



Finance & Risk Management Committee Meeting

January 16, 2025






**Welcome
and
Call to
Order**

The background features a vibrant blue water surface with gentle ripples. A large, white, diagonal shape, resembling a stylized arrow or a large 'V', is superimposed over the water, pointing from the top-left towards the bottom-right. The text 'Roll Call' is centered within this white shape.

Roll Call

The background of the slide is a photograph of blue water with ripples. A large white diagonal shape, resembling a stylized arrow or a large 'V' rotated 45 degrees, is overlaid on the water. The text is positioned within the white area.

**Items to
be Added,
Withdrawn
or
Reordered
on the
Agenda**



**Public
Comment
for Items
not
on the
Agenda**

Consent Calendar

1. Approve October 17, 2024, Meeting Minutes
2. Approve 2025 Meeting Schedule



Public Comment on Consent Calendar

Regular Agenda

- 1. Approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, through January 31, 2028, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 Each Respective Year, and Authorize the Chief Executive Officer to Execute the Contract**
- 2. Review of Treasurer's Report for Period Ending November 30, 2024**
- 3. Update on 2025 Projected Rate Changes**

Item No. 3

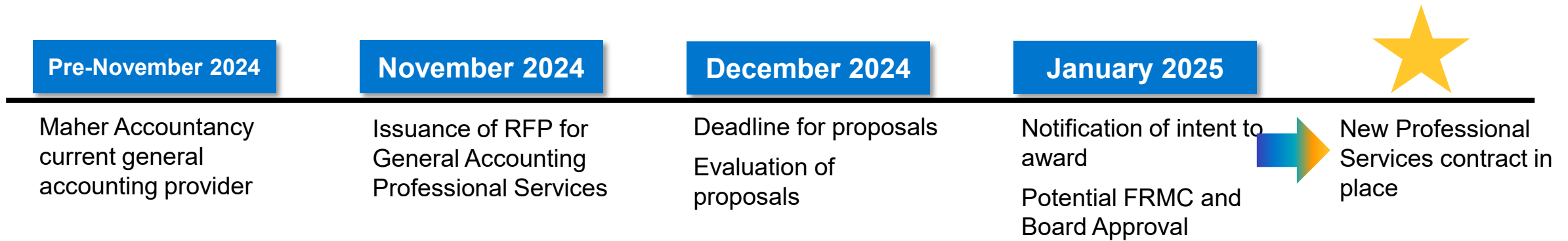
Approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, through January 31, 2028, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 Each Respective Year, and Authorize the Chief Executive Officer to Execute the Contract

Recommendation: Recommend Board approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, through January 31, 2028, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 for Each Respective Year, and, Authorize the Chief Executive Officer to Execute the Contract.

Presenter:

Dr. Eric Washington,
Chief Financial Officer

General Accounting Professional Services Timeline



Recommend Approval of Contract with Maher Accountancy

Recommendation: Recommend Board approve a Contract with Maher Accountancy for General Accounting Professional Services in an Amount Not-to-Exceed \$1,131,000 from February 1, 2025, through January 31, 2028, and for Two Optional One-Year Extensions in an Amount Not-to-Exceed \$377,000 for Each Respective Year, and, Authorize the Chief Executive Officer to Execute the Contract.



<p>Term</p>	<ul style="list-style-type: none"> • Initial three-year term of 2/1/25 to 1/31/28 • Two optional one-year extensions
<p>Not-to-Exceed</p>	<ul style="list-style-type: none"> • Initial three-year term: \$1,131,000 • Two optional one-year extensions: \$377,000 per year • Total: \$1,885,000
<p>Scope of Work</p>	<ul style="list-style-type: none"> • Monthly Financial Operational Assistance (\$28,000/month) • Financial Statement Audit Support (\$16,000/yearly audit) • Grant Management Support (Cost included in monthly financial operational assistance) • Contingency for out-of-scope items (\$25,000/year)



**Public
Comment for
Item No. 3**

Item No. 4

Treasurer's Report for Period Ending November 30, 2024

Recommendation: Receive and File Treasurer's Report for Period Ending November 30, 2024

Presenter:

Dr. Eric Washington, Chief Financial Officer

Item 1: Treasurer's Report

YTD FY25 Budget v. Actual

Results for the period compared to the adopted budget were as follows:

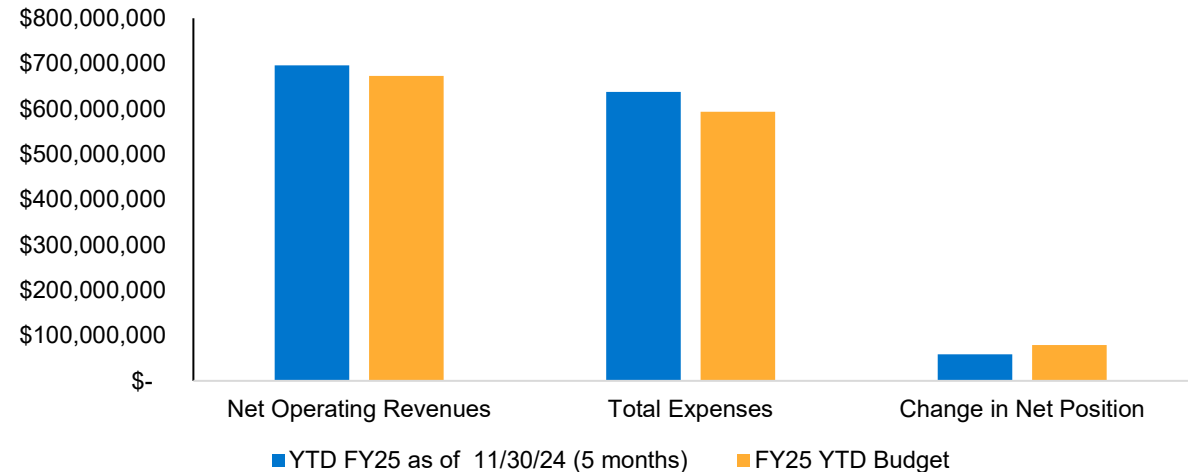
- Net operating revenues 3.0 percentage points over budget.
- Operating expenses came in 7.0 percentage points over budget.

Financial results for the YTD FY25:

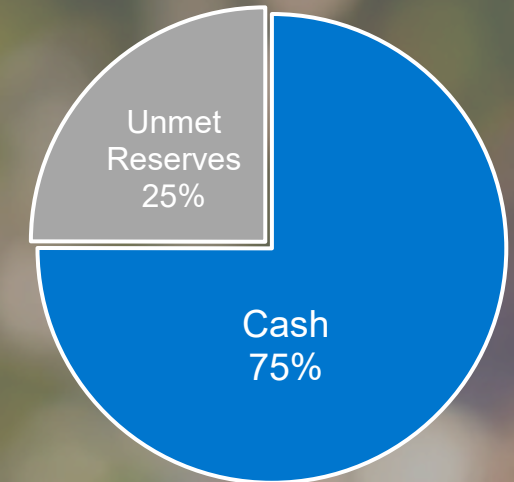
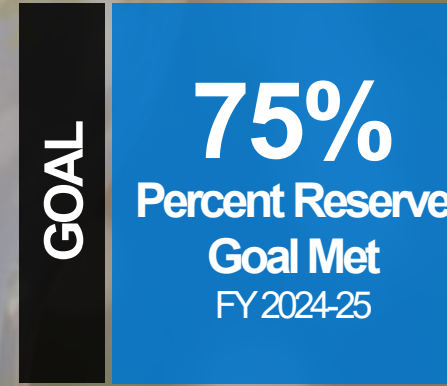
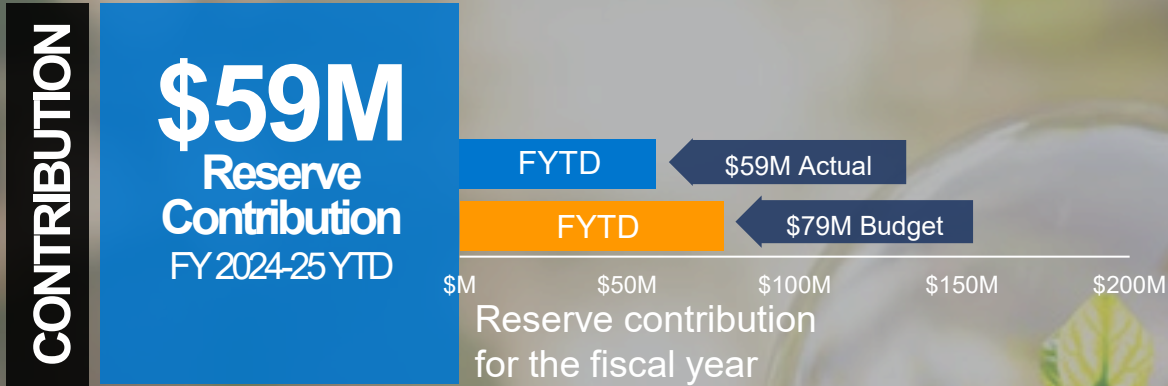
- \$696.0M in net operating revenues
- \$637.5M in total expenses (includes energy costs of \$610.1M or 88% of net revenues)
- \$58.6M change in YTD net position

Budget Comparison					
	YTD FY25 as of 11/30/24 (5 months)		FY25 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$	696,048,805	\$ 672,519,268	\$ 23,529,537	103%
Total Expenses	\$	637,476,640	\$ 593,720,209	\$ 43,756,431	107%
Change in Net Position	\$	58,572,165	\$ 78,799,059	\$ (20,226,894)	-26%

YTD FY25 Results v. Budget



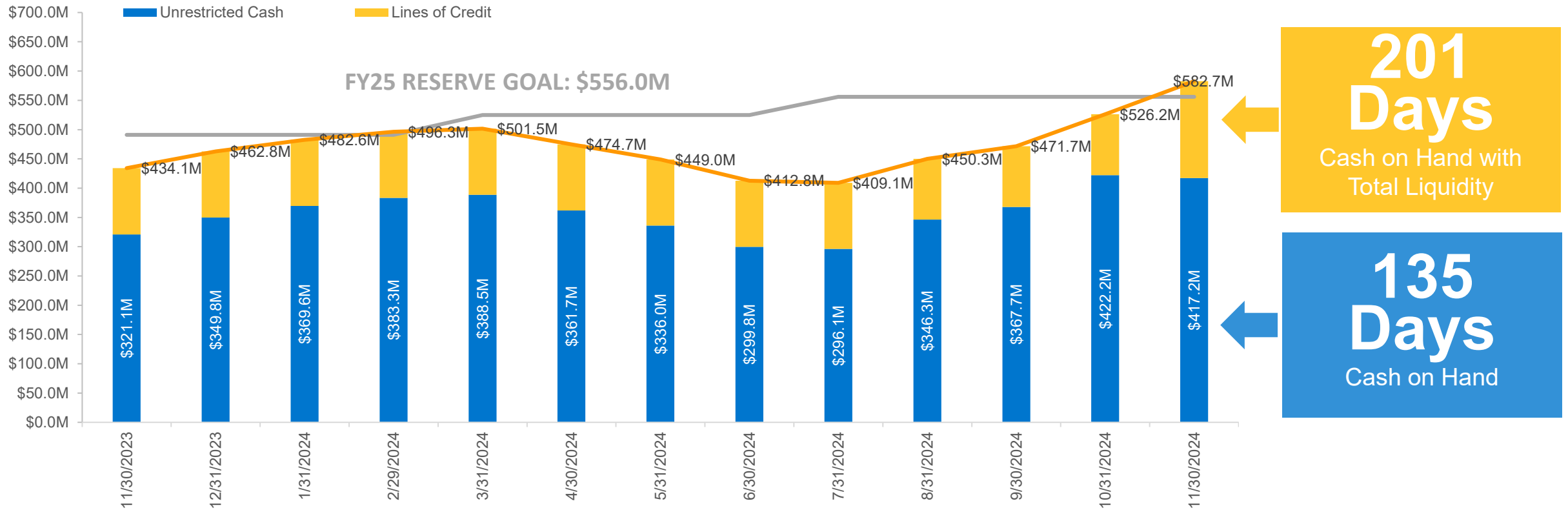
Item 1: Treasurer's Report



\$556M 180-DCOH Reserve Target FY25

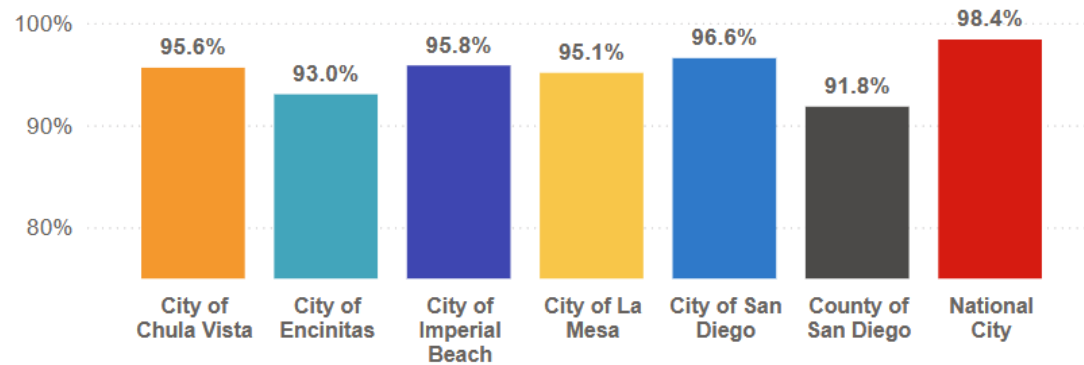
Item 1: Treasurer's Report

Rolling 12 Month Reserves FY 2024-25



Item 1: Treasurer's Report

Participation by Jurisdiction



Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	98,319	94,018	95.6%
City of Encinitas	Power100	28,741	26,737	93.0%
City of Imperial Beach	PowerOn	10,855	10,404	95.8%
City of La Mesa	PowerOn	29,364	27,933	95.1%
City of San Diego	PowerOn	623,093	601,677	96.6%
County of San Diego	PowerOn	190,144	174,585	91.8%
National City	PowerOn	19,377	19,064	98.4%
Total		999,893	954,418	95.5%



**Public
Comment for
Item No. 4**

Item No. 5

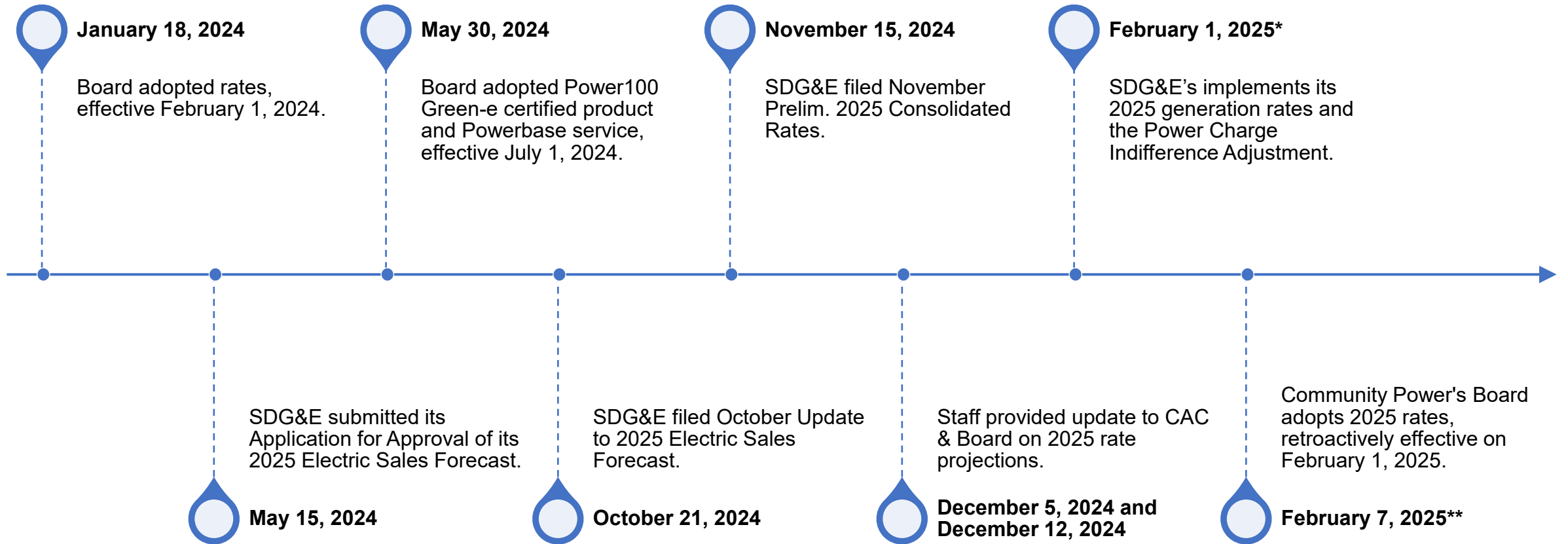
Update on 2025 Projected Rate Changes

Recommendation: Receive and file the Update on 2025 Projected Rate Changes.

Presenter:

Lucas Utouh, Senior Director of Data Analytics and Customer Operations
Aaron Lu, Rates and Strategy Manager

2025 Rates Timeline



***SDG&E filed an extension request to the Commission on Dec. 9, 2024 to implement rates on Feb. 1, 2025, to allow for additional time to include 2024 General Rate Case revenue requirements and to reduce rate volatility. The Commission granted the extension on Dec. 19, 2024.**

****SDG&E will therefore implement its consolidated 2025 rates on Feb. 1, 2025. SDCP will need to wait until end of Jan. To have final PCIA info to implement its rates, to be effective on Feb. 1, 2025 retroactively.**

Rate-Setting Process Overview

Rate Development Policy Objectives:

- Cost Recovery,
- Reserves,
- Rate Competitiveness and Customer Value,
- Rate Stability,
- Equity Among Customers,
- Rate Structure Simplicity and Comparability,
- Transparency,
- Avoidance of Cost Shifting, and
- Cost of Service.

Rate-Setting Process Overview

What are the components of Community Power rates?

- Generation costs
- SDG&E Delivery costs
- Additional fees
 - Power Charge Indifference Adjustment (PCIA) includes above-market costs related to power supply commitments that the utilities made many years ago.
 - Franchise fees is a surcharge applied to electricity transported over SDG&E systems that are constructed in public streets and highways. All customers i.e., bundled and un-bundled, are assessed Franchise Fees.

Time of Use – TOUDR-Residential

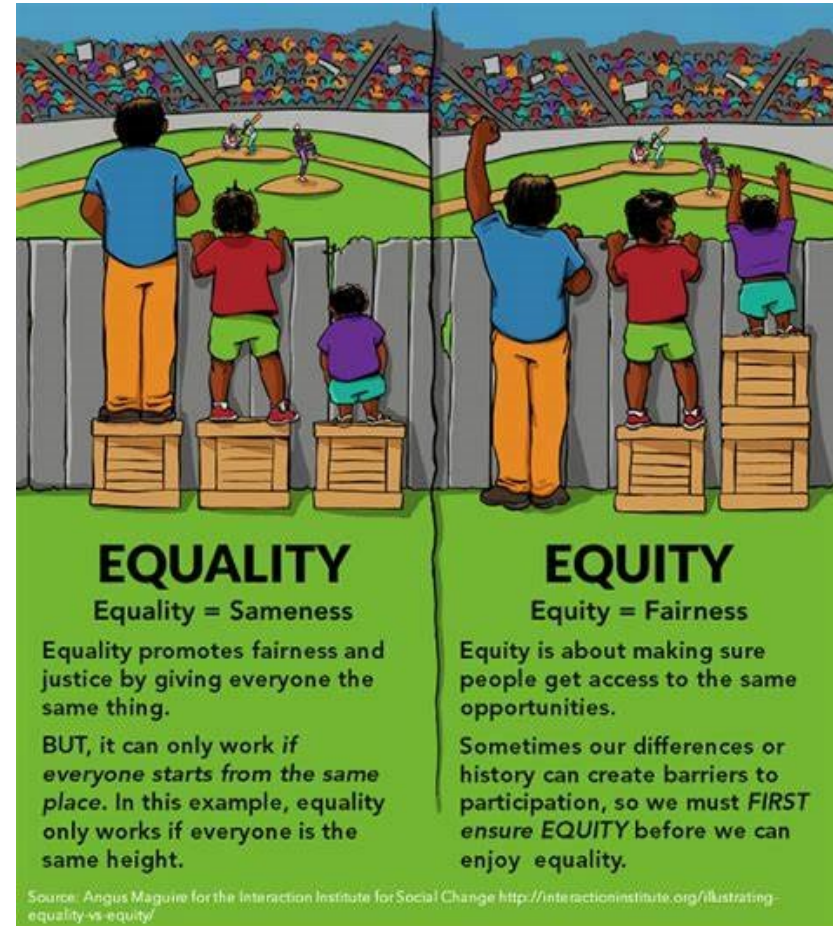
Residential: TOUDR	SDG&E 44.8% Renewable	SDCP PowerBase 45% Renewable	SDCP PowerOn 54.2% Renewable + 12.8% Carbon Free	SDCP Power100 100% Renewable
Generation Rate (\$/kWh)	\$0.13878	\$0.12997	\$0.14690	\$0.15690
SDG&E Delivery Rate (\$/kWh)	\$0.25528	\$0.25525	\$0.25525	\$0.25525
SDG&E PCIA (\$/kWh)	\$0.00207	\$0.00727	\$0.00727	\$0.00727
Franchise Fees (\$/%)	\$0.00435	\$0.00435	\$0.00435	\$0.00435
Total Electricity Cost (\$/kWh)	\$0.40048	\$0.39684	\$0.41377	\$0.42377
Average Monthly Bill (\$)	\$150.98	\$149.61	\$155.99	\$159.76

Average Monthly Usage: 377kWh

Rate Setting Mechanics

Equality vs. Equity:

- Equality means an individual or a group of people is given the same resources or opportunities.
- Equity recognizes that each person has different circumstances and allocates the exact resources and opportunities needed to reach an equal outcome.
- This trifurcation will maintain a fair, equitable, and balanced rate structure that does not create winners and losers across our customers.

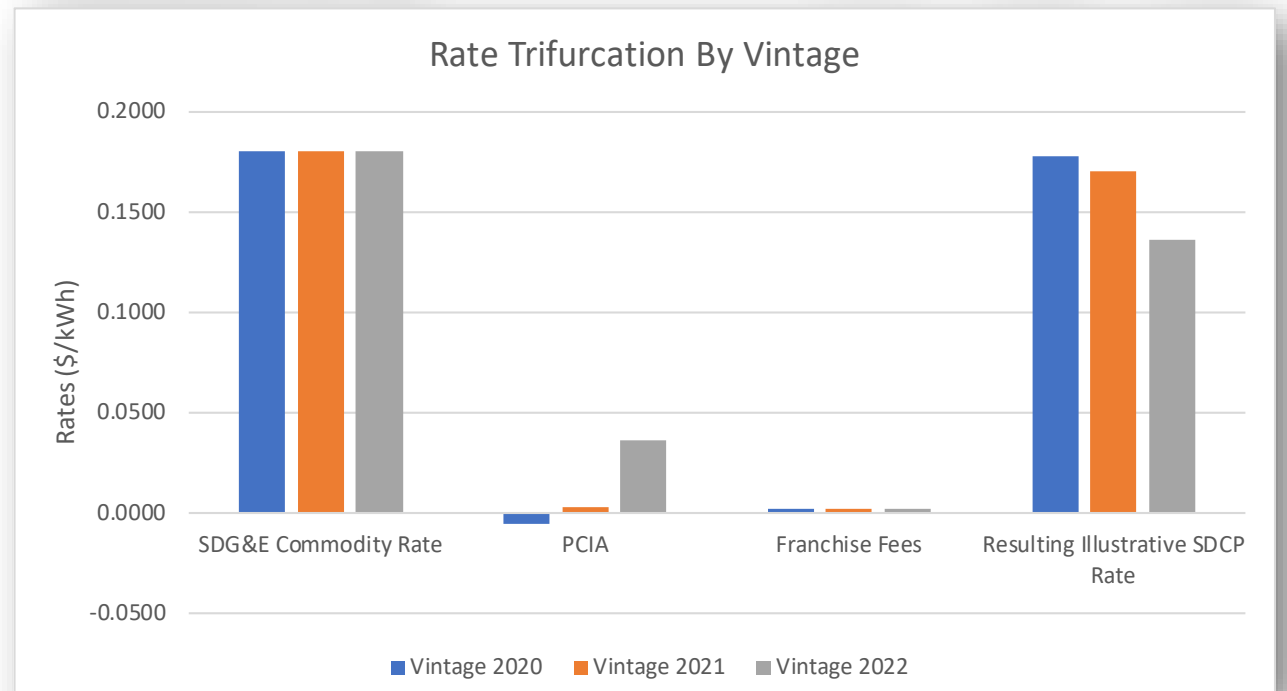


Rate Setting Mechanics

- Community Power's Phase 1 and 2 customers (vintage 2020), Phase 3 customers (vintage 2021), and Phase 4 customers (vintage 2022) are all charged a different Power Charge Indifference Adjustment (PCIA) by SDG&E because they are enrolled in different “vintage” years.
- Due to the substantial deltas expected between PCIA vintages 2020, 2021, and 2022, staff will recommend to the Board trifurcation of three sets of rates in 2025.

Illustrative Rate Setting Process Based On Trifurcation

Competitive Factor (Discount)	3%	3%	3%
Rates (\$/kWh)	Vintage 2020	Vintage 2021	Vintage 2022
SDG&E Commodity Rate	0.1800	0.1800	0.1800
PCIA	-0.0051	0.0027	0.0364
Franchise Fees	0.0020	0.0020	0.0020
Resulting Illustrative SDCP Rate	0.1777	0.1700	0.1362



2025 Commodity Rate Projections

Illustrative SDG&E commodity rates, effective 02-01-2025

Customer Class	SDG&E Avg. Commodity Rate (\$/kWh)						SDG&E Avg. Commodity Rate Change (%)			
	1/1/2023	1/1/2024	3/1/2024	10/1/2024*	1/1/2025**	1/1/2025***	1/1/2023 - 1/1/2024	1/1/2024 - 3/1/2024	3/1/2024 - 10/1/2024	10/1/2024 - 1/1/2025
Residential	0.1967	0.1514	0.1517	0.1517	0.1519	0.1622	-23.03%	0.19%	0.00%	6.96%
Small Commercial	0.1742	0.1283	0.1285	0.1285	0.1288	0.1385	-26.34%	0.19%	0.00%	7.78%
M/L C&I	0.2039	0.1578	0.1581	0.1581	0.1578	0.1660	-22.61%	0.18%	0.00%	5.04%
Agricultural	0.1455	0.1120	0.1122	0.1122	0.1116	0.1174	-23.00%	0.18%	0.00%	4.61%
Lighting	0.1286	0.0991	0.0993	0.0993	0.0995	0.1063	-22.92%	0.19%	0.00%	7.07%
System Total	0.1947	0.1499	0.1502	0.1502	0.1503	0.1595	-23.03%	0.19%	0.00%	6.20%

* SDG&E 10/1/2024 rate change did not revise commodity rates and PCIA.

** SDG&E proposed 1/1/2025 rates from Oct. 2025 ERR Update, filed 10/21/2024.

*** SDG&E proposed 1/1/2025 rates from Nov. Consolidated Rates Filing, filed 11/15/2024.

- SDG&E's system avg. commodity rates are projected to increase by 6.20%.
- The primary drivers for the increase in commodity rates is adjustments between SDG&E's balancing accounts and impacts from its General Rate Case.

Next Steps

- Staff continues to monitor updates from SDG&E & CPUC in early 2025.
- SDG&E commodity rates and PCIA rates, that will go into effect on February 1, 2025, will not be finalized until the last week of January.
- Staff will recommend to the Board to adopt a rate change on February 7, 2025.
- A few key considerations are as follows:
 - Final SDG&E commodity costs and PCIA rates will determine the trajectory of SDCP's proposed 2025 rates.
 - Due to variation in PCIA for vintage years, staff will continue to recommend trifurcated rates.



**Public
Comment on
Item No. 5**

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Committee Member Announcements

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Adjournment

Next Regular Finance & Risk Management Committee Meeting

February 20, 2025

