



# Board of Directors

Special and  
Regular Meeting

January 20, 2022



# Special Meeting Agenda

**Call to Order**

**Roll Call**

**Action Item**

1. Approval of Findings to Continue Holding Remote/Teleconference Meetings Pursuant to Assembly Bill 361.

**Public Comments on Closed Session Items**

**Closed Session**

2. **Public Employee Appointment Pursuant to Government Code Section 54957**

Title: Chief Executive Officer

3. **Conference with Labor Negotiators Pursuant to Government Code Section 54957.6**

Agency designated representative(s): Cindy Krebs, Alliance Resource Consulting

Unrepresented employee: Chief Executive Officer

**Report from Closed Session**

**Adjournment**

# Closed Session

## Closed Session

### **2. Public Employee Appointment Pursuant to Government Code Section 54957**

Title: Chief Executive Officer

### **3. Conference with Labor Negotiators Pursuant to Government Code Section 54957.6**

Agency designated representative(s):

Cindy Krebs, Alliance Resource Consulting

Unrepresented employee: Chief Executive Officer

# **Special Meeting Agenda**

## **Report from Closed Session Adjournment**

# **Regular Meeting Agenda**

**Welcome**

**Call to Order**

**Pledge of Allegiance**

**Ceremonial Oath of Office**

**Roll Call**

**Report from Closed Session**

**Items to be Added, Withdrawn, or Reordered on the Agenda**

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

**Consent Agenda**

**Regular Agenda Items:**

9. Election of Chair and Vice Chair for Calendar Year 2022

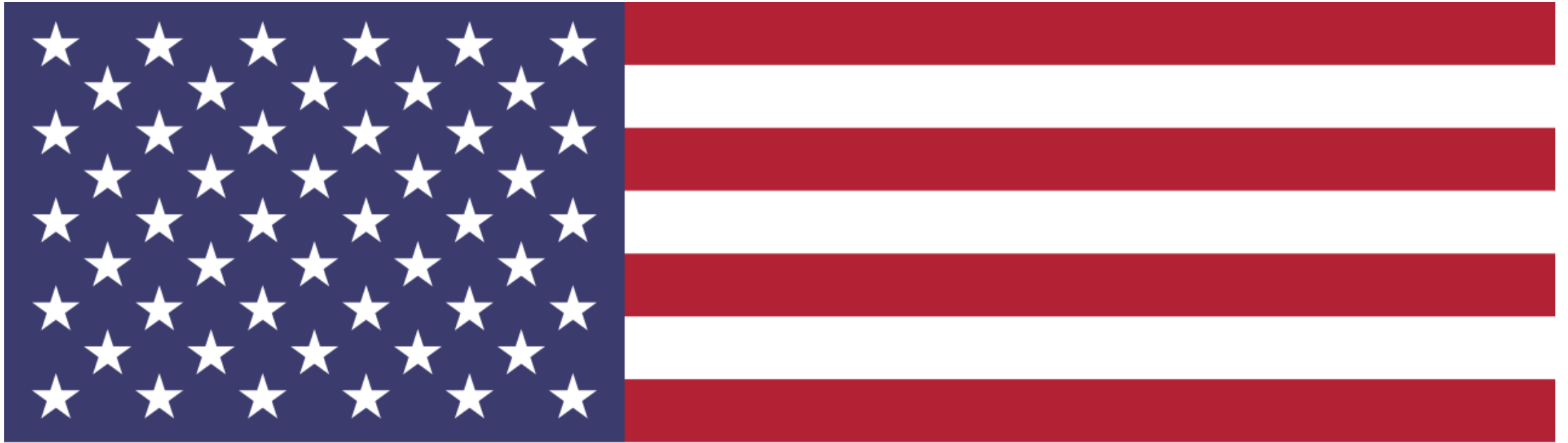
10. Approval of 2022 Rates

11. Update on CEO Search Ad Hoc Committee Efforts

**Reports by Management and General Counsel**

**Director Comments**

**Adjournment**



# Oath of Office

**Welcome Director LaCava!**

**Councilmember from the  
City of San Diego**

# **Regular Meeting Agenda**

**Roll Call**

**Report from Closed Session**

**Items to be Added, Withdrawn or  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



# **Non-Agenda Public Comments**

# **Consent Agenda**

- 1. Approval of September 23, 2021 Meeting Minutes**
- 2. Receive and File Treasurer's Report for Period Ending 11/30/2021**
- 3. Receive and File 6/30/2021 Fiscal Year End Audited Financial Statement**
- 4. Appointment of Director LaCava to the Finance and Risk Management Committee**
- 5. Update on Back Office Metrics/Dashboard**
- 6. Update on Regulatory and Legislative Affairs**
- 7. Update on Community Advisory Committee**
- 8. Update on Residential Enrollment Public Relations**

# Item 9:

## Election of Chair and Vice Chair for Calendar Year 2022

Presenter:  
Chair Mosca

# Item 10:

## Approval of 2022 Rates to be effective February 1, 2022

Recommendation: Approve the rates contained in Attachment A to be effective as of February 1, 2022.

Presenter:

Cody Hooven, Chief Operating Officer

Lucas Utouh, Director of Data Analytics and  
Account Services

# Rate Setting Process

## Steps

- Guiding principles
- Timeline
- What's changed?
- Pro forma analysis – no change and proposal
- Projected bill comparisons and assessment of ratepayer equity
- Adoption of proposed rates

# 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

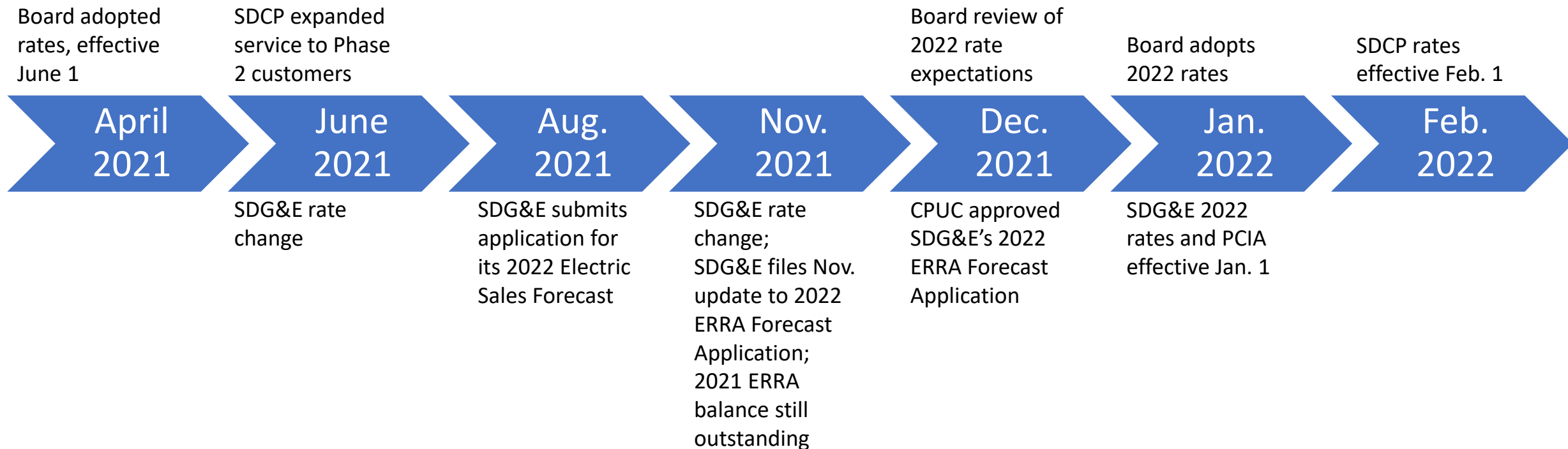
### 2. Customer Value

- 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

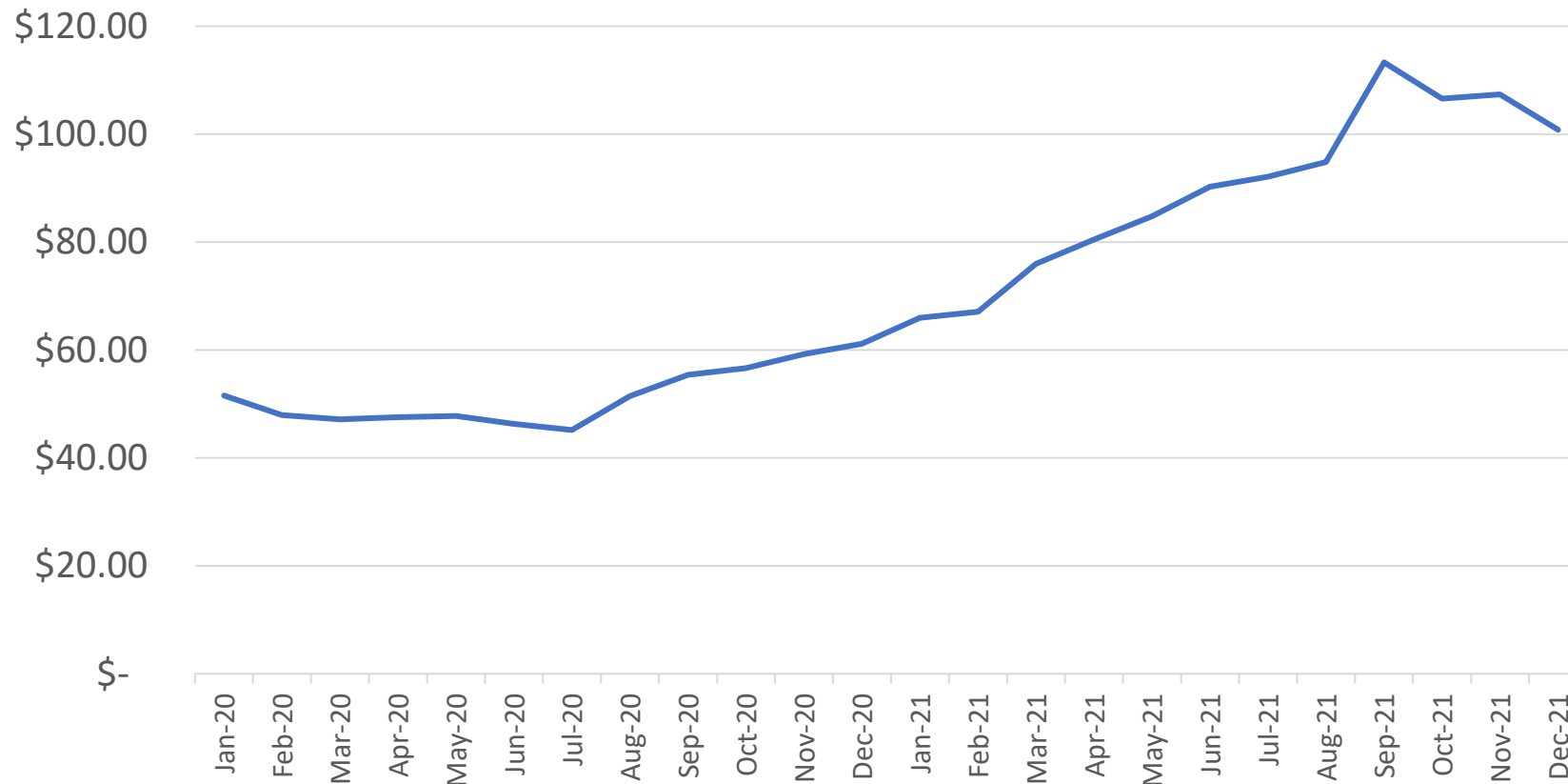
# 2021/2022 Rates Timeline



# What's Changed

Market prices increased causing rates to increase across utilities and CCAs

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





# 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

Scenario 0: No Rate Change

### Annual Pro Forma Projections

Year Ending:	2022	2023	2024	2025	2026
<b>I. Revenue</b>					
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
<b>Subtotal Operating Revenue</b>	<b>353,613,418</b>	<b>555,504,983</b>	<b>680,473,510</b>	<b>683,875,878</b>	<b>687,295,257</b>
<b>II. Operating Expenses</b>					
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
<b>Subtotal Operating Expenses</b>	<b>336,420,716</b>	<b>580,603,098</b>	<b>650,123,638</b>	<b>639,056,261</b>	<b>634,401,079</b>
<b>Operating Margin</b>	<b>17,192,703</b>	<b>(25,098,115)</b>	<b>30,349,872</b>	<b>44,819,616</b>	<b>52,894,178</b>
<b>III. Financing</b>					
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	-	-	-	-	-
<b>Subtotal Financing</b>	<b>2,888,376</b>	<b>5,951,906</b>	<b>5,951,623</b>	<b>5,951,332</b>	<b>5,951,034</b>
<b>Operating Margin Less Financing</b>	<b>14,304,326</b>	<b>(31,050,021)</b>	<b>24,398,249</b>	<b>38,868,284</b>	<b>46,943,144</b>
<b>IV. Cash From Financing</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>V. Other Uses</b>					
CPUC and CAISO Deposits	-	-	-	-	-
Collateral Deposits	13,725,000	-	-	-	-
<b>Subtotal Other Uses</b>	<b>13,725,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>VI. Net Surplus/(Deficit)</b>	<b>579,326</b>	<b>(31,050,021)</b>	<b>24,398,249</b>	<b>38,868,284</b>	<b>46,943,144</b>

# 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 of operating/working capital of 90 days cash on hand (policy adopted June 24, 2021)

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

# Projected Bill Comparison – Vintage 2020

## Small Commercial

	Current Rates Effective:		Proposed Rates Effective:		
	6/1/2021	11/1/2021	2/1/2022	1/1/2022	
Rate: TOU-M (Small Commercial)	SDCP	SDG&E	SDCP	SDG&E	SDCP Discount
Generation	\$576.69	\$861.68	\$661.68	\$956.11	-
*PCIA	\$247.13		\$251.43		-
*Franchise Fees	\$18.48		\$22.52		-
Total Generation Related Charges	\$842.30	\$861.68	\$935.63	\$956.11	-2%
SDG&E Delivery	\$1,136.26	\$1,136.26	\$1,263.65	\$1,263.65	-
<b>TOTAL AVERAGE MONTHLY BILL</b>	<b>\$1,978.56</b>	<b>\$1,997.94</b>	<b>\$2,199.28</b>	<b>\$2,219.76</b>	<b>-1%</b>

Total Bill Change Since 11/2021

11%

11%

Total Bill Change Since **6/2021**

11%

13%

# Projected Bill Comparison – Vintage 2021

## Residential

	Current Rates Effective:	
	6/1/2021	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	\$92.05	\$92.05
<b>TOTAL AVERAGE MONTHLY BILL</b>	<b>\$146.08</b>	<b>\$146.72</b>

Proposed Rates Effective:		
2/1/2022	1/1/2022	
SDCP	SDG&E	SDCP Discount
\$54.52	\$70.49	-
\$12.67		-
\$1.77		-
\$68.96	\$70.49	-2%
\$99.12	\$99.12	-
<b>\$168.08</b>	<b>\$169.61</b>	<b>-1%</b>

Total Bill Change Since 11/2021

15%

16%

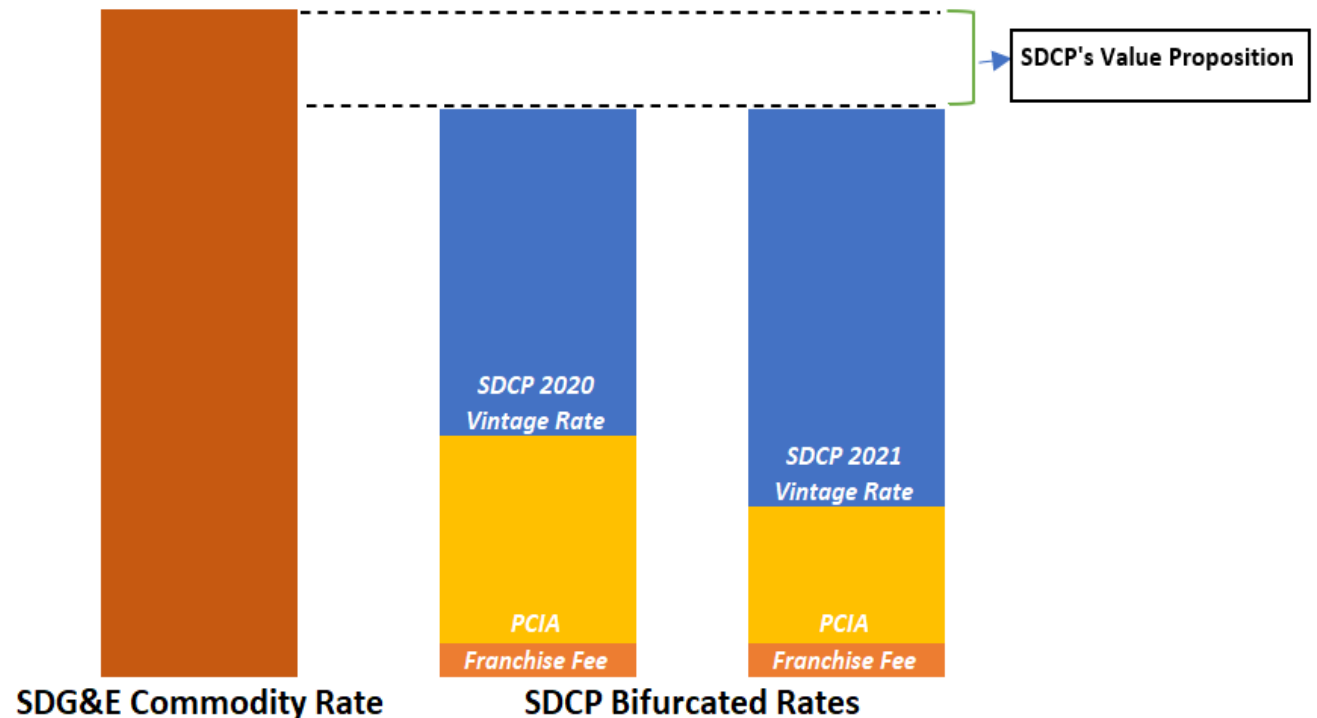
Total Bill Change Since **6/2021**

15%

20%

# 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 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 for 2023 expected market/costs shifts and unexpected costs
- Satisfies credit obligations

# Item 11:

## Update on CEO Search Ad Hoc Committee Efforts

Presenter:

Cindy Krebs, Alliance Resource Consulting

# **Regular Meeting Agenda**

**Reports by Management and  
General Counsel**

**Director Comments**

**Adjournment**





# Board of Directors

Next Regular Meeting  
February 24, 2022

