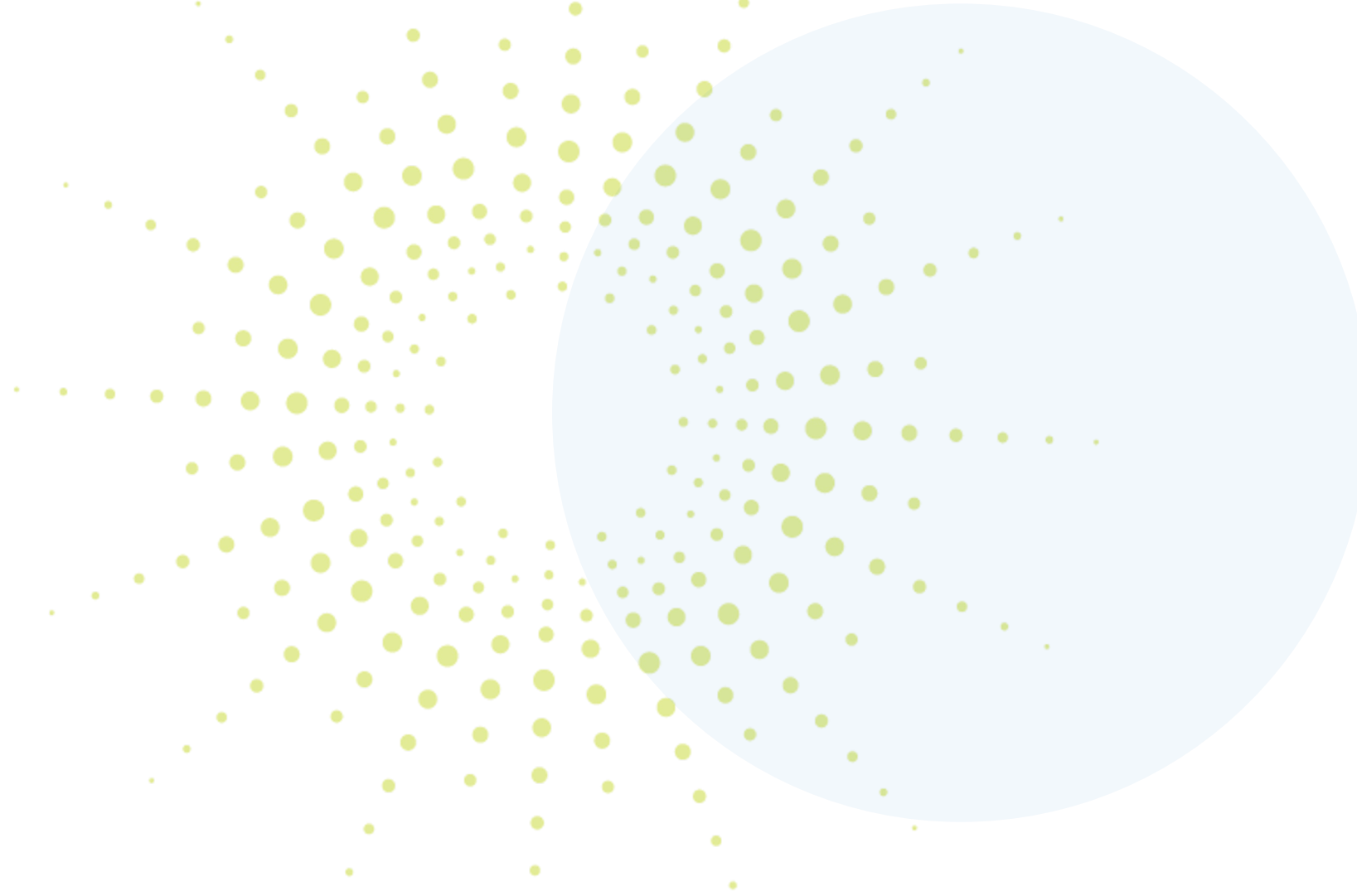


FY 2022-2023
(July 1, 2022 – June 30, 2023)

Budget Review

Initial Draft



Schedule – Budget Review and Approval

- May 9, 2022 – Review Initial Draft Budget with Audit & Finance Committee
- May 9, 2022 – Review Initial Draft Budget with Executive Committee
- May 26, 2022 – Review Current Draft Budget with Board of Directors
- June 13, 2022 – Review Revised Draft Budget with Audit & Finance Committee
- June 23, 2022 – Approve Final Budget by Board of Directors

Draft Budget FY2022-2023 – Key Assumptions

PG&E Generation Rates – significant rise in rates

- April 1, 2022 – increase 33%
- January 1, 2023 – decrease 10%
- Net change of up 20% as of 1/1/23 compared to 3/31/22
- San Mateo County and Los Banos rates are the same

PCIA Rates – significant decrease in rates

- April 1, 2022 – decrease 59%
- January 1, 2023 – increase 65%
- Net change of down 32% as of 1/1/23 compared to 3/31/22
- Los Banos PCIA rate is higher than SMC starting April 1, 2022. Lower starting on 1/1/23. Then, comparable after 1/1/24

Rates to PCE – up more than 100% through Jan 1, 2023 (although customers only pay an additional 33% in total)

Load – FY23 forecasted to be 3.2% higher than FY22 forecast – FY22 includes only 3 months of Los Banos load

Cost of Energy –

- Budgeted to increase 18% over FY22 forecast to \$263 million (includes \$15 million conservatism adder)
- Increase of 11% without conservatism adder

PG&E and PCIA Rate Change Summary

	1/1/2021	4/1/2021	4/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026
		Actual	Actual	Forecast	Forecast	Forecast	Forecast
PG&E Generation Rate	0.112	0.109	0.144	0.130	0.126	0.124	0.126
Generation Rate Change (Percent)			33%	-10%	-3%	-1%	1%
Cumulative % Change from 1/1/22			33%	20%	16%	15%	16%
PCIA (System Average)							
<u>San Mateo County</u>	0.032	0.047	0.019	0.032	0.033	0.031	0.028
PCIA Change (Percent)			-59%	65%	3%	-6%	-8%
Cumulative % Change from 1/1/22			-59%	-32%	-30%	-34%	-39%
PCE Rate to Ratepayers							
<u>San Mateo County</u>							
PCE Rate (net of PCIA and 5% Discount)	0.075	0.056	0.118	0.092	0.087	0.087	0.092
Net PCE Rate Change (Percent)			109%	-22%	-5%	0%	5%
Cumulative % Change from 1/1/22			109%	63%	55%	55%	62%
<u>Los Banos</u>		0.028	0.025	0.028	0.032	0.030	0.028
PCIA Change (Percent)			-11%	13%	16%	-6%	-9%
Cumulative % Change from 1/1/22			-11%	0%	16%	9%	-1%

Draft Budget FY23 – Summary



Current Fiscal Year FY22

Budget and Forecast Items	Current Fiscal Year FY22			2023		
	2022 Approved Budget	2022 Forecast	Variance - Fav/ (Unf) \$ Variance	Initial Budget	Variance Initial Budget vs. Prior Year Forecast	
				\$ Change - Inc/(Dec)	% Change	
OPERATING REVENUES						
Electricity Sales, net	219,619,107	236,757,514	17,138,407	364,961,141	128,203,627	54%
Green electricity premium	2,621,034	2,764,175	143,141	2,822,550	58,375	2%
	222,240,141	239,521,689	17,281,547	367,783,691	128,262,002	54%
OPERATING EXPENSES						
Cost of energy	216,705,953	222,412,656	(5,706,703)	262,900,760	40,488,104	18%
Staff compensation	6,464,275	6,132,735	331,540	8,249,693	2,116,958	35%
Data Manager	3,420,000	3,397,930	22,070	3,600,000	202,070	6%
Service Fees - PG&E	1,260,000	1,243,780	16,220	1,350,000	106,220	9%
Consultants & Professional Services	1,351,204	1,060,014	291,190	1,431,813	371,799	35%
Legal	1,615,500	1,328,611	286,889	1,474,000	145,389	11%
Communications and Noticing	2,068,197	1,710,255	357,942	2,686,208	975,953	57%
General and Administrative	2,259,391	2,106,435	1,152,272	2,359,806	253,371	12%
Community Energy Programs	6,555,671	4,887,752	1,667,919	8,640,000	3,752,248	77%
Depreciation	111,675	86,741	24,934	96,000	9,259	11%
Total Operating Expenses	241,811,865	244,366,909	(1,555,728)	292,788,280	48,421,371	20%
Operating Income (Loss)	(19,571,724)	(4,845,220)	15,725,820	74,995,411	79,840,631	
NON-OPERATING REVENUES (EXP.)						
Total Nonoperating Income/(Expense)	900,000	(1,983,245)	(2,883,245)	600,000	2,583,245	
CHANGE IN NET POSITION	(18,671,724)	(6,828,465)	12,842,575	75,595,411	82,423,876	
Net Position at the beginning of period	184,271,220	180,798,537	(3,472,684)	173,970,072		
Net Position at the end of period	165,599,497	173,970,072	9,369,891	249,565,483		
Total Cash & Cash Equivalents	168,332,845	162,964,482	(5,368,362)	238,559,894		
Unrestricted Cash Days on Hand	250	243		297		

Draft Budget Detail - Revenues

Budget and Forecast	
Items	
OPERATING REVENUES	
Electricity Sales, net	
Commercial - Demand	
Streetlight and Agr- Demand	
Commercial - Gen	
Residential - Gen	
Street lighting and Agr - Gen	
CAPP Proceeds	
Bad Debt Expense	
Green electricity premium	

Current Fiscal Year FY22

2022	
Forecast	
	236,757,514
	19,060,125
	258,039
	112,412,969
	103,186,947
	2,213,075
	1,667,791
	(2,041,432)
	2,764,175
	239,521,689



Initial Fiscal Year Budget FY23

2023	Variance Initial Budget vs. Prior Year Forecast		
	Initial Budget	\$ Change - Inc/(Dec)	% Change
	364,961,141	128,203,627	54%
	19,622,891	562,766	3%
	155,461	(102,577)	-40%
	176,626,802	64,213,833	57%
	166,666,713	63,479,766	62%
	3,723,249	1,510,174	68%
	-	(1,667,791)	-100%
	(1,833,976)	207,457	-10%
	2,822,550	58,375	2%
	367,783,691	128,262,002	54%

Draft Budget FY2022-2027 – Budget Summary & 5-year Plan

Budget and Forecast	Current Fiscal Year FY22		2023 Initial Budget	Fiscal Year Projections				
	2022 Approved Budget	2022 Forecast		2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	
Items								
OPERATING REVENUES								
Electricity Sales, net	219,619,107	236,757,514	364,961,141	315,583,351	310,221,811	321,390,127	334,096,231	
Green electricity premium	2,621,034	2,764,175	2,822,550	2,973,323	3,132,849	3,301,644	3,480,252	
	222,240,141	239,521,689	367,783,691	318,556,673	313,354,660	324,691,771	337,576,483	
OPERATING EXPENSES								
Cost of energy	216,705,953	222,412,656	262,900,760	266,150,723	259,404,029	261,318,950	265,549,966	
Staff compensation	6,464,275	6,132,735	8,249,693	8,742,875	9,265,647	9,819,786	10,407,173	
Data Manager	3,420,000	3,397,930	3,600,000	3,708,000	3,819,240	3,933,817	4,051,832	
Service Fees - PG&E	1,260,000	1,243,780	1,350,000	1,390,500	1,432,215	1,475,181	1,519,437	
Consultants & Professional Services	1,351,204	1,060,014	1,431,813	1,454,973	1,453,785	1,450,217	1,449,390	
Legal	1,615,500	1,328,611	1,474,000	1,505,320	1,538,876	1,574,838	1,613,390	
Communications and Noticing	2,068,197	1,710,255	2,686,208	2,916,529	3,129,555	3,218,162	3,309,427	
General and Administrative	2,259,391	2,106,435	2,359,806	2,420,600	2,485,030	2,553,341	2,625,797	
Community Energy Programs	6,555,671	4,887,752	8,640,000	13,750,000	15,550,000	18,850,000	23,000,000	
Depreciation	111,675	86,741	96,000	96,000	96,000	96,000	96,000	
Total Operating Expenses	241,811,865	244,366,909	292,788,280	302,135,520	298,174,377	304,290,293	313,622,411	
Operating Income (Loss)	(19,571,724)	(4,845,220)	74,995,411	16,421,154	15,180,283	20,401,478	23,954,072	
NON-OPERATING REVENUES (EXP.)								
Total Nonoperating Income/(Expense)	900,000	(1,983,245)	600,000	618,000	636,540	655,636	675,305	
CHANGE IN NET POSITION	(18,671,724)	(6,828,465)	75,595,411	17,039,154	15,816,823	21,057,115	24,629,377	
Net Position at the beginning of period	184,271,220	180,798,537	173,970,072	249,565,483	266,604,637	282,421,460	303,478,574	
Net Position at the end of period	165,599,497	173,970,072	249,565,483	266,604,637	282,421,460	303,478,574	328,107,951	
Total Cash & Cash Equivalents	168,332,845	162,964,482	238,559,894	255,599,047	271,415,870	292,472,985	317,102,362	
Unrestricted Cash Days on Hand	250	243	297	309	332	351	369	