



Finance & Risk Management Committee Meeting

February 9, 2023



The background of the image is a close-up photograph of numerous small, vibrant purple flowers, likely from a lupine plant, with green stems and leaves visible. A large, white diagonal banner cuts across the center of the image, from the top-left corner towards the bottom-right corner. The text "Welcome & Call to Order" is written in a bold, blue, sans-serif font, centered within the white banner.

**Welcome
&
Call to
Order**

W E L C O M E

New FRMC Members:

Representatives from Chula Vista,
Imperial Beach and La Mesa


**SDCP
Welcomes
You!**

The background of the image is a close-up photograph of numerous small, vibrant purple flowers, likely from a lupine plant, with green stems and leaves. A large, white, diagonal triangular shape is superimposed over the center of the image, pointing towards the bottom-left corner. The text 'Roll Call' is written in a bold, blue, sans-serif font within the white area.

Roll Call



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Withdrawn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

The background of the slide features a close-up photograph of numerous small, vibrant purple flowers, likely lupines, with green stems and leaves. A large, white, diagonal triangular shape is superimposed over the left and center portions of the image, serving as a backdrop for the text.

Public Comment for Items NOT on the Agenda



Regular Meeting Agenda

Welcome

Roll Call

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

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Withdrawn or Reordered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

REGULAR AGENDA

- 1. Treasurer's Report for Period
Ending 12/31/22**
- 2. Approval of Fiscal Year (FY)
2022-23 Budget Amendment**

**Committee Member
Announcements**

Adjournment

Item 1

Treasurer's Report for Period Ending 12/31/22

Recommendation: Receive and File Treasurer's Report for Period Ending 12/31/22

Presenter:

Dr. Eric Washington,
Chief Financial Officer

Item 1: Treasurer's Report

YTD FY23 Budget v. Actual

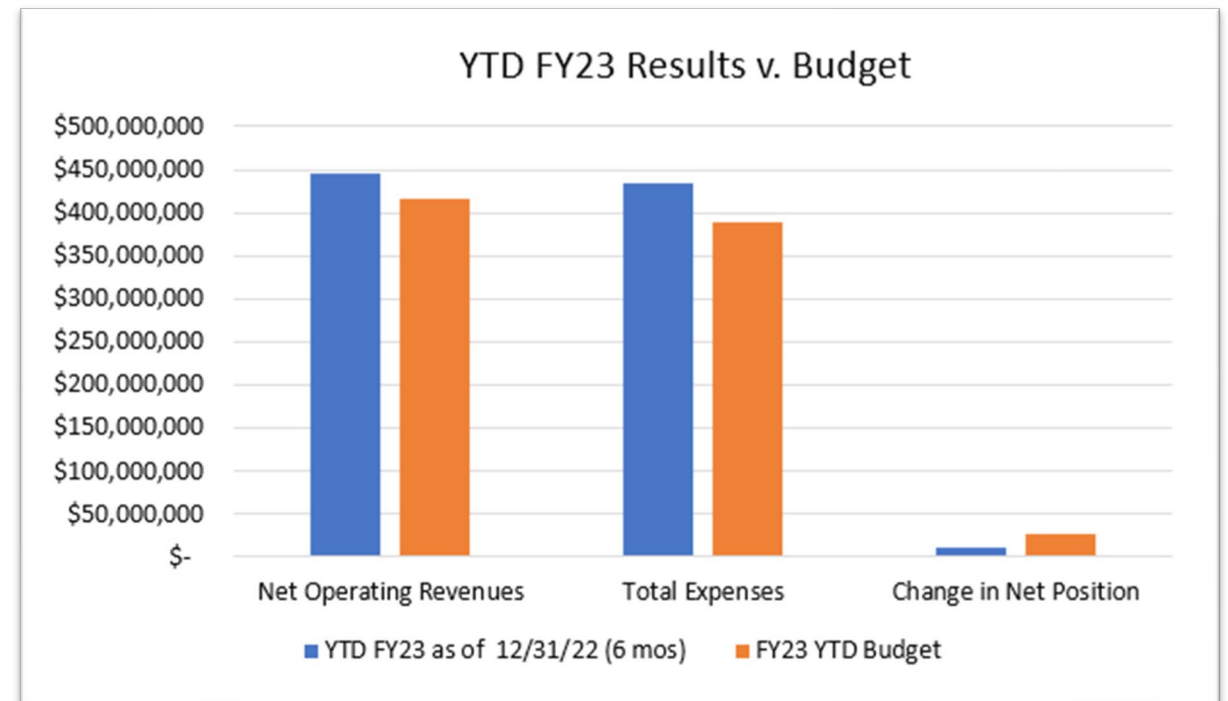
Results for the period underperformed overall compared to the adopted budget:

- Net operating revenues 7.0 percentage points over budget.
- Operating expenses came in 12.0 percentage points over budget

Financial results for the YTD FY23:

- \$446.5M in net operating revenues
- \$434.67M in total expenses (includes energy costs of \$422.52M or 95% of net revenues)
- \$11.84M change in YTD net position

Budget Comparison				
	YTD FY23 as of 12/31/22 (6 mos)	FY23 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$ 446,495,436	\$416,574,584	\$ 29,920,852	107
Total Expenses	\$ 434,659,339	\$388,976,251	\$ 45,683,088	112
Change in Net Position	\$ 11,836,097	\$ 27,598,333	\$ (15,762,236)	



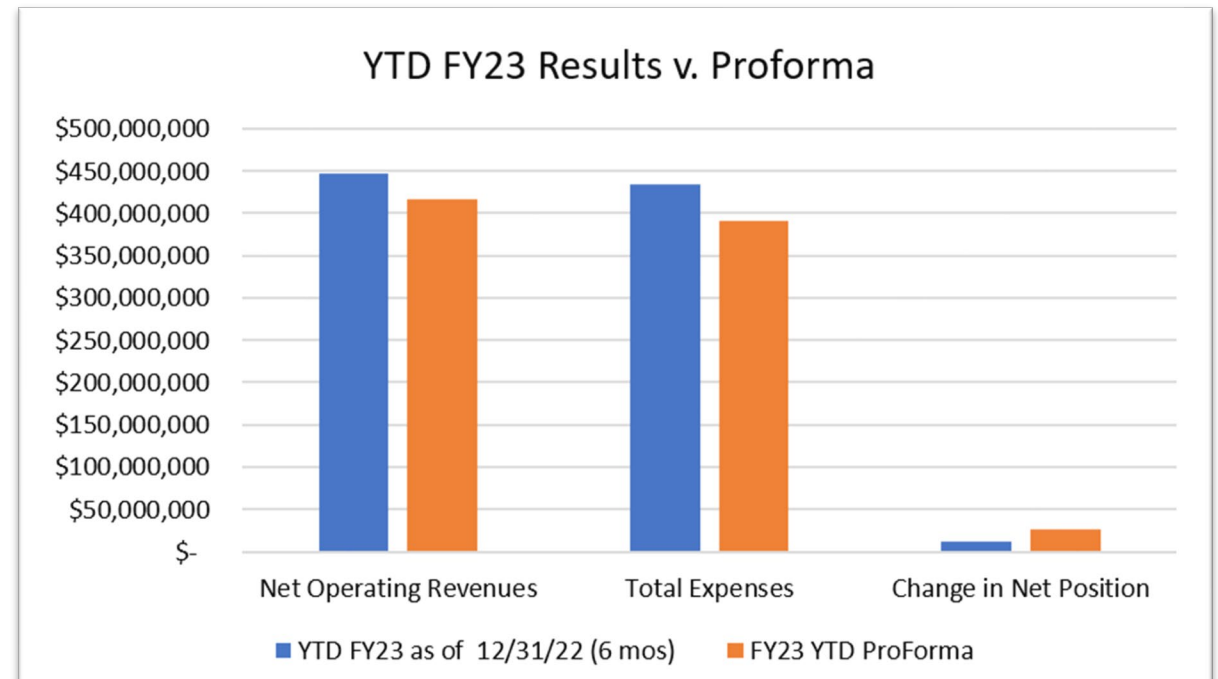
Item 1: Treasurer's Report

YTD FY23 Proforma v. Actual

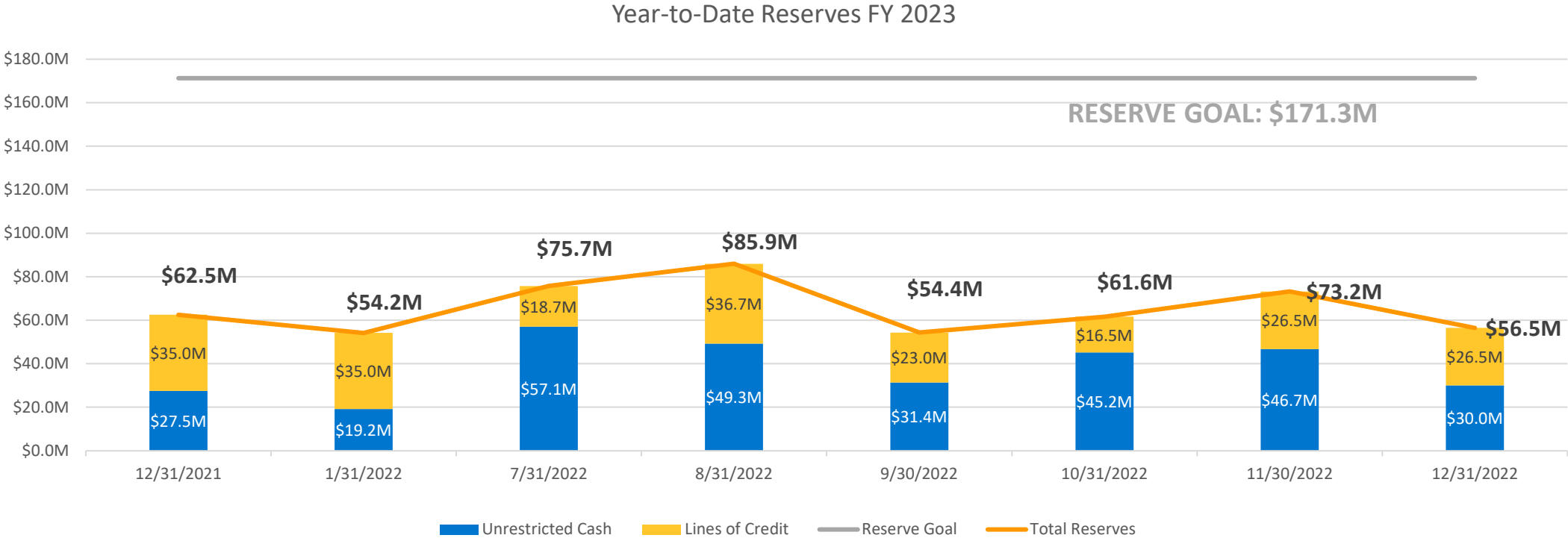
Year-to-date financial results compared to projections:

- Net operating revenues were 7.18% higher than proforma projections
- Total expenses were 11.33% over the proforma projections
- Change in net position was \$14.31M under the projected

Proforma Comparison				
	YTD FY23 as of 12/31/22 (6 mos)	FY23 YTD ProForma	ProForma Variance (\$)	Proforma (%)
Net Operating Revenues	\$ 446,495,436	\$416,574,584	\$ 29,920,852	7.18%
Total Expenses	\$ 434,659,339	\$390,431,438	\$ 44,227,901	11.33%
Change in Net Position	\$ 11,836,097	\$ 26,143,146	\$ (14,307,049)	-54.73%



Item 1: Treasurer's Report



Item 1: Treasurer's Report

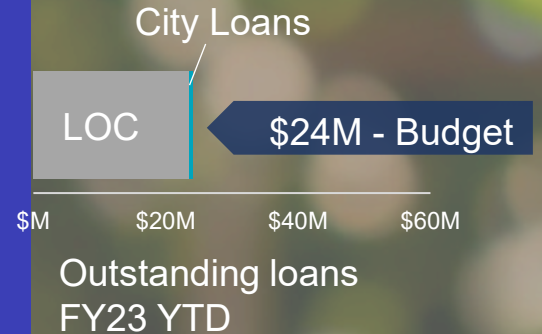
CONTRIBUTION

\$12M
Reserve
Contribution
FY 2022-23 YTD



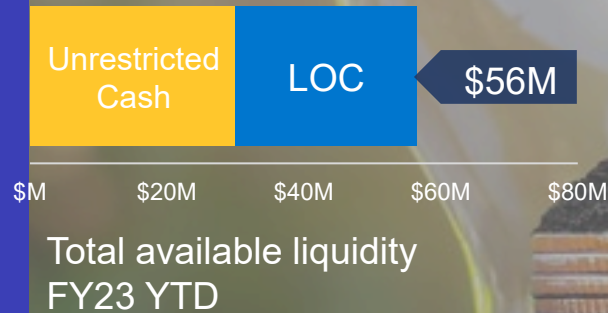
DEBT

\$24M
Outstanding
Debt
FY 2022-23 YTD



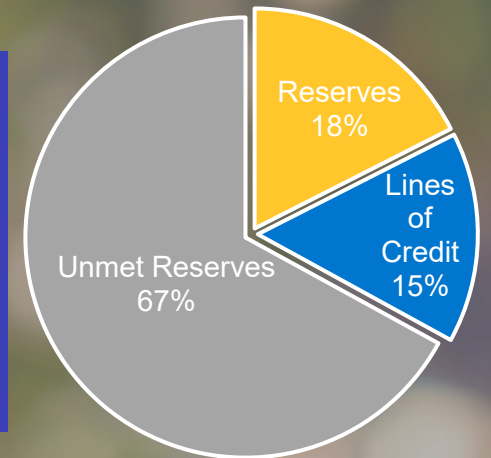
LIQUIDITY

\$56M
Total Liquidity
FY 2022-23 YTD



GOAL

18%
Percent Reserve
Goal Met
FY 2022-23



\$171M Reserve
Target FY23

Item 1

Recommendation: Receive and File Treasurer's Report for Period Ending 12/31/22

Item 2

Approval of Fiscal Year (FY) 2022-23 Budget Amendment

Recommendation: Recommend Board approval of the FY 2022-23 Amended Budget to reflect total operating revenues of \$929,791,929 and operating expenses of \$769,021,035.

Proposed FY 2022-23 Amended Budget

FY 2023

Net Operating Revenue
\$709.0 m

Total Expense
\$695.9 m

Net Position
+\$13.0 m

FY 2023 Amended

Net Operating Revenue
\$929.8 m

Total Expense
\$769.0 m

Net Position
+\$160.8 m

Proposed FY 2022-23 Amended Budget

FY 2023

Net Operating Revenue

\$709.0 m

+\$220.8 million

Approved rate change,
effective February 1, 2023

Net Operating Revenue

\$929.8 m

Total Expense

\$695.9 m

+\$73.1 million

Higher energy costs,
small non-energy changes

Total Expense

\$769.0 m

Net Position

+\$13.0 m

+\$147.8 million

Increase in net income
over adopted budget

Net Position

+\$160.8 m

FY 2023 Amended

Proposed FY 2022-23 Budget - Changes

Budget Changes by Category



Revenue	Board approved rate change , effective 2/1/22 which increased projected revenue.	Adopted \$729.0m	Amended \$929.8m
Cost of Energy	Increased market power costs affecting all participants and in cost of market power supply .	Adopted \$661.6m	Amended \$738.8m
Professional Services	Use of professional services was as budgeted.	Adopted \$16.9m	Amended \$16.4m
Personnel	Longer than expected lead times to hire new positions.	Adopted \$8.0m	Amended \$6.9m
Marketing and Outreach	Right-sizing printing costs.	Adopted \$4.2m	Amended \$3.5m
General and Administrative	Decrease mostly due to recategorization to energy costs.	Adopted \$2.6m	Amended \$1.4m
Programs	Slight decrease due to recategorization to professional services.	Adopted \$1.4m	Amended \$1.2m

Adopted

Amended

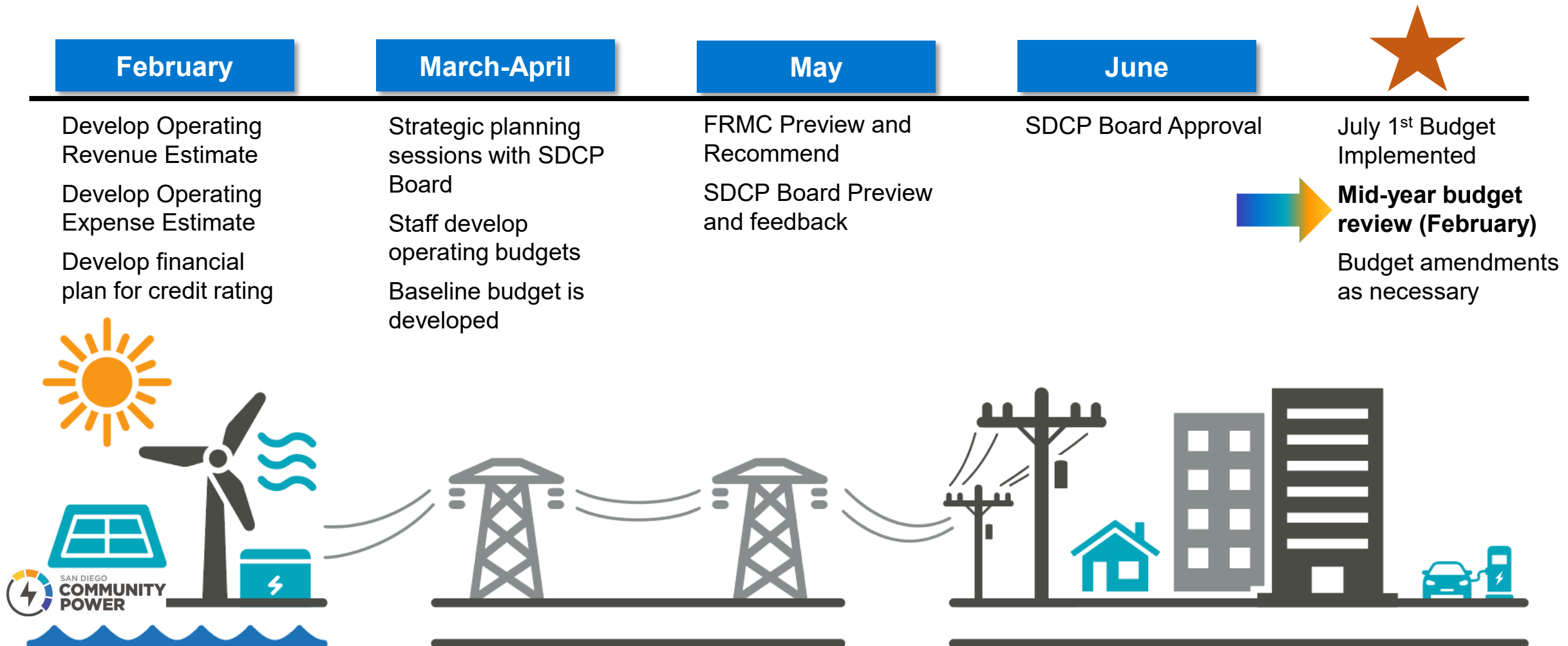
Operating Income
+\$147.8 m

Budget Amendment - Details

Item	FY 23 Adopted Budget, \$M	FY 23 Amended Budget, \$M	Difference
Gross Revenue	716.1	939.2	223.1
Less Uncollectible Accounts	(7.2)	(9.4)	(2.2)
Net Revenue	709.0	929.8	220.8
Cost of Energy	661.6	738.8	77.2
Non-Energy Costs	33.0	29.3	(3.7)
Subtotal Operating Expense	694.6	768.1	72.9
Debt Service	1.3	1.0	0.3
Total Expense	695.9	769.0	72.9
Net Position	13.0	160.8	
Cumulative Net Position	55.5	203.3	
Days Cash on Hand	29.2	96.6	

Budget Development Timeline

The adopted schedule for budget development is the following.



Item 2

Recommendation: Recommend Board approval of the FY 2022-23 Amended Budget to reflect total operating revenues of \$929,791,929 and operating expenses of \$769,021,035.



Adjournment



Next Regular Finance & Risk Management Committee Meeting

March 16, 2023

