



Policy Number: 18

Original Adoption Date:

June 28, 2018

Revised: February 27, 2020

Subject: Financial Reserves Policy

Purpose: Peninsula Clean Energy (PCE) will maintain Financial Reserves as described in this policy to:

- Meet PCE's strategic objectives
- Secure favorable commercial terms with vendors, including power producers
- Support PCE credit rating
- Provide a contingency to provide rate stability for PCE customers
- Provide a source of funds for unanticipated expenditures

Policy Guidelines: PCE will maintain cash reserves at the following funding level:

- Operating / Working Capital Reserve equal to one hundred eighty (180) days of total operating expenses (including power supply expenses) held as unrestricted cash. Unrestricted cash is equal to total cash less:
 - cash held in restricted accounts (as collateral or by covenant), and
 - estimated future fiscal year commitments for Community Energy programs that have been approved by the Board

Spending Authority: Authority to spend from the reserves must align with Board approved budgets and must be approved by the Board.

Review of Policy: PCE staff will review the Reserve Policy annually to ensure it meets the needs of the agency.