



**REGULAR MEETING of the Board of Directors of the
Peninsula Clean Energy Authority (PCEA)
Thursday, November 17, 2016**

San Mateo County Office of Education, Corte Madera Room
101 Twin Dolphin Drive, Redwood City, CA 94065
6:30 p.m.

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternative format for the agenda, meeting notice, agenda packet or other writings that may be distributed at the meeting, should contact Anne Bartoletti, Board Clerk, at least 2 working days before the meeting at abartoletti@peninsulacleanenergy.com. Notification in advance of the meeting will enable the PCEA to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. Attendees to this meeting are reminded that other attendees may be sensitive to various chemical based products.

If you wish to speak to the Board, please fill out a speaker's slip located on the tables as you enter the Board meeting room. If you have anything that you wish to be distributed to the Board and included in the official record, please hand it to a member of PCEA staff who will distribute the information to the Board members and other staff.

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

This item is reserved for persons wishing to address the Board on any PCEA-related matters that are as follows: 1) Not otherwise on this meeting agenda; 2) Listed on the Consent Agenda and/or Closed Session Agenda; 3) Chief Executive Officer's or Staff Report on the Regular Agenda; or 4) Board Members' Reports on the Regular Agenda. Public comments on matters not listed above shall be heard at the time the matter is called.

As with all public comment, members of the public who wish to address the Board are requested to complete a speaker's slip and provide it to PCEA staff. Speakers are customarily limited to two minutes, but an extension can be provided to you at the discretion of the Board Chair.

ACTION TO SET AGENDA and TO APPROVE CONSENT AGENDA ITEMS

This item is to set the final consent and regular agenda, and for the approval of the items listed on the consent agenda. All items on the consent agenda are approved by one action.

REGULAR AGENDA

1. Chair Report (Discussion)
2. CEO Report (Discussion)
3. Provide an Update on the Citizens Advisory Committee (Discussion)
4. Adopt a Resolution on Formation of a Citizens Committee (Action)
5. Provide an Update on Recent Community Outreach and Marketing Efforts (Discussion)
6. Discussion on Marketing Materials in Different Languages (Discussion)
7. Provide an Update on the Renewable Supply Request for Offers (Discussion)
8. Adopt PCEA Mission (Action)
9. Adopt PCEA Strategic Goals (Action)
10. Adopt PCEA Policy on Ethical Vendor Standards (Action)
11. Review Financial Statements (Discussion)
12. Board Members' Reports (Discussion)

CONSENT AGENDA

13. Approval of the Minutes for the October 27, 2016 Meeting (Action)

Public records that relate to any item on the open session agenda for a regular board meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Board. The Board has designated the Office of Sustainability, located at 455 County Center, 4th Floor, Redwood City, CA 94063, for the purpose of making those public records available for inspection. The documents are also available on the PCEA's Internet Web site. The website is located at: <http://www.peninsulacleanenergy.com>.

DRAFT

Peninsula Clean Energy Citizens Advisory Commission Proposal

Cameron Johnson & Dave Pine
November 8, 2016

The purpose of this memo is to propose a structure and set of objectives for the Peninsula Clean Energy (PCE) Citizens' Advisory Committee. This proposal will be discussed at the November 12th PCE board retreat.

Background & Context

History of the CAC

The San Mateo County Community Choice Energy (CCE) Advisory Committee held its first meeting on May 28, 2015. The Advisory Committee was comprised of elected officials from all 20 cities in the County and the County itself, as well as representatives from several labor, environmental and other community organizations.

On March 24, 2016, PCE's Board of Directors, comprised only of elected officials, met for the first time and an Ad-Hoc Citizens Advisory Committee was formed of the non-elected CCE Advisory Committee members, with the intent of having this committee serve until PCE was launched in October. On September 22, 2016, the PCE board voted to extend the Ad-Hoc CAC until the end of the year.

The current members of the Ad-Hoc CAC are shown below:

Representative	Organization
Mike McCord	Burlingame Citizen Environmental Council
Landis Martilla	IBEW Local 1245
Michael Closson	MenloSpark
Kirsten Schwind	Pacifica Climate Committee
Janet Creech	San Mateo Community Choice
Judy Taylor	San Mateo County Association of Realtors
Sue Chow	Sierra Club Loma Prieta Chapter
Harvey Rarback	San Mateo County Special Districts Association
Susie Raye	San Mateo County League of Women Voters
TBD	San Mateo County School Boards Association
Amanda Borsum	San Mateo County Economic Development Association (SAMCEDA)
James Ruigomez	San Mateo County Central Labor Council
Michelle Senatore	San Mateo County Transit District

Composition and Goals of Other CACs

In considering how to structure the PCE CAC, it is worth looking at the CACs for SamTrans and for the San Mateo County Transportation Authority (TA).

The SamTrans CAC is made up of 15 members, divided between the following three constituencies:

Bus Riders – Representing the diverse population of both San Mateo County and SamTrans fixed-route ridership, e.g.; Hispanic riders, Asian riders, Caucasian riders, African American riders, Disabled riders, Senior riders, Student riders, Transit Dependent riders.

Multi-modal Riders – Representing the riders who use SamTrans fixed-route service to connect to another one of the available transit modes, e.g.; bus-to-Caltrain riders, bus-to-BART riders, bus-to-bus riders.

Community – Representing community interests which also interact with SamTrans fixed-route service, e.g.; Schools, Labor, Business and Industry, Environmental interests.

The goals of the SamTrans CAC are described as follows:

The goal of [SamTrans CAC] is to help the San Mateo County Transit District (SamTrans) plan a transportation system that is safe, efficient, cost-effective, energy-efficient, environmentally responsible, and responsive to the needs of the broadest range of citizens and transit users in the San Mateo County. SamTrans firmly believes that the people who use a transportation system, or are affected by it, should have a voice in deciding the “where,” the “what,” and the “when” of the operations of SamTrans.

In recognition of the importance of SamTrans fixed-route bus service in our multimodal system, the focus of the SamTrans Citizens Advisory Committee (CAC) is on issues of direct concern to users of fixed-route bus service. Members of the CAC may concurrently represent the concerns of other constituent groups as they relate to fixed-route bus service.....

The TA CAC is likewise composed of 15 members, drawn from the community.

The goals of the TA CAC are described as follows:

As the title implies, the duties of the committee are strictly advisory. The membership is to provide input and information to the Authority, and present formal recommendations.

Committee members will provide, upon request, sound and current information and recommendations that will broaden the scope of input and understanding for the Authority.

Provide the Authority with a broader base of experience and expertise than the Authority might otherwise have.

Act as liaison with good, timely communication capabilities between the public and the Authority.

In both cases, the CACs act as liaisons between the community and the organizations, and provides input on actions to be taken by the board.

Proposed Goals of for the CAC

The goal of PCE is to reduce greenhouse gas emissions by providing cleaner power to County residents and businesses at competitive rates. PCE will also develop new renewable energy sources, including within San Mateo County, and implement programs to further reduce greenhouse gas emissions. Key actions of the organization include:

- Purchasing electricity
- Determining the renewable and GHG-free share of the default electricity product
- Setting rates
- Determining which renewable projects to fund
- Implementing programs to further reduce greenhouse gas emissions such as energy efficiency, energy storage and EV charging stations.
- Encouraging customers to opt up to the 100% GHG-free ECO100 plan and take other actions to reduce carbon emissions.

To further PCE's mission, the CAC would:

- Act as a liaison to the community.
- Provide input on both specific PCE board agenda items as well as on PCE's general policy and operational objectives.
- Engage in outreach to the community, including encouraging ratepayers to opt-up to ECO100 and implement other carbon reducing practices.
- Assist with legislative advocacy.
- Provide a forum for community discussions on a wide variety of strategies to reduce carbon emissions.

Proposed Composition and Structure of the CAC

We propose that the CAC be comprised of 15 members drawn from the community and appointed by the PCE board. Members might be affiliated with a community group, but would not formally represent that group on the CAC. Members would be selected by the board after an application process where candidates would first be vetted by an ad hoc committee of the board.

We encourage selecting applicants who are:

- From geographically diverse areas of the County
- Have relevant backgrounds or expertise related to the electricity field and/or community outreach and engagement.
- Have the capability to build connections to local communities to encourage adoption of ECO100 and other carbon reducing practices.

The CAC would be chaired by a member of the CAC selected by the CAC membership. The CAC Chair, or the Chair's designee, would provide a report to the PCE board at each PCE board meeting.



PENINSULA CLEAN ENERGY
JPA Board Correspondence

DATE: November 14, 2016
BOARD MEETING DATE: November 17, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors

FROM: Dan Lieberman, Director of Marketing and Public Affairs, Peninsula Clean Energy

SUBJECT: Discussion on Marketing Materials in Different Languages

RECOMMENDATION: Receive feedback on the multi-language noticing for PCE's Phase 2 enrollment notices.

BACKGROUND:

Pursuant to California's Electric Rule 23, California CCAs shall fully inform participating customers (1) at least twice during a 60 day period in advance of the date of Automatic Enrollment; and (2) at least twice during a 60 day period following enrollment in a CCA's Service.

In PCE's Phase 1 enrollments, five notices were sent to each enrolled customer for a total of approximately 350,000 notices, plus an additional ~6,000 notices to NEM customers.

Based on input from the board, the first and second enrollment notices were sent in English and also either Spanish or Chinese in the communities as noted below. It was agreed that no customer would receive notices in all three languages. Cities not listed received only English notices. Each notice included a 3 page double-sided letter in each language, that included the letter on pages 1 and 2, and the terms and conditions on page 3.

Language Usage by City

City	Speak Spanish at Home	Speak Chinese at Home
Daly City	18.9%	14.2%
San Mateo (city)	21.2%	Less than 10%
Redwood City	33.2%	Less than 10%

South San Francisco	25.6%	Less than 10%
San Bruno	22.0%	Less than 10%
Menlo Park	14.8%	Less than 10%
Burlingame	10.0%	Less than 10%
Half Moon Bay	27.0%	Less than 10%
Brisbane	13.4%	13.9%
Colma	45.4%	Less than 10%
East Palo Alto	57.7%	Less than 10%
Foster City	Less than 10%	18.2%
Millbrae	Less than 10%	23.3%
Hillsborough	Less than 10%	14.6%
Unincorporated Area	Not known	Not known

Highlighted cells above indicate that customers in that jurisdiction received a fully translated notice in that language. Customers who self-identified as speaking Spanish or Chinese received notices in those languages.

The third, fourth, and fifth notices (a postcard) had a limited amount of translations in Spanish and Chinese, and included the terms and conditions in English only, directing the recipient to the website if they wanted to read the full terms and conditions in either Spanish or Chinese.

Gordon Tong estimated the all-in cost per piece for PCE notices in 2016 was:

- Letter: \$0.76
- Folded self-mailer: \$0.88
- Postcards: \$0.53

The PCE website is available in English, Spanish, and Chinese, and the website visits by language are shown below:

Website Visits by Language: July 4 – November 14, 2016

Language	# of Sessions
English	32,304
Spanish	5,685
Mandarin	1,040

DISCUSSION:

In 2017, PCE is obligated to send ~920,000 notices to Phase 2 customers, as well as ~30,000 NEM notices and 62,000 notices to customers who establish new service in San Mateo County (600 new accounts per week times two notices each). That's over a million notices in one year.

Printing, handling and postage for our enrollment notices is the majority of the marketing budget for 2017. Our pro forma budget for 2017 includes \$610,000 for those mailings,

meaning that, to meet that budget objective, we need to keep costs to ~\$0.60 per piece including printing, handling, and postage, which is a challenge given that bulk rate postage consumes half of that amount.

Opportunities for savings

PCE staff have identified several tactics that can help reduce our printing and mailing costs. These include:

- Print on standard letter-sized paper rather than legal sized. For a one-page notice letter to Phase 2 customers, this paper size change alone would save ~\$10,000 and provides environmental benefits from saved paper.
- Use lighter weight/lower cost paper – also provides environmental benefits.
- Use bulk rate postage rather than first class (saves 12.8 cents/piece)
- Print in fewer colors
- Re-format our self-mailer to lower the cost of printing and handling
- Do not send full-text mailers in multiple languages. Instead, send full text in English and a portion of the text in Spanish and Mandarin, along with links to full translations. This will reduce the amount of real estate required.
- Previous mailings were targeted demographically by language spoken at home. This created considerable workload managing the mailings, and reduced print volumes for some pieces (increasing the per-unit costs). By including a portion of the text in Spanish and Mandarin in every mailing, PCE could reduce the administrative burden and related costs.

PCE may have the opportunity to include a bucksliip-sized bill insert in PG&E's May bill, which is a low-cost opportunity to reach customers. We would not be able to fit full language translations on a bucksliip given its small size. Other CCAs have recommended using several mailing formats when sending notices to increase the likelihood that customers will see the information. While postcards are the lowest cost mailing format, it is more likely that a customer will open a letter. It is worth noting that while we want our customers to be informed about PCE, a "no action" outcome is satisfactory. In other words, these mailings do not require a strong call to action.

Branding

The enrollment notices are PCE's primary means of communicating with customers. Our opt-out rates remain below 1%, which is below industry average. That is one indicator that our enrollment notices are performing well. There is some risk associated with changing notice format, given that high level of performance.

Changes to the notices from Phase 1 to Phase 2, such as a shift to black and white printing, or removing full language translations, may have a negative impact on our brand. On the other hand, environmental brands tend to have a negative customer reaction when large, glossy-type mailings are used. So simplifying the look and feel of mailings, and reducing the amount of paper, may help our brand.

PCE staff can work with Circlepoint and their subcontractors to draft modest revisions to

our enrollment notices. We want to have cost-effective designs, while not jeopardizing our brand or increasing opt-out rates. One option is to include in the mailings a full version of the English text (including the Terms and Conditions as required) as well as partial translations in Spanish and Mandarin, along with links to full translations. Rather than sending these mailings to segments of our customers, based on language spoken at home, these could be sent to all customers in Phase 2. Utilizing tactics such as fewer printed pages, lighter paper, and bulk mailing rates should succeed in keeping PCE within budget on mailings, while retaining brand reputation and providing non-English language content to those who need and value it.

Next Steps

PCE staff seek feedback from the board regarding our notice strategy for Phase 2 enrollments.

- Should we repeat the same notice format and language translation approach utilized in Phase 1 (namely some receive only English, some receive English and full-translation Spanish, and some receive English and full-translation Mandarin)?

OR

- Should PCE send all customers the same mailing piece with only partial translations in Spanish and Mandarin?

FISCAL IMPACT:

Staff will endeavor to keep enrollment notice costs within the allocated budget, which represents a decline in per-piece mailing costs compared to 2016.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: November 15, 2016
BOARD MEETING DATE: November 17, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
SUBJECT: PCEA Mission Statement

At the November 12, 2016 Peninsula Clean Energy (PCE) Board Retreat, the board unanimously adopted the following mission statement:

Peninsula Clean Energy is San Mateo County's locally controlled electricity provider. We are reducing greenhouse gas emissions and offering customer choice at competitive rates.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: November 15, 2016
BOARD MEETING DATE: November 17, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
SUBJECT: Adopt PCEA Strategic Goals

RECOMMENDATION:

Adopt the proposed PCEA strategic goals.

BACKGROUND:

Peninsula Clean Energy (PCE) proposes to adopt strategic goals to focus its efforts and measure its progress going forward. The goals are long-term goals spanning the next 5+ years.

DISCUSSION:

At the November 12, 2016 board retreat, the board had an active discussion about the organization's strategic goals. After much discussion, the following eight goals were deemed the most important for adoption. Some of the goals have objectives underneath them, which the board wanted to include in order to provide details about the metrics for the goals.

1. Design a diverse power portfolio that is greenhouse gas free.
 - 100% GHG free by 2021
 - sourced by 100% CA RPS eligible renewable energy by 2022
 - create a minimum of 20 MWs of new local power by 2025
2. Continually strive to offer ECOPlus at rates that are at parity or lower than PG&E rates.
3. Stimulate development of new renewable energy projects and clean-tech innovation in San Mateo County and California through PCE's procurement activities.
4. Demonstrate quantifiable economic benefits to the County/region and place a priority on local hiring and workforce development practices.
5. Implement programs to further reduce greenhouse gas emissions by investing in local clean power production, energy efficiency, and demand response, and partnering

effectively with local business.

6. Maximize and maintain customer participation in PCE.
 - Provide a superior customer experience
 - Develop PCE brand awareness and loyalty throughout the County
 - Actively encourage voluntary participation in its ECO100 renewable energy product
 - Actively encourage participation in other programs PCE develops
 - Achieve recognition from the EPA's Green Power Partnership for Green Power Communities for all cities with municipal accounts enrolled in ECO100 by 2018
7. Build a financially sustainable organization.
 - Build sufficient reserves in a rate stabilization fund
 - Achieve an investment grade credit rating by 2021
8. Foster a work environment that espouses sustainable business practices and cultivates a culture of innovation, diversity, transparency, integrity, and commitment to the organization's mission and the communities it serves.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: November 15, 2016
BOARD MEETING DATE: November 17, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: Majority

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
SUBJECT: Adopt PCEA Policy on Ethical Vendor Standards

RECOMMENDATION:

Adopt the proposed PCEA policy ethical vendor standards.

BACKGROUND:

Peninsula Clean Energy (PCE) proposes to adopt a policy on ethical vendor standards to serve as a guide in its procurement decisions.

DISCUSSION:

At the November 12, 2016 board retreat, the board had an active discussion about the organization's ethical vendor standards. The attached policy is proposed for adoption.



Policy Number: 8

Adoption Date:

Subject: Ethical Vendor Standards

Policy: Peninsula Clean Energy (PCE) is committed to the highest standards of responsible behavior and integrity in all of its business relationships. PCE will consider a company's business practices, environmental track record, and commitment to sustainability in its procurement decisions.



**PENINSULA CLEAN ENERGY
JPA Board Correspondence**

DATE: November 15, 2016
BOARD MEETING DATE: November 17, 2016
SPECIAL NOTICE/HEARING: None
VOTE REQUIRED: None

TO: Honorable Peninsula Clean Energy Authority Board of Directors
FROM: Jan Pepper, Chief Executive Officer, Peninsula Clean Energy
SUBJECT: Review Financial Statements

BACKGROUND:

During its formation, Peninsula Clean Energy (PCE) utilized the finance professionals in the San Mateo County Office of Sustainability and San Mateo County to maintain a trust account within the County's financial system, and receive, review, and pay invoices through the County's process. In October 2016, PCE signed an agreement with Maher Accountancy to set up financial systems independent of the County on behalf of Peninsula Clean Energy.

DISCUSSION:

Maher Accountancy has been working with the County to transition the finance-related activities from the County to PCE directly. This includes reconciling all of the financial transactions that have occurred within PCE since its beginning in 2015 and tracking the income (namely the loans from the County to PCE) and the expenditures. The attached unaudited financial statements provide a preliminary picture of PCE's financial status as of September 30, 2016.

Due to some outstanding issues that Maher Accountancy is continuing to work out with the County, the statements are marked as "Draft". Although they don't expect any material changes to the figures, there are likely to be some changes as the County and Maher continue the reconciliation.



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying financial statements of Peninsula Clean Energy Authority (a California Joint Powers Authority) which comprise the statement of net position as of September 30, 2016, and the related statement of revenues, expenses, and changes in net position, and the statement cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
November 8, 2016

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF NET POSITION

As of September 30, 2016

ASSETS

Current assets

Cash and cash equivalents	\$ 4,616,142
Other receivables	1,421,633
Interest receivable	5,259
Prepaid expenses	55,200
Total current assets	<u>6,098,234</u>

Noncurrent assets

Capital assets, net of depreciation	1,619
Deposits	100,000
Total noncurrent assets	<u>101,619</u>
Total assets	<u>6,199,853</u>

LIABILITIES

Current liabilities

Accounts payable	4,767
Accrued interest payable	15,136
Accrued payroll	17,406
Other accrued liabilities	115,665
Total current liabilities	<u>152,974</u>

Noncurrent liabilities

Loan payable to bank	3,000,000
Loans payable to County of San Mateo	4,480,800
Total noncurrent liabilities	<u>7,480,800</u>

Total liabilities	<u>7,633,774</u>
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NET POSITION

Net investment in capital assets	1,619
Unrestricted	<u>(1,435,540)</u>
Total net position	<u>\$ (1,433,921)</u>

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF REVENUES, EXPENSES

AND CHANGES IN NET POSITION

July 1, 2016 through September 30, 2016

OPERATING REVENUES

Electricity sales, net	\$	-
Green electricity premium		-
Total operating revenues		-

OPERATING EXPENSES

Staff compensation and benefits	104,370
Consultants and other professional fees	81,918
Legal	77,177
Communications and noticing	131,073
General and administration	29,020
Depreciation	46
Total operating expenses	423,604
Operating income (loss)	(423,604)

NONOPERATING REVENUES (EXPENSES)

Interest income	5,259
Interest and related expense	(37,525)
Financing costs	(23,202)
Total nonoperating revenues (expenses)	(55,468)

CHANGE IN NET POSITION

	(479,072)
Net position at beginning of period	(954,849)
Net position at end of period	\$ (1,433,921)

PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS
July 1, 2016 through September 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES

Payments to purchase electricity	\$ (55,200)
Payments for staff compensation	(109,910)
Payments for consultants and other professional fees	(241,157)
Payments for communications and noticing	(131,074)
Payments for general and administration	(25,367)
Net cash provided (used) by operating activities	<u>(562,708)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Deposits and collateral paid	(100,000)
Interest and related expense payments	(29,051)
Finance costs	<u>(23,202)</u>
Net cash provided (used) by non-capital financing activities	<u>(152,253)</u>

**CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES**

Acquisition of capital assets	<u>(1,665)</u>
Net change in cash and cash equivalents	(716,626)
Cash and cash equivalents at beginning of year	<u>5,332,768</u>
Cash and cash equivalents at end of period	<u><u>\$ 4,616,142</u></u>

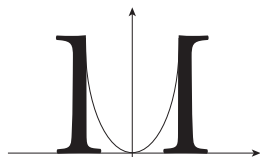
PENINSULA CLEAN ENERGY AUTHORITY

STATEMENT OF CASH FLOWS (continued)

July 1, 2016 through September 30, 2016

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	\$ (423,604)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	46
(Increase) decrease in other receivables	(300)
(Increase) decrease in prepaid expenses	(55,200)
Increase (decrease) in accounts payable	4,767
Increase (decrease) in accrued liabilities	(88,417)
Net cash provided (used) by operating activities	<u>\$ (562,708)</u>



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Peninsula Clean Energy Authority

Management is responsible for the accompanying special purpose statement of Peninsula Clean Energy Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended September 30, 2016, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of PCE.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the special purpose budgetary comparison statement, they might influence the user's conclusions about the Authority's results of operations. Accordingly, this special purpose budgetary comparison statement is not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
November 8, 2016

PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGETARY COMPARISON SCHEDULE
July 1, 2016 through September 30, 2016

	2016/17 YTD Budget	2016/17 YTD Actual	2016/17 YTD Budget Variance (Under) Over	2016/17 YTD Actual/Budget %	2016/17 Annual Budget	2016/17 Budget Remaining
REVENUE AND OTHER SOURCES						
Revenue - Electricity (net of allowance)	\$ -	\$ -	\$ -	0%	\$ 85,882,760	\$ 85,882,760
Revenue - Green Premium (net of allowance)	-	-	-	0%	267,843	267,843
Other Source - bank loan proceeds *	3,000,000	-	(3,000,000)	0%	12,000,000	12,000,000
Interest income	-	5,259	5,259	na	-	(5,259)
Total revenue and other sources	<u>3,000,000</u>	<u>5,259</u>	<u>(2,994,741)</u>	<u>0%</u>	<u>98,150,603</u>	<u>98,145,344</u>
EXPENDITURES AND OTHER USES						
CURRENT EXPENDITURES						
Cost of energy	-	-	-	0%	73,298,147	73,298,147
Internal staffing	250,416	104,370	(146,046)	42%	1,711,250	1,606,880
Benefits	85,166	-	(85,166)	0%	673,000	673,000
Outreach and communications	150,000	3,451	(146,549)	2%	440,000	436,549
Technical consultants	75,000	50,665	(24,335)	68%	255,000	204,335
Legal and regulatory	80,000	77,177	(2,823)	96%	450,000	372,823
Data manager	-	-	-	0%	1,363,853	1,363,853
Customer noticing	165,000	127,622	(37,378)	77%	755,000	627,378
Energy Programs (including NEM)	-	-	-	0%	1,022,500	1,022,500
PG&E service fees	-	-	-	0%	564,892	564,892
General and administration	131,250	29,020	(102,230)	22%	800,625	771,605
Other consultants	-	31,253	31,253	na	-	(31,253)
Total current expenditures	<u>936,832</u>	<u>423,558</u>	<u>(513,274)</u>	<u>45%</u>	<u>81,334,267</u>	<u>80,910,709</u>
OTHER USES						
Rate stabilization reserve	-	-	-	0%	4,757,530	4,757,530
Bad debt reserve **	-	-	-	0%	300,590	300,590
CCA Bond, CAISO and PG&E deposits	635,000	100,000	(535,000)	16%	635,000	535,000
Total other uses	<u>635,000</u>	<u>100,000</u>	<u>(535,000)</u>	<u>16%</u>	<u>5,693,120</u>	<u>5,593,120</u>
DEBT SERVICE						
	58,788	60,727	1,939	103%	376,675	315,948
Total expenditures, Other Uses and Debt Service	<u>1,630,620</u>	<u>584,285</u>	<u>(1,046,335)</u>	<u>36%</u>	<u>87,404,062</u>	<u>86,819,777</u>
Net increase (decrease) in available fund balance	<u>\$ 1,369,380</u>	<u>\$ (579,026)</u>	<u>\$ (1,948,406)</u>	<u>-42%</u>	<u>\$ 10,746,541</u>	<u>\$ 11,325,567</u>

* \$3,000,000 proceeds from Barclays loan occurred prior to this fiscal year

** The estimated expense related to uncollectible accounts is reported with the revenue item.

PENINSULA CLEAN ENERGY AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2016 through September 30, 2016

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ (579,026)
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(46)
Add back collateral deposits	<u>100,000</u>
Change in net position	<u><u>\$ (479,072)</u></u>