 602,655,000
2021B Bonds	-	1,234,720,000	-	1,234,720,000
Subtotal	-	1,837,375,000	-	1,837,375,000
Premiums				
2021A Bonds		86,866,126	(512,808)	86,353,318
2021B Bonds		241,175,643	(3,431,016)	237,744,627
Subtotal	-	328,041,769	(3,943,824)	324,097,945
Total long-term debt	$ -	$ 2,165,416,769	$(3,943,824)	2,161,472,945
Less: Current				-
Non-current				$ 2,161,472,945

The annual debt service requirements to maturity for the Bonds are as follows at December 31, 2021:

Year	Principal	Interest	Total
2022	$ -	$ 63,620,350	$ 63,620,350
2023	2,000,000	69,757,000	71,757,000
2024	1,940,000	69,677,000	71,617,000
2025	5,085,000	69,599,400	74,684,400
2026	7,240,000	69,338,200	76,578,200
2027-2031	87,005,000	340,332,667	427,337,667
2032-2036	270,680,000	308,561,046	579,241,046
2037-2041	340,070,000	252,858,037	592,928,037
2042-2046	435,575,000	181,387,391	616,962,391
2047-2051	602,445,000	85,351,142	687,796,142
2052	85,335,000	2,175,356	87,510,356
	$ 1,837,375,000	$ 1,512,657,588	$ 3,350,032,588

4. DEBT (continued)

Interest in the preceding table includes interest requirements at the stated fixed rates and the effective rate for variable-rate Bonds. Some Bonds include requirements for remarketing in 2031. The amortization included in the table assumes the interest rates after the remarketing dates are the same as before the remarketing dates. At December 31, 2021, CCCFA had pledged future net revenues to repay $1,837,375,000 for Bonds issued. Proceeds from the Bonds were used to purchase prepaid electricity. The Bonds, payable through 2052, are secured solely by a pledge of a lien on the trust estate under the Indentures which include bond proceeds, revenues, any termination payment and any investment income. Semi-annual principal and interest payments on the Bonds are expected to require approximately 100 percent of CCCFA's net revenues.

The ability of CCCFA to pay related principal and interest payments associated with the Bonds is contingent upon the continued successful operation of the Prepaid Agreements. If a Prepaid Agreement were to terminate, a termination payment would be received into the trust estate from the respective energy supplier. The amount of the termination payment, together with the amounts required to be on deposit in certain funds and accounts held by the trustee, has been calculated to provide a sum sufficient to pay the redemption price of the Bonds upon early termination of the Prepaid Agreement. The amount of termination payment declines over time as the energy suppliers perform its electricity delivery obligations under the Prepaid Agreement. CCCFA Members are not obligated to pay debt service costs if the Energy Project is unable to operate pursuant to the Prepaid Agreement or if revenues generated by the Energy Project are insufficient to meet debt service obligations.

5. DERIVATIVE INSTRUMENT AGREEMENT

CCCFA entered into an interest rate swap in order to hedge against the interest rate risk related to the $150,000,000 of variable rate debt. The swap was entered into simultaneously with the related debt and was valued at zero on that date. Under the agreement, CCCFA makes payments at a fixed interest rate. The counterparty is obligated to pay CCCFA based on the same notional amount and interest rate the bond for which the swap is intended to hedge. CCCFA had net payments under the swap agreement of $417,000 through December 31, 2021.

Notional amount	$150,000,000
Effective date	September 23, 2021
Maturity Date	August 1, 2031
Terms	
Pay	1.54%
Receive	SIFMA + 0.45%

HEDGED DEBT

Future net cash flows on variable-rate debt are shown below. These amounts assume that the interest rate of the bond and the reference rate of the hedging derivative instruments remain at December 31, 2021 levels. These rates will vary and, as they do, interest payments on the variable-rate bonds and net receipts/payments on the interest rate swaps will vary. The table below includes only CCCFA's effectively hedged variable-rate debt, which is a subset of the CCCFA's total debt. As of December 31, 2021, all of CCCFA's variable-rate debt is effectively hedged.

Year	Principal	Interest	Net Payment on Derivatives	Total
2022	$ -	$ 705,833	$ 1,270,500	$ 1,976,333
2023	-	825,000	1,485,000	2,310,000
2024	-	825,000	1,485,000	2,310,000
2025	-	825,000	1,485,000	2,310,000
2026	-	825,000	1,485,000	2,310,000
2027-2031	-	4,125,000	7,425,000	11,550,000
2032-2036	23,915,000	3,843,345	6,918,021	34,676,366
2037-2041	29,285,000	3,127,328	5,629,190	38,041,517
2042-2046	37,500,000	2,221,079	3,997,942	43,719,021
2047-2051	53,665,000	975,315	1,755,567	56,395,882
2052	5,635,000	15,496	27,893	5,678,390
	$ 150,000,000	$ 18,313,395	$ 32,964,113	$ 201,277,508

5. DERIVATIVE INSTRUMENT AGREEMENT (continued)

INTEREST RATE RISK

CCCFA has exposure to interest rate risk on its pay-fixed, receive-variable interest rate swap that is the inverse of the interest rate risk of the bonds that it is hedging.

ROLLOVER RISK

CCCFA is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to the maturity of the hedged debt. When these hedging derivative instruments terminate, CCCFA will be re-exposed to the risks being hedged by the hedging derivative instrument. CCCFA is exposed to rollover risk on the pay-fixed, receive-variable interest rate swap scheduled to mature in August 2031 because the hedged debt is scheduled to mature in February 2052.

TERMINATION RISK

CCCFA or its counterparties may terminate a derivative instrument if the other party fails to perform under the terms of the contract. The termination will not result in any amounts payable by either party, except for any amounts unpaid at the time of termination.

6. SUBSEQUENT EVENT

BOND ISSUANCE

In 2022, CCCFA entered into a new prepaid agreement and issued bonds in the amount of $931,120,000.

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