



Audit & Finance Committee Meeting

May 10, 2021

Barclays Bank Credit Line

- Primary terms and conditions
 - Amount - \$12 million
 - 5 years ending on June 24, 2021
 - Commitment fees of 0.75% (\$90,000) per year –
 - Initial fees – \$231,000
 - Reduced to \$168,000 per year on December 9, 2017
 - Reduced again on July 1, 2019 to current level
- Drawdowns
 - Initial drawdown of \$3 million
 - Fully repaid in December 2017
- Permitted uses – working capital only (does not provide for Letters of Credit collateral)
- Options for renewal (based on informal discussions) – looking for upwards of \$20 million or more
 - Revise to a Letter of Credit support facility
 - Multi-use (LC and/or working capital)
 - Either option would require
 - New contract documents
 - New credit approval
 - Legal fees of “at least \$40,000, but likely more”
 - Annual commitment fee of “at least 0.75%, but likely more”
 - Letter of Credit Issuance Fees of 1.5% per year

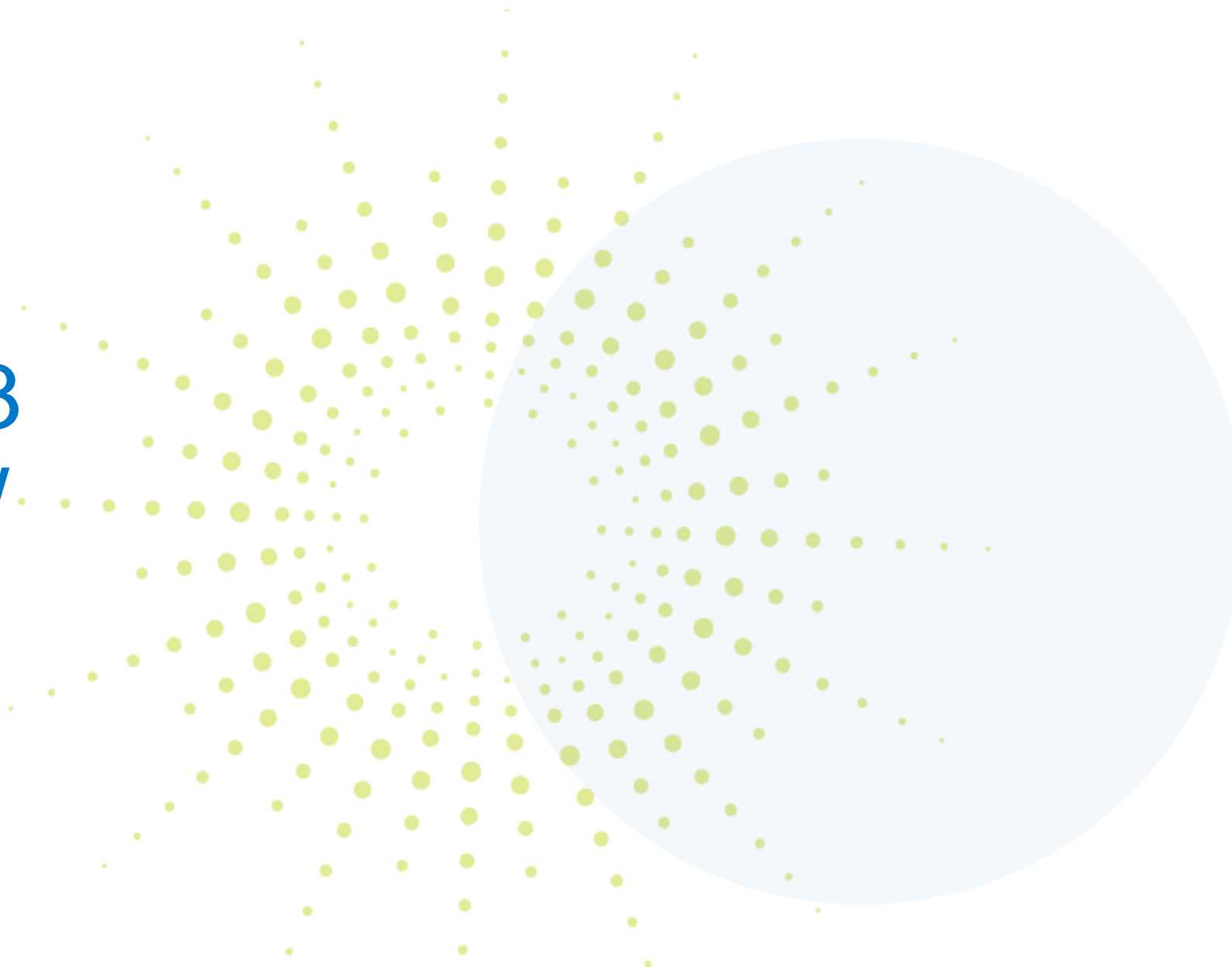
Recommendation

Staff recommends that the Audit & Finance Committee approve a resolution:

Recommending that the Board of Directors approve non-renewal of the term loan agreement with Barclays Bank

FY2020-2021 Q3 Financial Review

Ending March 31, 2021



Financial Statement vs. Budget – Quarter and YTD

	Quarter ending March 2021			Year-to-date		
	Current Quarter			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
OPERATING REVENUES						
Electricity Sales, net	45,624,201	49,143,395	(3,519,195)	182,192,362	158,519,980	23,672,382
Green electricity premium	641,129	557,207	83,922	2,006,949	1,630,742	376,207
Total Operating Revenues	46,265,329	49,700,602	(3,435,273)	184,199,311	160,150,721	24,048,589
OPERATING EXPENSES						
Cost of energy	49,442,465	46,670,491	(2,771,974)	167,381,212	153,042,287	(14,338,925)
Staff compensation	1,418,873	1,617,628	198,755	4,136,221	4,619,353	483,132
Data Manager	846,528	855,000	8,472	2,535,410	2,565,000	29,590
Service Fees - PG&E	313,664	315,000	1,336	939,698	945,000	5,302
Consultants & Professional Services	248,784	726,810	478,026	1,510,527	2,349,030	838,503
Legal	276,669	420,390	143,721	1,062,382	1,287,840	225,458
Marketing and Noticing	498,332	931,885	433,553	1,099,534	2,576,305	1,476,772
General and Administrative	438,412	515,313	76,901	1,269,469	1,431,663	162,194
Community Energy Programs	320,009	2,517,249	2,197,240	1,184,605	4,697,747	3,513,142
Depreciation	21,597	34,429	12,832	69,321	96,537	27,216
Total Operating Expenses	53,825,334	54,604,195	778,861	181,188,378	173,610,762	(7,577,616)
Operating Income (Loss)	(7,560,004)	(4,903,592)	(2,656,412)	3,010,932	(13,460,041)	16,470,973
NON-OPERATING REVENUES (EXP.)						
Total Nonoperating Income/(Expense)	(891,137)	352,000	(1,243,137)	(368,836)	1,056,000	(1,424,836)
CHANGE IN NET POSITION	(8,451,141)	(4,551,592)	(3,899,549)	2,642,097	(12,404,041)	15,046,137
CHANGE IN NET POSITION						
Net Position at the beginning of period	200,164,969	187,605,800	12,559,169	189,071,732	195,458,248	(6,386,517)
Change in Net Position	(8,451,141)	(4,551,592)	(3,899,549)	2,642,097	(12,404,041)	15,046,137
Net Position at the end of period	191,713,828	183,054,208	8,659,620	191,713,828	183,054,208	8,659,620

Quarterly and YTD Results

Revenues

- Q3 was \$3.4 million below Budget although Load was almost 6% above Budget – PG&E rate reduction on January 1 and PCIA Trigger finally implemented
- YTD is \$24.0 million above Budget – higher load than expected and delay in PCIA implementation

Expenses

- Q3 was \$0.8 million below budget
 - Energy costs \$2.8 million above Budget as energy prices increased
 - All other categories below Budget
- YTD is \$7.6 million above Budget largely due to Q1 energy costs

Change in Net Position

- Q3 was negative \$8.5 million
- YTD of \$2.6 million was \$15.0 million better than Budget
- Current full-year forecast is expected to be \$4.6 million negative – still better than Budget

Revenue – Quarterly Trend

Revenue by Quarter as of

March-21

Quarter	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
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
Q4-FY2019/20	\$60.9	\$62.8	(\$1.9)
Total YTD 2019/20	\$278.1	\$267.8	\$10.3

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)
Total YTD 2020/21	\$184.2	\$160.2	\$24.0



- Q3 Revenues were **\$3.4 million lower** than Budget
 - As expected in prior meeting
 - Implementation of lower PG&E rates on January 1 and PCIA Trigger started in Q3
- YTD Revenues are \$24.0 million above Budget
 - Higher usage every month versus Budget
 - Higher rates than planned YTD
 - But \$33.0 million lower than prior year
- Q4 Revenues are expected to be \$7.3 million below Budget

Revenue – Monthly Trend

Revenue (Last 13 months)

March-21

Month	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Mar-20	\$20.3	\$19.6	\$0.6
Apr-20	\$15.3	\$17.2	(\$1.9)
May-20	\$22.5	\$20.4	\$2.1
Jun-20	\$23.1	\$25.1	(\$2.1)
Jul-20	\$24.0	\$22.9	\$1.1
Aug-20	\$26.2	\$23.4	\$2.8
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)



Energy Usage vs. Budget

Usage has been above Budget in every month in FY21



Cost of Energy – Quarterly Trend

Cost of Energy by Quarter as of

March-21

Quarter	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
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
Q4-FY2019/20	\$56.2	\$49.0	(7.2)
Total YTD 2019/20	\$216.1	\$216.5	\$0.5

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)
Total YTD 2020/21	\$167.4	\$153.0	(\$14.3)

- Q3 energy costs were just above Budget
 - Although customer usage was almost 6% above Budget
- YTD energy costs are \$14.3 million above Budget due to significant cost spikes in Q1
 - Costs were higher than Budget in every quarter



Cost of Energy – Monthly Trend

Cost of Energy (Last 13 months)

March-21

Month	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
Mar-20	\$18.8	\$18.3	(\$0.5)
Apr-20	\$15.8	\$16.0	\$0.2
May-20	\$16.3	\$16.0	(\$0.3)
Jun-20	\$24.2	\$17.0	(\$7.2)
Jul-20	\$19.3	\$17.6	(\$1.8)
Aug-20	\$24.9	\$19.1	(\$5.8)
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)



Change in Net Position (Year-to-date)

Change in Net Position - YTD as of

March-21

Accounts	Year-to-date vs Budget		
	Actual	Budget	Var Fav/(Unf)
Revenues	\$184.2	\$160.2	\$24.0
Cost of Energy	167.4	153.0	(14.3)
Other Opex	13.8	20.6	6.8
Non-Opex/(Income)	0.4	(1.1)	(1.4)
Net Position	\$2.6	(\$12.4)	\$15.0

Cash and Investment Summary – Quarterly Trend

	Jun-18	Jun-19	Jun-20	Dec-20	Mar-21
Investment Account - USBank (Combined PFM/FRB)					
Asset Summary					
Cash & Equivalents	\$ 20,019,851	\$ 4,507,825	\$ 58,937,363	\$ 9,283,620	\$ 5,122,519
Fixed Income	\$ 30,105,348	\$ 90,743,561	\$ 105,343,286	\$ 160,508,274	\$ 163,688,245
Accrued Income			\$ 546,170	\$ 549,077	\$ 619,229
Ending Balance	\$ 50,125,199	\$ 95,251,385	\$ 164,826,819	\$ 170,340,970	\$ 169,429,993
Other Accounts (Unrestricted)					
Unrestricted - M&T LockBox					
Unrestricted - Wilmington LockBox	\$ 5,376,290	\$ 5,632,155	\$ 5,030,087	\$ 6,671,119	\$ 4,975,045
Operating Account - First Republic	\$ 2,413,747	\$ 3,299,345	\$ 5,834,142	\$ 31,266,703	\$ 4,383,238
Savings Account - First Republic	\$ 5,995,341	\$ 9,885,949	\$ 2,484,545	\$ (17,173,545)	\$ 11,272,231
Other Accounts	\$ 278,835	\$ 573	\$ -	\$ 11,437	\$ -
Subtotal Unrestricted (non-Investment accounts)	\$ 14,064,213	\$ 18,818,022	\$ 13,348,775	\$ 20,775,714	\$ 20,630,515
Other Accounts (Restricted)					
Restricted Cash - Wilmington LockBox	\$ 2,500,000	\$ 1,500,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Restricted Cash - First Republic	\$ -	\$ 11,665,799	\$ 31,386,560	\$ 30,717,560	\$ 3,949,194
Subtotal Restricted (non-Investment accounts)	\$ 2,500,000	\$ 13,165,799	\$ 32,386,560	\$ 31,717,560	\$ 4,949,194
Total Cash	\$ 66,689,412	\$ 127,235,206	\$ 210,562,154	\$ 222,834,244	\$ 195,009,702
Unrestricted Cash	\$ 64,189,412	\$ 114,069,407	\$ 178,175,594	\$ 191,116,684	\$ 190,060,508

Full-Year Forecast vs. Budget – FY21

FY 2020-2021 Budget & Forecast	FY 2021	FY 2021	FY 2021	Variance	Variance
	Approved Budget	YTD Actual through March 2021	Forecasted Full Year FY2020-2021	Forecast \$ vs. FY20/21 Budget Fav/(Unf)	Forecast % vs. FY20/21 Budget Fav/(Unf)
OPERATING REVENUES					
Electricity Sales, net	213,552,721	182,192,362	229,828,896	16,276,174	7.6%
ECO100 Premium	2,150,775	2,006,949	2,613,655	462,880	21.5%
Total Operating Revenues	215,703,496	184,199,311	232,442,551	16,739,054	7.8%
OPERATING EXPENSES					
Cost of electricity	197,445,054	167,381,212	214,249,772	(16,804,717)	-8.5%
Personnel	6,236,981	4,136,221	5,576,086	660,895	10.6%
Data Manager	3,420,000	2,535,410	3,390,410	29,590	0.9%
Service Fees - PG&E	1,260,000	939,698	1,254,698	5,302	0.4%
Professional Services	3,068,340	1,510,527	2,020,086	1,048,254	34.2%
Legal	1,708,230	1,062,382	1,482,772	225,458	13.2%
Marketing and Noticing	2,873,350	1,099,534	1,436,873	1,436,477	50.0%
General and Administrative	1,947,282	1,269,469	1,821,441	125,841	6.5%
Community Energy Programs	7,550,000	1,184,605	5,655,000	1,895,000	25.1%
Depreciation	133,216	69,321	90,018	43,198	32.4%
Total Operating Expenses	225,642,453	181,188,378	236,977,155	(11,334,702)	-5.0%
Operating Income/(Loss)	(9,938,957)	3,010,932	(4,534,604)	5,404,352	54.4%
Total Non-operating Income/(Expense)	1,408,000	(368,836)	(16,836)	(1,424,836)	-101.2%
CHANGE IN NET POSITION	(8,530,957)	2,642,097	(4,551,440)	3,979,517	46.6%
CHANGE IN NET POSITION					
Net Position at the beginning of period	195,458,248	189,071,732	189,071,732	(6,386,517)	
Inc/(Dec) in Net Position	(8,530,957)	2,642,097	(4,551,440)	3,979,517	
Net Position at the end of period	186,927,291	191,713,828	184,520,291	(2,407,000)	
Approx. Cash & Cash Equivalents	186,646,421	195,009,702	187,316,165		

Forecast FY21

Revenues

- Q4 expected to be \$7.3 million below Budget as a result of lower rates (PG&E and PCIA)
- Full-year expected to be still be above Budget

Expenses

- Energy Costs above Budget – mostly due to Q1, but higher than Budget in every quarter
- All other categories expected to be below Budget

Change in Net Position

- Full year expected to be \$4.6 million negative, although \$4.0 million better than Budget

Days Cash on Hand

- Expected to be at 284

Financial Summary Observations – Full Year FY21

Revenues

- Forecast of FY21 revenues is \$232.4 million
 - \$16.7 million above Budget for FY21
 - 16.4% below the prior FY20 year
- Load for full year is expected to be approx. 5.4% lower than the prior year
- Lower rates and higher PCIA are primary explanations for revenues lower than prior year
- Current PCIA is estimated to reduce revenues by approx. \$160 million/year

Expenses

- Forecast of FY21 expenses is \$237.6 million
 - \$12.0 million above Budget for FY21
 - \$5.6 million higher than prior FY20 year

Non-Operating Income/(Expense)

- Forecast of break-even, well below Budget
 - Low interest rate environment
 - Q3 unrealized losses expected to recover as investments mature
 - Full manager review at August 2021 meeting

Cash Reserves – Days Cash on Hand

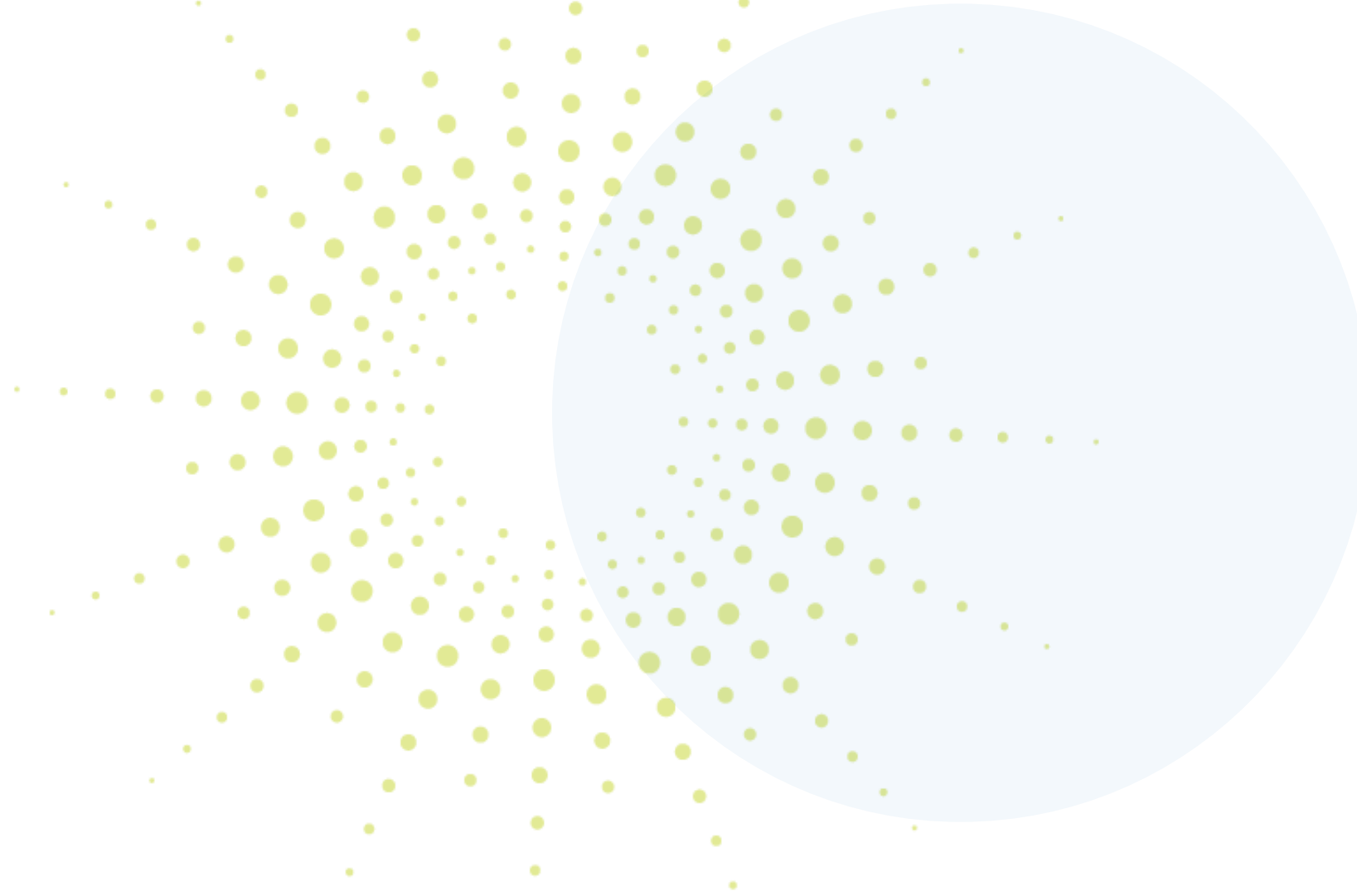
	Actual March 31, 2020	Forecast June 30, 2021
Total Cash/Investments Balance	\$195,009,702	\$187,316,165
Restricted by Term/Covenant	4,949,194	3,240,047
Unrestricted Cash (per Approved Reserve Policy)	\$190,060,508	\$184,076,118
Days Cash on Hand (per Approved Reserve Policy)	293	284
Approved Reserve Policy (Days Cash on Hand)	180	180
Unrestricted Operating Reserve Requirement (180 Days)	116,865,446	116,865,446
Unrestricted Cash in Excess of Current Reserve Policy	\$73,195,062	\$67,210,672
Note: Days Cash on Hand based on full-year forecast of Operating Expenses		

FY2021-2022

(July 1, 2021 – June 30, 2022)

Budget Review

Initial Draft



Schedule – Budget Review and Approval

- May 10, 2021 – Review Initial Draft with Audit & Finance Committee
- May 10, 2021 – Review Initial Draft with Executive Committee
- May 27, 2021 – Review Current Draft with Board of Directors
- June 14, 2021 – Review Revised Draft with Audit & Finance Committee
- June 24, 2021 – Approve Final by Board of Directors

Draft Budget FY2021-2022 – Key Assumptions

PG&E Generation Rates

- October 1, 2021 – increase 4%
- January 1, 2022 – increase 1%

PCIA

- January 1, 2022 – decrease 2%

Load

- Increase of 4.3% over FY21 forecast – includes Los Banos for 3 months

Energy Prices

- Increase of 11% over FY21 forecast – based on 3rd party forecast

Draft Budget FY22 – Summary

FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING REVENUES					
Electricity Sales, net	213,552,721	229,828,896	219,588,443	(10,240,453)	-4.5%
ECO100 Premium	2,150,775	2,613,655	2,621,034	7,379	0.3%
Total Operating Revenues	215,703,496	232,442,551	222,209,477	(10,233,073)	-4.4%
OPERATING EXPENSES					
Cost of electricity	197,445,054	214,249,772	216,404,926	2,155,154	1.0%
Personnel	6,236,981	5,576,086	6,464,275	888,189	15.9%
Data Manager	3,420,000	3,390,410	3,420,000	29,590	0.9%
Service Fees - PG&E	1,260,000	1,254,698	1,260,000	5,302	0.4%
Professional Services	3,068,340	2,020,086	1,351,204	(668,882)	-33.1%
Legal	1,708,230	1,482,772	1,615,500	132,728	9.0%
Marketing and Noticing	2,873,350	1,436,873	2,068,197	631,324	43.9%
General and Administrative	1,947,282	1,821,441	2,259,391	437,950	24.0%
Community Energy Programs	7,550,000	5,655,000	6,555,671	900,670	15.9%
Depreciation	133,216	90,018	105,287	15,269	17.0%
Total Operating Expenses	225,642,453	236,977,155	241,504,451	4,527,296	1.9%
Operating Income/(Loss)	(9,938,957)	(4,534,604)	(19,294,973)	(5,705,777)	-125.8%
Total Non-operating Income/(Expense)	1,408,000	(16,836)	900,000	916,836	-5445.7%
CHANGE IN NET POSITION	(8,530,957)	(4,551,440)	(18,394,973)	(4,788,941)	-105.2%
Net Position at the end of period	186,927,291	184,520,292	166,125,319	(18,394,973)	
Approx. Cash & Cash Equivalents	186,646,421	187,316,165	168,421,192	(18,894,973)	
Days Cash on Hand	294	284	250		

Draft Budget Detail - Revenues

FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021		Proposed Budget	\$ Change
OPERATING REVENUES					
Electricity Sales, net	213,552,721	229,828,896	219,588,443	(10,240,453)	-4.5%
Commercial - Demand	22,280,055	23,716,009	18,450,298	(5,265,711)	-22.2%
Streetlight and Agr- Demand	192,168	326,094	156,350	(169,744)	-52.1%
Commercial - Gen	104,896,767	99,611,709	102,460,681	2,848,972	2.9%
Residential - Gen	85,360,056	104,836,294	97,658,233	(7,178,061)	-6.8%
Street lighting and Agr - Gen	1,573,735	2,097,434	1,634,140	(463,294)	-22.1%
Bad Debt expense	(750,060)	(758,644)	(771,259)	(12,615)	1.7%
ECO100 Premium	2,150,775	2,613,655	2,621,034	7,379	0.3%
Commercial - Green Premium	1,191,221	2,130,290	2,126,916	(3,374)	-0.2%
Residential - Green Premium	930,078	198,391	317,843	119,452	60.2%
Streetlight and Agr - Green Pre	29,476	284,974	176,275	(108,699)	-38.1%
Total Operating Revenues	215,703,496	232,442,551	222,209,477	(10,233,073)	-4.4%

Total Revenues expected to be down by 4.4% from FY21 Forecast

- Load expected to be 4% higher than prior year forecast
- PG&E rates lower than last year
- PCIA higher

Draft Budget Detail – Cost of Energy


FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Cost of electricity	197,445,054	214,249,772	216,404,926	2,155,154	1.0%
CAISO Charges (Admin)	-	446,303	420,000	(26,303)	-5.9%
CAISO Charges (Ancillary Svcs)	3,000,000	4,568,519	5,048,503	479,984	10.5%
CAISO - Hedge Credit	(102,969,185)	(113,667,410)	(74,607,282)	39,060,128	-34.4%
Resettlements	3,000,000	6,810,507	6,000,000	(810,507)	-11.9%
DA Energy (DLAP)	136,237,707	144,732,626	143,376,517	(1,356,109)	-0.9%
Capacity - Resource Adequacy	31,474,662	39,206,621	31,800,552	(7,406,069)	-18.9%
CAISO - PPA Credit	(37,706,427)	(31,900,707)	(56,577,647)	(24,676,940)	77.4%
PPA Energy purchases	38,991,129	42,266,447	67,441,561	25,175,114	59.6%
Hedge Energy Purchases	106,222,381	109,741,186	80,041,373	(29,699,812)	-27.1%
50160 · RECs and Carbon Free exp	16,717,285	17,759,548	11,123,185	(6,636,362)	-37.4%
50190 · Resale of Resource Adequacy	-	(7,929,023)	-	7,929,023	-100.0%
Forecasting and scheduling	1,477,502	960,904	379,741	(581,163)	-60.5%
NEM Expense	1,000,000	1,254,250	1,958,421	704,171	56.1%

Load expected to be 4% higher than prior year forecast

Cost of Energy expected to be 1% higher than current year forecast

- RECs/GHG- Free – Expected to be \$6.6 million lower
- RA – Expected to be \$7.4 million lower
- Ancillary Services/Resettlements – Budgeted higher after surprises in Summer 2021

Draft Budget Detail – Staff Compensation



FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Personnel	6,236,981	5,576,086	6,464,275	888,189	15.9%
Employee Health Benefits	442,592	423,561	456,981	33,420	7.9%
Payroll tax expense	306,797	270,902	316,771	45,869	16.9%
Retirement plan contributions	455,633	391,648	472,560	80,912	20.7%
Salaries and wages	5,006,958	4,472,695	5,192,964	720,268	16.1%
Workers comp insurance	25,000	17,279	25,000	7,721	44.7%

Planning for 5 additional headcount in FY22
 Official job descriptions and approvals and timing still TBD

Draft Budget Detail – Data Manager/Service Fees




FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Data Manager	3,420,000	3,390,410	3,420,000	29,590	0.9%
Service Fees - PG&E	1,260,000	1,254,698	1,260,000	5,302	0.4%

Both areas are based on customer counts

- Data Manager – Calpine: Customer Service and Billing
- Service Fees – PG&E: CCA partnership fees

Draft Budget Detail – Professional Services



FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Professional Services	3,068,340	2,020,086	1,351,204	(668,882)	-33.1%
Accounting & Auditing	191,000	189,100	195,000	5,900	3.1%
Human Resources Consulting	72,000	72,124	36,000	(36,124)	-50.1%
IT Consulting	60,000	73,825	84,564	10,739	14.5%
Other Consultants	527,000	142,979	340,000	197,021	137.8%
Power Resources Consulting	2,218,340	996,867	695,640	(301,227)	-30.2%
Power Resources Other	-	545,191	-	(545,191)	-100.0%

Additional spending to note:

- Assumed up to \$150K for DEAI project
- Assumed \$100K for Innovation projects

Significant reductions related to moving DER Programs from Power Resources Community Energy Programs as part of recent reorganization


Draft Budget Detail - Legal



FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021		Proposed Budget	\$ Change
OPERATING EXPENSES					
Legal	1,708,230	1,482,772	1,615,500	132,728	9.0%
Legal Legislative	126,750	104,509	96,000	(8,509)	-8.1%
Legal Power Resources	720,000	650,545	787,500	136,955	21.1%
Legal Agency	240,000	197,129	240,000	42,871	21.7%
Legal Regulatory	621,480	530,589	492,000	(38,589)	-7.3%

Additional legal fees expected related to PPA efforts
Also, increases due to conservatism

Draft Budget Detail – Marketing & Noticing



FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Marketing and Noticing	2,873,350	1,436,873	2,068,197	631,324	43.9%
Advertising/Paid Media	503,850	214,811	170,234	(44,577)	-20.8%
Communications consultants	375,300	288,049	498,000	209,951	72.9%
Sponsorships and memberships	129,000	70,689	99,700	29,011	41.0%
Marketing Automation/Software	77,500	58,084	216,967	158,883	273.5%
Grants & Partner Contracts	1,297,500	27,760	45,000	17,240	62.1%
Promotions & Branding	83,200	4,539	30,960	26,421	582.1%
Communications - misc expenses	12,000	475,453	728,339	252,886	53.2%
Direct Mail	87,000	46,235	87,598	41,363	89.5%
Collateral	72,000	27,511	42,999	15,488	56.3%
Required Printing and Mailing	236,000	223,743	148,400	(75,343)	-33.7%

Additional spending in the following areas:

- Expansion of School Program (comprises 25% of Marketing budget)
- Los Banos enrollment efforts
- Building Electrification Awareness program (implementation partner is included in Communications Consultants line item)
- Proposed expansion of building electrification marketing
- Investment in upgrade to e-mail marketing infrastructure


Draft Budget Detail – General & Administration

FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
General and Administrative	1,947,282	1,821,441	2,259,391	437,950	24.0%
Bank service fee	129,312	154,592	192,000	37,408	24.2%
Building maintenance	15,000	5,000	7,500	2,500	50.0%
Business meals	30,000	10,850	18,000	7,150	65.9%
Conferences & Prof development	24,000	15,809	24,000	8,191	51.8%
Equipment lease	6,000	2,953	6,000	3,047	103.2%
Industry memberships and dues	480,000	479,840	690,000	210,160	43.8%
Insurance	120,000	107,576	162,000	54,424	50.6%
Miscellaneous G&A	-	4,174	-	(4,174)	-100.0%
Office supplies and postage	24,000	9,437	18,000	8,563	90.7%
Payroll service fees	21,000	24,659	30,000	5,341	21.7%
Rent	531,570	520,311	540,000	19,689	3.8%
Small equipment & software	390,000	304,724	361,876	57,152	18.8%
Subscriptions	72,000	69,093	120,000	50,907	73.7%
Utilities	60,000	51,324	66,000	14,676	28.6%
Donations (from operations)	-	50,000	-	(50,000)	-100.0%
Travel - Mileage/fuel	3,600	900	3,000	2,100	233.3%
Travel - Parking and Tolls	7,200	1,800	3,000	1,200	66.7%
Travel - Airfare	9,600	2,400	6,000	3,600	150.0%
Travel - Lodging	24,000	6,000	12,015	6,015	100.3%

Additional spending in the following areas:

- Industry Memberships – related to CC Power participation
- Insurance – related to higher costs (especially for Cyber) and additional D&O coverage
- Other areas higher for conservatism

Draft Budget Detail – Community Energy Programs



FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	Variance FY2022 Proposed Budget vs. FY2021 Forecast	
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	\$ Change	% Change
OPERATING EXPENSES					
Community Energy Programs	7,550,000	5,655,000	6,555,671	900,670	15.9%
Energy Programs - Consultants	2,403,000	1,268,240	1,720,362	452,122	35.6%
Energy Programs - G&A	-	5,000	151,975	146,975	2939.5%
Energy Programs - Marketing	250,000	12,504	75,000	62,496	499.8%
Energy Programs - Incentives	4,897,000	4,369,256	4,608,333	239,077	5.5%

Significant assumptions:

- Prior approved budget and FY21 Forecast did not include DER Programs
- DER Programs now included in this budget – approx. \$800K

Draft Budget FY2021-FY2026 – Key Assumptions

PG&E Generation Rates

- January 1, 2023 – decrease 6.5%
- January 1, 2024 – decrease 1%
- January 1, 2025 – increase 1%
- January 1, 2025 – increase 1%

PCIA – expected to improve

- January 1, 2023 – decrease 4.5%
- January 1, 2024 – decrease 16%
- January 1, 2025 – decrease 23%
- January 1, 2025 – unchanged

Load

- FY21-22 (proposed budget) – increase of 4.3% (includes Los Banos for 3 months)
- FY22-23 – increase of 4.8%
- After – annual increases of approximately 1%

Energy Prices – based on 3rd party forecast

- FY21-22 (proposed budget) – increase of 11%
- FY22-26 – increases of 4%, 9%, 4%, 6% (expect higher costs over the next few years)

Draft Budget FY2021-2026 – Budget Summary & 5-year Plan

FY 2020-2021 Budget & Forecast	FY 2020-2021		FY 2021-2022	FY 2022-2023	FY 2023-2024	FY 2024-2025	FY 2025-2026
	Approved Budget	Forecasted Full Year FY2020-2021	Proposed Budget	Plan	Plan	Plan	Plan
OPERATING REVENUES							
Electricity Sales, net	213,552,721	229,828,896	219,588,443	230,138,595	233,993,899	265,139,839	288,405,643
ECO100 Premium	2,150,775	2,613,655	2,621,034	2,642,925	2,658,416	2,674,032	2,689,776
Total Operating Revenues	215,703,496	232,442,551	222,209,477	232,781,520	236,652,314	267,813,871	291,095,419
OPERATING EXPENSES							
Cost of electricity	197,445,054	214,249,772	216,404,926	225,235,279	216,756,528	224,833,617	229,130,044
Personnel	6,236,981	5,576,086	6,464,275	6,833,256	7,169,830	7,523,232	7,894,305
Data Manager	3,420,000	3,390,410	3,420,000	3,454,200	3,488,742	3,523,629	3,558,866
Service Fees - PG&E	1,260,000	1,254,698	1,260,000	1,272,600	1,285,326	1,298,179	1,311,161
Professional Services	3,068,340	2,020,086	1,351,204	1,243,754	1,276,867	1,311,576	1,347,967
Legal	1,708,230	1,482,772	1,615,500	1,629,210	1,684,005	1,742,647	1,805,416
Marketing and Noticing	2,873,350	1,436,873	2,068,197	2,078,291	2,137,613	2,149,231	2,204,195
General and Administrative	1,947,282	1,821,441	2,259,391	2,297,191	2,372,735	2,459,519	2,552,717
Community Energy Programs	7,550,000	5,655,000	6,555,671	7,611,534	11,021,230	12,926,067	15,931,049
Depreciation	133,216	90,018	105,287	141,287	177,287	213,287	249,287
Total Operating Expenses	225,642,453	236,977,155	241,504,451	251,796,602	247,370,163	257,980,985	265,985,008
Operating Income/(Loss)	(9,938,957)	(4,534,604)	(19,294,973)	(19,015,082)	(10,717,849)	9,832,886	25,110,412
Total Non-operating Income/(Expense)	1,408,000	(16,836)	900,000	900,000	900,000	900,000	900,000
CHANGE IN NET POSITION	(8,530,957)	(4,551,440)	(18,394,973)	(18,115,082)	(9,817,849)	10,732,886	26,010,412
Net Position at the end of period	186,927,291	184,520,292	166,125,319	148,010,236	138,192,388	148,925,273	174,935,685
Approx. Cash & Cash Equivalents	186,646,421	187,316,165	168,421,192	150,306,110	140,488,261	151,221,147	177,231,558
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Days Cash on Hand	294	284	250	214	203	210	239