



# Audit & Finance Committee Meeting

May 16, 2023

# 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
- Chair Report
- Staff Report
- Regular Agenda

# Chair Report



# Staff Report



# Staff Report

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- Banking Update

- Wilmington Account closed – funds transferred to Schwab

- Insurance Update

- Policies renewed and invoices in process

# Appointment of Audit and Finance Committee Chair



# FY 2022-2023 Q3 Financial Report

July 1, 2022 through March 31, 2023

# FY 2022-2023 Year-to-Date Actual vs. Budget Load Performance

- Total customer load is running near Budget all year
  - Year-to-date is 0.6% below budget
  - Q3 was 1.0% above Budget

(in kWh)	Year-to-date Base load as of March 2023			Variance as % Budget
	Actual	Budget	Variance	
Residential	1,150,164,839	1,185,165,159	(35,000,319)	-3.0%
Commercial and Industrial	1,482,588,614	1,462,312,679	20,275,935	1.4%
Total	2,632,753,453	2,647,477,837	(14,724,384)	-0.6%



# Revenue – Quarterly Trend

Revenue by Quarter as of Mar 31, 2023

March-23

Quarter	Revenue vs Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY 2021/2022	\$58.4	\$61.0	(\$2.6)
Q2-FY 2021/2022	\$45.1	\$52.5	(\$7.5)
Q3-FY 2021/2022	\$43.8	\$50.3	(\$6.5)
Q4-FY 2021/2022	\$92.0	\$58.4	\$33.6
Total YTD 2021/2022	\$239.2	\$222.2	\$17.0
Q1-FY 2022/2023	\$114.0	\$120.0	(\$6.0)
Q2-FY 2022/2023	\$101.2	\$100.6	\$0.6
<b>Q3-FY 2022/2023</b>	<b>\$107.1</b>	<b>\$72.1</b>	<b>\$35.1</b>
<b>Total YTD FY22/23</b>	<b>\$322.3</b>	<b>\$292.6</b>	<b>\$29.7</b>



## Quarterly

- **Q3** revenues were \$35.1 MM above Budget
  - Offsetting earlier below-Budget performance
  - Current PCE customer rates increased by approximately 50% over prior rates
    - 15% increase in PG&E rates
    - 90% decrease in PCIA rates

# Revenue – Monthly Trend

**Revenue (Last 13 months)**

**March-23**

Month	Revenue Comparison vs Budget (in Millions)		
	Actual	Budget	Var Fav/(Unf)
Mar-22	\$14.7	\$16.8	(\$2.1)
Apr-22	\$26.1	\$15.5	\$10.7
May-22	\$29.5	\$19.6	\$9.9
Jun-22	\$36.3	\$23.3	\$13.0
Jul-22	\$35.2	\$39.2	(\$3.9)
Aug-22	\$37.0	\$41.1	(\$4.1)
Sep-22	\$41.7	\$39.7	\$2.0
Oct-22	\$32.4	\$33.8	(\$1.4)
Nov-22	\$33.8	\$31.6	\$2.2
Dec-22	\$35.0	\$35.2	(\$0.2)
Jan-23	\$34.9	\$26.6	\$8.3
Feb-23	\$35.2	\$23.2	\$12.0
Mar-23	\$37.1	\$22.3	\$14.8

# Cost of Energy – Quarterly Trend

**Cost of Energy by Quarter as of Mar 31,2023**

March-23

Quarter	Cost of Energy vs. Budget		
	Actual	Budget	Var Fav/(Unf)
Q1-FY 2021/2022	\$56.5	\$57.6	\$1.1
Q2-FY 2021/2022	\$51.1	\$53.9	\$2.8
Q3-FY 2021/2022	\$56.2	\$52.9	(\$3.4)
Q4-FY 2021/2022	\$62.8	\$52.3	(\$10.5)
Total YTD 2021/2022	\$226.7	\$216.7	(\$10.0)
Q1-FY 2022/2023	\$84.9	\$77.3	(\$7.6)
Q2-FY 2022/2023	\$71.6	\$66.3	(\$5.3)
<b>Q3-FY 2022/2023</b>	<b>\$51.3</b>	<b>\$58.2</b>	<b>\$6.9</b>
<b>Total YTD FY22/23</b>	<b>\$207.8</b>	<b>\$201.8</b>	<b>(\$6.0)</b>



## Quarterly

- **Q3** Cost of Energy was \$6.9 MM below Budget
  - Despite slightly higher load than Budget
  - High cost of energy resulted in significantly positive hedge positions that were contracted in earlier quarters

# Cost of Energy – Monthly Trend

## Cost of Energy (Last 13 months)

March-23

Month	Revenue Comparison vs Budget (in Millions)		
	Actual	Budget	Var Fav/(Unf)
Mar-22	\$18.4	\$16.9	(\$1.5)
Apr-22	\$19.5	\$16.5	(\$2.9)
May-22	\$19.8	\$17.6	(\$2.2)
Jun-22	\$23.6	\$18.2	(\$5.4)
Jul-22	\$23.1	\$23.7	\$0.6
Aug-22	\$25.7	\$26.9	\$1.2
Sep-22	\$36.1	\$26.7	(\$9.4)
Oct-22	\$19.1	\$21.9	\$2.8
Nov-22	\$21.1	\$21.5	\$0.5
Dec-22	\$31.4	\$22.8	(\$8.6)
Jan-23	\$16.3	\$19.8	\$3.5
Feb-23	\$17.6	\$18.4	\$0.7
Mar-23	\$17.3	\$20.0	\$2.7

# FY 2022-23 Q3 Financial Performance – Year to Date Actual vs. Budget

	Quarter ending March 2023			Year-to-date		
	Current Quarter			Year-to-date		
	Actual	Budget	Var Fav/ (Unf)	Actual	Budget	Var Fav/ (Unf)
<b>OPERATING REVENUES</b>						
Electricity Sales, net	106,371,359	71,348,228	35,023,131	320,016,386	290,490,946	29,525,440
Green electricity premium	760,124	723,609	36,515	2,296,814	2,146,441	150,373
<b>Total Operating Revenue</b>	<b>107,131,483</b>	<b>72,071,837</b>	<b>35,059,646</b>	<b>322,313,200</b>	<b>292,637,387</b>	<b>29,675,813</b>
<b>OPERATING EXPENSES</b>						
Cost of energy	51,256,411	58,193,387	6,936,976	207,764,061	201,771,798	(5,992,262)
Staff compensation	2,088,010	2,145,805	57,795	5,792,783	6,437,416	644,633
Data Manager	955,618	900,000	(55,618)	2,719,069	2,700,000	(19,069)
Service Fees - PG&E	330,268	337,500	7,232	990,818	1,012,500	21,682
Consultants & Professional S	186,649	286,360	99,711	710,787	1,115,454	404,666
Legal	290,495	368,500	78,005	988,711	1,105,500	116,789
Communications and Noticin	459,335	719,677	260,342	1,048,517	1,948,531	900,014
General and Administrative	532,225	589,524	91,862	1,665,212	1,786,500	956,834
Community Energy Programs	2,462,318	2,160,000	(302,318)	4,409,826	6,480,000	2,070,174
Depreciation	18,618	24,000	5,382	56,765	72,000	15,235
<b>Total Operating Expenses</b>	<b>58,579,947</b>	<b>65,724,753</b>	<b>7,179,368</b>	<b>226,146,549</b>	<b>224,429,699</b>	<b>(881,304)</b>
<b>Operating Income (Loss)</b>	<b>48,551,535</b>	<b>6,347,083</b>	<b>42,204,452</b>	<b>96,166,651</b>	<b>68,207,688</b>	<b>27,958,963</b>
<b>Total Nonoperating Income/(Ex</b>	<b>2,515,759</b>	<b>150,000</b>	<b>2,365,759</b>	<b>1,967,412</b>	<b>450,000</b>	<b>1,517,412</b>
<b>CHANGE IN NET POSITION</b>	<b>51,067,294</b>	<b>6,497,083</b>	<b>44,570,211</b>	<b>98,134,063</b>	<b>68,657,688</b>	<b>29,476,375</b>

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

## Change in Net Position - YTD as of March 2023

March-23

Accounts	Year-to-date vs Budget		
	Actual	Budget	Variance
Revenues	\$ 322,313,200	\$ 292,637,387	\$ 29,675,813
Cost of Energy	207,764,061	201,771,798	(5,992,262)
Other Opex	18,382,488	22,657,901	4,275,412
Non-Opex/ (Income)	1,967,412	450,000	1,517,412
Net Position	\$ 98,134,063	\$ 68,657,688	\$ 29,476,375

## YTD

- CINP is \$98.1 MM, well above the Budget level

## Change in Net Position - Year-over-year as of March 2023

Accounts	Year-over-year Comparison (YTD)		
	YTD 2022-23	YTD 2021-22	Variance
Revenues	\$ 322,313,200	\$ 147,248,296	\$ 175,064,904
Cost of Energy	207,764,061	163,831,443	(43,932,617)
Other Opex	18,382,488	14,016,824	(4,365,664)
Non-Opex/ (Income)	1,967,412	(4,515,493)	6,482,905
Net Position	\$ 98,134,063	\$ (35,115,464)	\$ 133,249,527

## Compared to Prior Year

- YTD of \$98.1 MM is significantly better than \$35.1 MM loss in the prior year
- Significant increases in rates more than offset higher energy costs

# Cash Reserves – Days Cash on Hand

## Cash Reserves - Days Cash on Hand

	Actual March 31, 2023	Forecast June 30, 2023
Total Cash/ Investments Balance	\$ 222,127,480	\$ 244,006,205
Restricted by Term/ Covenant	\$0	\$0
<b>Unrestricted Cash (per Approved Reserve Policy)</b>	<b>\$ 222,127,480</b>	<b>\$ 244,006,205</b>
<b>Days Cash on Hand (per Approved Reserve Policy)</b>	<b>239</b>	<b>304</b>
Approved Reserve Policy (Days Cash on Hand)	180	180
Unrestricted Operating Reserve Requirement (180 Days)	\$ 167,515,962	\$ 144,693,144
Unrestricted Cash in Excess of Current Reserve Policy	\$ 54,611,517	\$ 99,313,061

# Cash and Investment Summary – Quarterly Trend

## Cash and Investment Summary - Quarterly Trend

	Jun-21	Jun-22	Sep-22	Dec-22	Mar-23
<b>Investment Account - US Bank (Combined PFM/FRB)</b>					
<b>Asset Summary</b>					
Cash & Equivalents	\$ 2,785,233	\$ 181,685	\$ 2,561,110	\$ 184,866	\$ 284,672
Accrued Income			\$ -	\$ -	\$ -
Fixed Income	\$ 154,468,373	\$ 125,734,015	\$ 119,021,594	\$ 122,716,994	\$ 124,675,994
Ending Balance	\$ 157,253,606	\$ 125,915,700	\$ 121,582,704	\$ 122,901,860	\$ 124,960,666
<b>Other Accounts (Unrestricted)</b>					
Unrestricted - Wilmington Lock	\$ 3,223,532	\$ 8,133,146	\$ 8,629,298	\$ 9,255,756	\$ 46,206,759
Operating Account - First Repub	\$ 4,340,702	\$ 1,365,681	\$ 13,332,832	\$ 17,476,093	\$ 29,023,794
Savings Account - First Republic	\$ 1,354,942	\$ 74,032	\$ 678,657	\$ 36,540,546	\$ 1,908,497
Fidelity MMA					\$ 20,029,063
Other Accounts	\$ -	\$ 22,908	\$ 2,800	\$ 2,800	\$ (1,300)
Subtotal Unrestricted (non-Inv	\$ 8,919,176	\$ 9,595,766	\$ 22,643,588	\$ 63,275,194	\$ 97,166,813
<b>Other Accounts (Restricted)</b>					
Restricted Cash - Wilmington Lo	\$ 500,000	\$ -	\$ -	\$ -	\$ -
Restricted Cash - First Republic	\$ 3,949,194	\$ -	\$ -	\$ -	\$ -
Subtotal Restricted (non-Inv	\$ 4,449,194	\$ -	\$ -	\$ -	\$ -
<b>Total Cash</b>	\$ 170,621,976	\$ 135,511,466	\$ 144,226,292	\$ 186,177,054	\$ 222,127,480
<b>Unrestricted Cash</b>	\$ 166,172,782	\$ 135,511,466	\$ 144,226,292	\$ 186,177,054	\$ 222,127,480

Investment Manager balances at 03/31/23:

- PFM = \$64.7 MM
- FRB = \$60.2 MM

Note: \$14.7 MM of cash is on deposit with CAISO and not reflected in this summary



# Cash Balances – May 5, 2023

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	As of May 5, 2023
First Republic	\$15.4 million
Fidelity	\$50.1 million
Wilmington	\$46.4 million
US Bank	\$125.7 million
Schwab	-0-
Total	\$237.6 million

# Financial Statement – Forecast Full Year FY2023

	Fiscal Year		
	2023	2023	2023
	Budget	Forecast	Variance - Fav/(Unf)
<b>OPERATING REVENUES</b>			
Electricity Sales, net	364,961,141	428,282,058	63,320,918
Green electricity premium	2,822,550	2,972,923	150,373
<b>Operating Revenues</b>	<b>367,783,691</b>	<b>431,254,981</b>	<b>63,471,290</b>
<b>OPERATING EXPENSES</b>			
Cost of energy	264,208,440	269,342,688	(5,134,249)
Staff compensation	8,583,221	7,373,531	1,209,691
Data Manager	3,600,000	3,574,069	25,931
Service Fees - PG&E	1,350,000	1,305,818	44,182
Consultants & Professional Services	1,431,813	1,044,479	387,334
Legal	1,474,000	1,383,211	90,789
Communications and Noticing	2,686,208	1,524,403	1,161,805
General and Administrative	2,359,806	2,233,614	126,192
Community Energy Programs	8,640,000	5,542,963	3,097,037
Depreciation	96,000	80,765	15,235
<b>Total Operating Expenses</b>	<b>294,429,488</b>	<b>293,405,542</b>	<b>1,023,946</b>
<b>Operating Income (Loss)</b>	<b>73,354,203</b>	<b>137,849,439</b>	<b>64,495,237</b>
<b>NON-OPERATING REVENUES (EXP.)</b>			
<b>Total Nonoperating Income/(Expense)</b>	<b>600,000</b>	<b>2,192,412</b>	<b>1,592,412</b>
<b>CHANGE IN NET POSITION</b>	<b>73,954,203</b>	<b>140,041,851</b>	<b>66,087,648</b>
Net Position at the beginning of period	174,211,272	167,670,734	(6,540,538)
<b>Net Position at the end of period</b>	<b>248,165,475</b>	<b>307,712,585</b>	<b>59,547,110</b>
<b>Total Cash &amp; Cash Equivalents</b>		<b>244,006,205</b>	
<b>Unrestricted Cash Days on Hand</b>		<b>304</b>	

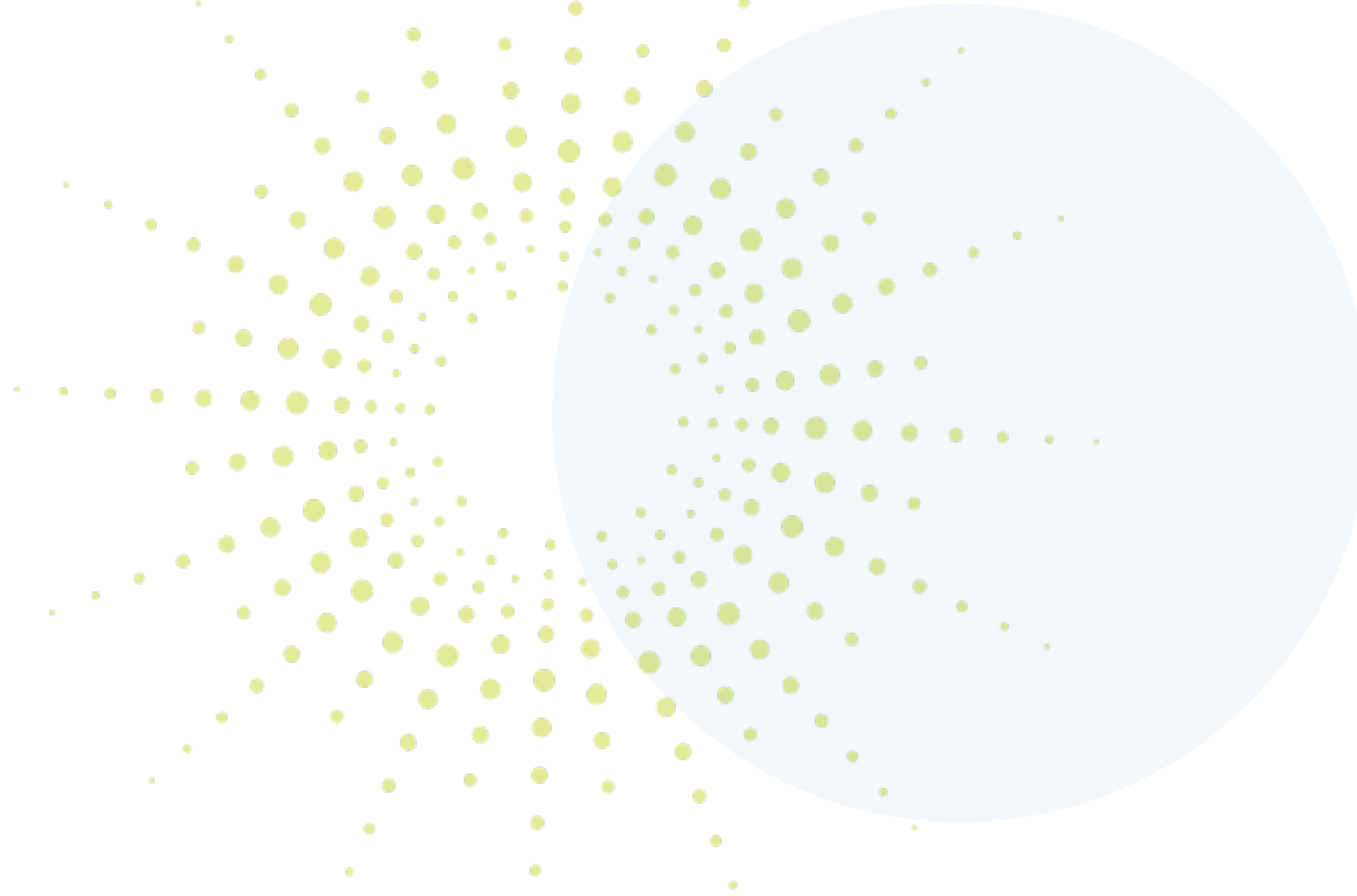
## End of year forecast for

- CINP - \$140.0 MM, well above Budgeted level
- DCOH – 304 days

**FY 2023-2024**  
(July 1, 2023 – June 30, 2024)

**Budget Review**

*Initial Draft*



# Schedule – Budget Review and Approval

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- May 16, 2023 – Review Initial Draft Budget with Audit & Finance Committee
- May 25, 2023 – Review Initial Draft Budget with Board of Directors
- 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 Budget by Board of Directors

# Draft Budget FY2023-2024 – Key Assumptions

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

- January 1, 2024 – Increase 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)

Cost of Energy –

- Budgeted at \$311 million - Increase of \$39 million (14%) over FY23 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
  - 99% of 24x7 Hourly Renewable Project Delays = \$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 cost is 9% higher than FY23 forecast without conservatism adders

# Revenue Assumptions

PG&E Generation Rate Assumptions								
	Calendar Year							
	2021	2022	2023	2024	2025	2026	2027	2028
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Example Residential Rate: PG&amp;E E-1 Rate</b>								
<b>San Mateo County</b>	0.11314	0.15152	0.15614	0.15737	0.16119	0.15934	0.14490	0.13533
YoY % Change		<b>33.93%</b>	<b>3.05%</b>	<b>0.79%</b>	<b>2.42%</b>	<b>-1.15%</b>	<b>-9.06%</b>	<b>-6.61%</b>
<b>Los Banos</b>		0.15152	0.15614	0.15737	0.16119	0.15934	0.14490	0.13533
YoY % Change			<b>3.05%</b>	<b>0.79%</b>	<b>2.42%</b>	<b>-1.15%</b>	<b>-9.06%</b>	<b>-6.61%</b>
<b>Example Business Rate: PG&amp;E B10-S Summer Off-Peak</b>								
<b>San Mateo County</b>	0.10299	0.13999	0.14359	0.14472	0.14823	0.14653	0.13325	0.12445
YoY % Change		<b>35.93%</b>	<b>2.57%</b>	<b>0.79%</b>	<b>2.42%</b>	<b>-1.15%</b>	<b>-9.06%</b>	<b>-6.61%</b>
<b>Los Banos</b>		0.13999	0.14359	0.14472	0.14823	0.14653	0.13325	0.12445
YoY % Change			<b>2.57%</b>	<b>0.79%</b>	<b>2.42%</b>	<b>-1.15%</b>	<b>-9.06%</b>	<b>-6.61%</b>

# Revenue Assumptions

PG&E PCIA Assumptions								
	Calendar Year							
	2021	2022	2023	2024	2025	2026	2027	2028
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Example Residential Rate: PG&amp;E E-1 Rate</b>								
<b>San Mateo County</b>	0.04579	0.02010	0.00335	0.00000	0.00463	0.00932	0.01767	0.02331
YoY % Change		-56.10%	-83.33%	-100.00%	n/a	101.44%	89.52%	31.96%
				*				
<b>Los Banos</b>		0.02572	0.00335	0.00000	0.00463	0.00316	0.01168	0.01800
YoY % Change			-86.98%	-100.00%	n/a	-31.72%	269.65%	54.09%
				*				
<b>Example Business Rate: PG&amp;E B10-S Summer Off-Peak</b>								
<b>San Mateo County</b>	0.04764	0.02054	0.00338	0.00000	0.00467	0.00941	0.01783	0.02352
YoY % Change		-56.88%	-83.54%	-100.00%	n/a	101.44%	89.52%	31.96%
				*				
<b>Los Banos</b>		0.02594	0.00338	0.00000	0.00467	0.00319	0.01179	0.01816
YoY % Change			-86.97%	-100.00%	n/a	-31.72%	269.65%	54.09%
				*				
* Note - PCIA is expected to be negative. We have assumed zero.								

# Revenue Assumptions

PCE Customer Generation Rate Assumptions								
	Calendar Year							
	2021	2022	2023	2024	2025	2026	2027	2028
	Actual	Actual	Actual	Forecast	Forecast	Forecast	Forecast	Forecast
<b>Example Residential Rate: PG&amp;E E-1 Rate</b>								
<b>San Mateo County</b>	0.06120	0.12057	0.14388	0.14841	0.14740	0.14095	0.11889	0.10415
YoY % Change		<b>97.02%</b>	<b>19.34%</b>	<b>3.15%</b>	<b>-0.68%</b>	<b>-4.38%</b>	<b>-15.65%</b>	<b>-12.40%</b>
				*				
<b>Los Banos</b>		0.11752	0.14388	0.14841	0.14740	0.14711	0.12488	0.10946
YoY % Change			<b>22.43%</b>	<b>3.15%</b>	<b>-0.68%</b>	<b>-0.20%</b>	<b>-15.11%</b>	<b>-12.35%</b>
				*				
<b>Example Business Rate: PG&amp;E B10-S Summer Off-Peak</b>								
<b>San Mateo County</b>	0.04970	0.10895	0.13191	0.13637	0.13503	0.12867	0.10764	0.09359
YoY % Change		<b>119.23%</b>	<b>21.08%</b>	<b>3.38%</b>	<b>-0.98%</b>	<b>-4.71%</b>	<b>-16.34%</b>	<b>-13.06%</b>
				*				
<b>Los Banos</b>		0.10544	0.13191	0.13637	0.13503	0.13489	0.11368	0.09895
YoY % Change			<b>25.10%</b>	<b>3.38%</b>	<b>-0.98%</b>	<b>-0.10%</b>	<b>-15.72%</b>	<b>-12.96%</b>



# Cost of Energy Assumptions

- 100% Renewable Power by end of CY2025
- 99% Renewable Power on an Hourly Basis by end of CY2027
- Forward Price Curve from third-party provider based on March 22, 2023 pricing – details by nodes for each PPA and hedge contract
- RA purchases at market prices in all months for each calendar year
- EV Adoption rates add ~50 to 100GWh/year (1% to 3% of load)

<b>Load Assumptions (MWh)</b>					
	Calendar Year				
	2024	2025	2026	2027	2028
	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>	<u>Forecast</u>
<b>Loss Adjusted Load</b>	3,721,576,759	3,775,401,772	3,857,638,693	3,993,193,610	4,154,575,319

# Staffing Assumptions

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- Current 38 Positions
- FY24 Budget assumes adding:
  - Account Services - Account Services Specialist (replacement)
  - Account Services - Rates Manager/Finance
  - Reg - Leg - Junior Regulatory Analyst
  - Marketing - Community Relations Specialist
  - Programs - Associate Program Manager
  - Data and Technology - Data Analyst
  - Data and Technology - IT Analyst/Specialist
  - Power Resource Specialist/ Analyst
  - Senior Manager Local Generation
  - HR Admin Assistance

# Other Budgeting Assumptions

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- Solar and Storage on Public Buildings
  - Capital Outlay
    - PV1 - \$7.4 million in FY24
    - PV2 - \$43.0 million in FY25
  - Investment Tax Credit – 30-35%
    - PV1 - \$2.2 million in FY26
    - PV2 - \$15.0 million in FY27
  - Repayment based on usage over 20-year period

# Draft Budget FY24 – Summary



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

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

	Fiscal Year		Fiscal Year				
	2023		2024	2025	2026	2027	2028
	Forecast		Draft Budget	Projection	Projection	Projection	Projection
<b>OPERATING REVENUES</b>							
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
<b>Operating Revenues</b>	<b>431,254,981</b>		<b>474,624,034</b>	<b>487,194,674</b>	<b>485,715,240</b>	<b>455,048,558</b>	<b>405,882,856</b>
<b>OPERATING EXPENSES</b>							
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
<b>Total Operating Expenses</b>	<b>293,405,542</b>		<b>349,657,317</b>	<b>431,907,562</b>	<b>438,723,088</b>	<b>406,769,676</b>	<b>396,572,285</b>
<b>Operating Income (Loss)</b>	<b>137,849,439</b>		<b>124,966,717</b>	<b>55,287,112</b>	<b>46,992,152</b>	<b>48,278,882</b>	<b>9,310,571</b>
<b>NON-OPERATING REVENUES (EXP.)</b>							
<b>Total Nonoperating Income/(Expense)</b>	<b>2,192,412</b>		<b>645,192</b>	<b>673,580</b>	<b>703,218</b>	<b>734,160</b>	<b>766,463</b>
<b>CHANGE IN NET POSITION</b>	<b>140,041,851</b>		<b>125,611,909</b>	<b>55,960,692</b>	<b>47,695,370</b>	<b>49,013,041</b>	<b>10,077,033</b>
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
<b>Net Position at the end of period</b>	<b>307,712,585</b>		<b>426,042,781</b>	<b>482,093,473</b>	<b>529,884,244</b>	<b>578,998,409</b>	<b>589,182,634</b>
<b>Total Cash &amp; Cash Equivalents</b>	<b>244,006,205</b>		<b>379,902,700</b>	<b>433,325,042</b>	<b>484,752,203</b>	<b>533,919,686</b>	<b>544,157,425</b>
<b>Unrestricted Cash Days on Hand</b>	<b>304</b>		<b>397</b>	<b>367</b>	<b>406</b>	<b>482</b>	<b>504</b>

# Context for Discussion of Excess Funds

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- Rates and Energy Prices have been very volatile for past 2-3 years
- DCOH is projected to be 397 as of June 2024
  - If the PCIA on January 2024 is the same as January 2022 (January 2021 was the highest), revenues would be approximately \$30 million lower for 6-month period - \$60 million for full 12-month period – DCOH for FY24 would end 31 days lower
  - If energy costs are \$15 million higher than budgeted, DCOH would be approx. 360
- Increase Discount
  - Each additional 1% discount reduces total revenue by approx. \$5 million/year
  - Residential – approximately 40% of benefit applied to 282,000 customers
    - Each 1% reduces the average Residential bill by approx. \$8/year
    - Wide range of bills. Reduction benefit is skewed to large houses and big users
  - Commercial – approximately 60% of benefit applied to 30,000 customers
    - Each 1% reduces the average Commercial bill by approx. \$100/year
    - Top 1,500 customers (rate class B19) would save an average of \$300/year

# Alternatives for Excess Funds

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## 1. “Extra” Reserve

- Set aside extra reserves –
  - Would have no accounting impact, but would enable identification of specific reserves for specific purposes
  - Would be separate “restricted” reserve reducing standard DCOH calculation
- Implement GASB 62
  - “Moves” revenues from one period to another – effect of smoothing net position
  - Used by Utility companies that set rates based on net position
  - Also used to smooth income to satisfy bond covenants

## 2. \$500 Refund to CARE/FERA Customers

- CARE – Total 41,044: San Mateo (35,206), Los Banos (5,838)
- FERA – Total 1,526: San Mateo (1,301), Los Banos (225)
- Total cost of approx. \$21,285,000
- Would reduce projected DCOH to approx. 375 on June 30, 2024

# Next Steps

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- Some additional internal discussions to firm up specific Program budgeting and strategies
- Update to year-end FY24 forecast to reflect April 2023 financial results if available in time for June AF meeting



# Committee Members' Reports

# Adjournment

