**Peninsula Clean Energy
Audit & Finance Committee
February 11, 2019**

Agenda

- Call to order / Roll call

- Public comment

- Action to set the agenda and approve consent items

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1. Chair Report

2. Staff Report

Staff Report

- Signed revised agreement with First Republic Bank to implement revised Investment Policy – will see changes in next quarterly report

- Completed Harassment Training and IT Security Training for all staff

- Initiated CPUC-required AMI Audit by independent audit firm

- Engaged same auditor to conduct broader IT security assessment to determine strength of IT policies and to provide recommendations

- In-process to implement IT controls by deploying controls to require periodic mandatory password changes and to prevent downloading/installation of non-standard software

- Insurance – engaged new broker. In process to pull program together with options. Targeting presentation to A&F at meeting on April 8, 2019

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3. Financial Summary December 2018 Year to Date

Revenue – Monthly Detail

$ in millions

Months	Revenue Comparison vs Budget			
	Actual	**Budget**	**Var ($)**	**Var (%)**
Jul-18	$25.7	$24.5	$1.2	5%
Aug-18	23.1	$25.5	(2.5)	-10%
Sep-18	23.3	$25.9	(2.6)	-10%
Oct-18	25.0	$24.2	0.7	3%
Nov-18	19.6	$17.1	2.4	14%
Dec-18	20.2	$18.9	1.2	6%
Total	**136.7**	**136.2**	**0.5**	**0%**

- ## YTD Actual Revenues closely aligned with Budgeted level

  - ➢ Lower than expected revenues in 1Q resulted from cooler weather in August (4%) and September (9%) compared to prior year.

  - ➢ Higher than expected revenues in 2Q resulted from higher commercial demand charges during the period compared to budget.

  - ➢ YTD energy usage 3% lower than budget offset by higher commercial demand charges during the same period.

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Cost of Energy – Monthly Detail

$ in millions

Months	COE Comparison vs Budget			
	Actual	**Budget**	**Var ($)**	**Var (%)**
Jul-18	$19.4	$15.4	($3.9)	-26%
Aug-18	15.2	16.0	0.8	5%
Sep-18	11.5	15.0	3.5	23%
Oct-18	13.3	14.0	0.7	5%
Nov-18	11.1	13.7	2.6	19%
Dec-18	17.4	14.8	(2.6)	-18%
Total	**87.8**	**88.9**	**1.1**	**1%**

- <u>YTD Actual Costs closely aligned with Budgeted level</u>

  ➢ 3% lower YTD energy usage offset by price spikes in real-time market (primarily in July).

  ➢ Timing of RECs and CAISO Credits causes monthly revenue fluctuations largest impact in December).

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Change in Net Position (As of December 2018)

$ in millions

| Accounts	Year-to-date vs Budget			
	Actual	**Budget**	**Var ($)**	**Var (%)**
Revenues	$136.7	$136.2	$0.5	0%
Cost of Energy	87.8	88.9	1.1	1%
Other Opex	6.0	8.6	2.5	30%
Non-Opex/(Income)	(0.7)	(0.1)	(0.5)	397%
Net Position	**43.5**	**38.9**	**4.7**	**12%**

- <u>Revenues</u>: Close to budget; mostly driven by lower energy usage offset by higher commercial demand usage.

- <u>Cost of Energy</u>: 1% lower than budget due to lower energy usage as a result of cooler weather in summer offset by price spikes.

- <u>Other OPEX</u>: 30% under budget due to conservative budgeting and delayed spending in Programs.

- <u>Non-Operating Income</u>: Over budget due to increased investment in T-bills and better than expected treasury rates.

- <u>Ending Net Position</u>: $128.9 million as of December 31st, 2018

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Customer Accounts (As of Dec. 2018)

Customer Type	YTD Customer Accounts vs Budget			
	Actual	Budget	Var.	Var (%)
RES	265,183	259,593	5,590	2%
C&I	28,240	27,985	255	1%
Total	**293,423**	**287,578**	**5,845**	**2%**

- The number of Customer Accounts is slightly higher than planned

  ➢ Low opt-out rate (2.4%)

  ➢ RES (Residential) growth driven by new housing

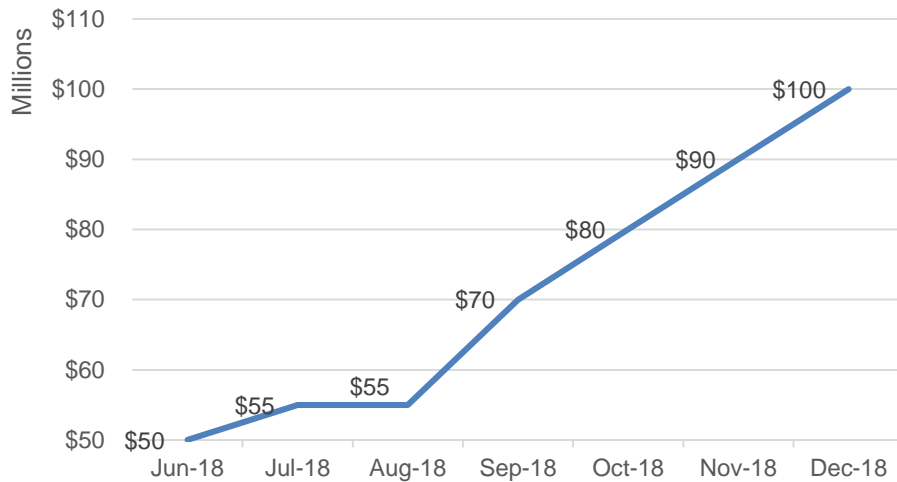 ➢ C&I (Commercial/Industrial) growth driven by large commercial expansion

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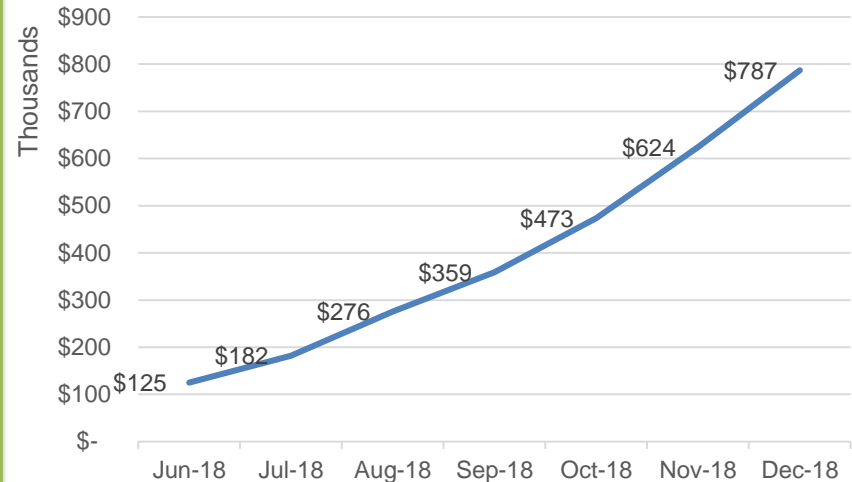# Cash and Cash Equivalents

Cash and Cash Equivalents
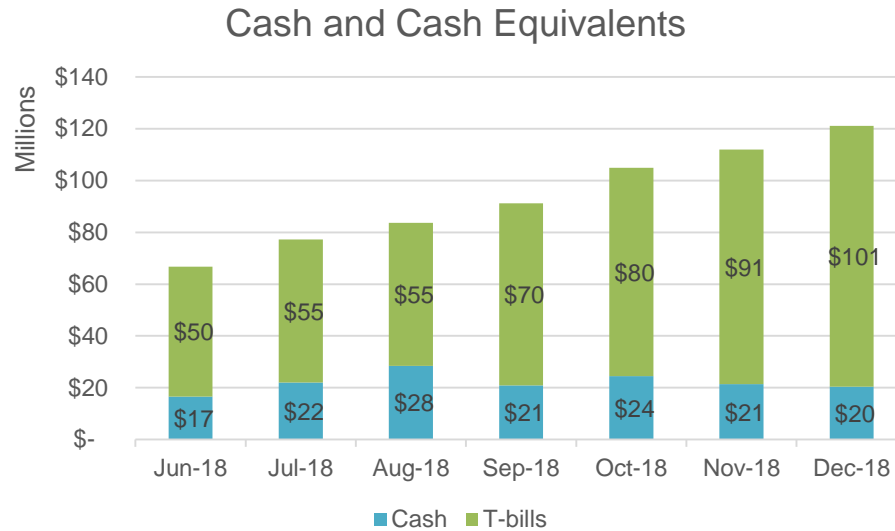
- Steadily strengthening liquidity position; at end of December:

  – 83% was invested in T-bills

  –17% in cash

Investment Account Profile

Contributions

Millions

$110	
$100	$100
$90	$90
$80	$80
$70	$70
$60	$55 $55
$50	$50

Jun-18 Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18

Net Interest Income*

Thousands

$900	
$800	$787
$700	
$600	$624
$500	$473
$400	$359
$300	$276
$200	$182
$100	$125
$-	

Jun-18 Jul-18 Aug-18 Sep-18 Oct-18 Nov-18 Dec-18

- Current investment in laddered T-bills with an average maturity of 1-month.

- The average Yield-to-Maturity is ~2.0% with a profile of Aaa/AA+ credit rating.

- Evaluating diversification into other investment options based on the approved Investment Policy Statement to increase overall yield.

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*Net Interest Income includes realized and unrealized portion of the interest.

4. Committee Members' Reports