



Audit & Finance Committee Meeting

December 11, 2023

Staff Report



Staff Report

Investment Management Update

- Chandler – Account established, transferred holdings from First Republic
- CAMP – Account established, awaiting funding
- First Republic Investment Management – Terminated account
- Schwab and Fidelity – Notified of pending termination and closure

Expect to fund all new accounts and close old accounts prior to December 31

Cost of Service Study Update

- Nearly complete on initial phase of model
- Will result in rough/broad estimates
- Next steps: Continue research and prepare initial presentation for Audit & Finance Committee in calendar Q1

FY 2023-2024

Q1'23 Financial Review

July 1, 2023 through September 30, 2023



Customer Load

- Q1'24 load 3.9% below budget
- Most of shortfall in Residential and occurred in September
- September was particularly cool, especially relative to prior years

(in kWh)	Year-to-date Base load as of September 2023			
	Actual	Budget	Variance	Variance (%)
Residential	321,269,687	346,457,035	(25,187,348)	-7.3%
Commercial and Industrial	517,672,294	526,258,402	(8,586,108)	-1.6%
Total	838,941,981	872,715,438	(33,773,456)	-3.9%

Revenue – Quarterly Trend

	Revenue vs. Budget (in millions)			
	Actual	Budget	Var Fav/(Unf)	Var Fav/(Unf) %
Q1-FY 2022/2023	\$114.0	\$120.0	(\$6.0)	-5.0%
Q2-FY 2022/2023	\$101.2	\$100.6	\$0.6	0.6%
Q3-FY 2022/2023	\$107.1	\$72.1	\$35.1	48.6%
Q4-FY 2022/2023	\$106.4	\$75.1	\$31.3	41.6%
Total YTD 2022/2023	\$428.8	\$367.8	\$61.0	16.6%
Q1-FY 2023/2024	\$133.0	\$136.0	(\$3.0)	-2.2%

- Q1'24 revenue \$3.0 million (-2.2%) below Budget
 - Majority of shortfall due to September usage
 - July/August combined in-line with budget
- Q1'24 revenue \$19.0 million (+17%) above prior year, mostly due to higher rates

Revenue – Monthly Trend

Revenue Comparison vs. Budget (in millions)					
	Actual	Budget	Var Fav/(Unf)	Var Fav/(Unf) %	
Sep-22	\$41.7	\$39.7	\$2.0	5.1%	
Oct-22	\$32.4	\$33.8	(\$1.4)	-4.2%	
Nov-22	\$33.8	\$31.6	\$2.2	7.1%	
Dec-22	\$35.0	\$35.2	(\$0.2)	-0.5%	
Jan-23	\$34.9	\$26.6	\$8.3	31.2%	
Feb-23	\$35.2	\$23.2	\$12.0	51.9%	
Mar-23	\$37.1	\$22.3	\$14.8	66.2%	
Apr-23	\$32.0	\$20.0	\$12.1	60.4%	
May-23	\$34.6	\$24.0	\$10.6	44.1%	
Jun-23	\$39.8	\$31.2	\$8.7	27.8%	
Jul-23	\$42.8	\$44.2	(\$1.3)	-3.0%	
Aug-23	\$48.1	\$46.5	\$1.6	3.5%	
Sep-23	\$42.0	\$45.3	(\$3.3)	-7.3%	

Cost of Energy – Quarterly Trend

	Cost of Energy vs. Budget (in millions)			
	Actual	Budget	Var Fav/(Unf)	Var Fav/(Unf) %
Q1-FY 2022/2023	\$84.9	\$77.3	(\$7.6)	-9.8%
Q2-FY 2022/2023	\$71.6	\$66.3	(\$5.3)	-8.0%
Q3-FY 2022/2023	\$51.3	\$58.2	\$6.9	11.9%
Q4-FY 2022/2023	\$57.4	\$62.4	\$5.0	8.0%
Total YTD 2022/2023	\$265.2	\$264.2	(\$1.0)	-0.4%
Q1-FY 2023/2024	\$93.8	\$90.5	(\$3.3)	-3.6%

- Q1'24 Cost of Energy \$3.3 million (3.6%) above Budget, despite lower load
 - Lower generation volume (compared to Budget), which in combination with lower market prices due to a mild summer, resulted in lower credits/revenue from our resources
 - Higher congestion costs, especially during mid-day hours
 - Resource Adequacy (RA) costs in-line with Budget, but expected to be above Budget for full fiscal year (~\$15 million)

Cost of Energy – Monthly Trend

Cost of Energy Comparison vs. Budget (in millions)					
	Actual	Budget	Var Fav/(Unf)	Var Fav/(Unf) %	
Sep-22	\$36.1	\$26.7	(\$9.4)	-35.2%	
Oct-22	\$19.1	\$21.9	\$2.8	12.8%	
Nov-22	\$21.1	\$21.5	\$0.5	2.2%	
Dec-22	\$31.4	\$22.8	(\$8.6)	-37.6%	
Jan-23	\$16.3	\$19.8	\$3.5	17.5%	
Feb-23	\$17.6	\$18.4	\$0.7	4.0%	
Mar-23	\$17.3	\$20.0	\$2.7	13.7%	
Apr-23	\$19.1	\$19.3	\$0.1	0.7%	
May-23	\$19.9	\$21.4	\$1.5	7.0%	
Jun-23	\$18.4	\$21.8	\$3.4	15.4%	
Jul-23	\$29.2	\$29.0	(\$0.2)	-0.7%	
Aug-23	\$37.3	\$34.0	(\$3.2)	-9.5%	
Sep-23	\$27.3	\$27.5	\$0.2	0.7%	

Change in Net Position (CINP)

	Year-to-Date vs Budget		
	Actual	Budget	Variance
Revenues	\$132,967,774	\$135,954,525	(\$2,986,750)
Cost of Energy	93,757,220	90,481,836	(3,275,384)
Other Opex	7,852,198	10,371,144	2,518,947
Nonoperating Income/(Expense)	1,882,920	161,298	1,721,622
Change in Net Position	\$33,241,276	\$35,262,842	(\$2,021,566)

	Year-over-Year Comparison (YTD)		
	YTD 2024	YTD 2023	Variance
Revenues	\$132,967,774	\$113,968,259	\$18,999,515
Cost of Energy	93,757,220	84,875,611	(8,881,609)
Other Opex	7,852,198	5,441,460	(2,410,738)
Nonoperating Income/(Expense)	1,882,920	(2,126,486)	4,009,406
Change in Net Position	\$33,241,276	\$21,524,702	\$11,716,574

- Q1'24 CINP \$33.2 million:
 - \$2.0 million below Budget, yet well above last year
- Q1'24 Operating Expenses:
 - Continues to be below Budget partly due to timing
 - Significantly higher than last year largely due to expansion of customer rebates and other program incentives
- Nonoperating Income favorable due to interest income (higher rates)

Detailed Financial Statement

	Quarter Ending September 2023		
	Actual	Budget	Var Fav/(Unf)
OPERATING REVENUES			
Electricity sales, net	132,199,193	135,178,222	(2,979,030)
Green electricity premium	768,582	776,302	(7,721)
Total Operating Revenue	132,967,774	135,954,525	(2,986,750)
OPERATING EXPENSES			
Cost of energy	93,757,220	90,481,836	(3,275,384)
Staff compensation	2,166,968	2,798,200	631,232
Data manager	884,790	967,788	82,998
Service fees - PG&E	330,166	350,000	19,834
Consultants & professional services	323,300	637,912	314,612
Legal	185,456	402,640	217,183
Communications and noticing	512,808	901,710	388,902
General and administrative	668,534	1,107,395	438,861
Community Energy Programs	2,761,705	3,181,500	419,795
Depreciation	18,470	24,000	5,530
Total Operating Expenses	101,609,418	100,852,980	(756,437)
Operating Income	31,358,356	35,101,544	(3,743,188)
Nonoperating Income/(Expense)	1,882,920	161,298	1,721,622
CHANGE IN NET POSITION	33,241,276	35,262,842	(2,021,566)

Cash Reserves – Days Cash on Hand (DCOH)

	9/30/2023
Total Cash/ Investments	\$293,675,669
Days Cash on Hand	263
Approved Reserve Policy (Days Cash on Hand)	180
Operating Reserve Requirement (180 Days)	\$200,985,662
Cash in Excess of Current Reserve Policy	\$92,690,008

- DCOH of 263 greater than policy (180)
 - Note that DCOH typically lower in Q1 due to higher quarterly expenses
- Surplus Funds Committee recommended distribution of \$68 million across various customer programs
 - \$12 million rebates to CARE/FERA customers to be distributed by end of calendar year

Cash and Investment Summary – Quarterly Trend

	9/30/2022	12/31/2022	3/31/2023	6/30/2023	9/30/2023
Investment Account - US Bank (Combined PFM/FRB)					
Cash & Equivalents	2,561,110	184,866	284,672	505,766	191,771
Accrued Income	487,221	502,759	592,377	568,609	621,047
Fixed Income	118,534,373	122,214,235	124,083,617	123,279,696	123,836,170
Investment Account	121,582,704	122,901,860	124,960,666	124,354,070	124,648,988
Other Accounts (Unrestricted)					
Unrestricted - Wilmington LockBox	8,629,298	9,255,756	46,206,759	62,335	0
Operating Account - First Republic	13,332,832	17,476,093	19,568,740	12,913,309	10,518,642
Savings Account - First Republic	678,657	36,540,546	1,908,497	8,497	71,346
PG&E Deposit - First Republic	0	0	9,455,054	19,460,122	29,633,492
Fidelity MMA	0	0	20,029,063	50,529,226	71,361,961
Schwab MMA	0	0	0	46,743,235	57,438,668
Other Accounts	2,800	2,800	(1,300)	2,800	2,572
Other Accounts (Unrestricted)	22,643,588	63,275,194	97,166,813	129,719,523	169,026,681
Total Cash	\$144,226,292	\$186,177,054	\$222,127,480	\$254,073,593	\$293,675,669

Investment Manager balances as of 9/30/2023:

- PFM = \$64.5 MM
- FRB = \$60.2 MM

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

Adjournment

