



Finance & Risk Management Committee Meeting

January 18, 2022



Regular Meeting Agenda

1. Welcome
2. Roll Call
3. Public Comment for Items Not on the Agenda
4. Items to be Added, Withdrawn or reordered on the Agenda
5. Treasurer's Report for Period Ending 11/30/2021
6. 6/30/2021 Fiscal Year End Audited Financial Statement
7. 2022 Rates

Committee Member Announcements

Adjournment

Item 5

Treasurer's Report for Period Ending 11/30/21

Presenter:
Eric Washington,
Chief Financial Officer

Item 5: Treasurer's Report

YTD FY22 Budget v. Actual

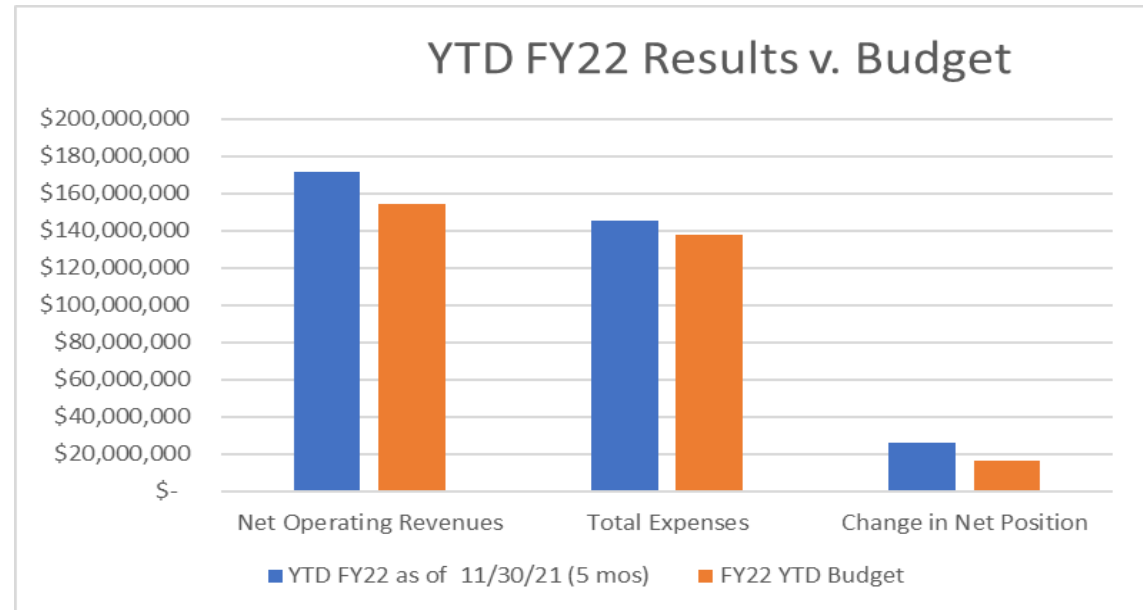
Results for the period were positive compared to the budget:

- Net operating revenues were 11% over the budgeted amount
- Operating expenses came in 6% over budget

	YTD FY22 as of 11/30/21 (5 mos)	Budget Comparison		
		FY22 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 171,688,410	\$ 154,711,116	\$ 16,977,294	111
Total Expenses	\$ 145,620,316	\$ 137,961,797	\$ 7,658,519	106
Change in Net Position	\$ 26,068,094	\$ 16,749,319	\$ 9,318,775	

Financial results for the YTD FY22:

- \$171.69M in net operating revenues
- \$145.62M in total expenses (includes energy costs of \$142.77M or 83% of net revenues)
- \$26.07M change in net position



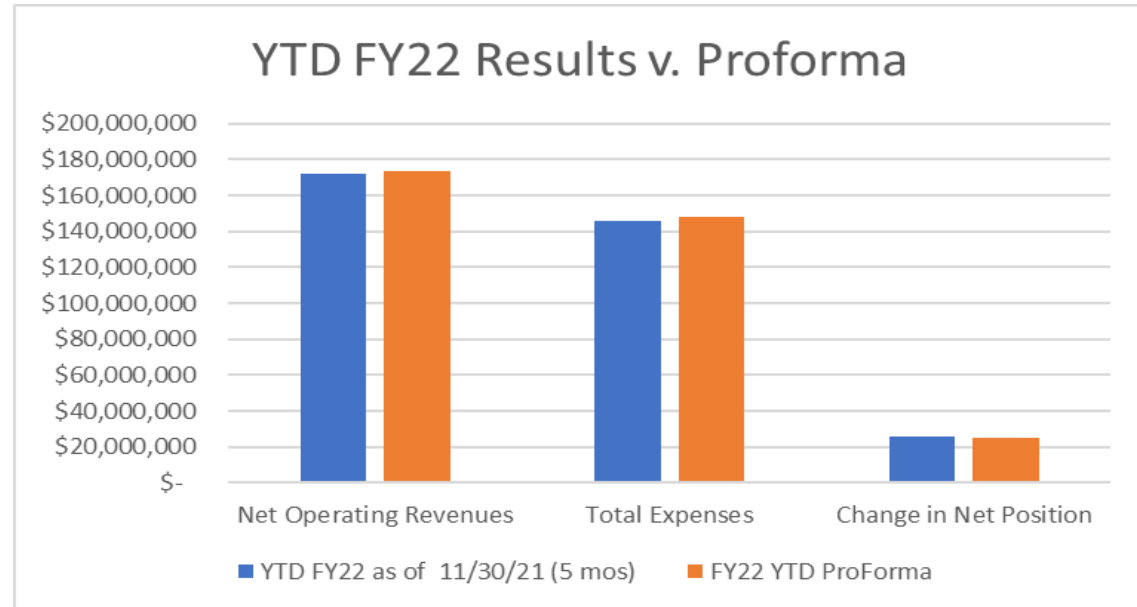
Item 5: Treasurer's Report

YTD FY22 Budget v. Actual

Year-to-date financial results compared to projections:

- Net operating revenues were inline with projections
- Total expenses were \$2.70M less than projected
- Change in net position was \$1.10M over the projected

	YTD FY22 as of 11/30/21 (5 mos)	Proforma Comparison		Proforma (%)
		FY22 YTD ProForma	ProForma Variance (\$)	
Net Operating Revenues	\$ 171,688,410	\$ 173,280,085	\$ (1,591,675)	-0.92%
Total Expenses	\$ 145,620,316	\$ 148,315,466	\$ (2,695,150)	-1.82%
Change in Net Position	\$ 26,068,094	\$ 24,964,619	\$ 1,103,475	4.42%



Item 6

6/30/21 Fiscal Year End Audited Financial Statement

Recommendation: Receive and File Fiscal Year End Audited Financial Statement

Presenter:
Eric Washington,
Chief Financial Officer

Item 7

Approval of 2022 Rates to be Effective February 1, 2022

Presenter:

Cody Hooven, Chief Operating Officer

Lucas Utouh, Director of Data Analytics and Account Services

Guiding Principles

Key Considerations

1. Determine costs

- Power costs
 - Renewable and system power contracts
 - Resource Adequacy
- Operations
 - Staffing, professional services, marketing, etc.
 - Programs – Community Power Plan, Feed-in tariff, community solar, etc.
 - Credit/bank obligations
 - Reserves

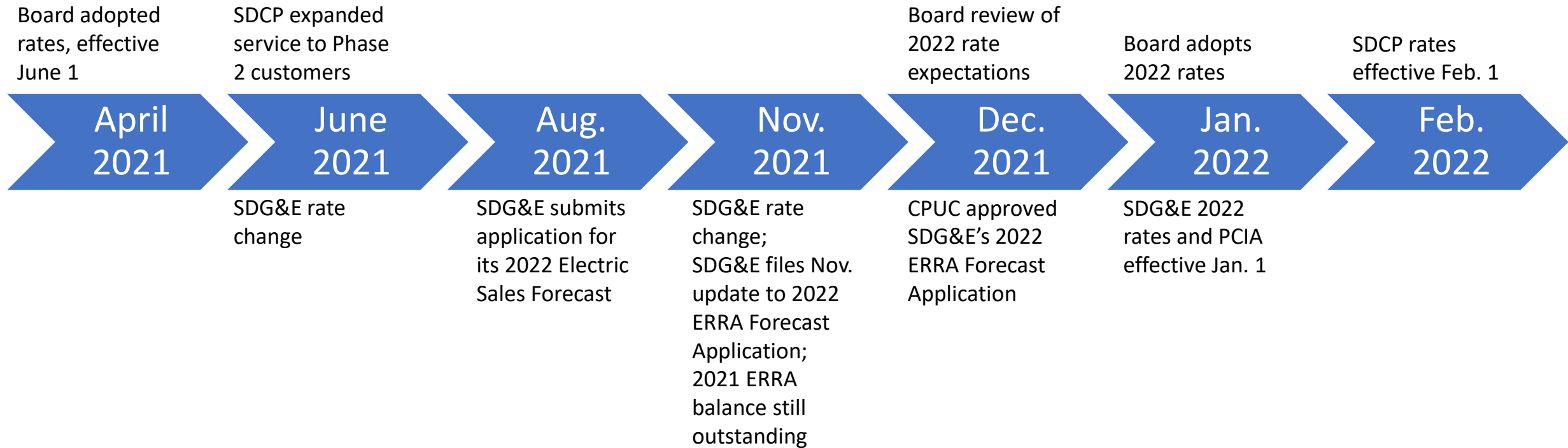
2. Customer Value

- Quality – higher renewables at competitive costs
- Stability – consider future years
- Communication – ensuring transparency in rates and products for customers
- Future enrollments – 2023 new customers

3. Compare to SDG&E

- Ensure competitiveness in cost and quality

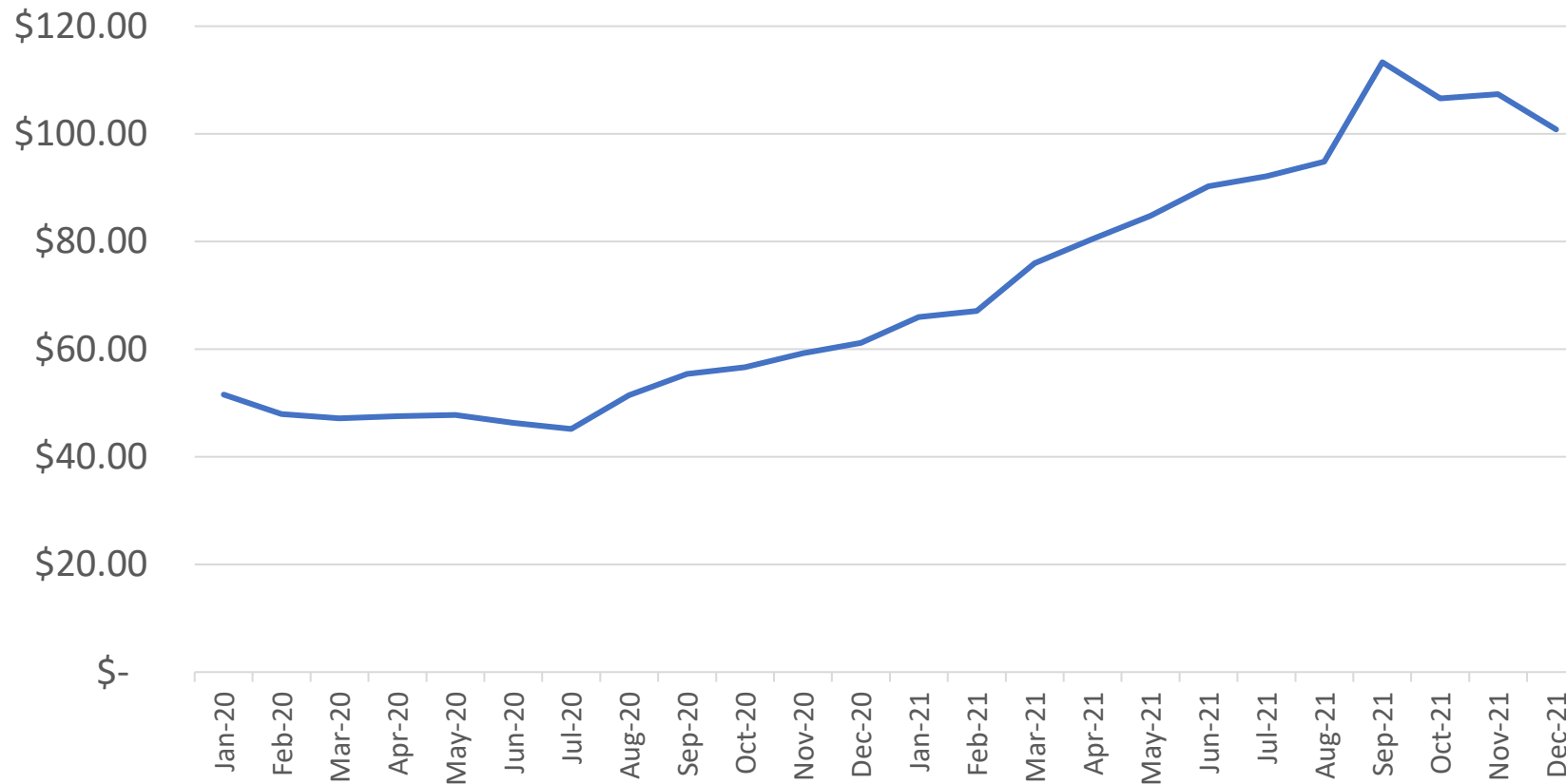
2021/2022 Rates Timeline



What's Changed

Market prices increased causing rates to increase across utilities and CCAs

On-Peak Power Prices for Summer 2022 (SP-15 Forwards)



Annual Pro Forma Projections

Pro Forma Analysis

Fiscal impact with no rate change

- Projected revenues of \$353.6M for fiscal year ending June 30, 2022.
- Net surplus for FY22 is \$579K and a (- \$31M) Net Deficit in FY23
- Cash flow negative in some months
- Loss of confidence from creditors

	Year Ending:	2022	2023	2024	2025	2026
I. Revenue						
Base Retail Revenue		351,557,466	552,120,233	676,319,949	679,701,548	683,100,056
Power100 Premium		2,055,952	3,384,750	4,153,561	4,174,329	4,195,201
Subtotal Operating Revenue		353,613,418	555,504,983	680,473,510	683,875,878	687,295,257
II. Operating Expenses						
Power Supply		321,943,425	556,402,001	621,732,417	610,162,174	605,073,341
Staff		4,500,000	4,635,000	4,774,050	4,917,272	5,064,790
Professional/Technical services		843,483	941,194	1,007,560	1,031,853	1,056,845
Legal		300,000	309,000	318,270	327,818	337,653
Communications, Mktg, Enrollment		3,371,116	1,768,444	2,045,190	2,067,749	2,090,791
Other General and Administrative		420,000	432,600	445,578	458,945	472,714
Regulatory and CalCCA Fees		895,000	921,850	949,506	977,991	1,007,330
Data Management		1,670,376	8,975,759	11,494,481	11,666,041	11,724,371
Utility Service Fees		803,581	3,328,677	4,122,141	4,267,034	4,417,020
Uncollectibles/Other		1,673,735	2,888,573	3,234,446	3,179,384	3,156,224
Subtotal Operating Expenses		336,420,716	580,603,098	650,123,638	639,056,261	634,401,079
Operating Margin		17,192,703	(25,098,115)	30,349,872	44,819,616	52,894,178
III. Financing						
Interest		686,256	572,377	436,054	296,283	152,978
Principal		2,202,120	5,379,529	5,515,569	5,655,049	5,798,057
Reserve Contribution		-	-	-	-	-
Subtotal Financing		2,888,376	5,951,906	5,951,623	5,951,332	5,951,034
Operating Margin Less Financing		14,304,326	(31,050,021)	24,398,249	38,868,284	46,943,144
IV. Cash From Financing						
		-	-	-	-	-
V. Other Uses						
CPUC and CAISO Deposits		-	-	-	-	-
Collateral Deposits		13,725,000	-	-	-	-
Subtotal Other Uses		13,725,000	-	-	-	-
VI. Net Surplus/(Deficit)		579,326	(31,050,021)	24,398,249	38,868,284	46,943,144

Pro Forma Analysis

Fiscal impact of proposed rates

- Projected revenues of \$386.7 million during the current fiscal year ending June 30, 2022.
- Net surplus for FY22 is \$29.5M (7.65% reserve)
- Cash flow positive
- Reserve target builds toward a 90 days cash on hand target (policy adopted June 24, 2021)

	FY2022 (<u>No Rate Change</u>)	FY2022 (<u>Proposed Rate Change</u>)
Gross Revenues	\$353,613,418	\$386,707,472
Oper. Expenses	\$337,106,972	\$341,209,566
Net Surplus/(Deficit)	\$579,326	\$29,570,787
Cumulative Reserve Amount	\$579,326	\$30,150,113
Gross Rev. Reserves %	0.16%	7.65%
Days Cash on Hand (DCOH)	0.63	32.25

Projected Bill Comparison – Vintage 2020

Small Commercial

	Current Rates Effective 11/1/2021	
Rate: TOU-M (Small Commercial)	SDCP	SDG&E
Generation	\$576.69	\$861.68
*PCIA	\$247.13	
*Franchise Fees	\$18.48	
Total Generation Related Charges	\$842.30	\$861.68
SDG&E Delivery	\$1,136.26	\$1,136.26
TOTAL AVERAGE MONTHLY BILL	\$1,978.56	\$1,997.94

	Proposed Rates Effective 2/1/2022		
	SDCP	SDG&E	SDCP Savings
Generation	\$661.68	\$956.05	-
*PCIA	\$251.43		-
*Franchise Fees	\$22.46		-
Total Generation Related Charges	\$935.57	\$956.05	-2%
SDG&E Delivery	\$1,258.02	\$1,258.02	
TOTAL AVERAGE MONTHLY BILL	\$2,193.59	\$2,214.07	-1%

Total Bill Change since 11/2021

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11%

11%

Total Bill Change since 6/2021

11%

13%



*PCIA and Franchise fees are included in SDG&E's generation costs
Ave. monthly usage: 7806 kWh

Projected Bill Comparison – Vintage 2021

Residential

	Current Rates Effective 11/1/2021	
Rate: DR (Residential)	SDCP	SDG&E
Generation	\$35.73	\$54.67
*PCIA	\$16.85	
*Franchise Fees	\$1.45	
Total Generation Related Charges	\$54.03	\$54.67
SDG&E Delivery	\$97.82	\$97.82
TOTAL AVERAGE MONTHLY BILL	\$151.85	\$152.49

	Proposed Rates Effective 2/1/2022		
	SDCP	SDG&E	SDCP Savings
Generation	\$54.09	\$70.06	-
*PCIA	\$12.67		-
*Franchise Fees	\$1.77		-
Total Generation Related Charges	\$68.53	\$70.06	-2%
SDG&E Delivery	\$104.47	\$104.47	-
TOTAL AVERAGE MONTHLY BILL	\$173.00	\$174.53	-1%

Total Bill Change since 11/2021

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14%

14%

Total Bill Change since 6/2021

14%

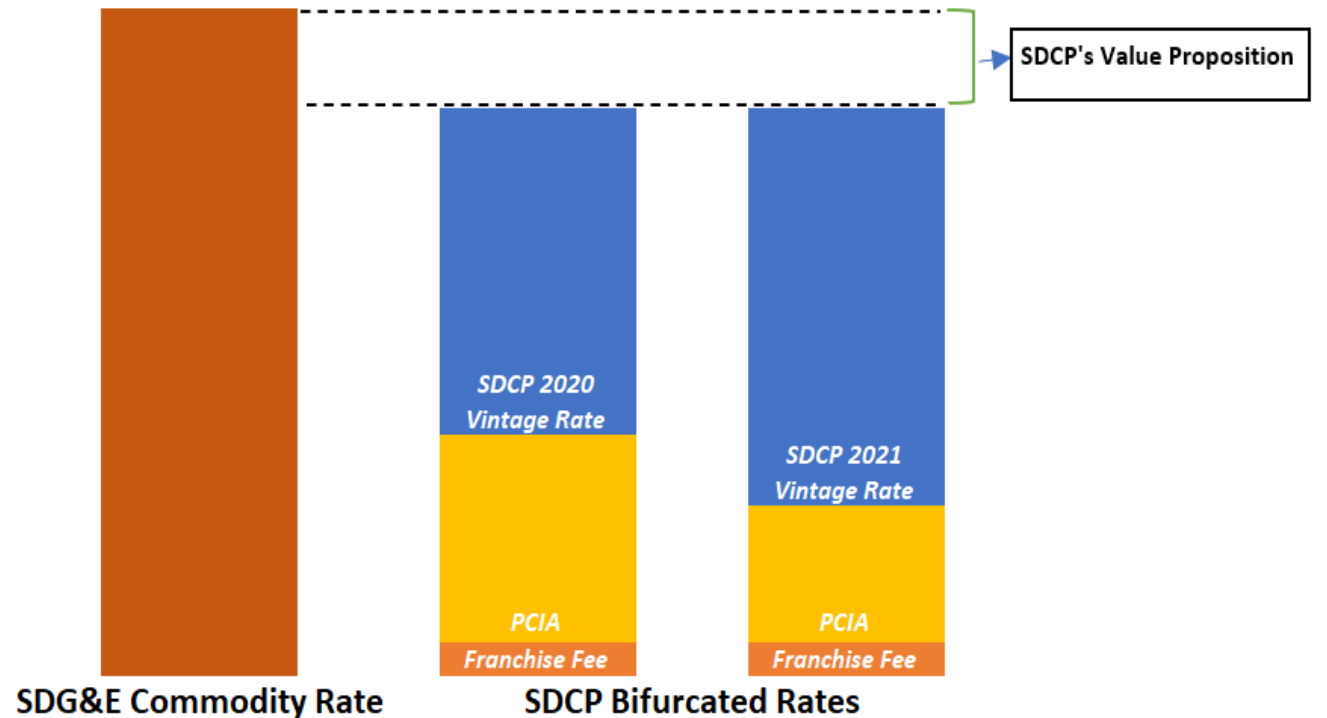
26%



*PCIA and Franchise fees are included in SDG&E's generation costs
Ave. monthly usage: 447 kWh

Bifurcation of Rates by Vintage

- 2022/Phase 3 customers will be assessed a different PCIA by SDG&E than Phase 1 and 2 customers because they are enrolled in different “vintage” years
- Two sets of rates are needed in 2022 to balance this
- Bifurcation will maintain a fair, equitable and balanced rate structure for all customers



Summary of Proposed Rates

How does SDCP compare to SDG&E?

- Savings are maintained or increased from 1% to 2%
- Higher renewable content (50% SDCP vs 31% SDG&E)
- Power100 significantly lower cost than SDG&E's EcoChoice
- Community Power Plan and other customer programs underway
- 2022 contributions towards reserves maintain financial stability
- Prepares SDCP for 2023 expected market/costs shifts and unexpected costs
- Satisfies credit obligations



Finance & Risk Management

Next Regular Meeting

February 17, 2022