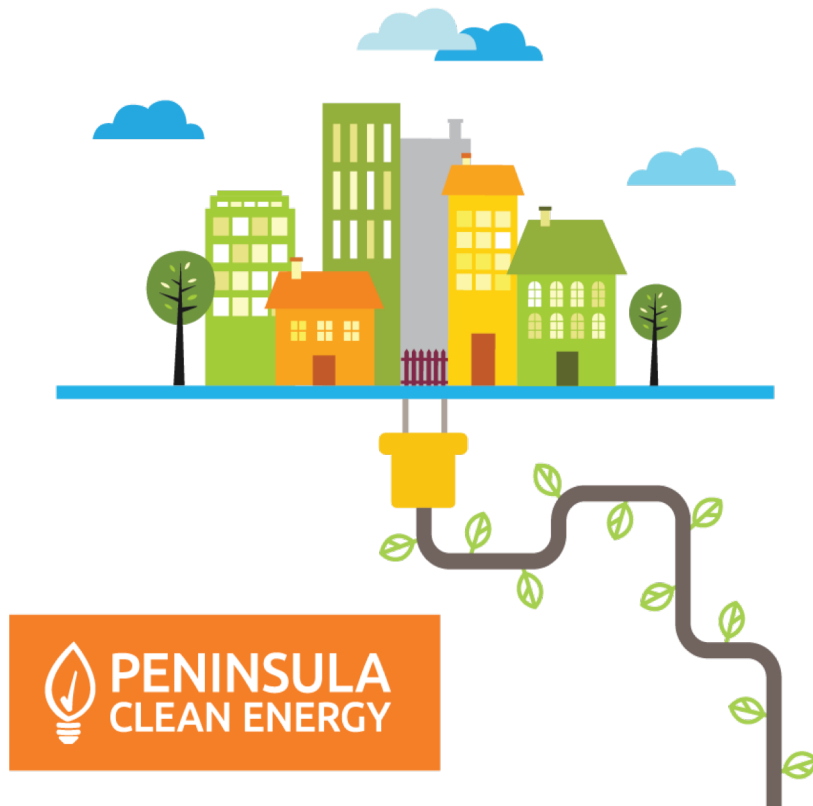


Peninsula Clean Energy Audit & Finance Committee May 13, 2019



Agenda

- Call to order / Roll call
- Public comment
- Action to set the agenda and approve consent items

1. Chair Report

2. Staff Report

Staff Report

- Completed and filed CPUC-required AMI Audit by independent audit firm
- Conducting interviews and search for Senior Financial Analyst
- Visited Calpine on May 2
- **Received Baa2 Credit Rating from Moody's on May 6 !!!!!**
- Credit rating – collateral review
 - Reviewing contracts to determine which, if any, collateral can be returned
- Revised Budget for FY2018/19 – Board approval for spending

3. Review Financial Reports and Investment Summary for Third Quarter FY2018-2019

Revenue – Quarterly Detail

Revenue as of

March, 2019

\$ in millions

Quarter	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2018/19	\$72.0	\$75.9	(\$3.8)
Q2-FY2018/19	64.7	60.3	4.4
Q3-FY2018/19	55.8	54.1	1.7
Total YTD	\$192.5	\$190.3	\$2.2

YTD Revenues closely aligned with Budgeted level

- Revenues in Q1 lower than budget due to cooler weather than prior year
- Revenues in Q2 higher than budget mostly as a result of higher than expected commercial demand charges
- Revenues in Q3 higher than budget due to commercial energy use 3.7% higher than budgeted

Cost of Energy – Quarterly Detail

Cost of Energy as of

March, 2019

\$ in millions

Quarter	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2018/19	\$46.1	\$46.5	\$0.3
Q2-FY2018/19	41.7	42.4	0.7
Q3-FY2018/19	58.6	44.7	(13.9)
Total YTD	\$146.5	\$133.6	(12.9)

	Quarter			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
Cost of Energy						
Capacity purchases - RA	5,114,756	3,705,561	(1,409,195)	12,807,202	11,068,384	(1,738,818)
Energy purchases	43,372,103	37,467,548	(5,904,555)	115,228,536	112,892,050	(2,336,486)
RECs and GHG purchases	10,250,128	3,223,761	(7,026,367)	17,183,705	8,735,152	(8,448,553)
Other	(100,119)	292,033	392,152	1,243,049	877,877	(365,172)
Total Cost of Energy	58,636,867	44,688,902	(13,947,965)	146,462,492	133,573,463	(12,889,029)

Energy Costs – Explanation of Variances (page 1 of 2)

- Market Prices were unusually high in several months
 - Unusual events
 - Jul/Aug – Extreme Weather combined with natural gas constraints in SoCal
 - Feb/Mar – Natural gas pipeline outages (SoCal, British Columbia, AZ)
 - Prices
 - Average prices were significantly higher than budgeted level (greater than 50% higher in some cases)
- Unusual for Day-Ahead Prices to exceed Real-Time Prices
 - Actual Load exceeded Budgeted Load in the 3 months of highest prices – purchased at higher prices
 - Scheduled Load was higher than Actual Load in 7 of 9 months of the year – purchased at higher prices and sold back at lower

Energy Costs – Explanation of Variances (page 2 of 2)

➤ Renewable Energy Credits (RECs)

- Timing of RECs – Compliance is on calendar year basis - \$3.6 million was from prior Fiscal Year
- Participation in ECO100 was higher than budgeted - \$2.5 million
- Budget for ECO100 participation was left out of FY19 budget - \$1.0 million

➤ PCC1/PCC2

- Higher prices for PCC1 (demand from CCAs)
- Due to AB1110, move to more PCC1 added \$4.3 million cost

➤ Resource Adequacy

- Significantly higher prices to comply with requirements

Change in Net Position (YTD as of March 2019)

Change in Net Position - As of

March, 2019

\$ in millions

Accounts	Year-to-date vs Budget		
	Actual	Budget	Var Fav/(Unf)
Revenues	\$192.5	\$190.3	\$2.2
Cost of Energy	146.5	133.6	(12.9)
Other Opex	9.3	13.0	3.7
Non-Opex/(Income)	(1.3)	(0.2)	1.2
Net Position	38.1	43.9	(5.7)

- Revenues: Slightly above budget
- Cost of Energy: Higher than budget due to Q1 price spikes
- Other OPEX: Nearly 30% below budget—most significant area was delayed spending in Programs.
- Non-Operating Income: Above budget due to significantly higher interest & investment income than budgeted
- Ending Net Position: \$123.5 million as of March 31, 2019

Summary Financial Statement vs. Budget

	Quarter			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
OPERATING REVENUES						
Electricity Sales, net	53,861,116	53,729,120	131,996	188,667,792	189,096,970	(429,178)
Green electricity premium	605,878	402,858	203,020	1,827,944	1,197,779	630,166
Electricity sales for resale	1,369,896	-	1,369,896	2,039,342	-	2,039,342
Total Operating Revenues	55,836,891	54,131,978	1,704,912	192,535,078	190,294,748	2,240,329
OPERATING EXPENSES						
Cost of energy	58,636,867	44,688,902	(13,947,965)	146,462,492	133,573,463	(12,889,029)
Staff compensation	815,821	1,080,414	264,593	2,238,319	3,412,332	1,174,013
Data Manager	939,400	939,600	200	2,824,229	2,818,800	(5,429)
Service Fees - PG&E	308,939	315,000	6,061	928,120	945,000	16,880
Consultants & Professional Services	133,318	383,228	249,910	445,652	1,049,283	603,631
Legal	421,225	286,650	(134,575)	1,022,777	859,950	(162,827)
Communications and noticing	207,800	266,400	58,600	601,272	754,200	152,928
General and Administrative	253,265	307,050	53,785	780,568	920,150	139,582
Energy Programs	170,477	920,000	749,523	398,451	2,280,000	1,881,549
Depreciation	18,502		(18,502)	54,289		(54,289)
Total Operating Expenses	61,905,614	49,187,243	(12,718,371)	155,756,168	146,613,178	(9,142,990)
Operating Income (Loss)	(6,068,723)	4,944,735	(11,013,458)	36,778,909	43,681,570	(6,902,661)
NON-OPERATING REVENUES (EXP.)						
Total Nonoperating Income/(Expense)	663,005	57,500	605,505	1,330,310	172,500	1,157,810
CHANGE IN NET POSITION	(5,405,718)	5,002,235	(10,407,953)	38,109,219	43,854,070	(5,744,851)
CHANGE IN NET POSITION						
Net Position at the beginning of period	128,880,427	120,612,803		85,365,490	78,453,160	
Change in Net Position	(5,405,718)	5,002,235	(10,407,953)	38,109,219	43,854,070	(5,744,851)
Net Position at the end of period	123,474,709	125,615,038	(2,140,329)	123,474,709	122,307,230	1,167,479

Customer Accounts and Usage

Customer Accounts as of **March, 2019**

Customer Type	Average YTD Customer Accounts vs Budget			
	Actual	Budget	Var Fav/(Unf)	Var (%)
RES	265,121	259,593	5,529	2.1%
C&I	28,233	27,985	249	0.9%
Total	293,355	287,578	5,777	2.0%

Customer Type	YTD Usage Variance vs Budget (MWh)		
	Actual	Budget	Var Fav/(Unf)
RES	1,061,533	1,094,368	(32,835)
C&I	1,615,316	1,619,318	(4,002)
Total	2,676,849	2,713,686	(36,837)

Customer Type	YTD Actual Usage	
	MwH	% of Total
RES	1,061,533	39.7%
Large C&I	823,364	30.8%
Med C&I	401,240	15.0%
Small C&I	358,594	13.4%
Other C&I	32,119	1.2%
Total	2,676,849	100.0%

Cash and Cash Equivalents - Summary

Investment Account - First Republic

Asset Summary

	Jul-18	Sep-18	Dec-18	Mar-19
Cash	\$ 17,508,626	\$ 7,254	\$ 1,011,843	\$ 7,079
Fixed Income	\$ 37,673,497	\$ 70,351,518	\$ 99,774,998	\$ 87,171,037
Ending Balance	\$ 55,182,123	\$ 70,358,772	\$ 100,786,840	\$ 87,178,116

Other Accounts - Unrestricted

Unrestricted - Wilmington LockBox	\$ 6,282,888	\$ 4,978,590	\$ 4,981,788	\$ 4,048,978
Operating Account - First Republic	\$ 826,876	\$ 2,493,707	\$ 1,986,181	\$ 3,819,874
Savings Account - First Republic	\$ 12,438,193	\$ 10,866,587	\$ 10,897,449	\$ 13,225,605
Other Accounts	\$ 558	\$ 558	\$ 558	\$ 274
Subtotal Unrestricted (non-Investment accounts)	\$ 19,548,515	\$ 18,339,443	\$ 17,865,976	\$ 21,094,731

Other Accounts - Restricted

Restricted Cash - Wilmington LockBox	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,000,000
Restricted Cash - First Republic	\$ -	\$ -	\$ -	\$ 11,665,799
Subtotal Restricted (non-Investment accounts)	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 13,665,799

Total Cash

\$ 77,230,639	\$ 91,198,214	\$ 121,152,816	\$ 121,938,646
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Forecast for End of Fiscal Year – FY2018/19

FY 2018-2019 Budget & Projections	FY 2019	FY 2019	FY 2019	Variance
	Approved Budget	YTD Actual through March 2019	Forecasted FY2019	Fav/(Unf) vs. FY18/19 Budget
OPERATING REVENUES				
Electricity Sales, net	254,018,832	190,707,134	252,676,717	(1,342,115)
ECO100 Premium	1,627,364	1,827,944	2,440,425	813,061
Total Operating Revenues	255,646,196	192,535,078	255,117,143	(529,053)
OPERATING EXPENSES				
Cost of electricity	176,147,894	146,462,492	194,924,579	(18,776,685)
Personnel	4,492,745	2,238,319	3,088,319	1,404,426
Data Manager	3,758,400	2,824,229	3,765,639	(7,239)
Service Fees - PG&E	1,260,000	928,120	1,237,493	22,507
Professional Services	1,432,511	445,652	602,919	829,592
Legal	1,146,600	1,022,777	1,382,777	(236,177)
Communications and Outreach	1,010,600	601,272	766,297	244,303
General and Administrative	1,227,200	780,568	1,071,517	155,683
Energy Programs	3,200,000	398,451	869,284	2,330,716
Depreciation	42,000	54,289	72,889	(30,889)
Total Operating Expenses	193,717,950	155,756,168	207,781,713	(14,063,763)
Operating Income/(Loss)	61,928,246	36,778,909	47,335,430	(14,592,816)
NON-OPERATING REVENUES (EXP.)				
Interest Income	440,000	1,458,177	1,833,177	1,393,177
Interest and related expense	(168,000)	(127,867)	(169,867)	(1,867)
Total Nonoperating Revenues (Exp.)	272,000	1,330,310	1,663,310	1,391,310
CHANGE IN NET POSITION	62,200,246	38,109,219	48,998,740	(13,201,506)
CHANGE IN NET POSITION				
Net Position at the beginning of period	78,197,442	85,365,490	85,365,490	7,168,048
Inc/(Dec) in Net Position	62,200,246	38,109,219	48,998,740	(13,201,506)
Net Position at the end of period	140,397,688	123,474,709	134,364,230	(6,033,458)
Gross Margin	31%	24%	24%	
Approx. Cash & Cash Equivalents	66,689,412	121,938,646	125,665,799	

4. Fiscal Year 2019-2020 Budget Review

FY2019/20 Significant Budget Assumptions

- Rates – One rate change on Jan 1, 2020 reflecting our current expectation of PG&E rates and PCIA changes
- Energy Costs
 - Cost of RECs assumed significantly higher than prior year budget
 - Open Position Energy cost assumed much higher than prior year budget
 - No additional PPAs assumed – If signed, would likely reduce costs in future years
- Programs
 - Significant EV Infrastructure rebates start in September 2019
 - Significant expansion/initiation of several programs

Draft FY2019/20 Budget vs. FY2018/19

FY 2019-2020 Budget & Projections	FY 2019 Approved Budget	FY 2019 Forecasted FY2019	FY 2020 Draft Budget
OPERATING REVENUES			
Electricity Sales, net	254,018,832	252,676,717	269,583,674
ECO100 Premium	1,627,364	2,440,425	2,989,654
Total Operating Revenues	255,646,196	255,117,143	272,573,329
OPERATING EXPENSES			
Cost of electricity	176,147,894	194,924,579	218,376,089
Personnel	4,492,745	3,088,319	4,806,484
Data Manager	3,758,400	3,765,639	3,765,639
Service Fees - PG&E	1,260,000	1,237,493	1,237,493
Professional Services	1,432,511	602,919	711,333
Legal	1,146,600	1,382,777	1,351,500
Communications and Outreach	1,010,600	766,297	2,104,800
General and Administrative	1,227,200	1,071,517	1,189,387
Energy Programs	3,200,000	869,284	4,594,473
Depreciation	42,000	72,889	74,400
Total Operating Expenses	193,717,950	207,781,713	238,211,599
Operating Income/(Loss)	61,928,246	47,335,430	34,361,730
NON-OPERATING REVENUES (EXP.)			
Interest Income	440,000	1,833,177	1,500,000
Interest and related expense	(168,000)	(169,867)	(168,000)
Total Nonoperating Revenues (Exp.)	272,000	1,663,310	1,332,000
CHANGE IN NET POSITION	62,200,246	48,998,740	35,693,730
CHANGE IN NET POSITION			
Net Position at the beginning of period	78,197,442	85,365,490	134,364,230
Inc/(Dec) in Net Position	62,200,246	48,998,740	35,693,730
Net Position at the end of period	140,397,688	134,364,230	170,057,960
Approx. Cash & Cash Equivalents	66,689,412	125,665,799	161,359,529

FY2019/20 Budget Review Schedule

- May 13, 2019 -- Review and input from Executive Committee
- May 13, 2019 -- Review and input from Audit & Finance Committee
- May 23, 2019 – Review and input from full Board meeting
- June 27, 2019
 - Present FY2019/20 Budget to full Board for approval
 - Present revised/amended FY2018/19 to Board for approval

5. Review Financial Reporting Schedule

6. Renewal of Maher Accountancy Contract

7. Committee Members' Reports



Adjourn