

A large, stylized graphic of a lightbulb is positioned on the left side of the slide. The bulb part is a light green outline, and the base is composed of several horizontal green bars. Inside the bulb, there is a blue checkmark.

Audit & Finance Committee Meeting

November 13, 2019

Staff Report

- Areas that are on the list to do
 1. Evaluate options for increased reserve level beyond approved 120 days
 2. Evaluate and present options for adding a second money manager

Items to cover

- FY2018-2019 Audited Financial Statements
- FY2019-2020, Q1 Financial Review

FY2018-2019 Financial Audit

- Auditor Presentation with required communications

FY2019-2020, Q1 Financial Review

Revenue – Quarterly Trend

Revenue by Quarter as of

September, 2019

Quarter	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2018/19	\$71.8	\$75.9	(\$4.0)
Q2-FY2018/19	64.2	60.3	3.9
Q3-FY2018/19	54.5	54.1	0.3
Q4-FY2018/19	69.3	65.4	3.9
Total YTD 2018-2019	\$259.8	\$255.6	\$4.1

Q1-FY2019/20	\$85.3	\$82.3	\$3.1
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- Energy usage was slightly than budget, and 4% higher than prior year
- Rates were higher due to increase in PG&E rates

Revenue – Monthly Trend

Revenue (Last 12 months)

September, 2019

Month	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Oct-18	\$24.9	\$24.2	\$0.7
Nov-18	\$19.1	\$17.1	\$2.0
Dec-18	\$20.1	\$18.9	\$1.2
Jan-19	\$18.8	\$20.4	(\$1.6)
Feb-19	\$17.7	\$16.6	\$1.1
Mar-19	\$18.0	\$17.1	\$0.8
Apr-19	\$17.3	\$16.4	\$0.9
May-19	\$24.0	\$24.5	(\$0.5)
Jun-19	\$27.9	\$24.5	\$3.5
Jul-19	\$27.6	\$27.5	\$0.1
Aug-19	\$29.6	\$27.9	\$1.7
Sep-19	\$28.2	\$26.9	\$1.2

Cost of Energy – Quarterly Trend

Cost of Energy by Quarter as of

September, 2019

Quarter	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2018/19	\$45.9	\$46.5	\$0.5
Q2-FY2018/19	41.2	42.4	1.2
Q3-FY2018/19	57.3	44.7	(12.6)
Q4-FY2018/19	49.6	42.6	(7.0)
Total YTD 2018-2019	\$194.0	\$176.1	(\$17.9)

Q1-FY2019/20	\$54.7	\$56.6	\$1.8
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Comparison of Q1-2019/20 versus Q1-2018/19

- RA costs of \$8.4 million higher than prior year of \$5.4 million
- RECs higher due to change in accrual method - \$6.0 million versus \$1.2 million
- Base energy prices remained relatively stable through Q1

Cost of Energy – Monthly Trend

Cost of Electricity (Last 12 months)

September, 2019

Month	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Oct-18	\$13.2	\$14.0	\$0.7
Nov-18	\$10.6	\$13.7	\$3.1
Dec-18	\$17.3	\$14.8	(\$2.6)
Jan-19	\$20.2	\$16.6	(\$3.6)
Feb-19	\$15.7	\$14.2	(\$1.5)
Mar-19	\$21.4	\$13.9	(\$7.5)
Apr-19	\$15.4	\$13.7	(\$1.7)
May-19	\$17.8	\$14.1	(\$3.7)
Jun-19	\$16.4	\$14.8	(\$1.6)
Jul-19	\$16.6	\$18.7	\$2.0
Aug-19	\$18.8	\$18.9	\$0.2
Sep-19	\$19.3	\$19.0	(\$0.3)

Change in Net Position (YTD as of September 2019)

Change in Net Position - As of

September, 2019

Accounts	Year-to-date vs Budget		
	Actual	Budget	Var Fav/(Unf)
Revenues	\$85.3	\$82.3	\$3.1
Cost of Energy	54.7	56.6	1.8
Other Opex	3.4	4.4	1.0
Non-Opex/(Income)	(0.6)	(0.6)	0.0
Net Position	\$27.8	\$21.9	\$5.9

Higher revenues than budgeted

Lower costs than budgeted

Lower expenses than budgeted across multiple areas – some are timing-related

Summary Financial Statement vs. Budget – Q1

	Quarter 1 ending September 2019			Year-to-date		
	Current Quarter			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
OPERATING REVENUES						
Electricity Sales, net	84,645,600	81,646,817	2,998,783	84,645,600	81,646,817	2,998,783
Green electricity premium	692,522	627,916	64,607	692,522	627,916	64,607
Total Operating Revenues	85,338,122	82,274,733	3,063,390	85,338,122	82,274,733	3,063,390
OPERATING EXPENSES						
Cost of energy	54,749,075	56,586,979	1,837,904	54,749,075	56,586,979	1,837,904
Staff compensation	904,479	1,033,669	129,190	904,479	1,033,669	129,190
Data Manager	950,257	955,531	5,273	950,257	955,531	5,273
Service Fees - PG&E	313,306	314,014	708	313,306	314,014	708
Consultants & Professional Services	69,003	297,250	228,247	69,003	297,250	228,247
Legal	268,323	367,875	99,552	268,323	367,875	99,552
Communications and Noticing	230,300	438,700	208,400	230,300	438,700	208,400
General and Administrative	326,201	318,822	(7,379)	326,201	318,822	(7,379)
Community Energy Programs	307,886	612,500	304,614	307,886	612,500	304,614
Depreciation	22,179	24,600	2,421	22,179	24,600	2,421
Total Operating Expenses	58,141,011	60,949,939	2,808,928	58,141,011	60,949,939	2,808,928
Operating Income (Loss)	27,197,112	21,324,793	5,872,318	27,197,112	21,324,793	5,872,318
NON-OPERATING REVENUES (EXP.)						
Total Nonoperating Income/(Expense)	601,174	558,000	43,174	601,174	558,000	43,174
CHANGE IN NET POSITION	27,798,286	21,882,793	5,915,492	27,798,286	21,882,793	5,915,492
CHANGE IN NET POSITION						
Net Position at the beginning of period	140,139,128	134,786,442	5,352,686	140,139,128	134,786,442	5,352,686
Change in Net Position	27,798,286	21,882,793	5,915,492	27,798,286	21,882,793	5,915,492
Net Position at the end of period	167,937,414	156,669,235	11,268,178	167,937,414	156,669,235	11,268,178
Ending Cash & Cash Equivalents	155,490,459	147,780,399	7,710,059			

Q1 Results:

- Revenues were \$3.1 million above Budget (PG&E rate increase not fully-budgeted since it was finalized after budget approval)
- Expenses were \$2.8 million below budget as energy prices remained low and other expenses were delayed in Q1
- Change in Net Position was \$5.9 million better than budget but not expected to continue at that pace in the rest of the year

Summary Financial Statement vs. Budget – Full-year Forecast

FY 2019-2020 Budget & Projections	FY 2020	FY 2020	FY 2020	Variance	Variance
	Approved Budget	YTD Actual through September 2019	Forecasted Full Year FY19-20 - 3 mos Actual	Forecast \$ vs. FY19/20 Budget Fav/(Unf)	Forecast % vs. FY19/20 Budget Fav/(Unf)
OPERATING REVENUES					
Electricity Sales, net	265,221,745	84,645,600	268,367,904	3,146,159	1.2%
ECO100 Premium	2,560,486	692,522	2,625,092	64,607	2.5%
Total Operating Revenues	267,782,231	85,338,122	270,992,996	3,210,765	1.2%
OPERATING EXPENSES					
Cost of electricity	216,549,065	54,749,075	214,711,161	1,837,904	0.8%
Personnel	4,589,149	904,479	4,459,960	129,190	2.8%
Data Manager	3,822,123	950,257	3,816,850	5,273	0.1%
Service Fees - PG&E	1,256,056	313,306	1,255,348	708	0.1%
Professional Services	896,333	69,003	668,087	228,247	25.5%
Legal	1,471,500	268,323	1,371,948	99,552	6.8%
Communications and Outreach	1,754,800	230,300	1,546,400	208,400	11.9%
General and Administrative	1,277,187	326,201	1,284,566	(7,379)	-0.6%
Community Energy Programs	5,094,473	307,886	4,789,859	304,614	6.0%
Depreciation	98,400	22,179	95,979	2,421	2.5%
Total Operating Expenses	236,809,086	58,141,011	234,000,158	2,808,928	1.2%
Operating Income/(Loss)	30,973,145	27,197,112	36,992,839	6,019,694	19.4%
Total Non-operating Income/(Expense)	2,232,000	601,174	2,332,174	100,174	4.5%
CHANGE IN NET POSITION	33,205,145	27,798,286	39,325,013	6,119,868	18.4%
CHANGE IN NET POSITION					
Net Position at the beginning of period	134,786,442	140,139,128	140,139,128	5,352,686	
Inc/(Dec) in Net Position	33,205,145	27,798,286	39,325,013	6,119,868	
Net Position at the end of period	167,991,587	167,937,414	179,464,141	11,472,554	
Approx. Cash & Cash Equivalents	159,102,751	155,490,459	167,017,186		
Target Operating Reserves (120 days) - Unrestricted	\$ 77,855,042	\$ 76,459,411	\$ 76,931,559		
Actual Days Cash on Hand - Unrestricted	225	224	240		
Unrestricted Cash in Excess of Operating Reserve	\$ 68,081,910	\$ 65,992,748	\$ 77,047,328		

Full-year forecast:

- Revenues expected to be at least 1.2% above budget (rate increase not fully-budgeted since it was finalized after budget approval)
- Expenses expected to be 1.2% below budget
- FY2019-20 Change in Net Position currently forecasted to be \$6.1 million better than budget (1st quarter is usually highest CINP due to Demand Charges)
- Days cash on hand expected to exceed budgeted level of 225

Customer Accounts and Usage

Customer Accounts - As of

September, 2019

Customer Type	Average YTD Customer Accounts vs Budget			
	Actual	Budget	Var Fav/(Unf)	Var (%)
Residential	266,717	266,669	48	0.0%
Commercial/Industrial	28,584	28,570	15	0.1%
Total	295,301	295,239	63	0.0%

Energy Used - As of

September, 2019

Customer Type	YTD Usage vs Budget (MWh)			
	Actual	Budget	Var Fav/(Unf)	Var %
Residential	316,960	322,983	(6,023)	-1.9%
Commercial/Industrial	586,969	575,629	11,340	2.0%
Total	903,929	898,612	5,317	0.6%

Cash and Investment Summary – Quarterly Trend

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19
Investment Account - First Republic						
Asset Summary						
Cash	\$ 20,019,851	\$ 7,254	\$ 1,011,843	\$ 7,079	\$ 4,507,825	\$ 12,472
Fixed Income	\$ 30,105,348	\$ 70,351,518	\$ 99,774,998	\$ 87,171,037	\$ 90,743,561	\$ 125,751,451
Ending Balance	\$ 50,125,199	\$ 70,358,772	\$ 100,786,840	\$ 87,178,116	\$ 95,251,385	\$ 125,763,923
Other Accounts - Unrestricted						
Unrestricted - Wilmington LockBox	\$ 5,376,290	\$ 4,978,590	\$ 4,981,788	\$ 4,048,978	\$ 5,632,155	\$ 6,517,561
Operating Account - First Republic	\$ 2,413,747	\$ 2,493,707	\$ 1,986,181	\$ 3,819,874	\$ 3,299,345	\$ 6,938,712
Savings Account - First Republic	\$ 5,995,341	\$ 10,866,587	\$ 10,897,449	\$ 13,225,605	\$ 9,885,949	\$ 3,232,013
Other Accounts	\$ 278,835	\$ 558	\$ 558	\$ 274	\$ 573	\$ (49)
Subtotal Unrestricted (non-Investment accounts)	\$ 14,064,213	\$ 18,339,443	\$ 17,865,976	\$ 21,094,731	\$ 18,818,022	\$ 16,688,237
Other Accounts - Restricted						
Restricted Cash - Wilmington LockBox	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,000,000	\$ 1,500,000	\$ 1,500,000
Restricted Cash - First Republic	\$ -	\$ -	\$ -	\$ 11,665,799	\$ 11,665,799	\$ 11,538,299
Subtotal Restricted (non-Investment accounts)	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 13,665,799	\$ 13,165,799	\$ 13,038,299
Total Cash	\$ 66,689,412	\$ 91,198,214	\$ 121,152,816	\$ 121,938,646	\$ 127,235,206	\$ 155,490,459