



# Audit & Finance Committee Meeting

November 8, 2021

# Agenda

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- Call to Order / Roll Call
- Public Comment (for items not on the Agenda)
- Action to set the Agenda and Approve Consent Items
  - Consent Public Comment
- Chair Report
- Staff Report - None

FY2021-2022

# Q1 Financial Review

Ending September 30, 2021



# Financial Highlights

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- **Implementation of GASB 87**
  - Prior year adjustments to Net Position
  - Current year changes
    - Overall – not material
    - Audited statements will reflect reclass of expenses from where they were budgeted
- **CAISO Deposits**
  - Assumed direct responsibility for Scheduling Coordinator with CAISO
  - Required significant collateral deposits with CAISO
    - Especially in high priced months
    - Current collateral deposit of \$11.7 MM contributed to drop in cash balances
    - Current amount is well above required level, but leaving it there for now until we gain comfort about trend

# Financial Statement vs. Budget – Quarter and YTD

	Quarter ending September 2021					
	Current Quarter			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
<b>OPERATING REVENUES</b>						
Electricity Sales, net	57,618,026	60,304,923	(2,686,896)	57,618,026	60,304,923	(2,686,896)
Green electricity premium	736,682	681,534	55,148	736,682	681,534	55,148
<b>Total Operating Revenues</b>	<b>58,354,708</b>	<b>60,986,456</b>	<b>(2,631,748)</b>	<b>58,354,708</b>	<b>60,986,456</b>	<b>(2,631,748)</b>
<b>OPERATING EXPENSES</b>						
Cost of energy	56,463,955	57,578,961	1,115,006	56,463,955	57,578,961	1,115,006
Staff compensation	1,477,991	1,603,960	125,969	1,477,991	1,603,960	125,969
Data Manager	848,505	855,000	6,495	848,505	855,000	6,495
Service Fees - PG&E	314,454	315,000	546	314,454	315,000	546
Consultants & Professional Services	279,226	325,410	46,184	279,226	325,410	46,184
Legal	318,723	413,750	95,027	318,723	413,750	95,027
Marketing and Noticing	503,760	546,029	42,269	503,760	546,029	42,269
General and Administrative	455,356	552,162	96,806	455,356	552,162	96,806
Community Energy Programs	393,939	1,137,528	743,589	393,939	1,137,528	743,589
Depreciation	20,638	24,544	3,906	20,638	24,544	3,906
<b>Total Operating Expenses</b>	<b>61,076,548</b>	<b>63,352,344</b>	<b>2,275,796</b>	<b>61,076,548</b>	<b>63,352,344</b>	<b>2,275,796</b>
<b>Operating Income (Loss)</b>	<b>(2,721,840)</b>	<b>(2,365,887)</b>	<b>(355,953)</b>	<b>(2,721,840)</b>	<b>(2,365,887)</b>	<b>(355,953)</b>
<b>NON-OPERATING REVENUES (EXP.)</b>						
<b>Total Nonoperating Income/(Expense)</b>	563,168	225,000	338,168	563,168	225,000	338,168
<b>CHANGE IN NET POSITION</b>	<b>(2,158,672)</b>	<b>(2,140,887)</b>	<b>(17,785)</b>	<b>(2,158,672)</b>	<b>(2,140,887)</b>	<b>(17,785)</b>
<b>CHANGE IN NET POSITION</b>						
Net Position at the beginning of period	180,343,397	184,271,220	(3,927,823)	180,343,397	184,271,220	(3,927,823)
<b>Change in Net Position</b>	<b>(2,158,672)</b>	<b>(2,140,887)</b>	<b>(17,785)</b>	<b>(2,158,672)</b>	<b>(2,140,887)</b>	<b>(17,785)</b>
Net Position at the end of period	178,184,725	182,130,333	(3,945,608)	178,184,725	182,130,333	(3,945,608)

## Quarterly and YTD Results

### Revenues

- **Q1** was \$2.6 MM below Budget.
  - Revenue was 4.5%
  - Total load was 3.8% below Budget
  - Residential revenues \$1.8 MM below Budget as residential load was 10.4% below Budget –mild summer

### Expenses

- **Q1** was \$2.3 MM below Budget
  - Energy costs \$1.1 MM below Budget despite energy prices being higher this Summer than expected
  - Significantly hedged positions mitigated energy market costs
  - Energy Programs \$0.7 MM below Budget due to timing

### Change in Net Position

- **Q4** was negative \$2.2 MM – but very close to the expected level

# Revenue – Quarterly Trend

Revenue by Quarter as of

September-21

Quarter	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2020/21	75.1	69.3	5.8
Q2-FY2020/21	62.9	41.2	21.7
Q3-FY2020/21	46.3	49.7	(3.4)
Q4-FY2020/21	43.9	55.6	(11.7)
<b>Total YTD 2020/21</b>	<b>\$228.1</b>	<b>\$215.7</b>	<b>\$12.4</b>

<b>Q1-FY2021/22</b>	<b>58.4</b>	<b>61.0</b>	<b>(2.6)</b>
Q2-FY2021/22	0.0		0.0
Q2-FY2021/22	0.0		0.0
Q2-FY2021/22	0.0		0.0
<b>Total YTD FY2021/22</b>	<b>\$58.4</b>	<b>\$61.0</b>	<b>(\$2.6)</b>



## Quarterly

- **Q1** revenues were \$2.6 MM below Budget
  - Revenues were 4.5% below Budget
  - Load was 3.8% below Budget
  - Increased budget over past year with assumption of improved economic climate
  - Mild Summer contributed to lower residential usage
- **Prior Fiscal Year** – 2<sup>nd</sup> half had lower revenues due to implementation of significant unplanned PCIA increase.

# Revenue – Monthly Trend

Revenue (Last 13 months)

**September-21**

Month	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Sep-20	\$24.9	\$23.0	\$1.9
Oct-20	\$24.6	\$18.1	\$6.4
Nov-20	\$18.3	\$10.3	\$8.0
Dec-20	\$20.0	\$12.7	\$7.2
Jan-21	\$19.4	\$17.1	\$2.2
Feb-21	\$13.1	\$15.4	(\$2.3)
Mar-21	\$13.8	\$17.2	(\$3.4)
Apr-21	\$12.7	\$15.0	(\$2.2)
May-21	\$13.9	\$17.2	(\$3.4)
Jun-21	\$17.3	\$23.4	(\$6.1)
Jul-21	\$19.0	\$19.4	(\$0.3)
Aug-21	\$20.0	\$21.0	(\$0.9)
Sep-21	\$19.3	\$20.7	(\$1.4)

# Energy Usage vs. Budget

Above Budget in every month in FY2020-2021  
Below Budget in every month in current fiscal year

- Increased budget
- Lower use due to mild Summer





# Cost of Energy – Quarterly Trend

Cost of Energy by Quarter as of

**September-21**

Quarter	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY2020/21	66.7	55.3	(11.4)
Q2-FY2020/21	51.2	51.0	(0.1)
Q3-FY2020/21	49.4	46.7	(2.8)
Q4-FY2020/21	46.5	44.4	(2.0)
<b>Total YTD 2020/21</b>	<b>\$213.8</b>	<b>\$197.4</b>	<b>(\$16.4)</b>

<b>Q1-FY2021/22</b>	<b>56.5</b>	<b>57.6</b>	<b>1.1</b>
Q2-FY2021/22	0.0		0.0
Q2-FY2021/22	0.0		0.0
Q2-FY2021/22	0.0		0.0
<b>Q2-FY2021/22</b>	<b>\$56.5</b>	<b>\$57.6</b>	<b>\$1.1</b>



## Quarterly

- **Q1** Cost of Energy was \$1.1 MM below Budget
  - Load was 3.8% below Budget
  - 100% hedged position mitigated high prices throughout the quarter
- **Prior Fiscal Year** – Significantly impacted by Q1 weather including fire and smoke events.

# Cost of Energy – Monthly Trend

Cost of Energy (Last 13 months)

September-21

Month	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Sep-20	\$22.5	\$18.7	(\$3.9)
Oct-20	\$19.8	\$17.2	(\$2.6)
Nov-20	\$13.2	\$16.0	\$2.7
Dec-20	\$18.2	\$17.8	(\$0.3)
Jan-21	\$17.8	\$16.3	(\$1.5)
Feb-21	\$15.8	\$15.2	(\$0.6)
Mar-21	\$15.9	\$15.2	(\$0.7)
Apr-21	\$15.4	\$14.1	(\$1.3)
May-21	\$16.9	\$14.5	(\$2.4)
Jun-21	\$14.1	\$15.8	\$1.7
Jul-21	\$18.4	\$17.9	(\$0.6)
Aug-21	\$20.6	\$20.4	(\$0.1)
Sep-21	\$17.5	\$19.3	\$1.8

# Change in Net Position (Year-to-date)

Change in Net Position - YTD as of

**September-21**

Accounts	Year-to-date vs Budget		
	Actual	Budget	Var Fav/(Unf)
Revenues	\$58.4	\$61.0	(\$2.6)
Cost of Energy	56.5	57.6	1.1
Other Opex	4.6	5.8	1.2
Non-Opex/(Income)	(0.6)	(0.2)	0.3
<b>Net Position</b>	<b>(\$2.2)</b>	<b>(\$2.1)</b>	<b>(\$0.0)</b>

# Cash and Investment Summary – Quarterly Trend

	Jun-18	Jun-19	Jun-20	Jun-21	Sep-21
<b>Investment Account - USBank (Combined PFM/FRB)</b>					
<b>Asset Summary</b>					
Cash & Equivalents	\$ 20,019,851	\$ 4,507,825	\$ 58,937,363	\$ 2,785,233	\$ 297,110
Fixed Income	\$ 30,105,348	\$ 90,743,561	\$ 105,343,286	\$ 153,947,396	\$ 138,960,485
Accrued Income			\$ 546,170	\$ 520,977	\$ 519,812
Ending Balance	<b>\$ 50,125,199</b>	<b>\$ 95,251,385</b>	<b>\$ 164,826,819</b>	<b>\$ 157,253,606</b>	<b>\$ 139,777,407</b>
<b>Other Accounts (Unrestricted)</b>					
Unrestricted - M&T LockBox				\$ 758,192	\$ -
Unrestricted - Wilmington LockBox	\$ 5,376,290	\$ 5,632,155	\$ 5,030,087	\$ 2,465,340	\$ 4,922,087
Operating Account - First Republic	\$ 2,413,747	\$ 3,299,345	\$ 5,834,142	\$ 4,340,702	\$ 6,123,653
Savings Account - First Republic	\$ 5,995,341	\$ 9,885,949	\$ 2,484,545	\$ 1,354,942	\$ 6,604,575
Other Accounts	\$ 278,835	\$ 573	\$ -	\$ -	\$ 36
Subtotal Unrestricted (non-Investment accounts)	<b>\$ 14,064,213</b>	<b>\$ 18,818,022</b>	<b>\$ 13,348,775</b>	<b>\$ 8,919,176</b>	<b>\$ 17,650,351</b>
<b>Other Accounts (Restricted)</b>					
Restricted Cash - Wilmington LockBox	\$ 2,500,000	\$ 1,500,000	\$ 1,000,000	\$ 500,000	\$ 500,000
Restricted Cash - First Republic	\$ -	\$ 11,665,799	\$ 31,386,560	\$ 3,949,194	\$ 3,308,546
Subtotal Restricted (non-Investment accounts)	<b>\$ 2,500,000</b>	<b>\$ 13,165,799</b>	<b>\$ 32,386,560</b>	<b>\$ 4,449,194</b>	<b>\$ 3,808,546</b>
<b>Total Cash</b>	<b>\$ 66,689,412</b>	<b>\$ 127,235,206</b>	<b>\$ 210,562,154</b>	<b>\$ 170,621,976</b>	<b>\$ 161,236,304</b>
<b>Unrestricted Cash</b>	<b>\$ 64,189,412</b>	<b>\$ 114,069,407</b>	<b>\$ 178,175,594</b>	<b>\$ 166,172,782</b>	<b>\$ 157,427,758</b>

# Cash Reserves – Days Cash on Hand

	Actual September 30, 2021
<b>Total Cash/Investments Balance</b>	<b>\$161,236,304</b>
Restricted by Term/Covenant	3,808,546
<b>Unrestricted Cash (per Approved Reserve Policy)</b>	<b>\$157,427,758</b>
<b>Days Cash on Hand (per Approved Reserve Policy)</b>	<b>235</b>
<b>Approved Reserve Policy (Days Cash on Hand)</b>	<b>180</b>
Unrestricted Operating Reserve Requirement (180 Days)	120,479,766
<b>Unrestricted Cash in Excess of Current Reserve Policy</b>	<b>\$36,947,992</b>