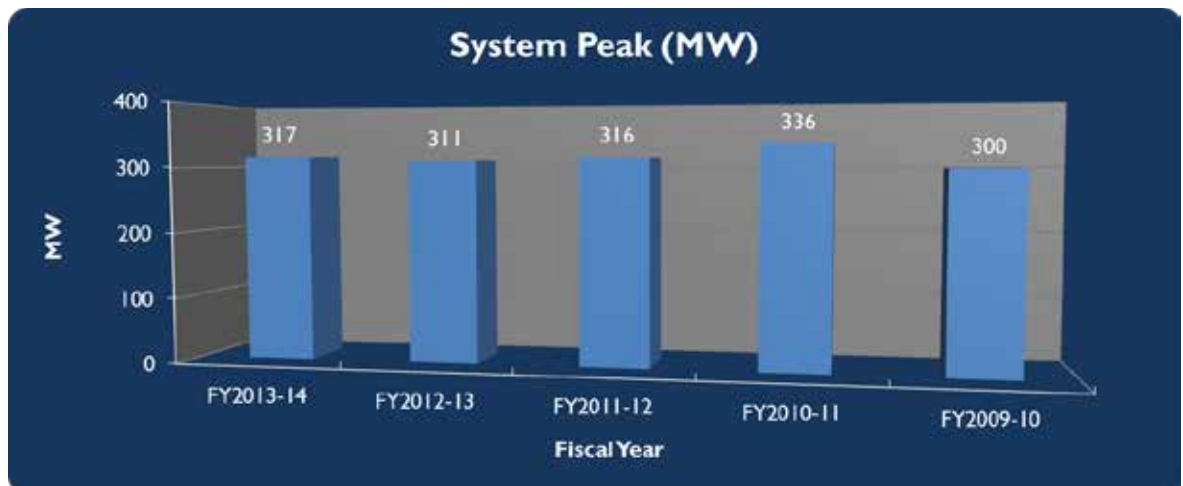
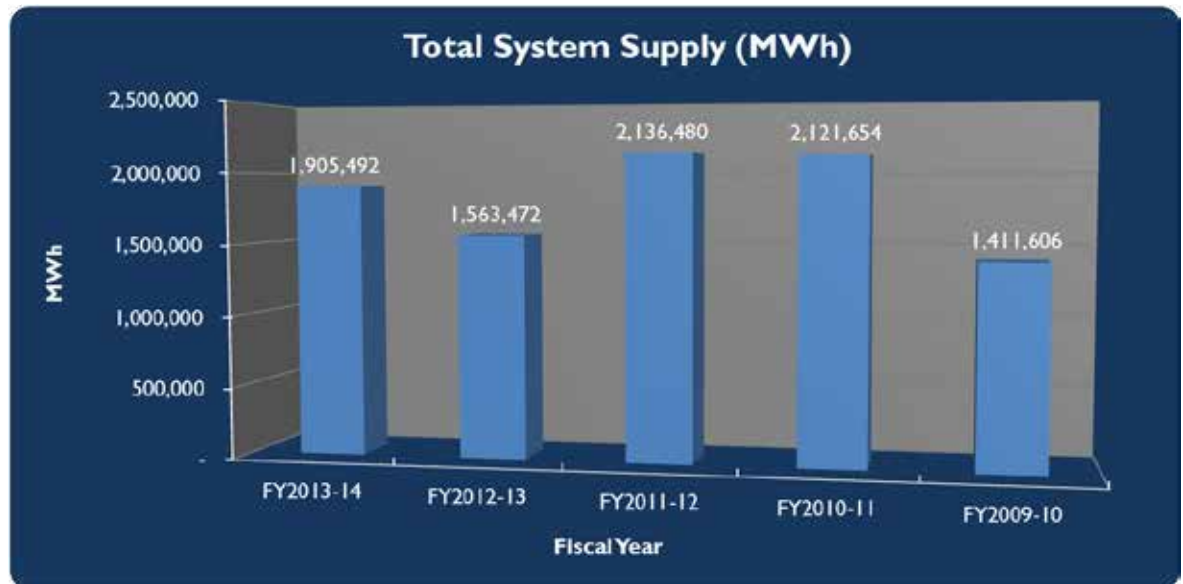
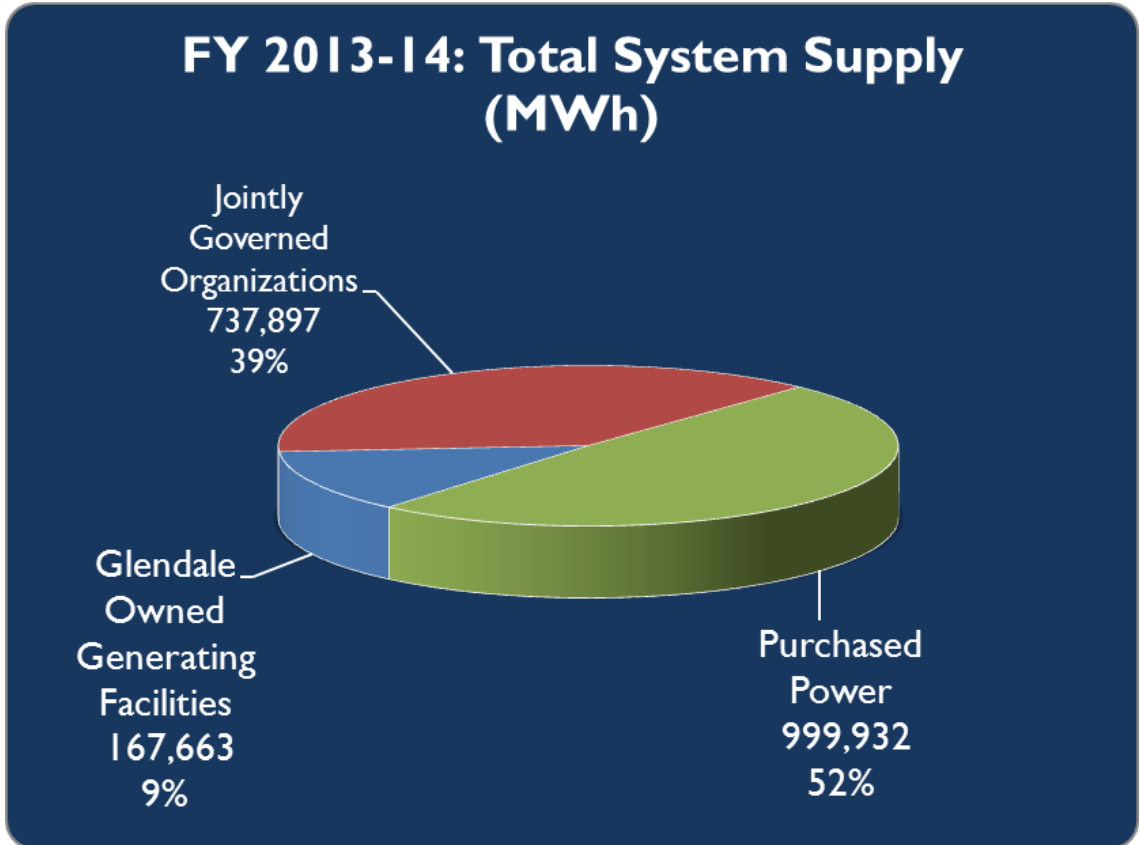


| SYSTEM SUPPLY (MWH)                               | FY2013-14        | FY2012-13        | FY2011-12        | FY2010-11        | FY2009-10        |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Owned Generation</b>                           |                  |                  |                  |                  |                  |
| Glendale Owned Generating Facilities              |                  |                  |                  |                  |                  |
| Natural Gas Units (Grayson)                       | 167,663          | 198,276          | 173,682          | 211,654          | 194,680          |
| Jointly Governed Organizations / Remote Ownership |                  |                  |                  |                  |                  |
| Intermountain Power Project (IPA)                 | 246,338          | 226,098          | 219,477          | 234,904          | 293,957          |
| PV Nuclear Generating Station (SCPPA)             | 80,787           | 83,157           | 82,467           | 83,565           | 78,354           |
| San Juan Unit 3 (SCPPA)                           | 117,522          | 123,942          | 86,481           | 138,246          | 124,415          |
| Magnolia Power Project (SCPPA)                    | 265,934          | 138,763          | 256,319          | 230,589          | 268,655          |
| Tieton Hydropower Project (SCPPA)                 | 27,316           | 24,012           | 28,211           | 29,724           | -                |
| <b>Total Owned Generation</b>                     | <b>905,560</b>   | <b>794,248</b>   | <b>846,637</b>   | <b>928,682</b>   | <b>960,061</b>   |
| <b>Purchased Power</b>                            |                  |                  |                  |                  |                  |
| Portland General Electric Contract                | -                | 18,171           | 83,661           | 86,492           | 59,384           |
| Market Purchases                                  | 999,932          | 751,053          | 1,206,182        | 1,106,480        | 392,161          |
| <b>Total Purchased Power</b>                      | <b>999,932</b>   | <b>769,224</b>   | <b>1,289,843</b> | <b>1,192,972</b> | <b>451,545</b>   |
| <b>Total System Supply</b>                        | <b>1,905,492</b> | <b>1,563,472</b> | <b>2,136,480</b> | <b>2,121,654</b> | <b>1,411,606</b> |
| <b>System Peak (MW)</b>                           | <b>317</b>       | <b>311</b>       | <b>316</b>       | <b>336</b>       | <b>300</b>       |



Not covered by independent auditor's report



Not covered by independent auditor's report

| ELECTRIC USE                              | FY2013-14        | FY2012-13        | FY2011-12        | FY2010-11        | FY2009-10        |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Average Number of Meters</b>           |                  |                  |                  |                  |                  |
| Residential                               | 72,975           | 72,625           | 72,220           | 72,030           | 71,866           |
| Commercial                                | 12,801           | 12,769           | 12,898           | 12,698           | 12,690           |
| Industrial                                | 218              | 217              | 222              | 216              | 226              |
| Streetlights                              | 18               | 18               | 18               | 18               | 18               |
| <b>Total Meters - All Classes</b>         | <b>86,012</b>    | <b>85,629</b>    | <b>85,358</b>    | <b>84,962</b>    | <b>84,800</b>    |
| <b>MEGAWATT-HOUR SALES (MWh)</b>          |                  |                  |                  |                  |                  |
| <b>Retail Sale of Electricity</b>         |                  |                  |                  |                  |                  |
| Residential                               | 352,861          | 393,136          | 368,237          | 357,604          | 378,460          |
| Commercial                                | 327,660          | 335,404          | 319,478          | 305,908          | 322,377          |
| Industrial                                | 370,321          | 389,872          | 397,144          | 377,698          | 392,273          |
| Streetlighting                            | 8,530            | 9,284            | 9,335            | 9,240            | 9,200            |
| <b>Total Retail Sale of Electricity</b>   | <b>1,059,372</b> | <b>1,127,696</b> | <b>1,094,194</b> | <b>1,050,450</b> | <b>1,102,310</b> |
| <b>Wholesale to Other Utilities</b>       |                  |                  |                  |                  |                  |
| Sales to Other Utilities                  | 351,348          | 61,407           | 493,511          | 487,753          | 108,731          |
| Wholesale                                 | 331,831          | 235,847          | 404,319          | 396,933          | 76,934           |
| <b>Total Wholesale to Other Utilities</b> | <b>683,179</b>   | <b>297,254</b>   | <b>897,830</b>   | <b>884,686</b>   | <b>185,665</b>   |
| <b>Total Megawatt-Hour Sales</b>          | <b>1,742,551</b> | <b>1,424,950</b> | <b>1,992,024</b> | <b>1,935,136</b> | <b>1,287,975</b> |



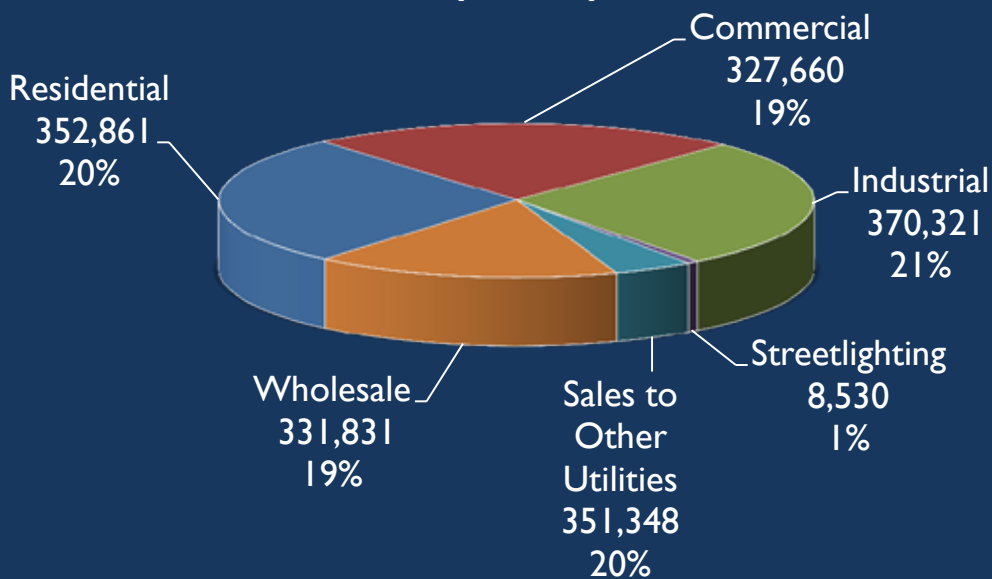
Not covered by independent auditor's report

| REVENUES (\$000)                          | FY2013-14         | FY2012-13         | FY2011-12         | FY2010-11         | FY2009-10         |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Operating Revenues</b>                 |                   |                   |                   |                   |                   |
| <b>Retail Sale of Electricity</b>         |                   |                   |                   |                   |                   |
| Residential                               | \$59,906          | \$ 58,411         | \$ 54,283         | \$ 53,558         | \$ 59,516         |
| Commercial                                | 55,751            | 51,394            | 49,217            | 47,557            | 52,574            |
| Industrial                                | 52,437            | 49,397            | 50,625            | 49,085            | 54,368            |
| Streetlighting                            | 6                 | 10                | 7                 | 4                 | 3                 |
| <b>Total Retail Sale of Electricity</b>   | <b>168,100</b>    | <b>159,212</b>    | <b>154,131</b>    | <b>150,204</b>    | <b>166,461</b>    |
| <b>Wholesale to Other Utilities</b>       |                   |                   |                   |                   |                   |
| Sales to Other Utilities                  | 13,033            | 1,686             | 23,049            | 17,437            | 6,942             |
| Wholesale Sales                           | 15,130            | 12,803            | 18,827            | 20,160            | 3,500             |
| <b>Total Wholesale to Other Utilities</b> | <b>28,163</b>     | <b>14,489</b>     | <b>41,876</b>     | <b>37,597</b>     | <b>10,442</b>     |
| <b>Total Operating Revenues</b>           | <b>\$ 196,263</b> | <b>\$ 173,701</b> | <b>\$ 196,007</b> | <b>\$ 187,801</b> | <b>\$ 176,903</b> |

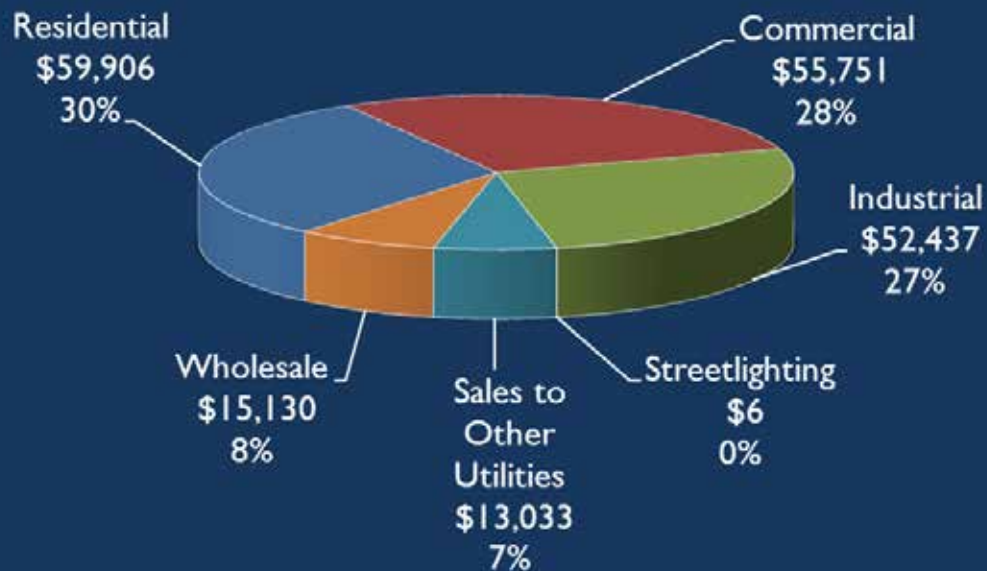


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### FY2013-14: Sale of Electricity (MWh)



### FY2013-14: Sale of Electricity (\$000)



Not covered by independent auditor's report

| <b>TRANSMISSION &amp; DISTRIBUTION</b> | <b>FY2013-14</b> | <b>FY2012-13</b> | <b>FY2011-12</b> | <b>FY2010-11</b> | <b>FY2009-10</b> |
|--|------------------|------------------|------------------|------------------|------------------|
| <b>Circuit Miles</b>                   |                  |                  |                  |                  |                  |
| Overhead lines (miles)                 | 278              | 279              | 281              | 282              | 280              |
| Underground lines (miles)              | 275              | 275              | 277              | 280              | 279              |
| <b>Total Circuit Miles</b>             | <b>553</b>       | <b>554</b>       | <b>558</b>       | <b>562</b>       | <b>559</b>       |
| <b>Transformer Capacity, kVA</b>       |                  |                  |                  |                  |                  |
| 230kV to 69kV                          | 324,000          | 324,000          | 324,000          | 324,000          | 324,000          |
| 69kV to 35kV                           | 550,000          | 550,000          | 550,000          | 550,000          | 550,000          |
| 69kV to 12kV                           | 225,000          | 225,000          | 225,000          | 225,000          | 180,000          |
| 35kV to 12kV                           | 140,000          | 140,000          | 140,000          | 140,000          | 135,000          |
| 35kV to 4kV                            | 162,000          | 161,833          | 161,833          | 161,833          | 174,800          |
| 13.8kV to 35kV                         | 187,000          | 187,000          | 187,000          | 187,000          | 187,000          |
| 13.8kV to 69kV                         | 98,500           | 98,500           | 98,500           | 98,500           | 98,500           |
| 12 kV to Customer                      | 635,082          | 629,975          | 623,037          | 589,249          | 556,640          |
| 4 kV to Customer                       | 195,093          | 196,260          | 196,365          | 227,482          | 247,085          |
| <b>ELECTRIC UTILITY FACTS</b>          | <b>FY2013-14</b> | <b>FY2012-13</b> | <b>FY2011-12</b> | <b>FY2010-11</b> | <b>FY2009-10</b> |
| Operating Margin                       | 3.7%             | 1.6%             | -0.1%            | 4.3%             | 9.0%             |
| Debt to Total Capitalization           | 36.5%            | 27.0%            | 26.1%            | 25.5%            | 25.6%            |
| Debt Service Coverage Ratio            | 6.9              | 4.5              | 4.3              | 5.8              | 5.2              |

Not covered by independent auditor's report

| ELECTRIC UTILITY<br>Class Trends (Overview)         | Residential     | Commercial      | Industrial      | Street<br>lighting | Subtotal        | Sales to<br>Other<br>Utilities | Wholesale       | Total            |
|---|-----------------|-----------------|-----------------|--------------------|-----------------|--------------------------------|-----------------|------------------|
| <b>Revenue from the Sale of Electricity (\$000)</b> |                 |                 |                 |                    |                 |                                |                 |                  |
| Year Ended June 30 -                                |                 |                 |                 |                    |                 |                                |                 |                  |
| 2014  | \$ 59,906       | \$ 55,751       | \$ 52,437       | \$ 6               | 168,100         | \$ 13,033                      | \$ 15,130       | \$ 196,263       |
| 2013  | 58,411          | 51,394          | 49,397          | 10                 | 159,212         | 1,686                          | 12,803          | 173,701          |
| <b>Increase (Decrease)</b>                          | <b>\$ 1,495</b> | <b>\$ 4,357</b> | <b>\$ 3,040</b> | <b>\$ (4)</b>      | <b>\$ 8,888</b> | <b>\$ 11,347</b>               | <b>\$ 2,327</b> | <b>\$ 22,562</b> |
| Percent Increase (-)                                | 2.6%            | 8.5%            | 6.2%            | -40.0%             | 5.6%            | 673.0%                         | 18.2%           | 13.0%            |
| <b>Megawatt-Hours Sold</b>                          |                 |                 |                 |                    |                 |                                |                 |                  |
| Year Ended June 30 -                                |                 |                 |                 |                    |                 |                                |                 |                  |
| 2014  | 352,861         | 327,660         | 370,321         | 8,530              | 1,059,372       | 351,348                        | 331,831         | 1,742,551        |
| 2013  | 393,136         | 335,404         | 389,872         | 9,284              | 1,127,696       | 61,407                         | 235,847         | 1,424,950        |
| <b>Increase (Decrease)</b>                          | <b>(40,275)</b> | <b>(7,744)</b>  | <b>(19,551)</b> | <b>(754)</b>       | <b>(68,324)</b> | <b>289,941</b>                 | <b>95,984</b>   | <b>317,601</b>   |
| Percent Increase (-)                                | -10.2%          | -2.3%           | -5.0%           | -8.1%              | -6.1%           | 472.2%                         | 40.7%           | 22.3%            |
| <b>Average Number of Meters</b>                     |                 |                 |                 |                    |                 |                                |                 |                  |
| Year Ended June 30 -                                |                 |                 |                 |                    |                 |                                |                 |                  |
| 2014  | 72,975          | 12,801          | 218             | 18                 | 86,012          | N/A                            | N/A             | 86,012           |
| 2013  | 72,625          | 12,769          | 217             | 18                 | 85,629          | N/A                            | N/A             | 85,629           |
| <b>Increase (Decrease)</b>                          | <b>350</b>      | <b>32</b>       | <b>1</b>        | <b>-</b>           | <b>383</b>      | <b>N/A</b>                     | <b>N/A</b>      | <b>383</b>       |
| Percent Increase (-)                                | 0.5%            | 0.3%            | 0.5%            | 0.0%               | 0.4%            | N/A                            | N/A             | 0.4%             |

| ELECTRIC UTILITY<br>Class Trends (Unit Cost) | Residential      | Commercial       | Industrial       | Street<br>lighting | Subtotal         | Sales to<br>Other<br>Utilities | Wholesale          | Total              |
|--|------------------|------------------|------------------|--------------------|------------------|--------------------------------|--------------------|--------------------|
| <b>Average Billing Price per kWh</b>         |                  |                  |                  |                    |                  |                                |                    |                    |
| Year Ended June 30 -                         |                  |                  |                  |                    |                  |                                |                    |                    |
| 2014   | \$ 0.1693        | \$ 0.1696        | \$ 0.1412        | \$ 0.0006          | \$ 0.1587        | \$ 0.0371                      | \$ 0.0456          | \$ 0.1126          |
| 2013   | 0.1486           | 0.1532           | 0.1267           | 0.0010             | 0.1412           | 0.0275                         | 0.0543             | 0.1219             |
| <b>Increase (Decrease)</b>                   | <b>\$ 0.0207</b> | <b>\$ 0.0164</b> | <b>\$ 0.0145</b> | <b>\$ (0.0004)</b> | <b>\$ 0.0175</b> | <b>\$ 0.0096</b>               | <b>\$ (0.0087)</b> | <b>\$ (0.0093)</b> |
| Percent Increase (-)                         | 13.9%            | 10.7%            | 11.4%            | -38.2%             | 12.4%            | 35.1%                          | -16.0%             | -7.6%              |

| ELECTRIC UTILITY<br>Class Trends (Usage by Meter) | Residential  | Commercial   | Industrial      | Street<br>lighting | Subtotal     | Sales to<br>Other<br>Utilities | Wholesale  | Total        |
|---|--------------|--------------|-----------------|--------------------|--------------|--------------------------------|------------|--------------|
| <b>Average Use by Meter, kWh</b>                  |              |              |                 |                    |              |                                |            |              |
| Year Ended June 30 -                              |              |              |                 |                    |              |                                |            |              |
| 2014  | 4,835        | 25,596       | 1,698,720       | 473,889            | 12,317       | N/A                            | N/A        | 12,317       |
| 2013  | 5,413        | 26,267       | 1,796,645       | 515,778            | 13,170       | N/A                            | N/A        | 13,170       |
| <b>Increase (Decrease)</b>                        | <b>(578)</b> | <b>(671)</b> | <b>(97,925)</b> | <b>(41,889)</b>    | <b>(853)</b> | <b>N/A</b>                     | <b>N/A</b> | <b>(853)</b> |
| Percent Increase (-)                              | -10.7%       | -2.6%        | -5.5%           | -8.1%              | -6.5%        | N/A                            | N/A        | -6.5%        |

Not covered by independent auditor's report





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of City Council  
of the City of Glendale  
City of Glendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position and related statements of revenues, expenses and changes in net position, and statements of cash flows of the Electric Enterprise Fund of the City of Glendale, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Electric Enterprise Fund's basic financial statements, and have issued our report thereon dated November 25, 2014. Our report included an emphasis of matter paragraph regarding the fact that the financial statements present only the Electric Enterprise Fund of the City and do not purport to, and do not, present fairly the financial position of the City of Glendale, California, as of June 30, 2014, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Electric Enterprise Fund's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Electric Enterprise Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of Electric Enterprise Fund's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Electric Enterprise Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Varrinik, Trine, Day & Co. LLP

Rancho Cucamonga, California  
November 25, 2014