



**FISCAL YEAR 2023-24 AMENDED
BUDGET**

for the period

**July 1, 2023, through June 30,
2024**

**San Diego Community Power
Budget Amendment for FY 2023-24
Supplemental Details**

	FY 2023-24 Adopted Budget	FY 2023-24 Budget Amended	% of Net Revenues
OPERATING REVENUES			
Gross Ratepayer Revenues	\$ 1,346,325,552	\$ 1,365,732,007	
(Less 4.5% Uncollectible Customer Accounts)	\$ (53,853,022)	\$ (61,457,940)	
Net Operating Revenues	\$ 1,292,472,530	\$ 1,304,274,067	95.5%
COST OF ENERGY			
Cost of Energy	\$ 948,529,425	\$ 1,020,844,552	
Total Cost of Energy	\$ 948,529,425	\$ 1,020,844,552	74.7%
Gross Net Position	\$ 343,943,105	\$ 283,429,515	20.8%
OPERATING EXPENSES			
Professional Services and Consultants			
Data Management	\$ 13,458,692	\$ 13,458,692	
SDG&E Fees	\$ 4,035,591	\$ 4,035,591	
Technical Support	\$ 1,440,000	\$ 1,325,000	
Legal/Regulatory	\$ 2,176,000	\$ 1,511,444	
Other Services	\$ 1,829,343	\$ 1,919,930	
Total Prof. Svcs. Costs	\$ 22,939,626	\$ 22,250,657	1.6%
Personnel Costs			
Salaries	\$ 10,300,938	\$ 9,052,605	
Benefits (retirement/health)	\$ 2,018,456	\$ 1,809,775	
Payroll Taxes	\$ 731,264	\$ 613,641	
Accrued PTO	\$ 127,373	\$ 127,373	
Total Personnel Costs	\$ 13,178,031	\$ 11,603,394	0.8%
Marketing and Outreach			
Printing	\$ 1,369,829	\$ 1,367,178	
Partnerships/Sponsorships/Memberships	\$ 964,000	\$ 914,000	
Marketing and Communications	\$ 640,000	\$ 644,800	
Total Mrktg and Outreach Costs	\$ 2,973,829	\$ 2,925,978	0.2%
General and Administration			
Other G & A	\$ 6,966,205	\$ 5,886,728	
Education and Training	\$ 60,000	\$ -	
Cal CCA Dues	\$ 405,000	\$ 405,000	
Rent	\$ 398,768	\$ 453,245	
Insurance	\$ 32,000	\$ 67,592	
Total G & A Costs	\$ 7,861,973	\$ 6,812,564	0.5%
Programs			
Programs	\$ 278,250	\$ 115,500	
Total Programs Costs	\$ 278,250	\$ 115,500	0.0%
Net Operating Expenses	\$ 47,231,709	\$ 43,708,093	3.2%
Total Operating Expenses	\$ 995,761,133	\$ 1,064,552,645	77.9%
Operating Income (Loss)	\$ 296,711,397	\$ 239,721,422	17.6%
NON-OPERATING REVENUES (EXPENSES)			
Interest and Related Expenses	\$ 2,437,574	\$ 2,393,639	
Total Non-Operating Revenues (Expense)	\$ 2,437,574	\$ 2,393,639	0.2%
CAPITAL INVESTMENT PROGRAM (CIP)			
Transfer to Capital Investment Program	\$ 3,840,002	\$ 4,655,000	
Interfund Transfer Out (Expenses)	\$ 3,840,002	\$ 4,655,000	0.3%
CHANGE IN NET POSITION	\$ 290,433,821	\$ 232,672,783	17.0%

Budget Amendment Overview

Budget-in Brief

The FY 2023-24 Operating Budget Amendment includes the first full fiscal year of full enrollment from Phase 1, 2, 3 and 4 for all potential ratepayers from SDCP’s member jurisdiction within the San Diego region. This budget therefore provides the first representation in the agency’s history of what full revenues and expenses are expected to be moving forward, all assumptions being equal.

As SDCP scales to full enrollment, the agency is additionally, thoughtfully scaling the agency by adding staff to grow to 70 total staff. By the end of FY 2023-24, SDCP is expected to have similar operating budgets and staffing levels compared to its peer CCAs of similar customer and load size. Additionally, and similarly, by the end of FY 2023-24, SDCP’s reserves, and total liquidity are expected to be comparable to its CCA counterparts who have investment-grade credit ratings.

The FY 2023-34 Operating Budget Amendment additionally includes reduced travel expenses, legal and regulatory costs, and personnel costs.

Lastly, this budget includes the addition of a Capital Investment Plan (CIP) that shifts programs and projects over multi-year periods from the operating budget to the CIP.

By the end of FY 2023-24, SDCP will be on track to nearly hitting its 180-days cash on hand Strategic Plan Goal reserve target.

Budget Amendment

The SDCP FY 2023-24 Budget Amendment is presented in further detail in the following pages. The table below summarizes the revenue and expense budgets adopted for FY24 in comparison to the FY24 Amended Budget.

	FY24 Adopted	FY24 Amended
Gross Revenue	1,346.3	1,365.7
Less Uncollectible Accounts	(53.9)	(61.5)
Net Operating Revenues	1,292.5	1,304.3
Cost of Energy	948.5	1,020.8
Non-Energy Costs	47.2	43.8
Subtotal Operating Expense	995.8	1,064.7
Debt Service	2.4	2.4
CIP	3.8	4.6
Total Expenses	1,002.3	1,071.7
Net Position	290.4	232.6

Amounts displayed in millions, \$

Operating Revenue

SDCP’s main source of revenue currently is from the retail sale of electricity to its customers. Revenue budgeted for FY 2023-24 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base and retail sales to our residential customer base.

Additional assumptions for net operating revenue include:

- Enrollment of customers is complete from member jurisdictions in Phases 1, 2, 3 and 4.
- 95% participation rate across all jurisdictions.
- A 4.5% uncollectible rate which is an increase from the 4% uncollectible rate assumed in the adopted budget.
- Rates remain at the levels adopted by the Board on January 18, 2024, including a year-over-year 23.2% rate reduction in the winter months and a 12.3% rate reduction in the summer months. Further mid-year rate changes are subject to Board approval.

The following table summarizes the revenues for FY24 Amended Budget and the FY24 Adopted Operating Budget. Note that Gross Revenue and Less Uncollectible Accounts are based on projected numbers from rate setting that was approved by the Board back on January 18, 2024.

	FY24 Adopted	FY24 Amended
Gross Ratepayer Revenues	1,346.3	1,365.7
(Less 4.5% Uncollectible Customer Accounts) ¹	(53.9)	(61.5)
Net Operating Revenues	1,292.5	1,304.3

Amounts displayed in millions, \$

¹ Uncollectible accounts were calculated with an assumption at 4% in the adopted budget for FY24.

Operating Expenses

Expenses in the SDCP Operating Budget fall into five budget level 2 categories: cost of energy, personnel costs, professional services and consultants, marketing, and outreach, and general and administration.

- **Cost of Energy** – Cost of Energy includes all the various services purchased from the power market through our suppliers. This includes purchased energy, capacity, CAISO fees and other miscellaneous power market expenses.
- **Personnel** – Personnel costs include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. In addition, costs include assumptions from the Board adopted compensation policy including potential merit and cost-of-living increase.
- **Professional services and consultants**
 - Legal/Regulatory Services – SDCP retains legal counsel to assist with the complex aspects of the regulatory, compliance, power supply contract negotiations and its general legal needs. This line item will also allow for the retention of both a state and federal lobbyist to support SDCP’s legislative and regulatory efforts.
 - Technical Support – SDCP engages consultants to assist with rate setting, policies, joint rate comparisons with the IOU, load analysis, and a scheduling coordinator. After electric power is scheduled for delivery to customers and consumed by those customers, the actual electric consumption must be true up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing several other market and regulatory requirements. As SDCP grows its internal staff, it will look to in-house portions of this service.
 - Other Services – SDCP contracts or plans to contract for IT Services, Audit services (data and financial), Accounting services, and other services as needed. SDCP continues to examine if these services are more cost effective or efficient to bring in-house and SDCP is growing its IT function in-house and expecting a reduction in its IT Services professional services agreement.
 - SDG&E Service Fees – Service fees paid to SDG&E consist of a charge of a fixed fee per account per month. The rollout of all enrollment phases adds significant costs compared to FY 2023-24. The fees cover SDG&E’s costs associated with meter reading additional data processing and bill coordination as mandated and regulated by the California Public Utilities Commission (CPUC). There are also numerous small fees associated with data requests.
 - Data Management – Broad scope of services that includes all “back office” billing data validation, bill coordination with SDG&E, call center services and billing technical support, customer enrollment database management, move- in/move-out services, customer research for enrollment support, and many support functions related to data reporting. With full enrollment from all phases, the cost for Data Management will be higher compared to prior fiscal years.

- **General and Administration** – General and Administration costs include leasing office space, industry fees or memberships (e.g., CalCCA dues), equipment and software, as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel or professional development, team building, etc.
- **Programs** – Programs includes funding for general and administrative support for all program areas including services such as geographic information systems (GIS) mapping grant-writing support, etc. Moving forward, individual program costs will be moved to SDCP’s Capital Investment Program (CIP).

The table below summarizes the expenses for the FY24 Amended Budget and the FY24 Adopted Operating Budget. Note that SDCP reduced expenses in non-energy costs.

	FY24 Adopted	FY24 Amended
Cost of Energy	948.5	1,020.8
Professional Services and Consultants	22.9	22.3
Personnel Costs	13.2	11.7
Marketing and Outreach	3.0	2.9
General and Administration	7.9	6.8
Programs	0.3	0.1
Subtotal Operating Expenses	995.8	1,064.7
Interest and Related Expenses	2.4	2.4
Capital Investment Program (Transfer Out)	3.8	4.6
Total Expenses	1,002.4	1,071.7

Amounts displayed in millions, \$

Non-Operating Revenues (Expenses)

Non-operating revenue represents interest income earned on cash reserves. Non-operating expenses represents interest paid on borrowed funds under the bank credit facility maintained by SDCP used to finance a portion of its operations. Expenses also include other bank related fees (i.e., letter of credit issuance fees, renewal fees, etc.).

Capital Investment Program (CIP)

New for FY 2023-24, SDCP developed its first Capital Investment Program (CIP) which contains all the individual capital projects, equipment purchases, and major programs for the agency that are intended to span multiple years.

The FY 2023-24 budget a one-time portion of net operating revenues be transferred to the CIP as a continuing fund in which any unspent funds are kept within that fund and carried forward to the subsequent fiscal year.

The CIP includes funding for local development feasibility studies, customer program pilot projects, member agency grants, community grants, a customer education platform, and other areas as outlined in the short

Operating Expenses by Department

The table below summarizes the FY24 Operating Budget expenses by department. Departments were established as part of the FY24 Operating Budget development and are not shown in the prior year. SDCP reduces the Operating budget for non-energy costs. The Power Services department includes Cost of Energy in their Expenses.

	FY24 Adopted	FY24 Amended
Power Services	950.7	1,022.4
Finance	3.8	3.3
Operations	17.9	16.3
Data Analytics and Account Services	19.1	19.1
Public Affairs	1.6	1.5
Programs	0.3	0.1
Regulatory Affairs	1.5	1.1
Human Resources	0.9	0.7
Total Operating Expenses	995.8	1,064.7

Amounts displayed in millions, \$

Personnel by Department

The table below summarizes the actual personnel at the FY24 Budget Adoption and the full-time equivalent (FTE) personnel in the FY24 Amended Operating Budget. While personnel may be authorized, they must be filled. Detailed information showing filled and FTE transfers by department is included in the following Section. Personnel budget is included within the Operations department.

	FY24 Adopted	FY24 Amended
Power Services	12.0	17.0
Finance	7.0	7.0
Operations	7.0	7.0
Data Analytics and Account Services	10.0	11.0
Public Affairs	9.0	11.0
Programs	7.0	9.0
Regulatory Affairs	4.0	5.0
Human Resources	3.0	3.0
Total FTEs	59.0	70.0

Budget by Department

Operations

Budget Amendment Highlights

- The largest professional services agreement in Operations is with Best Best & Krieger LLP at \$450K for general counsel services which has been reduced to \$170K since the onboarding of in-house General Counsel.
- There is also a \$1.5M reduction in Personnel costs due to slower than expected hiring.

Department Positions

	FY24 Adopted	FY24 Amended
Operations	7.0	7.0

Power Services

Budget Amendment Highlights

- Responsible for SDCP’s largest expense (Cost of Energy), the Power Services department is expected to grow its staff from 12 positions to 17 positions by the end of FY24.
- \$68K Reduction in Non-Energy Costs.
- Power Services department also has realized other revenues or cost reductions of \$585K through contract negotiations.

Department Positions

	FY24 Adopted	FY24 Amended
Power Services	12.0	17.0

Finance

Department Highlights

- Finance Department had a \$219K reduction in Budget.
- The Finance team will have a summer Intern, which is not considered an FTE.
- \$2M in interest earned has been realized by the Finance Department through December 2023.

Department Positions

	FY24 Adopted	FY24 Amended
Finance	7.0	7.0

Data Analytics and Account Services (IT)

Budget Amendment Highlights

- IT has been added to the department's responsibilities for SDCP.
- The BrenTech (IT Consultant) budget has increased per an amended contract approved by the Board in January 2024.

Department Positions

	FY24 Adopted	FY24 Amended
Data Analytics and Account Services	10.0	11.0

Public Affairs

Budget Amendment Highlights

- Continued outreach to educate the community of the benefits of community choice and to encourage awareness of our mission.
- Positions added to increase outreach efforts to SDCP member agencies.

Department Positions

	FY24 Adopted	FY24 Amended
Public Affairs	9.0	11.0

Programs

Budget Amendment Highlights

- Programs reallocated \$195K from the operating budget into the CIP, which is a continuing fund outside of SDCP Operating Budget.
- Programs was awarded a California Department of Food and Agriculture (CDFA) grant, which recognized as an expense that will be recovered.

Department Positions

	FY24 Adopted	FY24 Amended
Programs	7.0	9.0

Regulatory and Legislative Affairs

Budget Amendment Highlights

- \$397K Reduction in Department Budget.
- \$100K is included as a loss litigation fund.

Department Positions

	FY24 Adopted	FY24 Amended
Regulatory and Legislative Affairs	4.0	5.0

Human Resources

Budget Amendment Highlights

- \$155K Reallocation to Operations Department Budget

Department Positions

	FY24 Adopted	FY24 Amended
Human Resources	3.0	3.0