




Audit & Finance Committee Meeting

May 11, 2020

Staff Report

- Investment Manager Update
 - US Bank as Custodian for both Investment Managers
 - Transfer completed during 1st week of May (mostly on 5/1/20)
- Auditor for FY2019-2020
 - Proposal from Picenti & Brinker for FY20 and FY21 (\$23,100 and \$23,600)
 - Prior year (FY19) was 3rd year of 3-year contract at \$20,100
- Annual Expense Approval
 - Last year, approval by A&F Committee and Board for expenses to be over budget, in total (related to energy costs)
 - This year, G&A Expenses likely to be the only one that is over – although Total OPEX likely to be way below (maybe other small categories could be slightly over)
 - Options:
 - Ignore as Total OPEX is well below
 - Board approval for an amendment for spending in excess of each approved budget line (retroactive Board ratification would be sufficient, especially considering the total OPEX is expected to be well below budget)
 - Future: Board Resolution to approve total budget as a single number (with detailed backup)



FY2019-2020, Q3 Financial Review **Ending March 31, 2020**

Revenue – Quarterly Trend

Revenue by Quarter as of

March-20

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
Q2-FY2019/20	70.4	65.2	5.1
Q3-FY2019/20	\$61.5	\$57.5	\$4.1
Total YTD 2019/20	\$217.2	\$205.0	\$12.3

- Q3 Revenues were \$4.1 million higher than budget due to:
 - Continuing unbudgeted PG&E rate increase starting in July 2019
 - Delay in the implementation of the PCIA increase that was budgeted to start on January 1, 2020

Revenue – Monthly Trend

Revenue (Last 13 months)

March-20

Month	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
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
Oct-19	\$27.6	\$27.6	(\$0.0)
Nov-19	\$18.9	\$16.2	\$2.7
Dec-19	\$23.9	\$21.5	\$2.4
Jan-20	\$22.0	\$19.6	\$2.4
Feb-20	\$19.2	\$18.2	\$1.0
Mar-20	\$20.3	\$19.6	\$0.6

- Expecting revenues in Q4 to be near or slightly below budget due to offsetting factors of:
 - Unbudgeted PG&E increase from July 1
 - PCIA increase implemented on May 1 was included in budget
 - Impact of less usage due to COVID-19

Cost of Energy – Quarterly Trend

Cost of Energy by Quarter as of

March-20

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
Q2-FY2019/20	48.3	54.0	5.7
Q3-FY2019/20	\$56.7	\$56.9	\$0.2
Total YTD 2019/20	\$159.8	\$167.5	\$7.7

- Q3 energy costs slightly below budget
- Q3 Energy usage was 2.2% below budget and 3.2% below usage in the prior year
- Higher RA costs than budgeted this quarter
- Higher hedge payments in Q3 than prior quarters although receipts dropped due to lower energy prices

Cost of Energy – Monthly Trend

Cost of Energy (Last 13 months)

March-20

Month	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
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)
Oct-19	\$16.8	\$18.2	\$1.3
Nov-19	\$14.0	\$17.1	\$3.1
Dec-19	\$17.5	\$18.8	\$1.3
Jan-20	\$17.9	\$20.3	\$2.4
Feb-20	\$20.1	\$18.3	(\$1.8)
Mar-20	\$18.8	\$18.3	(\$0.5)

Change in Net Position (Year-to-date)

Change in Net Position - YTD as of

March-20

Accounts	Year-to-date vs Budget		
	Actual	Budget	Var Fav/(Unf)
Revenues	\$217.2	\$205.0	\$12.3
Cost of Energy	159.9	167.5	7.7
Other Opex	11.2	14.7	3.5
Non-Opex/(Income)	(1.7)	(1.7)	0.1
Net Position	\$47.9	\$24.4	\$23.5

Higher revenues than budgeted – unbudgeted rate increase

Lower costs than budgeted – lower energy costs than planned

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

Financial Statement vs. Budget – Quarter and YTD

	Quarter 3 ending March 2020					
	Current Quarter			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
OPERATING REVENUES						
Electricity Sales, net	60,864,126	56,798,525	4,065,601	215,253,309	203,048,676	12,204,633
Green electricity premium	659,922	658,906	1,016	1,978,137	1,930,670	47,467
Total Operating Revenues	61,524,049	57,457,431	4,066,617	217,231,446	204,979,346	12,252,099
OPERATING EXPENSES						
Cost of energy	56,740,494	56,917,701	177,207	159,835,616	167,548,121	7,712,505
Staff compensation	1,280,103	1,260,906	(19,197)	3,190,769	3,328,243	137,474
Data Manager	842,355	955,531	113,175	2,739,360	2,866,593	127,233
Service Fees - PG&E	312,902	314,014	1,112	938,974	942,042	3,068
Consultants & Professional Services	234,380	211,750	(22,630)	483,372	719,583	236,211
Legal	311,702	367,875	56,173	887,581	1,103,625	216,044
Communications and Noticing	268,329	438,700	170,371	849,458	1,316,100	466,642
General and Administrative	340,536	318,822	(21,714)	1,000,456	956,465	(43,990)
Community Energy Programs	379,134	1,570,471	1,191,337	1,036,987	3,373,002	2,336,016
Depreciation	24,110	24,600	490	69,232	73,800	4,568
Total Operating Expenses	60,734,044	62,380,369	1,646,325	171,031,804	182,227,574	11,195,770
Operating Income (Loss)	790,004	(4,922,938)	5,712,942	46,199,641	22,751,772	23,447,869
NON-OPERATING REVENUES (EXP.)						
Total Nonoperating Income/(Expense)	506,913	558,000	(51,087)	1,730,038	1,674,000	56,038
CHANGE IN NET POSITION	1,296,917	(4,364,938)	5,661,855	47,929,679	24,425,772	23,503,907
CHANGE IN NET POSITION						
Net Position at the beginning of period	186,771,890	163,577,152	23,194,738	140,139,128	134,786,442	5,352,686
Change in Net Position	1,296,917	(4,364,938)	5,661,855	47,929,679	24,425,772	23,503,907
Net Position at the end of period	188,068,807	159,212,214	28,856,594	188,068,807	159,212,214	28,856,594
Ending Cash & Cash Equivalents	175,426,717	150,323,378	25,103,339			

Quarterly Results:

- Revenues** were \$4.1 million above Budget – both Commercial and Residential were above budget (PG&E rate increase not fully-budgeted since it was finalized after budget approval)
- Expenses** were \$1.7 million below budget mostly due to delay in spending on Programs
- Change in Net Position** was positive \$1.3 million, \$5.7 million better than the budgeted loss for Q3. Q4 is expected to be \$10.9 million better than budget due to delay in PCIA implementation until after May 1 and initiation of Summer Demand Charges

Summary Financial Statement vs. Budget – Full-year Forecast

FY 2019-2020 Budget & Forecast	FY 2020	FY 2020	FY 2020	Variance	Variance
	Approved Budget	YTD Actual through March 2020	Forecasted Full Year FY19-20 - 9 mos Actual	Forecast \$ vs. FY19/20 Budget Fav/(Unf)	Forecast % vs. FY19/20 Budget Fav/(Unf)
OPERATING REVENUES					
Electricity Sales, net	265,221,745	215,253,309	276,972,495	11,750,750	4.4%
ECO100 Premium	2,560,486	1,978,137	2,461,164	(99,322)	-3.9%
Total Operating Revenues	267,782,231	217,231,446	279,433,659	11,651,428	4.4%
OPERATING EXPENSES					
Cost of electricity	216,549,065	159,835,616	206,480,873	10,068,192	4.6%
Personnel	4,589,149	3,190,769	4,429,501	159,648	3.5%
Data Manager	3,822,123	2,739,360	3,694,891	127,233	3.3%
Service Fees - PG&E	1,256,056	938,974	1,253,737	2,318	0.2%
Professional Services	896,333	483,372	792,122	104,211	11.6%
Legal	1,471,500	887,581	1,255,456	216,044	14.7%
Communications and Outreach	1,754,800	849,458	1,288,158	466,642	26.6%
General and Administrative	1,277,187	1,000,456	1,346,180	(68,994)	-5.4%
Community Energy Programs	5,094,473	1,036,987	1,924,134	3,170,339	62.2%
Depreciation	98,400	69,232	97,039	1,361	1.4%
Total Operating Expenses	236,809,086	171,031,804	222,562,091	14,246,996	6.0%
Operating Income/(Loss)	30,973,145	46,199,641	56,871,568	25,898,424	83.6%
Total Non-operating Income/(Expense)	2,232,000	1,730,038	1,913,038	(318,962)	-14.3%
CHANGE IN NET POSITION	33,205,145	47,929,679	58,784,606	25,579,461	77.0%
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	47,929,679	58,784,606	25,579,461	
Net Position at the end of period	167,991,587	188,068,807	198,923,734	30,932,148	
Approx. Cash & Cash Equivalents	159,102,751	215,499,471	226,354,398		

Full-year forecast:

- Forecast based on expectation of impact of COVID-19 on revenues and expenses for the remainder of the FY2020 fiscal year
- Revenues expected to end the year at 4.4% above budget- mostly due to Commercial rates for the full year higher than planned
- Expenses expected to be 6% below budget
- COVID-19 impacts in FY2020:
 - Revenues \$6.5 MM lower
 - Expenses \$2.8 MM lower
 - Net Position \$3.6 MM lower

Customer Accounts and Usage

Customer Accounts - As of

March-20

Customer Type	Customer Accounts vs Budget			
	Actual	Budget	Var Fav/(Unf)	Var (%)
Residential	267,417	266,669	748	0.3%
Commercial/Industrial	28,627	28,570	58	0.2%
Total	296,044	295,239	806	0.3%

Energy Used - YTD as of

March-20

Customer Type	YTD Usage vs Budget (MWh)			
	Actual	Budget	Var Fav/(Unf)	Var %
Residential	1,061,417	1,077,302	(15,885)	-1.5%
Commercial/Industrial	1,637,941	1,644,120	(6,179)	-0.4%
Total	2,699,358	2,721,423	(22,065)	-0.8%

Cash and Investment Summary – Quarterly Trend

	Jun-18	Jun-19	Sep-19	Dec-19	Mar-20
Investment Account - First Republic (Unrestricted)					
Asset Summary					
Cash	\$ 20,019,851	\$ 4,507,825	\$ 12,472	\$ 24,909,433	\$ 36,247
Fixed Income	\$ 30,105,348	\$ 90,743,561	\$ 125,751,451	\$ 118,775,356	\$ 164,172,725
Ending Balance	\$ 50,125,199	\$ 95,251,385	\$ 125,763,923	\$ 143,684,789	\$ 164,208,972
Other Accounts (Unrestricted)					
Unrestricted - M&T LockBox				\$ 1,387,129	
Unrestricted - Wilmington LockBox	\$ 5,376,290	\$ 5,632,155	\$ 6,517,561	\$ 4,718,731	\$ 5,338,855
Operating Account - First Republic	\$ 2,413,747	\$ 3,299,345	\$ 6,938,712	\$ 3,807,695	\$ 10,395,956
Savings Account - First Republic	\$ 5,995,341	\$ 9,885,949	\$ 3,232,013	\$ 8,790,615	\$ 2,669,963
Other Accounts	\$ 278,835	\$ 573	\$ (49)	\$ (541)	\$ (836)
Subtotal Unrestricted (non-Investment accounts)	\$ 14,064,213	\$ 18,818,022	\$ 16,688,237	\$ 18,703,629	\$ 18,403,939
Other Accounts (Restricted)					
Restricted Cash - Wilmington LockBox	\$ 2,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000
Restricted Cash - First Republic	\$ -	\$ 11,665,799	\$ 11,538,299	\$ 11,538,299	\$ 31,386,560
Subtotal Restricted (non-Investment accounts)	\$ 2,500,000	\$ 13,165,799	\$ 13,038,299	\$ 13,038,299	\$ 32,886,560
Total Cash	\$ 66,689,412	\$ 127,235,206	\$ 155,490,459	\$ 175,426,717	\$ 215,499,471
Unrestricted Cash	\$ 64,189,412	\$ 114,069,407	\$ 142,452,160	\$ 162,388,418	\$ 182,612,911

Restricted Cash includes \$26.8 million held temporarily related to Wright Solar project

Cash Reserves – Days Cash on Hand

	Budget June 30, 2020	Actual March 31, 2020	Forecast June 30, 2020
Total Cash/Investments Balance	\$159,102,751	\$215,499,471	\$226,354,398
Restricted by Term/Covenant	13,165,799	6,118,194	5,618,194
Held temporarily for Wright Solar		26,768,366	26,768,366
Unrestricted Cash per Financial Statements	\$145,936,952	\$182,612,911	\$193,967,838
Restricted by Program - EV Infrastructure (subsequent years)		12,000,000	12,000,000
Restricted by Program - Resiliency		10,000,000	10,000,000
Unrestricted Cash per Approved Reserve Policy	\$145,936,952	\$160,612,911	\$171,967,838
Days Cash on Hand (as defined by Reserve Policy)	225	257	282
Current Reserve Policy			
180 Days Unrestricted Operating Reserve	116,782,563	112,459,269	109,756,647
Cash in Excess of Current Reserve Policy	\$29,154,389	\$48,153,643	\$62,211,191

Unrestricted Cash per Financial Statements



Investment Policy Review and Recommendation

Investment Policy Background

Existing policy was

- Adopted on October 25, 2018
- Revised on December 20, 2018

Solicited recommendations from our investment managers for improvement/changes to:

- Allow for broader access to high-quality fixed income investment options
- Further diversify the portfolio's holdings
- Enhance investment returns with safety as the overarching principle

Investment Policy Changes - Summary

Proposing changes that:

- Expand investment options as permitted by California Government Code to allow:
 - Banker's Acceptances – short-term debt issued by a commercial bank
 - Medium-term Corporate Notes
- Extend maturity of allowable investments as permitted by California Government Code
 - Increase 2-year maximum to 5-year maximum
 - Eliminate 1-year maximum on portfolio's weighted average maturity (Code has no limit)

PFM Recommended Investment Policy Revisions

Security Type	California Government Code	PCE's Approved 2018 Policy	2020 PFM Recommendations
U.S. Treasuries	5 years 100% of portfolio	2 years	5 years
Federal Agencies	5 years 100% of portfolio	2 years	5 years
Municipal Obligations	5 years 100% of portfolio	2 years 20% of portfolio "A" rated	5 years
Negotiable CDs	5 years 30% of portfolio	2 years 20% of portfolio "A" rated	5 years
Bankers' Acceptances	180 days 40% of portfolio 30% per issuer	Not Permitted	180 days 40% of portfolio 30% per issuer
Corporate Medium Term Notes	5 years 30% of portfolio "A" rated	Not Permitted	5 years 30% of portfolio "A" rated

Investment Policy Recommendation

Recommend approval of revised Investment Policy to the full Board to approve (on consent) at its meeting on May 28, 2020



Fiscal Year FY2020-2021 Budget Review *Initial Draft*

Schedule – Budget Review and Approval

May 11, 2020 – Review Draft with Executive Committee

May 11, 2020 – Review Draft with Audit & Finance Committee

May 28, 2020 – Review Draft with Board of Directors

June 8, 2020 – Review Final with Audit & Finance Committee

June 25, 2020 – Approve Final by Board of Directors

Draft Budget FY2020-2021 - Key Assumptions

- Rates – PG&E Generation Rates Increase of 2% on Jan 1, 2020
- PCIA
 - PCIA Cap of \$0.005 on Jan 1, 2021
 - PCIA Trigger of 58% increase on Oct 1, 2020 (3 months)
- Energy Prices
 - Based on latest ABB forecast (in November) – does not include effects of COVID-19
- PPA Contracts
 - Mustang (Solar) project expected to start December 1, 2020 for 15 years
 - New Wind project starting August 1, 2020 for 7 years
- Programs
 - DER/Resiliency Program ramps up at total cost of \$2 million
 - Significant expansion of Community Energy Programs
 - Approved Electric Vehicle Programs/Infrastructure - \$5 million
 - Proposed Building Electrification Program - \$950K

Preliminary FY2020-2021 – Summary (Pre-COVID-19)

	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING REVENUES					
Electricity Sales, net	265,221,745	283,383,570	245,886,610	(37,496,960)	-13%
Green electricity premium	2,560,486	2,506,699	2,294,308	(212,391)	-8%
Net Operating Revenues	267,782,231	285,890,269	248,180,918	(37,709,351)	-13%
OPERATING EXPENSES					
Cost of energy	216,549,065	209,317,296	221,105,777	11,788,481	6%
Staff compensation	4,589,149	4,429,501	6,236,981	1,807,480	41%
Data Manager	3,822,123	3,694,891	3,420,000	(274,891)	-7%
Service Fees - PG&E	1,256,056	1,253,737	1,260,000	6,263	0%
Consultants & Professional Services	896,333	792,122	2,843,340	2,051,218	259%
Legal	1,471,500	1,255,456	1,708,230	452,774	36%
Communications and Noticing	1,754,800	1,288,158	2,873,350	1,585,192	123%
General and Administrative	1,277,187	1,346,180	1,707,282	361,102	27%
Community Energy Programs	5,094,473	1,924,134	8,015,000	6,090,866	317%
Depreciation	98,400	97,039	133,728	36,689	38%
Total Operating Expenses	236,809,086	225,398,513	249,303,688	23,905,175	11%
Operating Income (Loss)	30,973,145	60,491,756	(1,122,770)	(61,614,526)	-102%
NON-OPERATING REVENUES (EXP.)					
Total Nonoperating Income/(Expense)	2,232,000	1,913,038	1,408,000	(505,038)	-26%
CHANGE IN NET POSITION	33,205,145	62,404,794	285,230	(62,119,563)	-100%
Net Position at the end of period	167,991,587	202,543,922	202,829,152	285,230	0%



Load Forecast with COVID-19

Scenarios for FY2020-21 Budget

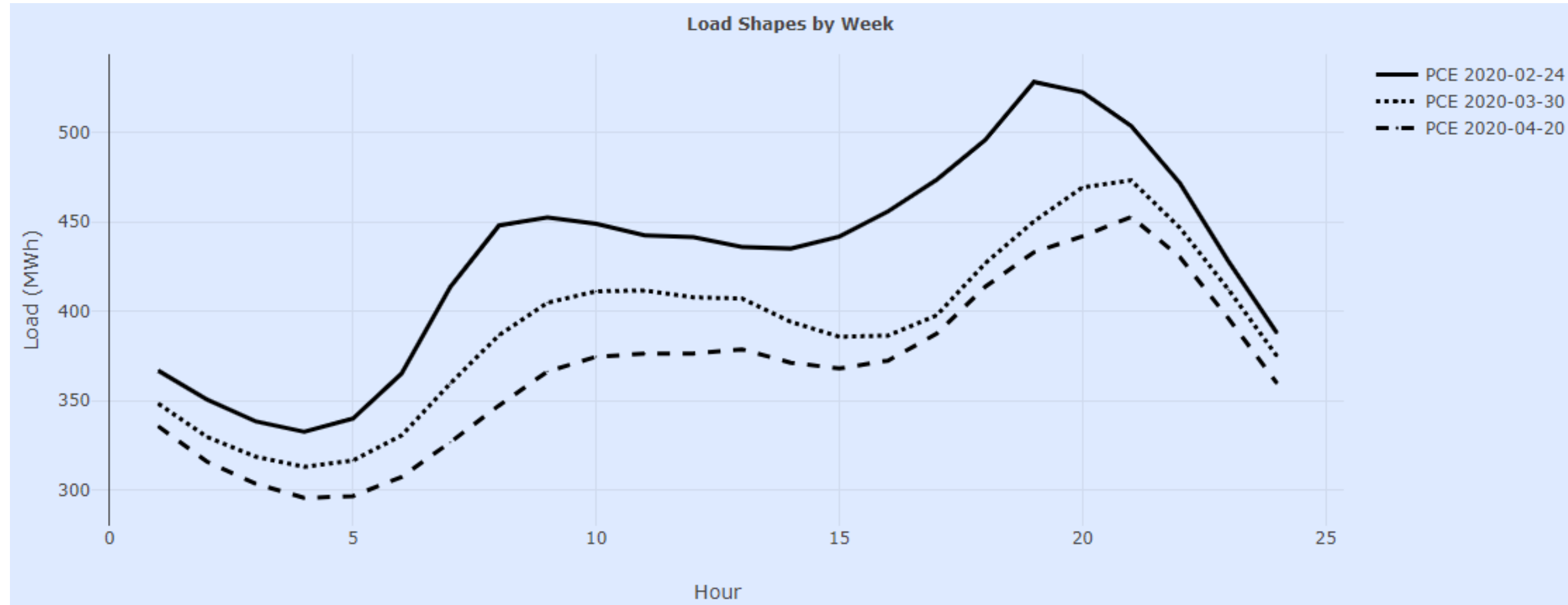
Change in Load, 2019 compared to 2020

T+8 Data for 2019, AMI data for 2020							
Customer Class	2019			2020			Percent Change
	March	April (1st-20th)	Total	March	April (1st-20th)	Total	
Agricultural	2,364	1,519	3,883	2,711	1,808	4,519	16%
Industrial	25,042	16,324	41,367	21,862	12,391	34,252	-17%
Large Commercial	65,409	42,932	108,341	58,442	33,560	92,002	-15%
Medium Commercial	44,078	28,916	72,994	41,329	22,863	64,193	-12%
Small Commercial	39,605	24,734	64,339	39,084	21,571	60,656	-6%
Street Lights-Other	1,535	980	2,514	958	594	1,552	-38%
Residential	121,606	69,071	190,677	126,762	80,614	207,376	9%
Total PCE	299,639	184,476	484,115	291,149	173,401	464,550	-4%

April 2020 vs. April 2019 (20 days)

- 6% decrease in total PCE load
- 20% decrease in combined commercial and industrial load
- 17% increase in residential load

Actual PCE Load Changes

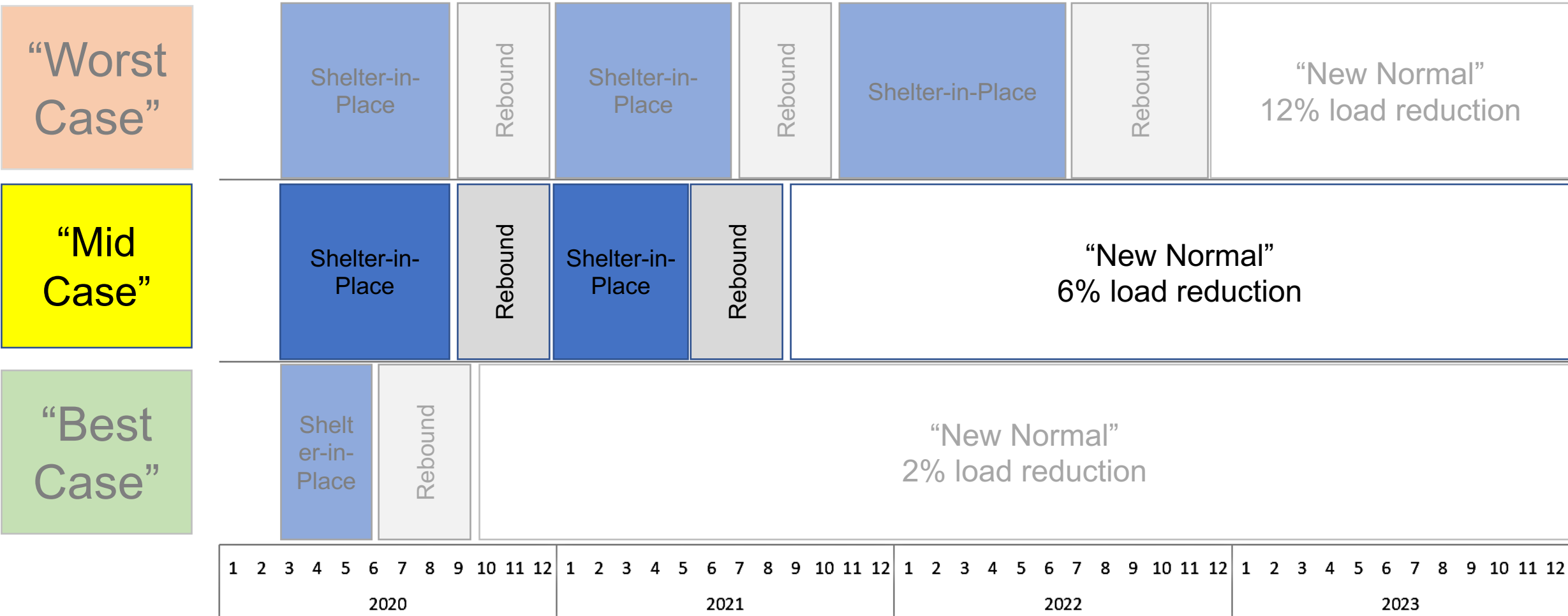


COVID-19 Assumptions - Impact on Load Forecast

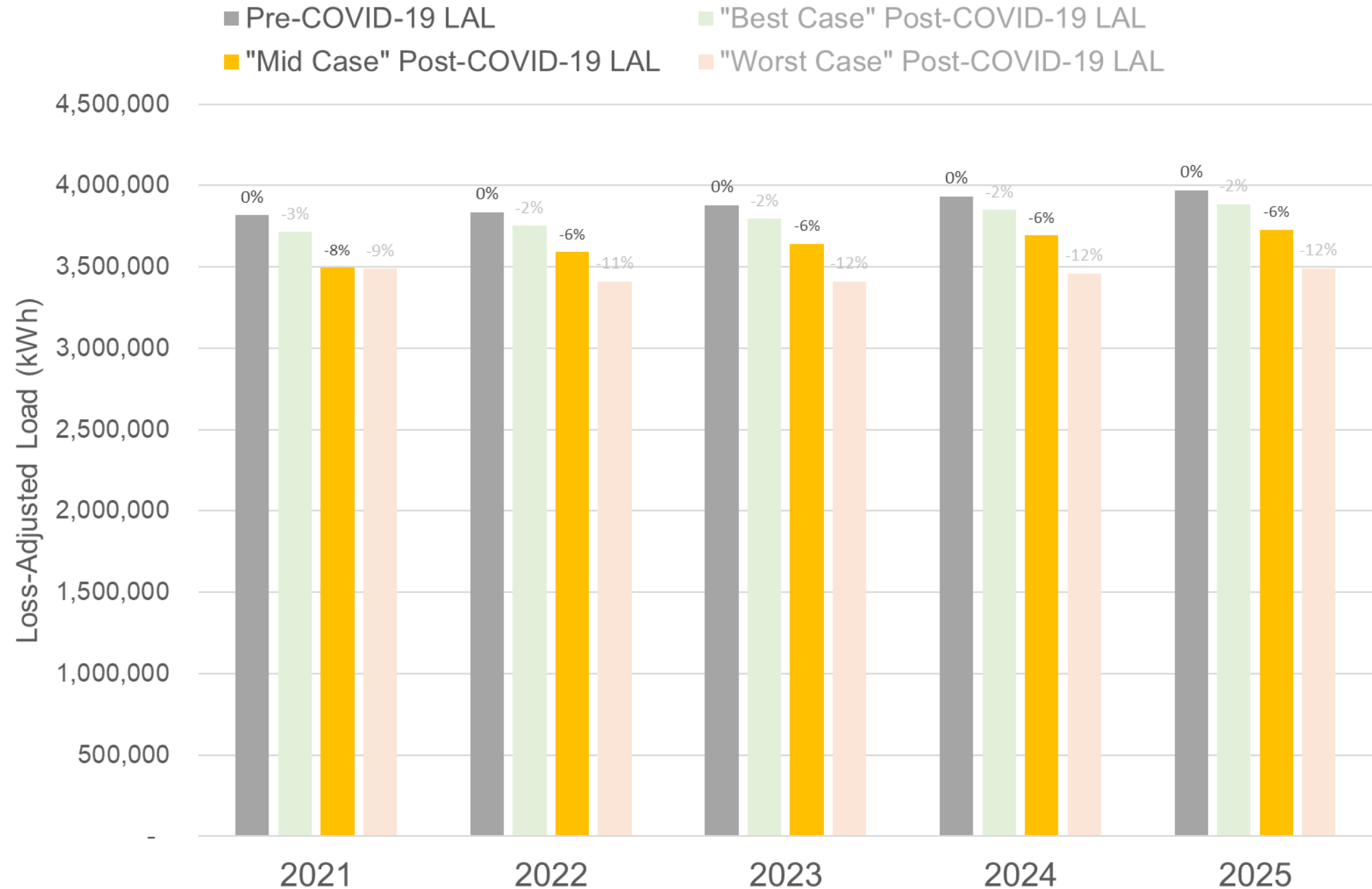
- Assumed COVID-19 timeline is based on discussion with health officials, epidemiological publications, and projected vaccine development timelines
 - Shelter-in-Place fully lifted 9/1/2020
 - Resurgence in virus in Fall 2020 forces 2nd Shelter-in-Place starting 12/1/2020
 - Therapies developed in Spring 2021
 - 2nd Shelter-in-Place fully lifted 5/1/2021
- “New normal” is based on PCE estimates of permanent business closures and behavior change (especially telecommuting) in San Mateo County
 - Commercial and Industrial load reductions due to ordered closures, economic slowdown
 - C&I: Permanent decrease in load (-12%), decrease in customer count (-12%)
 - Residential: Permanent increase in load (+2%), no change in customer count
 - Total PCE: Permanent decrease in load (-6%), slight decrease in customer count (-1%)
- Demand Load Assumptions
 - FY20-21 – down 15%
 - FY21-22 – down 10%
 - FY22-23 – down 5%

COVID-19 Scenario Timelines

- “Mid Case” Scenario used for FY 2020-21 Budget



Forecast PCE Load with COVID-19 Scenarios



Draft Budget FY2020-2021 – Current (With COVID-19 Assumptions)

	FY2019-2020	FY2019-2020	FY2020-2021	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Preliminary Budget (without COVID-19 Assumptions)	Proposed Budget	\$ Change	% Change
OPERATING REVENUES						
Electricity Sales, net	265,221,745	276,972,495	245,886,610	222,756,970	(54,215,525)	-20%
Green electricity premium	2,560,486	2,461,164	2,294,308	2,102,746	(358,418)	-15%
Net Operating Revenues	267,782,231	279,433,659	248,180,918	224,859,716	(54,573,943)	-20%
OPERATING EXPENSES						
Cost of energy	216,549,065	206,480,873	221,105,777	204,823,925	(1,656,948)	-1%
Staff compensation	4,589,149	4,429,501	6,236,981	6,236,981	1,807,480	41%
Data Manager	3,822,123	3,694,891	3,420,000	3,420,000	(274,891)	-7%
Service Fees - PG&E	1,256,056	1,253,737	1,260,000	1,260,000	6,263	0%
Consultants & Professional Services	896,333	792,122	2,843,340	2,843,340	2,051,218	259%
Legal	1,471,500	1,255,456	1,708,230	1,708,230	452,774	36%
Communications and Noticing	1,754,800	1,288,158	2,873,350	2,873,350	1,585,192	123%
General and Administrative	1,277,187	1,346,180	1,707,282	1,707,282	361,102	27%
Community Energy Programs	5,094,473	1,924,134	8,015,000	8,015,000	6,090,866	317%
Depreciation	98,400	97,039	133,728	133,728	36,689	38%
Total Operating Expenses	236,809,086	222,562,091	249,303,688	233,021,836	10,459,745	5%
Operating Income (Loss)	30,973,145	56,871,568	(1,122,770)	(8,162,120)	(65,033,688)	-114%
NON-OPERATING REVENUES (EXP.)						
Total Nonoperating Income/(Expense)	2,232,000	1,913,038	1,408,000	1,408,000	(505,038)	-26%
CHANGE IN NET POSITION	33,205,145	58,784,606	285,230	(6,754,120)	(65,538,726)	-111%
Net Position at the end of period	167,991,587	198,923,734	202,829,152	192,169,614	(6,754,120)	-3%


Draft Budget Detail - Revenues

	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING REVENUES					
Electricity Sales, net	265,221,745	276,972,495	222,756,970	(54,215,525)	-20%
Green electricity premium	2,560,486	2,461,164	2,102,746	(358,418)	-15%
Net Operating Revenues	267,782,231	279,433,659	224,859,716	(54,573,943)	-20%

Significant changes in Revenue from FY2019-20 Forecast to FY2020-21 Budget:

- Reduction of \$4.8 million – PCIA Cap of \$0.005 implemented on May 1, 2020
- Reduction of \$15.8 million – PCIA Trigger (58%) on October 1, 2020 (3 months)
- Reduction of \$7.8 million - PCIA Cap of \$0.005 implemented on January 1, 2021
- Reduction of \$23.3 million – COVID-19 Load reduction assumptions (partially offset by lower energy costs)


Draft Budgeted Cost Detail – Cost of Energy



	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Cost of energy	216,549,065	206,480,873	204,823,925	(1,656,948)	-1%
Net Energy Purchases	166,929,241	153,125,283	153,190,011	64,728	0%
Resource Adequacy (net of Resale)	21,045,015	27,934,725	31,474,662	3,539,937	13%
RECs and GHG	26,787,350	23,234,201	17,681,750	(5,552,450)	-24%
Forecasting and scheduling	1,313,079	1,343,006	1,477,502	134,497	10%
NEM Expense	474,380	843,659	1,000,000	156,341	19%

- Addition of:
 - Wright for full year in FY2020-2021
 - Mustang for 7 months in FY2020-2021
- Higher prices expected for RA and increased volume – Requirements are based on prior year (Pre-COVID) forecast
- RECs and GHG costs lower due to
 - lower volume expected
 - new PPAs have decreased the required separate purchases

Draft Budgeted Cost Detail – Staff Compensation



	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Staff compensation	4,589,149	4,429,501	6,236,981	1,807,480	41%
Employee welfare	223,550	318,547	442,592	124,045	39%
Payroll tax expense	260,809	219,429	306,797	87,368	40%
Retirement plan contributions	353,954	323,954	455,633	131,679	41%
Salaries and wages	3,725,836	3,542,914	5,006,958	1,464,044	41%
Workers comp insurance	25,000	24,657	25,000	343	1%
Other	-	-	-	-	0%
Temp Employee	-	-	22,500	22,500	0%

Significant assumptions of note:

- Addition of 8 employees from today's level through June 2021 (2 current open positions)
- Increase over FY19-20 forecast looks bigger because 10 current employees were hired during the year – only a portion of their full-year salaries is reflected in current year's forecast


Draft Budgeted Cost Detail – Data Manager/Service Fees

	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Data Manager	3,822,123	3,694,891	3,420,000	(274,891)	-7%
Service Fees - PG&E	1,256,056	1,253,737	1,260,000	6,263	0%

Significant assumptions of note:

- Data Manager expenses expected to be lower due to revised/lower contract with Calpine


Draft Budgeted Cost Detail – Professional Services

	FY2019-2020	FY2019-2020	 FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Consultants & Professional Services	896,333	792,122	2,843,340	2,051,218	259%
Accounting & Auditing	165,000	175,753	191,000	15,247	9%
Human Resources Consulting	68,000	24,465	72,000	47,535	194%
IT Consulting	48,000	59,461	60,000	539	1%
Other Consultants	290,000	233,099	302,000	68,901	30%
Technical consultants	-	-	-	-	0%
Power Resources Consulting	325,333	299,343	2,218,340	1,918,997	641%

Significant assumptions of note:

- \$1.5 million for Approved DER and Resiliency projects – included in Consultants for now


Draft Budgeted Cost Detail – Legal

	FY2019-2020	FY2019-2020	 FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Legal	1,471,500	1,255,456	1,708,230	452,774	36%
Legislative	210,000	128,323	126,750	(1,573)	-1%
Legal Power Resources	540,000	472,199	720,000	247,801	52%
Legal Agency	240,000	199,122	240,000	40,878	21%
Legal Regulatory	481,500	455,812	621,480	165,668	36%

Significant assumptions of note:

- Increased legal effort expected in support of several new PPAs to be signed in FY2020-2021
- Increased Regulatory support expected

Draft Budgeted Cost Detail – Communications/Marketing



	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Communications and Noticing	1,754,800	1,288,158	2,873,350	1,585,192	123%
Advertising/Paid Media	73,000	73,520	503,850	430,330	585%
Communications consultants	420,000	281,376	375,300	93,924	33%
Sponsorships and memberships	100,000	94,610	129,000	34,390	36%
Marketing Automation/Software	14,800	4,335	77,500	73,165	1688%
Promotions & Branding	747,000	82,809	83,200	391	0%
Communications - misc expenses	50,000	42,562	12,000	(30,562)	-72%
Grants & Partner Contracts	8,000	272,086	1,297,500	1,025,414	377%
Direct Mail	-	-	87,000	87,000	0%
Collateral	-	-	72,000	72,000	0%
Required Mailings	342,000	436,860	236,000	(200,860)	-46%

Significant assumptions of note:

- Required Mailings expenses expected to decrease related to new electronic distribution of Joint Rate Mailer
- Additional funds were added for Board-approved program related to Resiliency
 - \$845K for Medically-vulnerable; grant funding to community-based organizations
 - \$220K for digital advertising for DER Resiliency
- \$208K for Building Electrification awareness previously approved by Board

Draft Budgeted Cost Detail – General & Administrative

	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
General and Administrative	1,277,187	1,346,180	1,707,282	361,102	27%
Bank service fee	60,000	100,581	129,312	28,731	29%
Building Maintenance	3,000	8,121	15,000	6,879	85%
Business meals	12,000	19,477	30,000	10,523	54%
Conferences & prof development	42,000	29,135	24,000	(5,135)	-18%
Equipment lease	3,600	2,932	6,000	3,068	105%
Industry memberships and dues	425,000	363,548	480,000	116,452	32%
Insurance	84,000	80,214	120,000	39,786	50%
Miscellaneous G&A	12,000	3,000	-	(3,000)	-100%
Office supplies and postage	18,000	18,704	24,000	5,296	28%
Payroll service fees	18,000	19,716	21,000	1,284	7%
Rent	381,787	429,076	531,570	102,494	24%
Small equipment & software	72,000	114,403	150,000	35,597	31%
Subscriptions	60,000	72,261	72,000	(261)	0%
Utilities	48,000	48,490	60,000	11,510	24%
Travel - Mileage/fuel	4,200	3,411	3,600	189	6%
Travel - Parking and Tolls	3,600	4,874	7,200	2,326	48%
Travel - Airfare	12,000	8,705	9,600	895	10%
Travel - Lodging	12,000	18,031	24,000	5,969	33%
Travel - Other Travel	6,000	1,500	-	(1,500)	-100%

Significant assumptions of note:

- Rent – higher due to expansion of space into additional office

Draft Budgeted Cost Detail – Community Energy Programs

	FY2019-2020	FY2019-2020	FY2020-2021	Variance FY2021 Budget vs. FY2020 Forecast Increase/(Decrease)	
Current Budget	Approved Budget	Forecast	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Community Energy Programs	5,094,473	1,924,134	8,015,000	6,090,866	317%
Energy Program Consulting	1,569,447	1,007,342	2,560,500	1,553,158	154%
Programs - G&A	-	97,196	240,000	142,805	147%
Programs - Marketing	-	2,500	250,000	247,500	9900%
Programs - Incentives	3,525,026	817,096	4,964,500	4,147,404	508%

Significant assumptions of note:

- Approved Electric Vehicle Programs/Infrastructure
 - Consulting - \$1.1 million
 - Incentives - \$3.9 million
- Building Electrification Program- \$950K
- Community Pilots/Grants - \$350K
- Approved Ride & Drives - \$250K

Draft FY2020-2021 Budget & 5-year Plan



	FY2020-2021	FY2021-2022	FY2022-2023	FY2023-2024	FY2024-2025
Current Budget	Proposed Budget	Proposed Plan	Proposed Plan	Proposed Plan	Proposed Plan
OPERATING REVENUES					
Electricity Sales, net	222,756,970	235,681,599	234,979,065	243,148,394	249,425,016
Green electricity premium	2,102,746	2,278,798	2,434,838	2,622,373	2,846,828
Net Operating Revenues	224,859,716	237,960,396	237,413,903	245,770,767	252,271,844
OPERATING EXPENSES					
Cost of energy	204,823,925	211,058,044	212,109,843	208,067,385	220,100,986
Staff compensation	6,236,981	6,786,954	7,119,219	7,468,097	7,834,419
Data Manager	3,420,000	3,454,200	3,488,742	3,523,629	3,558,866
Service Fees - PG&E	1,260,000	1,272,600	1,285,326	1,298,179	1,311,161
Consultants & Professional Services	2,843,340	3,825,940	1,658,135	1,201,572	1,182,480
Legal	1,708,230	1,706,160	1,753,260	1,797,619	1,854,449
Communications and Noticing	2,873,350	2,966,418	2,227,878	2,335,362	2,447,910
General and Administrative	1,707,282	1,771,452	1,838,462	1,908,448	1,981,552
Community Energy Programs	8,015,000	11,085,000	12,860,000	12,940,000	12,990,000
Depreciation	133,728	169,728	205,728	241,728	277,728
Total Operating Expenses	233,021,836	244,096,495	244,546,593	240,782,020	253,539,552
Operating Income (Loss)	(8,162,120)	(6,136,099)	(7,132,690)	4,988,747	(1,267,707)
NON-OPERATING REVENUES (EXP.)					
Total Nonoperating Income/(Expense)	1,408,000	2,008,000	2,008,000	2,008,000	2,008,000
CHANGE IN NET POSITION	(6,754,120)	(4,128,099)	(5,124,690)	6,996,747	740,293
Net Position at the end of period	192,169,614	188,041,515	182,916,825	189,913,572	190,653,865
Days Cash on Hand - Unrestricted Cash	258	240	232	246	235

Draft Budget FY2022-2025 - Key Assumptions

Rates – Increase of 1% on Jan 1 of each year starting on 1/1/2022

PCIA

- PCIA Cap of \$0.005 on Jan 1, 2022
- PCIA Trigger - no additional Trigger

PPA Contracts

- 1st Solar+Storage project starting January 1, 2023 for 20 years
- 2nd Solar+Storage project starting January 1, 2023 for 20 years
- New Solar+Storage project starting January 1, 2024 for 20 years
- Community Solar projects starting September 1, 2021

Programs Contracts

- DER/Resiliency Program ramps continues
- Significant expansion EV infrastructure- \$5 million/year in FY22 and FY23
- Allocated funds for Innovation - \$1 million/year in FY23, FY24 and FY25

Draft 5-year Plan – COVID-19 Impact

	FY2019-2020	FY2020-2021	FY2021-2022	FY2022-2023	FY2023-2024	FY2024-2025
Pre-COVID-19	Forecast	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget	Proposed Budget
OPERATING REVENUES						
Net Operating Revenues	285,890,269	248,180,918	255,893,859	253,611,869	261,243,356	268,103,289
OPERATING EXPENSES						
Total Operating Expenses	225,398,513	249,303,688	258,227,275	256,955,755	252,152,471	266,715,732
CHANGE IN NET POSITION	62,404,794	285,230	(325,416)	(1,335,886)	11,098,886	3,395,557
Net Position at the end of period	202,543,922	202,829,152	202,503,736	201,167,850	212,266,735	215,662,293

	FY2019-2020	FY2020-2021	FY2021-2022	FY2022-2023	FY2023-2024	FY2024-2025
Current Budget	Forecast	Proposed Budget	Proposed Plan	Proposed Plan	Proposed Plan	Proposed Plan
OPERATING REVENUES						
Net Operating Revenues	279,433,659	224,859,716	237,960,396	237,413,903	245,770,767	252,271,844
OPERATING EXPENSES						
Total Operating Expenses	222,562,091	233,021,836	244,096,495	244,546,593	240,782,020	253,539,552
CHANGE IN NET POSITION	58,784,606	(6,754,120)	(4,128,099)	(5,124,690)	6,996,747	740,293
Net Position at the end of period	198,923,734	192,169,614	188,041,515	182,916,825	189,913,572	190,653,865

Difference in Change in Net Position	(3,620,188)	(7,039,350)	(3,802,683)	(3,788,803)	(4,102,139)	(2,655,265)
Ending Net Position (Diff Before vs. After)	(3,620,188)	(10,659,538)	(14,462,221)	(18,251,024)	(22,353,163)	(25,008,428)

Impact from
COVID-19

- \$7.0 million
in FY21

- \$25 million
over next 5-
year period

Lower
revenues
offset mostly
by lower
costs