



Audit & Finance Committee Meeting

February 14, 2022

Agenda

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

FY2021-2022

Q2 Financial Review

Ending December 31, 2021



Revenue – Quarterly Trend

Revenue by Quarter as of

December-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)
Total YTD 2020/21	\$228.1	\$215.7	\$12.4
Q1-FY2021/22	58.4	61.0	(2.6)
Q2-FY2021/22	45.1	52.5	(7.5)
Total YTD FY2021/22	\$103.4	\$113.5	(\$10.1)



Quarterly

- **Q2** revenues were \$7.5 MM below Budget
 - Total load was 2.3% below Budget during Q2 and 3.1% below budget for the YTD
 - Residential load was 4.7% below Budget during Q2 and 7.4% below Budget for the YTD
 - Budget was increased over last year with assumption of improved economic climate.

Cost of Energy – Quarterly Trend

Cost of Energy by Quarter as of

December-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)
Total YTD 2020/21	\$213.8	\$197.4	(\$16.4)
Q1-FY2021/22	56.5	57.6	1.1
Q2-FY2021/22	51.1	53.9	2.8
Q2-FY2021/22	\$107.6	\$111.5	\$3.9



Quarterly

- **Q2** Cost of Energy was \$2.8 MM below Budget
 - Load was 2.3% below Budget
 - 100% hedged position mitigated significantly high prices throughout the quarter
- **Prior Fiscal Year** – Significantly impacted by summer weather including fire and smoke events.

Financial Statement vs. Budget – Quarter and YTD

	Quarter ending December 2021					
	Current Quarter			Year-to-date		
	Actual	Budget	Var Fav/(Unf)	Actual	Budget	Var Fav/(Unf)
OPERATING REVENUES						
Electricity Sales, net	44,322,953	51,855,358	(7,532,405)	101,940,979	112,160,281	(10,219,301)
Green electricity premium	730,895	656,538	74,357	1,467,577	1,338,072	129,504
Total Operating Revenues	45,053,848	52,511,896	(7,458,048)	103,408,556	113,498,353	(10,089,797)
OPERATING EXPENSES						
Cost of energy	51,141,560	53,948,142	2,806,582	107,605,515	111,527,103	3,921,588
Staff compensation	1,441,396	1,603,960	162,564	2,919,387	3,207,920	288,533
Data Manager	845,118	855,000	9,882	1,693,623	1,710,000	16,377
Service Fees - PG&E	300,588	315,000	14,412	615,042	630,000	14,958
Consultants & Professional Services	246,030	428,410	182,380	525,256	753,820	228,564
Legal	333,634	409,000	75,367	652,357	822,750	170,393
Marketing and Noticing	375,978	569,589	193,611	879,738	1,115,618	235,880
General and Administrative	512,987	550,236	37,250	968,343	1,102,398	134,055
Community Energy Programs	531,673	3,151,403	2,619,730	925,612	4,288,931	3,363,319
Depreciation	20,514	26,794	6,280	41,152	51,337	10,185
Total Operating Expenses	55,749,477	61,857,534	6,108,057	116,826,025	125,209,878	8,383,853
Operating Income (Loss)	(10,695,629)	(9,345,637)	(1,349,992)	(13,417,469)	(11,711,525)	(1,705,944)
Total Nonoperating Income/(Expense)	(883,893)	225,000	(1,108,893)	(320,726)	450,000	(770,726)
CHANGE IN NET POSITION	(11,579,523)	(9,120,637)	(2,458,885)	(13,738,195)	(11,261,525)	(2,476,670)
CHANGE IN NET POSITION						
Net Position at the beginning of period	178,184,727	182,130,333	(3,945,606)	180,343,399	184,271,220	(3,927,821)
Change in Net Position	(11,579,523)	(9,120,637)	(2,458,885)	(13,738,195)	(11,261,525)	(2,476,670)
Net Position at the end of period	166,605,204	173,009,695	(6,404,491)	166,605,204	173,009,695	(6,404,491)
Ending Total Cash (Restricted/Unrestricted)	155,962,332	176,243,044	(20,280,712)	155,962,332	176,243,044	(20,280,712)

Quarterly and YTD Results

- **Revenues**
 - Q2 was \$7.5 MM below Budget.
 - Residential revenues made up 2/3 of that shortfall as Residential load was well below Budget through November
- **Expenses**
 - Q2 was \$6.1 MM below Budget
 - Energy costs \$2.8 MM below Budget despite energy prices being higher this Summer than expected
 - Significantly hedged positions mitigated energy market costs
 - Energy Programs \$2.6 MM below Budget (and \$3.4 MM for YTD) – could catch-up based on timing
- **Change in Net Position**
 - Q4 was negative \$11.6 MM – but not significantly worse than the Q2 expected level

Revenue – Monthly Trend

Revenue (Last 13 months)

December-21

Month	Revenue Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
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)
Oct-21	\$14.6	\$20.1	(\$5.5)
Nov-21	\$14.5	\$15.3	(\$0.8)
Dec-21	\$16.0	\$17.1	(\$1.1)

Cost of Energy – Monthly Trend

Cost of Energy (Last 13 months)

December-21

Month	COE Comparison vs Budget		
	Actual	Budget	Var Fav/(Unf)
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
Oct-21	\$17.4	\$18.0	\$0.6
Nov-21	\$15.0	\$16.7	\$1.7
Dec-21	\$18.8	\$19.3	\$0.5

Change in Net Position (Year-to-date)

Change in Net Position - YTD as of

December-21

Accounts	Year-to-date vs Budget		
	Actual	Budget	Var Fav/(Unf)
Revenues	\$103.4	\$113.5	(\$10.1)
Cost of Energy	107.6	111.5	3.9
Other Opex	9.2	13.7	4.5
Non-Opex/(Income)	0.3	(0.5)	(0.8)
Net Position	(\$13.7)	(\$11.3)	(\$2.5)

YTD

- CINP is \$2.5 worse than Budget due to lower revenues than Budget

Change in Net Position - Year-over-year

December-21

Accounts	Year-over-year Comparison (YTD)		
	YTD 2021-22	YTD 2020-21	Var Fav/(Unf)
Revenues	\$103.4	\$137.9	(\$34.5)
Cost of Energy	107.6	117.9	10.3
Other Opex	9.2	9.4	0.2
Non-Opex/(Income)	0.3	(0.5)	(0.8)
Net Position	(\$13.7)	\$11.1	(\$24.8)

Vs, Prior Year

- YTD of \$13.7 MM loss versus \$11.1 MM gain in prior year
- Revenues significantly lower offset by somewhat lower costs

Cash and Investment Summary – Quarterly Trend

	Jun-19	Jun-20	Jun-21	Sep-21	Dec-21
Investment Account - USBank (Combined PFM/FRB)					
Asset Summary					
Cash & Equivalents	\$ 4,507,825	\$ 58,937,363	\$ 2,785,233	\$ 297,110	\$ 236,618
Fixed Income	\$ 90,743,561	\$ 105,343,286	\$ 153,947,396	\$ 138,960,485	\$ 138,137,049
Accrued Income		\$ 546,170	\$ 520,977	\$ 519,812	\$ 470,045
Ending Balance	\$ 95,251,385	\$ 164,826,819	\$ 157,253,606	\$ 139,777,407	\$ 138,843,713
Other Accounts (Unrestricted)					
Unrestricted - M&T LockBox			\$ 758,192	\$ -	\$ -
Unrestricted - Wilmington LockBox	\$ 5,632,155	\$ 5,030,087	\$ 2,465,340	\$ 4,922,087	\$ 3,979,987
Operating Account - First Republic	\$ 3,299,345	\$ 5,834,142	\$ 4,340,702	\$ 6,123,653	\$ 2,585,297
Savings Account - First Republic	\$ 9,885,949	\$ 2,484,545	\$ 1,354,942	\$ 6,604,575	\$ 10,066,905
Other Accounts	\$ 573	\$ -	\$ -	\$ 36	\$ (13,570)
Subtotal Unrestricted (non-Investment accounts)	\$ 18,818,022	\$ 13,348,775	\$ 8,919,176	\$ 17,650,351	\$ 16,618,619
Other Accounts (Restricted)					
Restricted Cash - Wilmington LockBox	\$ 1,500,000	\$ 1,000,000	\$ 500,000	\$ 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)	\$ 13,165,799	\$ 32,386,560	\$ 4,449,194	\$ 3,808,546	\$ 500,000
Total Cash	\$ 127,235,206	\$ 210,562,154	\$ 170,621,976	\$ 161,236,304	\$ 155,962,332
Unrestricted Cash	\$ 114,069,407	\$ 178,175,594	\$ 166,172,782	\$ 157,427,758	\$ 155,462,332

Note: \$7.9 MM of cash is on deposit with CAISO and not reflected in this summary

Investment Manager balances at 12/31/21:

- PFM = \$69.6 MM
- FRB = \$69.3 MM

Cash Reserves – Days Cash on Hand

	Actual December 31, 2021	Forecast June 30, 2022
Total Cash/Investments Balance	\$155,962,332	\$159,124,379
Restricted by Term/Covenant	500,000	500,000
Unrestricted Cash (per Approved Reserve Policy)	\$155,462,332	\$158,624,379
Days Cash on Hand (per Approved Reserve Policy)	243	236
Approved Reserve Policy (Days Cash on Hand)	180	180
Unrestricted Operating Reserve Requirement (180 Days)	120,479,766	121,039,098
Unrestricted Cash in Excess of Current Reserve Policy	\$34,982,566	\$37,585,281

Financial Statement – Forecast Full year FY2022

FY 2021-2022 Budget & Forecast	FY 2022	FY 2022	Variance	Variance
	Approved Budget	Forecasted Full Year FY2021-2022	Forecast \$ vs. FY21/22 Budget Fav/(Unf)	Forecast % vs. FY21/22 Budget Fav/(Unf)
OPERATING REVENUES				
Electricity Sales, net	219,619,107	231,573,759	11,954,652	5.4%
ECO100 Premium	2,621,034	2,877,577	256,542	9.8%
Total Operating Revenues	222,240,141	234,451,336	12,211,194	5.5%
OPERATING EXPENSES				
Cost of electricity	216,705,953	220,334,481	(3,628,528)	-1.7%
Personnel	6,464,275	6,464,275	-	0.0%
Data Manager	3,420,000	3,420,000	-	0.0%
Service Fees - PG&E	1,260,000	1,260,000	-	0.0%
Professional Services	1,351,204	1,351,204	-	0.0%
Legal	1,615,500	1,615,500	-	0.0%
Marketing and Noticing	2,068,197	2,068,197	-	0.0%
General and Administrative	2,259,391	2,259,391	-	0.0%
Community Energy Programs	6,555,671	6,555,671	-	0.0%
Depreciation	111,675	111,675	-	0.0%
Total Operating Expenses	241,811,865	245,440,393	(3,628,528)	-1.5%
Operating Income/(Loss)	(19,571,724)	(10,989,057)	8,582,666	43.9%
Total Non-operating Income/(Expense)	900,000	412,910	(487,090)	-54.1%
CHANGE IN NET POSITION	(18,671,724)	(10,576,147)	8,095,576	43.4%
CHANGE IN NET POSITION				
Net Position at the beginning of period	184,271,220	180,343,399	(3,927,821)	
Inc/(Dec) in Net Position	(18,671,724)	(10,576,147)	8,095,576	
Net Position at the end of period	165,599,497	169,767,252	4,167,755	
Approx. Cash & Cash Equivalents	168,332,845	159,124,379		
DCOH (Per Policy)		236		

Forecasted EOY Improvement from 1H FY2022

- **Revenues**
 - \$10.1 MM below Budget at 12/31/21
 - \$22.3 MM improvement
- **Cost of Energy**
 - \$3.9 MM below Budget at 12/31
 - \$7.5 MM deterioration
- **Change in Net Position**
 - \$13.7 MM below Budget at 12/31
 - \$3.1 MM improvement – likely much better than Budget
 - Assumes significant catch-up in spending in other areas – likely conservative