



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: July 13, 2016
BOARD MEETING DATE: July 15, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority Present

TO: Honorable Peninsula Clean Energy Board of Directors
FROM: Jan Pepper, Chief Executive Officer
SUBJECT: Adopt Budget for 2016-17 Fiscal Year

RECOMMENDATION:

Receive information on five-year forecasted budget and receive information and approve monthly budget for 2016-17 fiscal year.

BACKGROUND:

A monthly budget breakdown and five year forecast are presented in the attachments. The budget is comprehensive of the foreseeable expenses including staffing, energy procurement, energy programs, outreach, consultants, operational costs, and loan repayment. The five year forecast details revenues, expenses, and reserve funds for FY 2017 – 2021.

In addition to a monthly breakdown and five year expense forecast, three budget scenarios are presented. Each scenario reflects a different enrollment start date for phases 2 and 3 customers with the respective budget differences.

DISCUSSION:

PCE staff have developed three options for the 2016-17 fiscal year monthly budget (see attached). Each budget is adjusted according to alternatives for PCE's rollout schedule. PCE staff are recommending adjusting the rollout schedule to move Phase 3 of enrollment from October 2017 to June or April 2017. Accelerating Phase 3 has the potential to increase PCE's revenue stream by maximizing revenue from summer rates and purchasing power at lower prices, as well as to provide additional environmental

benefits. These potential changes in revenue are reflected in the budget options. The budget options are as described:

- Budget Scenario A: Budget for current phasing schedule (Phase 3 in October 2017)
- Budget Scenario B: Budget for phasing schedule in which Phase 3 customers are enrolled in June 2017
- Budget Scenario C: Budget for phasing schedule in which Phases 3 customers are enrolled in April 2017 (combine Phases 2 and 3)

Staff recommends adopting Budget Scenario B or C, in accordance with accelerating the enrollment schedule for Phase 3.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this presentation.

ATTACHMENTS:

Budgets A, B, and C.

PENINSULA CLEAN ENERGY FIVE YEAR BUDGET PROJECTIONS - ANNUAL SUMMARY

Scenario A: Original Rollout Schedule

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUES AND OTHER SOURCES					
Revenue - Electricity	78,484,862	207,751,915	224,134,125	231,421,998	239,556,481
Revenue - Electricity, Vol. Green Premium	243,709	642,929	678,157	681,548	684,955
Other Revenue - Bank Loan	12,000,000	-	-	-	-
Total Sources	90,728,571	208,394,843	224,812,282	232,103,545	240,241,436
EXPENDITURES AND OTHER USES					
Cost of energy	66,799,257	173,654,043	185,098,063	189,292,365	195,363,394
Net Energy Metering Program	-	-	-	-	-
Internal Staffing	1,711,250	2,796,250	3,075,875	3,383,463	3,721,809
Benefits	673,000	1,055,500	1,161,050	1,277,155	1,404,871
Professional Services:					
Outreach and Communications	440,000	60,000	50,000	50,000	50,000
Technical Consultants	255,000	85,000	85,000	75,000	75,000
Legal and Regulatory	450,000	250,000	250,000	250,000	250,000
Data Manager	1,000,538	3,192,371	3,573,464	3,591,332	3,609,288
Customer Noticing	755,000	260,000	150,000	150,000	150,000
Energy Programs (including NEM)	1,022,500	2,090,900	2,153,627	2,218,236	2,284,783
PG&E service fees	412,671	1,322,265	1,516,485	1,569,789	1,624,967
Miscellaneous A&G	800,625	914,769	942,212	970,478	999,593
Debt service	376,675	2,018,200	6,171,775	2,776,090	11,625,785
Total expenditures	74,696,516	187,699,298	204,227,551	205,603,907	221,159,489
TOTAL AVAILABLE REVENUE	16,032,054	20,695,545	20,584,731	26,499,638	19,081,948
RESERVE FUNDS AND OTHER USES					
Rate Stabilization Reserve	4,386,429	10,419,742	11,240,614	11,605,177	12,012,072
Bad Debt Reserve	274,697	727,132	784,469	809,977	838,448
Security Deposits	635,000	-	-	-	-
Total other uses	5,296,126	11,146,874	12,025,084	12,415,154	12,850,519
Annual Surplus (Deficit)	10,735,929	9,548,671	8,559,648	14,084,484	6,231,428
Cumulative Surplus (Deficit)	10,735,929	20,284,600	28,844,248	42,928,732	49,160,160
Cumulative Rate Stabilization Fund	4,386,429	14,806,171	26,046,785	37,651,962	49,664,034
Cumulative Bad Debt Reserve	274,697	1,001,829	1,786,298	2,596,275	3,434,723

Peninsula Clean Energy - Monthly Budget Projection
Monthly for FY 2017
Scenario A: Original Rollout Schedule

	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017
REVENUES AND OTHER SOURCES												
Revenue - Electricity	-	-	-	5,458,233	6,100,995	6,090,250	5,741,829	5,612,015	5,288,278	9,036,846	17,722,934	17,433,484
Revenue - Electricity, Vol. Green Premium	-	-	-	12,520	20,985	20,849	21,823	21,379	20,224	35,415	45,610	44,904
Other Revenue - Bank Loan	3,000,000					9,000,000						
Total Sources	3,000,000	-	-	5,470,753	6,121,979	15,111,099	5,763,651	5,633,393	5,308,502	9,072,261	17,768,545	17,478,388
EXPENDITURES AND OTHER USES												
Cost of energy	-	-	-	3,654,483	6,121,263	6,084,028	5,845,580	5,754,493	5,428,615	9,534,620	12,268,149	12,108,026
Net Energy Metering Program	-	-	-	-	-	-	-	-	-	-	-	-
Internal Staffing	31,250	105,833	113,333	120,833	141,667	141,667	155,000	173,333	173,333	173,333	190,833	190,833
Benefits	7,500	37,333	40,333	43,333	51,667	51,667	57,000	69,833	69,833	69,833	87,333	87,333
Professional services												
Outreach and Communications	50,000	50,000	50,000	30,000	20,000	20,000	40,000	30,000	20,000	50,000	50,000	30,000
Technical Consultants	25,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000	17,500	17,500	17,500	17,500
Legal and Regulatory	10,000	10,000	60,000	10,000	10,000	80,000	80,000	80,000	80,000	10,000	10,000	10,000
Data Manager	-	-	-	79,326	79,326	79,326	79,723	79,723	79,723	174,463	174,463	174,463
Customer Noticing	55,000	55,000	55,000	-	55,000	55,000	-	55,000	55,000	55,000	110,000	205,000
Energy Programs (including NEM)	-	-	-	83,333	83,333	83,333	85,833	85,833	85,833	171,667	171,667	171,667
PG&E service fees	-	-	-	35,871	31,262	31,262	32,360	32,360	32,360	75,564	70,816	70,816
Miscellaneous A&G	31,250	50,000	50,000	72,917	72,917	72,917	75,104	75,104	75,104	75,104	75,104	75,104
Debt service	19,596	19,596	19,596	19,596	19,596	19,596	43,183	43,183	43,183	43,183	43,183	43,183
Total expenditures	229,596	352,763	413,263	4,174,693	6,711,030	6,738,795	6,513,784	6,498,864	6,160,486	10,450,267	13,269,049	13,183,926
TOTAL AVAILABLE REVENUE	2,770,404	(352,763)	(413,263)	1,296,060	(589,051)	8,372,303	(750,132)	(865,471)	(851,985)	(1,378,007)	4,499,495	4,294,461
RESERVE FUNDS and OTHER USES												
Rate Stabilization Reserve		-	-	273,538	306,099	755,555	288,183	281,670	265,425	453,613	888,427	873,919
Uncollectible accounts	-	-	-	19,104	21,353	21,316	20,096	19,642	18,509	31,629	62,030	61,017
CCA Bond, CAISO deposit & PG&E Deposit	-	635,000	-	-	-	-	-	-	-	-	-	-
Total other uses	-	635,000	-	292,641	327,452	776,871	308,279	301,312	283,934	485,242	950,458	934,937
Surplus (Deficit)	2,770,404	(987,763)	(413,263)	1,003,419	(916,503)	7,595,432	(1,058,411)	(1,166,782)	(1,135,919)	(1,863,249)	3,549,038	3,359,525
Cumulative Surplus (Deficit)	2,770,404	1,782,642	1,369,379	2,372,798	1,456,295	9,051,727	7,993,316	6,826,534	5,690,615	3,827,366	7,376,404	10,735,929
Cumulative Rate Stabilization Fund				273,538	579,637	1,335,192	1,623,374	1,905,044	2,170,469	2,624,082	3,512,509	4,386,429
Cumulative Bad Debt Reserve				19,104	40,457	61,773	81,870	101,512	120,021	151,650	213,680	274,697

PENINSULA CLEAN ENERGY FIVE YEAR BUDGET PROJECTIONS - ANNUAL SUMMARY

Scenario B: Move Phase 3 to June 2017

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUES AND OTHER SOURCES					
Revenue - Electricity	80,177,758	217,579,542	224,134,125	231,421,998	239,556,481
Revenue - Electricity, Vol. Green Premium	249,197	674,783	678,157	681,548	684,955
Other Revenue - Bank Loan	12,000,000	-	-	-	-
Total Sources	92,426,955	218,254,325	224,812,282	232,103,545	240,241,436
EXPENDITURES AND OTHER USES					
Cost of energy	68,278,953	182,222,458	185,098,063	189,292,365	195,363,394
Internal Staffing	1,711,250	2,796,250	3,075,875	3,383,463	3,721,809
Benefits	673,000	1,055,500	1,161,050	1,277,155	1,404,871
Professional Services:					
Outreach and Communications	440,000	60,000	50,000	50,000	50,000
Technical Consultants	255,000	85,000	85,000	75,000	75,000
Legal and Regulatory	450,000	250,000	250,000	250,000	250,000
Data Manager	1,121,643	3,555,686	3,573,464	3,591,332	3,609,288
Customer Noticing	755,000	260,000	150,000	150,000	150,000
Energy Programs (including NEM)	1,022,500	2,090,900	2,153,627	2,218,236	2,284,783
PG&E service fees	466,576	1,464,990	1,516,485	1,569,789	1,624,967
Miscellaneous A&G	800,625	914,769	942,212	970,478	999,593
Debt service	376,675	2,018,200	6,171,775	2,776,090	11,625,785
Total expenditures	76,351,223	196,773,753	204,227,551	205,603,907	221,159,489
TOTAL AVAILABLE REVENUE	16,075,732	21,480,572	20,584,731	26,499,638	19,081,948
RESERVE FUNDS AND OTHER USES					
Rate Stabilization Reserve	4,471,348	10,912,716	11,240,614	11,605,177	12,012,072
Bad Debt Reserve	280,622	761,528	784,469	809,977	838,448
Security Deposits	635,000	-	-	-	-
Total other uses	5,386,970	11,674,245	12,025,084	12,415,154	12,850,519
Annual Surplus (Deficit)	10,688,762	9,806,327	8,559,648	14,084,484	6,231,428
Cumulative Surplus (Deficit)	10,688,762	20,495,089	29,054,737	43,139,220	49,370,649
Cumulative Rate Stabilization Fund	4,471,348	15,384,064	26,624,678	38,229,855	50,241,927
Cumulative Bad Debt Reserve	280,622	1,042,151	1,826,620	2,636,597	3,475,045

Peninsula Clean Energy - Monthly Budget Projection
Monthly for FY 2017
Scenario B: Move Phase 3 to June 2017

	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017
REVENUES AND OTHER SOURCES												
Revenue - Electricity	-	-	-	5,458,233	6,100,995	6,090,250	5,741,829	5,612,015	5,288,278	9,036,846	17,722,934	19,126,381
Revenue - Electricity, Vol. Green Premium	-	-	-	12,520	20,985	20,849	21,823	21,379	20,224	35,415	45,610	50,391
Loan advances - credit line												
Loan advances - bank term loan												
Other Revenue - Bank Loan	3,000,000					9,000,000						
Other Revenue - Bank Loan												
Total Sources	3,000,000	-	-	5,470,753	6,121,979	15,111,099	5,763,651	5,633,393	5,308,502	9,072,261	17,768,545	19,176,772
EXPENDITURES AND OTHER USES												
Cost of energy	-	-	-	3,654,483	6,121,263	6,084,028	5,845,580	5,754,493	5,428,615	9,534,620	12,268,149	13,587,722
Net Energy Metering Program	-	-	-	-	-	-	-	-	-	-	-	-
Internal Staffing	31,250	105,833	113,333	120,833	141,667	141,667	155,000	173,333	173,333	173,333	190,833	190,833
Benefits	7,500	37,333	40,333	43,333	51,667	51,667	57,000	69,833	69,833	69,833	87,333	87,333
Professional services												
Outreach and Communications	50,000	50,000	50,000	30,000	20,000	20,000	40,000	30,000	20,000	50,000	50,000	30,000
Technical Consultants	25,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000	17,500	17,500	17,500	17,500
Legal and Regulatory	10,000	10,000	60,000	10,000	10,000	80,000	80,000	80,000	80,000	10,000	10,000	10,000
Data Manager	-	-	-	79,326	79,326	79,326	79,723	79,723	79,723	174,463	174,463	295,568
Customer Noticing	55,000	55,000	55,000	-	55,000	55,000	-	55,000	55,000	55,000	110,000	205,000
Energy Programs (including NEM)	-	-	-	83,333	83,333	83,333	85,833	85,833	85,833	171,667	171,667	171,667
PG&E service fees	-	-	-	35,871	31,262	31,262	32,360	32,360	32,360	75,564	70,816	124,722
Miscellaneous A&G	31,250	50,000	50,000	72,917	72,917	72,917	75,104	75,104	75,104	75,104	75,104	75,104
Debt service	19,596	19,596	19,596	19,596	19,596	19,596	43,183	43,183	43,183	43,183	43,183	43,183
Total expenditures	229,596	352,763	413,263	4,174,693	6,711,030	6,738,795	6,513,784	6,498,864	6,160,486	10,450,267	13,269,049	14,838,633
TOTAL AVAILABLE REVENUE	2,770,404	(352,763)	(413,263)	1,296,060	(589,051)	8,372,303	(750,132)	(865,471)	(851,985)	(1,378,007)	4,499,495	4,338,139
RESERVE FUNDS and OTHER USES												
Rate Stabilization Reserve		-	-	273,538	306,099	755,555	288,183	281,670	265,425	453,613	888,427	958,839
Uncollectible accounts	-	-	-	19,104	21,353	21,316	20,096	19,642	18,509	31,629	62,030	66,942
Pre-Startup Cost Repayment	-	-	-	-	-	-	-	-	-	-	-	-
CCA Bond, CAISO deposit & PG&E Deposit	-	635,000	-	-	-	-	-	-	-	-	-	-
Total other uses	-	635,000	-	292,641	327,452	776,871	308,279	301,312	283,934	485,242	950,458	1,025,781
Surplus (Deficit)	2,770,404	(987,763)	(413,263)	1,003,419	(916,503)	7,595,432	(1,058,411)	(1,166,782)	(1,135,919)	(1,863,249)	3,549,038	3,312,358
Cumulative Surplus (Deficit)	2,770,404	1,782,642	1,369,379	2,372,798	1,456,295	9,051,727	7,993,316	6,826,534	5,690,615	3,827,366	7,376,404	10,688,762
Cumulative Rate Stabilization Fund				273,538	579,637	1,335,192	1,623,374	1,905,044	2,170,469	2,624,082	3,512,509	4,471,348
Cumulative Bad Debt Reserve				19,104	40,457	61,773	81,870	101,512	120,021	151,650	213,680	280,622

PENINSULA CLEAN ENERGY FIVE YEAR BUDGET PROJECTIONS - ANNUAL SUMMARY

Scenario C: Move Phase 3 to April 2017

	FY2017	FY2018	FY2019	FY2020	FY2021
REVENUES AND OTHER SOURCES					
Revenue - Electricity	85,882,760	217,579,542	224,134,125	231,421,998	239,556,481
Revenue - Electricity, Vol. Green Premium	267,843	674,783	678,157	681,548	684,955
Other Revenue - Bank Loan	12,000,000	-	-	-	-
Total Sources	98,150,603	218,254,325	224,812,282	232,103,545	240,241,436
EXPENDITURES AND OTHER USES					
Cost of energy	73,298,147	182,222,458	185,098,063	189,292,365	195,363,394
Net Energy Metering Program	-	-	-	-	-
Internal Staffing	1,711,250	2,796,250	3,075,875	3,383,463	3,721,809
Benefits	673,000	1,055,500	1,161,050	1,277,155	1,404,871
Professional Services:					
Outreach and Communications	440,000	60,000	50,000	50,000	50,000
Technical Consultants	255,000	85,000	85,000	75,000	75,000
Legal and Regulatory	450,000	250,000	250,000	250,000	250,000
Data Manager	1,363,853	3,555,686	3,573,464	3,591,332	3,609,288
Customer Noticing	755,000	260,000	150,000	150,000	150,000
Energy Programs (including NEM)	1,022,500	2,090,900	2,153,627	2,218,236	2,284,783
PG&E service fees	564,892	1,464,990	1,516,485	1,569,789	1,624,967
Miscellaneous A&G	800,625	914,769	942,212	970,478	999,593
Debt service	376,675	2,018,200	6,171,775	2,776,090	11,625,785
Total expenditures	81,710,942	196,773,753	204,227,551	205,603,907	221,159,489
TOTAL AVAILABLE REVENUE	16,439,661	21,480,572	20,584,731	26,499,638	19,081,948
RESERVE FUNDS AND OTHER USES					
Rate Stabilization Reserve	4,757,530	10,912,716	11,240,614	11,605,177	12,012,072
Bad Debt Reserve	300,590	761,528	784,469	809,977	838,448
Security Deposits	635,000	-	-	-	-
Total other uses	5,693,120	11,674,245	12,025,084	12,415,154	12,850,519
Annual Surplus (Deficit)	10,746,541	9,806,327	8,559,648	14,084,484	6,231,428
Cumulative Surplus (Deficit)	10,746,541	20,552,868	29,112,516	43,196,999	49,428,428
Cumulative Rate Stabilization Fund	4,757,530	15,670,246	26,910,860	38,516,038	50,528,110
Cumulative Bad Debt Reserve	300,590	1,062,118	1,846,587	2,656,564	3,495,012

Peninsula Clean Energy - Monthly Budget Projection
Monthly for FY 2017
Scenario C: Move Phase 3 to April 2017

	7/31/2016	8/31/2016	9/30/2016	10/31/2016	11/30/2016	12/31/2016	1/31/2017	2/28/2017	3/31/2017	4/30/2017	5/31/2017	6/30/2017
REVENUES AND OTHER SOURCES												
Revenue - Electricity	-	-	-	5,458,233	6,100,995	6,090,250	5,741,829	5,612,015	5,288,278	10,769,271	20,566,913	20,254,978
Revenue - Electricity, Vol. Green Premium	-	-	-	12,520	20,985	20,849	21,823	21,379	20,224	41,186	54,827	54,050
Other Revenue - Bank Loan	3,000,000					9,000,000						
Total Sources	3,000,000	-	-	5,470,753	6,121,979	15,111,099	5,763,651	5,633,393	5,308,502	10,810,457	20,621,740	20,309,028
EXPENDITURES AND OTHER USES												
Cost of energy	-	-	-	3,654,483	6,121,263	6,084,028	5,845,580	5,754,493	5,428,615	11,088,383	14,747,115	14,574,186
Net Energy Metering Program	-	-	-	-	-	-	-	-	-	-	-	-
Internal Staffing	31,250	105,833	113,333	120,833	141,667	141,667	155,000	173,333	173,333	173,333	190,833	190,833
Benefits	7,500	37,333	40,333	43,333	51,667	51,667	57,000	69,833	69,833	69,833	87,333	87,333
Professional services												
Outreach and Communications	50,000	50,000	50,000	30,000	20,000	20,000	40,000	30,000	20,000	50,000	50,000	30,000
Technical Consultants	25,000	25,000	25,000	25,000	25,000	20,000	20,000	20,000	17,500	17,500	17,500	17,500
Legal and Regulatory	10,000	10,000	60,000	10,000	10,000	80,000	80,000	80,000	80,000	10,000	10,000	10,000
Data Manager	-	-	-	79,326	79,326	79,326	79,723	79,723	79,723	295,568	295,568	295,568
Customer Noticing	55,000	55,000	55,000	-	55,000	55,000	-	55,000	55,000	110,000	110,000	205,000
Energy Programs (including NEM)	-	-	-	83,333	83,333	83,333	85,833	85,833	85,833	171,667	171,667	171,667
PG&E service fees	-	-	-	35,871	31,262	31,262	32,360	32,360	32,360	129,469	119,974	119,974
Miscellaneous A&G	31,250	50,000	50,000	72,917	72,917	72,917	75,104	75,104	75,104	75,104	75,104	75,104
Debt service	19,596	19,596	19,596	19,596	19,596	19,596	43,183	43,183	43,183	43,183	43,183	43,183
Total expenditures	229,596	352,763	413,263	4,174,693	6,711,030	6,738,795	6,513,784	6,498,864	6,160,486	12,179,042	15,918,278	15,820,350
TOTAL AVAILABLE REVENUE	2,770,404	(352,763)	(413,263)	1,296,060	(589,051)	8,372,303	(750,132)	(865,471)	(851,985)	(1,368,584)	4,703,462	4,488,679
RESERVE FUNDS and OTHER USES												
Rate Stabilization Reserve	-	-	-	273,538	306,099	755,555	288,183	281,670	265,425	540,523	1,031,087	1,015,451
Uncollectible accounts	-	-	-	19,104	21,353	21,316	20,096	19,642	18,509	37,692	71,984	70,892
Pre-Startup Cost Repayment	-	-	-	-	-	-	-	-	-	-	-	-
CCA Bond, CAISO deposit & PG&E Deposit	-	635,000	-	-	-	-	-	-	-	-	-	-
Total other uses	-	635,000	-	292,641	327,452	776,871	308,279	301,312	283,934	578,215	1,103,071	1,086,344
Surplus (Deficit)	2,770,404	(987,763)	(413,263)	1,003,419	(916,503)	7,595,432	(1,058,411)	(1,166,782)	(1,135,919)	(1,946,799)	3,600,391	3,402,335
Cumulative Surplus (Deficit)	2,770,404	1,782,642	1,369,379	2,372,798	1,456,295	9,051,727	7,993,316	6,826,534	5,690,615	3,743,816	7,344,206	10,746,541
Cumulative Rate Stabilization Fund				273,538	579,637	1,335,192	1,623,374	1,905,044	2,170,469	2,710,992	3,742,079	4,757,530
Cumulative Bad Debt Reserve				19,104	40,457	61,773	81,870	101,512	120,021	157,713	229,697	300,590