



**FISCAL YEAR 2023 AMENDED
BUDGET**

for the period

July 1, 2022 through June 30, 2023



San Diego Community Power
Budget Amendment for FY 2022-23
Supplemental Details

	FY 2022-23 Adopted Budget	Amendments	FY 2022-23 Budget Amendment	% of Net Revenues
OPERATING REVENUES				
Gross Ratepayer Revenues	\$716,146,107	\$223,037,659	\$939,183,767	
(Less 1% Uncollectible Customer Accounts)	(\$7,161,461)	(\$2,230,377)	(\$9,391,838)	
Net Operating Revenues	<u>\$708,984,646</u>	<u>\$220,807,283</u>	<u>\$929,791,929</u>	100.0%
COST OF ENERGY				
Cost of Energy	\$661,638,828	\$77,161,466	\$738,800,294	
Total Cost of Energy	<u>\$661,638,828</u>	<u>\$77,161,466</u>	<u>\$738,800,294</u>	79.5%
Gross Net Position	<u>\$47,345,818</u>	<u>\$143,645,817</u>	<u>\$190,991,635</u>	20.5%
OPERATING EXPENSES				
Professional Services and Consultants				
Data Management	\$10,541,810	\$0	\$10,541,810	
SDG&E Fees	\$2,563,226	\$0	\$2,563,226	
Technical Support	\$1,335,000	(\$45,643)	\$1,289,357	
Legal/Regulatory	\$1,330,000	(\$38,582)	\$1,291,418	
Other Services	\$1,111,000	\$474,311	\$1,585,311	
Total Prof. Svcs. Costs	<u>\$16,881,036</u>	<u>\$390,085</u>	<u>\$17,271,121</u>	1.9%
Personnel Costs				
Salaries	\$6,160,382	(\$314,351)	\$5,846,031	
Benefits (retirement/health)	\$1,274,972	(\$227,479)	\$1,047,494	
Payroll Taxes	\$443,464	(\$47,444)	\$396,020	
Accrued PTO	\$72,681	\$0	\$72,681	
Total Personnel Costs	<u>\$7,951,499</u>	<u>(\$589,273)</u>	<u>\$7,362,227</u>	0.8%
Marketing and Outreach				
Printing	\$2,323,000	\$50,738	\$2,373,738	
Sponsorships/Local Memberships	\$1,199,167	\$4,585	\$1,203,752	
Communications Consultants	\$642,000	(\$25,000)	\$617,000	
Total Mrktg and Outreach Costs	<u>\$4,164,167</u>	<u>\$30,322</u>	<u>\$4,194,489</u>	0.5%
General and Administration				
Other G & A	\$2,037,461	(\$703,711)	\$1,333,750	
Cal CCA Dues	\$370,000	\$126	\$370,126	
Rent	\$180,000	\$0	\$180,000	
Insurance	\$3,902	\$2,505	\$6,407	
Total G & A Costs	<u>\$2,591,363</u>	<u>(\$701,080)</u>	<u>\$1,890,283</u>	0.2%
Programs				
Programs	\$1,607,500	(\$332,500)	\$1,275,000	
Programs (Cost-Recovery)	(\$212,500)	\$212,500	\$0	
Total Programs Costs	<u>\$1,395,000</u>	<u>(\$120,000)</u>	<u>\$1,275,000</u>	0.1%
Net Operating Expenses	<u>\$32,983,065</u>	<u>(\$989,945)</u>	<u>\$31,993,120</u>	3.4%
Total Operating Expenses	<u>\$694,621,893</u>	<u>\$76,171,521</u>	<u>\$770,793,414</u>	82.9%
Operating Income (Loss)	<u>\$14,362,753</u>	<u>\$144,635,761</u>	<u>\$158,998,515</u>	17.1%
NON-OPERATING REVENUES (EXPENSES)				
Interest and Related Expenses	\$1,314,922	(\$29,627)	\$1,285,295	
Total Non-Operating Revenues (Expenses)	<u>\$1,314,922</u>	<u>(\$29,627)</u>	<u>\$1,285,295</u>	0.1%
CHANGE IN NET POSITION	<u>\$13,047,831</u>	<u>\$144,665,388</u>	<u>\$157,713,219</u>	17.0%



I. OPERATING REVENUES

SDCP's sole source of revenue currently is from the retail sale of electricity to its customers. Revenue budgeted for FY 2022-23 reflects a full fiscal cycle of retail sales to our commercial and industrial customer base and a portion of retail sales to our residential customer base. Partial revenues from the residential customer base is due to the planned staggered phasing of customer launch dates.

II. OPERATING EXPENSES

- a) **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.
- b) **Personnel** – Personnel costs include salaries, payroll taxes, benefits, and excused absence and paid time off for staff. In addition, a contingency is included for items such as expanding the internship program to as well as miscellaneous personnel related costs or additional staffing needs. The recruitment strategy includes the addition of approximately 10 new staff members during the remainder of the FY 2022-23 budget cycle to support the continued growth of SDCP.
- c) **Professional services and consultants**
 - i) Legal/Regulatory Services – SDCP retains legal counsel to assist with the complex aspects of the regulatory, compliance, power supply contract negotiations as well as its general legal needs. This line item will also allow for the retention of a lobbyist to support SDCP's legislative and regulatory efforts, expected in the latter half of FY 2022-23.
 - ii) 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 ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true-up occurs through the settlement process. Settlements also entail addressing a number of other market and regulatory requirements.
 - iii) Programs Consultant – Staff are beginning to develop plans for customer energy programs. This effort ranges from solicitation of feedback on programs preferred by residents and businesses to a detailed and complex application to the California Public Utilities Commission for funding. Budget amounts for consulting support and implementation are estimated.



- iv) Broker Fees – SDCP utilizes the services of brokers to assist with energy market trades.
 - v) Other Services – SDCP contracts or plans to contract for IT Services, Audit services (data and financial), Accounting services, and other services as needs. As SDCP monitors the uses of these services to determine whether it is more cost effective or efficient to bring this work in-house.
 - vi) 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 phases two and three during FY 2022-23 add significant cost compared to FY 2021-22. 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.
 - vii) 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.
- d) ***Marketing and Outreach***
- i) Communications Consultants – An important focus of SDCP is ensuring the community is informed about SDCP and that we build professional-level name recognition, trust, and education. This also covers the design of all required notifications sent out to customers, informing them of their enrollment in SDCP, opt-out procedures, rate comparisons, as well as other notices or educational or marketing information.
 - ii) Notices, Mailers, Printing and Sponsorship – In addition to required noticing, SDCP performs outreach to educate the community of the benefits of community choice and to encourage awareness of our mission. This will come in the form of media advertising, sponsorships of community events and organizations, mailers, as well as targeted customer communications.
 - iii) Pilot Member City Grants – Staff have proposed this funding to develop a pilot program in support of our member city climate efforts. The criteria for dispersing of this funding is still in development but is intended to consider efforts to develop and/or implement electrification, decarbonization, and climate action plans.



- e) **General and Administration** – General and Administration costs include leasing office space, industry fees or memberships (e.g., bank fees, CalCCA dues), equipment and software, as well as other general operational costs including Board and Committee expenses, Board stipends, staff travel or professional development, logo gear, and team building.

III. **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.)