



FY 2023-2024 Budget Review

(July 1, 2023 – June 30, 2024)

Citizens Advisory Committee

June 8, 2023



Schedule – FY 23-24 Budget Review and Approval

- May 16, 2023 – Reviewed Initial Draft Budget with Audit & Finance Committee
- May 25, 2023 – Review Initial Draft Budget with Board of Directors
- June 8, 2023 – Review Initial Draft Budget with Citizens Advisory Committee
- June 12, 2023 – Review Revised Draft Budget with Audit & Finance Committee
- June 12, 2023 – Review Revised Draft Budget with Executive Committee
- June 22, 2023 – Approve Final FY 23-24 Budget by Board of Directors

Draft Budget FY 2023-2024 – Key Assumptions (Page 1 of 2)

PG&E Generation Rates – Slight decline in rates for next 4 years

- January 1, 2024 – Increase by 1%

PCIA Rates – Continuing decrease in rates as of January 1, 2024

- January 1, 2024
 - San Mateo – Drop to \$0.00 from already low rate
 - Los Banos – Drop to \$0.00 from already low rate
- After 2024
 - Significant increases for next 4 years, near to rates of 2022, but still not approaching rates of 2021

Customer Rates to PCE – Relatively flat for next 3 years, then lower in 2027 and 2028 (but still well above low year of 2021)

Draft Budget FY2023-2024 – Key Assumptions (Page 2 of 2)

Cost of Energy –

- Budgeted at \$311 million - Increase of \$39 million (14%) over FYE '23 forecast
- Resource Adequacy cost projection accounts for nearly \$31 million of the increase
- Overall budget includes 2 conservatism contingencies
 - Energy Cost Volatility = \$15 million/year
 - Achieving 100% Renewable with 99% Time Coincidence by 2027 = \$56 million over 5 years; \$770K in FY24
 - To achieve this by 2027, requires signing of 15 projects on detailed planned timeline – delays would result in additional REC and RA costs and more market volatility exposure
- Total energy cost is 9% higher than FYE '23 forecast without conservatism adders

Personnel/Staff Growth - Currently at 38 staff members; projected to grow by 9 at junior/mid-level staff to build organizational capacity and handle increased work loads

Initial Draft Budget FY24 – Summary



	Fiscal Year			Fiscal Year
	2023 Budget	2023 Forecast	2023 Variance - Fav/(Unf)	2024 Draft Budget
Operating Revenues	367,783,691	431,254,981	63,471,290	474,624,034
OPERATING EXPENSES				
Cost of energy	264,208,440	269,342,688	(5,134,249)	311,261,389
Total Operating Expenses	294,429,488	293,405,542	1,023,946	349,657,317
Operating Income (Loss)	73,354,203	137,849,439	64,495,237	124,966,717
Total Nonoperating Income/(Expense)	600,000	2,192,412	1,592,412	645,192
CHANGE IN NET POSITION	73,954,203	140,041,851	66,087,648	125,611,909
Net Position at the beginning of period	174,211,272	167,670,734	(6,540,538)	300,430,872
Net Position at the end of period	248,165,475	307,712,585	59,547,110	426,042,781
Total Cash & Cash Equivalents		244,006,205		379,902,700
Unrestricted Cash Days on Hand		304		397

Initial Draft Budget FY24 – Detail



	Fiscal Year			Fiscal Year
	2023 Budget	2023 Forecast	2023 Variance - Fav/(Unf)	2024 Draft Budget
OPERATING REVENUES				
Electricity Sales, net	364,961,141	428,282,058	63,320,918	471,670,872
Green electricity premium	2,822,550	2,972,923	150,373	2,953,162
Operating Revenues	367,783,691	431,254,981	63,471,290	474,624,034
OPERATING EXPENSES				
Cost of energy	264,208,440	269,342,688	(5,134,249)	311,261,389
Staff compensation	8,583,221	7,373,531	1,209,691	10,922,801
Data Manager	3,600,000	3,574,069	25,931	3,871,152
Service Fees - PG&E	1,350,000	1,305,818	44,182	1,400,000
Consultants & Professional Services	1,431,813	1,044,479	387,334	1,788,491
Legal	1,474,000	1,383,211	90,789	1,574,558
Communications and Noticing	2,686,208	1,524,403	1,161,805	2,850,940
General and Administrative	2,359,806	2,233,614	126,192	4,027,236
Community Energy Programs	8,640,000	5,542,963	3,097,037	11,726,000
Depreciation	96,000	80,765	15,235	234,750
Total Operating Expenses	294,429,488	293,405,542	1,023,946	349,657,317
Operating Income (Loss)	73,354,203	137,849,439	64,495,237	124,966,717
NON-OPERATING REVENUES (EXP.)				
Total Nonoperating Income/(Expense)	600,000	2,192,412	1,592,412	645,192
CHANGE IN NET POSITION	73,954,203	140,041,851	66,087,648	125,611,909
Net Position at the beginning of period	174,211,272	167,670,734	(6,540,538)	300,430,872
Net Position at the end of period	248,165,475	307,712,585	59,547,110	426,042,781
Total Cash & Cash Equivalents		244,006,205		379,902,700
Unrestricted Cash Days on Hand		304		397

Draft Budget FY2023-2028 – Budget Summary & 5-year Plan



	Fiscal Year				
	2024	2025	2026	2027	2028
	Draft Budget	Projection	Projection	Projection	Projection
Operating Revenues	474,624,034	487,194,674	485,715,240	455,048,558	405,882,856
OPERATING EXPENSES					
Cost of energy	311,261,389	383,611,464	382,474,223	344,299,885	329,946,422
Total Operating Expenses	349,657,317	431,907,562	438,723,088	406,769,676	396,572,285
Operating Income (Loss)	124,966,717	55,287,112	46,992,152	48,278,882	9,310,571
Total Nonoperating Income/(Expense)	645,192	673,580	703,218	734,160	766,463
CHANGE IN NET POSITION	125,611,909	55,960,692	47,695,370	49,013,041	10,077,033
Net Position at the beginning of period	300,430,872	426,132,781	482,188,873	529,985,368	579,105,600
Net Position at the end of period	426,042,781	482,093,473	529,884,244	578,998,409	589,182,634
Total Cash & Cash Equivalents	379,902,700	433,325,042	484,752,203	533,919,686	544,157,425
Unrestricted Cash Days on Hand	397	367	406	482	504

Draft Budget FY2023-2028 – Budget Detail & 5-year Plan

	Fiscal Year		Fiscal Year				
	2023	2024	2025	2026	2027	2028	
	Forecast	Draft Budget	Projection	Projection	Projection	Projection	
OPERATING REVENUES							
Electricity Sales, net	428,282,058	471,670,872	484,233,036	482,737,236	452,054,000	402,863,671	
Green electricity premium	2,972,923	2,953,162	2,961,637	2,978,004	2,994,557	3,019,185	
Operating Revenues	431,254,981	474,624,034	487,194,674	485,715,240	455,048,558	405,882,856	
OPERATING EXPENSES							
Cost of energy	269,342,688	311,261,389	383,611,464	382,474,223	344,299,885	329,946,422	
Staff compensation	7,373,531	10,922,801	11,578,169	12,272,859	13,009,231	13,789,784	
Data Manager	3,574,069	3,871,152	4,103,421	4,349,626	4,610,604	4,887,240	
Service Fees - PG&E	1,305,818	1,400,000	1,484,000	1,573,040	1,667,422	1,767,468	
Consultants & Professional Services	1,044,479	1,788,491	1,091,949	1,119,665	1,168,642	1,199,674	
Legal	1,383,211	1,574,558	1,633,099	1,707,767	1,786,843	1,870,626	
Communications and Noticing	1,524,403	2,850,940	2,964,912	3,048,580	3,134,757	3,223,520	
General and Administrative	2,233,614	4,027,236	3,748,298	3,929,634	4,121,293	4,336,551	
Community Energy Programs	5,542,963	11,726,000	20,630,000	25,781,000	30,355,000	32,935,000	
Depreciation	80,765	234,750	1,062,250	2,466,694	2,616,000	2,616,000	
Total Operating Expenses	293,405,542	349,657,317	431,907,562	438,723,088	406,769,676	396,572,285	
Operating Income (Loss)	137,849,439	124,966,717	55,287,112	46,992,152	48,278,882	9,310,571	
NON-OPERATING REVENUES (EXP.)							
Total Nonoperating Income/(Expense)	2,192,412	645,192	673,580	703,218	734,160	766,463	
CHANGE IN NET POSITION	140,041,851	125,611,909	55,960,692	47,695,370	49,013,041	10,077,033	
Net Position at the beginning of period	167,670,734	300,430,872	426,132,781	482,188,873	529,985,368	579,105,600	
Net Position at the end of period	307,712,585	426,042,781	482,093,473	529,884,244	578,998,409	589,182,634	
Total Cash & Cash Equivalents	244,006,205	379,902,700	433,325,042	484,752,203	533,919,686	544,157,425	
Unrestricted Cash Days on Hand	304	397	367	406	482	504	

Use of Projected Excess Funds

Recommendation

1. Executive Committee to form ad-hoc subcommittee to develop overall policy on use of excess FY funds considering the mission of PCE and other objectives
2. EC Subcommittee to receive and vet ideas, meet with staff, and provide recommendation(s) to Executive Committee in 90-120 days
3. Executive Committee to present recommendation to full Board (possibly at September/October Board retreat)

Next Steps on Adoption of FY 24 Budget

- Revisions to be included in updated draft budget -
 - Updated year-end FY 23 forecast reflecting April 2023 financial results;
 - minor adjustments to programs budget to include battery storage for low income home electrification;
 - Minor modifications to days cash on hand calculation
- June 12, 2023 – Review Revised Draft Budget with Audit & Finance and Executive Committees
- June 22, 2023 – Approve Final Budget by Board of Directors

FY 23-24 Budget Overview

Questions?