



The December 4, 2025, Regular Meeting of the Finance and Risk Management Committee will Begin Shortly

CustomerService@SDCommunityPower.org



Finance and Risk Management Committee

Regular Meeting

December 4, 2025

Welcome and Call to Order

Roll Call



Land Acknowledgement

Items to be Withdrawn or Reordered on the Agenda

Public Comment on non-Agenda Items

Consent Calendar

1. Approve November 13, 2025, Meeting Minutes



Public Comment on Consent Calendar

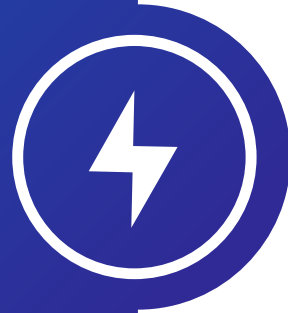
Regular Agenda

2. Treasurer's Report for Period Ending September 30, 2025
3. Fiscal Year End 2024-25 Performance Review
4. Recommend Board Adoption of Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy
5. Update on SDG&E's 2026 Projected Rates



Item No. 2

Treasurer's Report for Period Ending September 30, 2025



Recommendation:

Receive and File Treasurer's Report for Period
Ending September 30, 2025.

Presenters:

Dr. Eric Washington, Chief Financial Officer/Treasurer
Dan Delaney, Chandler Asset Management

Item 2: Treasurer's report

Results for the period overperformed overall compared to the approved budget:

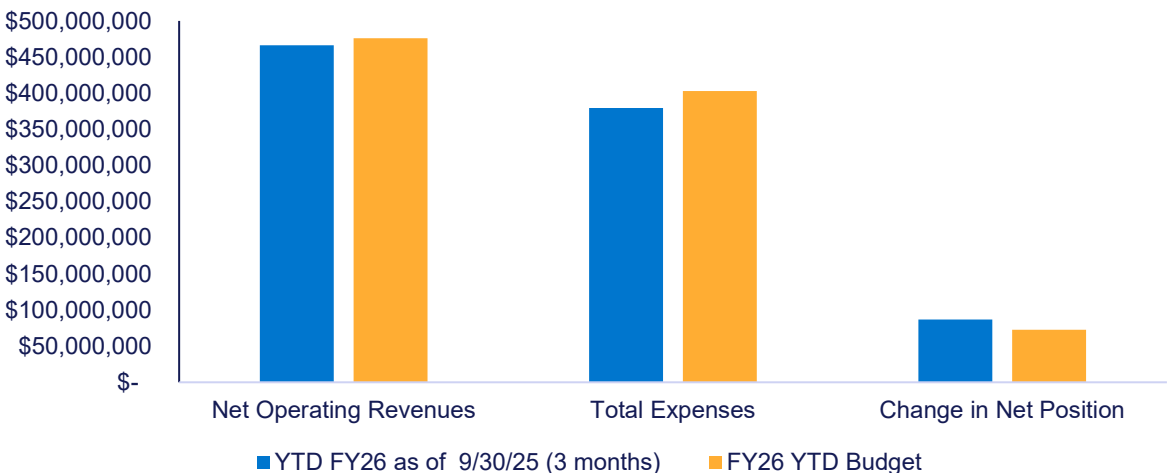
- Net operating revenues 2.0 percent under budget.
- Operating expenses came in (6.0) percentage points under budget.

Financial results for YTD FY26:

- \$466.2M in net operating revenues
- \$379.4M in total expenses (including energy costs of \$349.7M)
- \$86.9M change in YTD net position

Budget Comparison					
	YTD FY26 as of 9/30/25 (3 months)		FY26 YTD Budget	Budget Variance (\$)	Budget (%)
Net Operating Revenues	\$	466,231,915	\$ 475,903,000	\$ (9,671,085)	98.0%
Total Expenses	\$	379,353,090	\$ 403,031,000	\$ (23,677,910)	94%
Change in Net Position	\$	86,878,826	\$ 72,872,000	\$ 14,006,826	

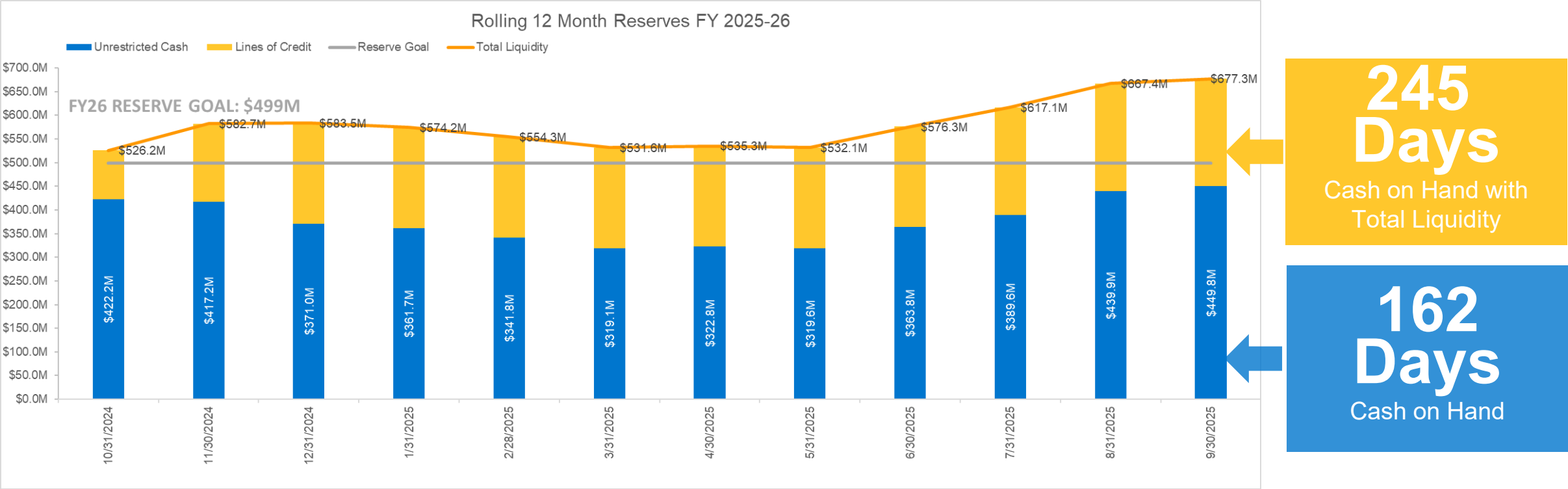
YTD FY26 Results v. Budget



Item 2: Treasurer's Report



Item 2: Treasurer's report



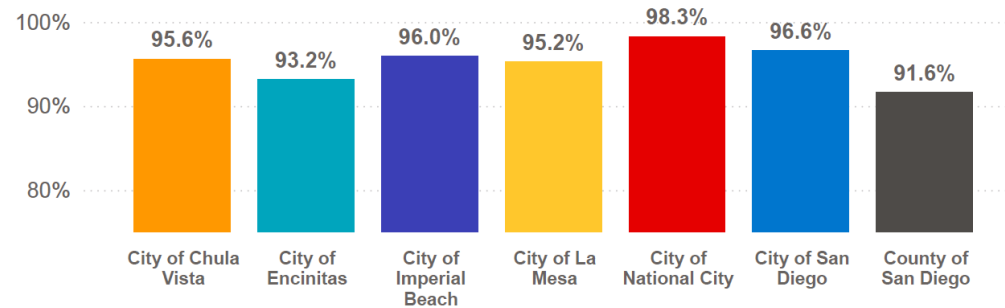
Item 2: Treasurer's Report

**Enrolled
Accounts**
963,721

**Participation
Rate**
95.4%

Participation

Participation by Jurisdiction



Jurisdiction	Service Option Default	Eligible Accounts	Enrolled Accounts	Participation Rate
City of Chula Vista	PowerOn	99,600	95,217	95.6%
City of Encinitas	Power100	28,935	26,953	93.2%
City of Imperial Beach	PowerOn	10,818	10,382	96.0%
City of La Mesa	PowerOn	29,594	28,184	95.2%
City of National City	PowerOn	19,544	19,206	98.3%
City of San Diego	PowerOn	630,177	608,753	96.6%
County of San Diego	PowerOn	190,999	175,026	91.6%
Total		1,009,667	963,721	95.4%



INVESTMENT REPORT

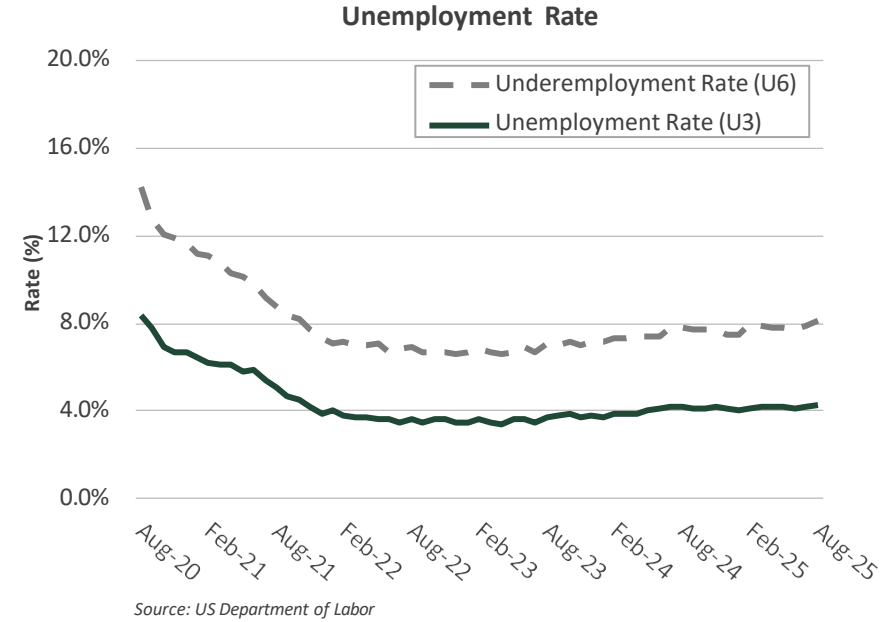
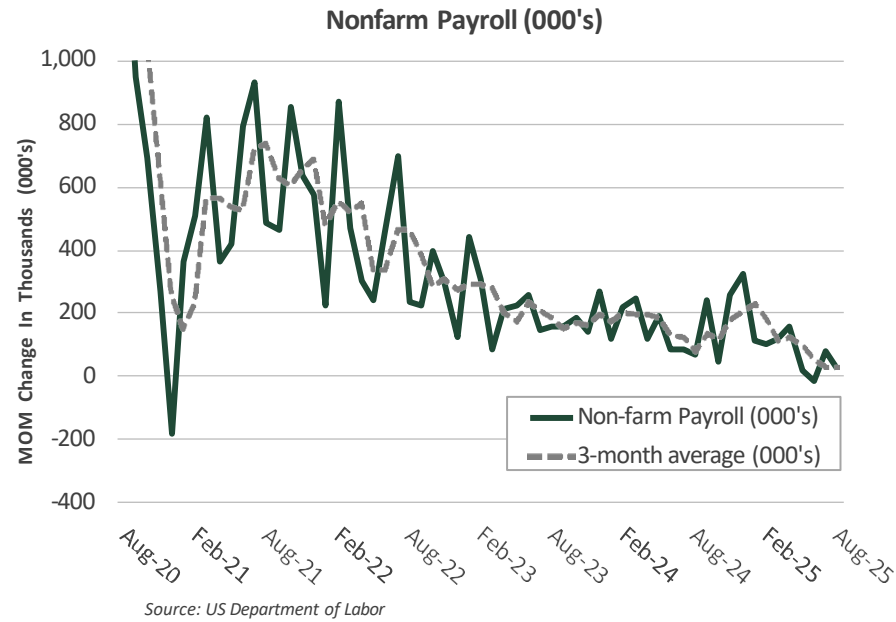
San Diego Community Power | As of September 30, 2025

CHANDLER ASSET MANAGEMENT | chandlerasset.com

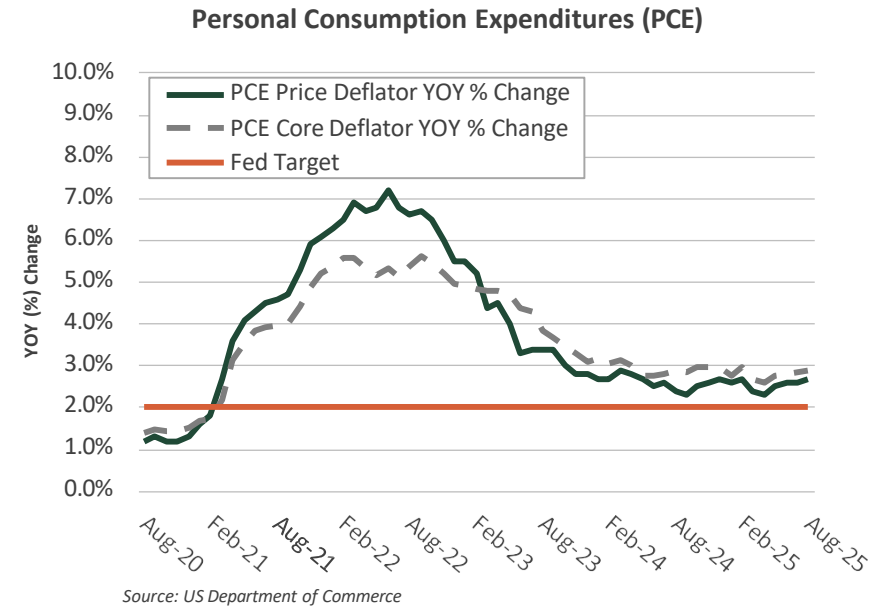
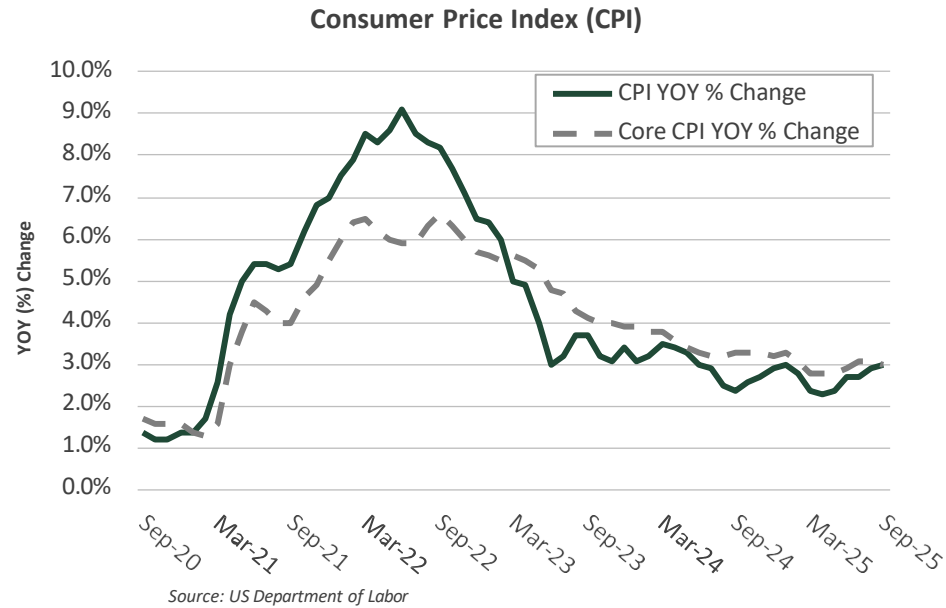
Chandler Team:

For questions about your account, please call (800) 317-4747,
or contact clientservice@chandlerasset.com

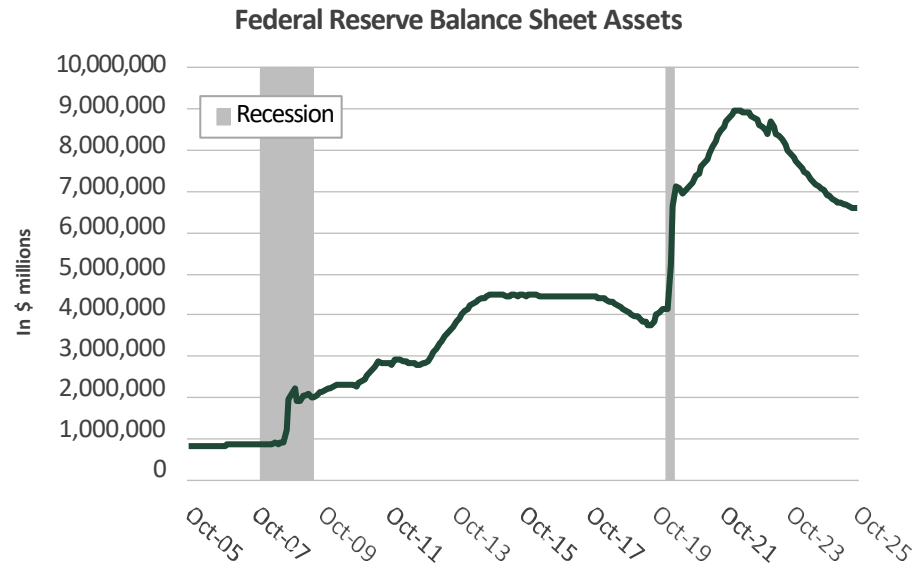
ECONOMIC UPDATE



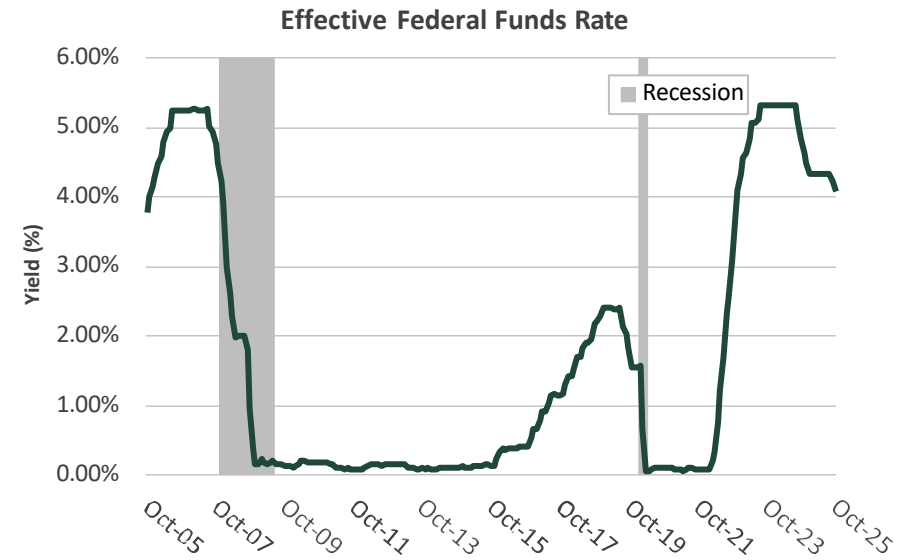
The U.S. economy added just 22,000 jobs in August, falling short of consensus expectations and punctuating the softening trend in the labor market. The three-month moving average and six-month moving average payrolls totaled 29,000 and 64,000 respectively. The unemployment rate rose to 4.3% in August from 4.2% in July. The labor participation rate inched up to 62.3%, remaining below the pre-pandemic level of 63.3%. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons jumped to 8.1% in August from 7.9% in July. Average hourly earnings fell to 3.7% year-over-year from 3.9% last month.



Despite the Federal Government shutdown, the Bureau of Labor Statistics released the Consumer Price Index (CPI) data for September on October 24th. Both headline and core measures came in below estimates. Headline CPI edged up 0.3% from August and 3.0% on an annual basis, while core CPI was up 0.2% from the prior month and 3.0% on an annual basis. The release was essential as third-quarter CPI data is used by the Social Security Administration to calculate the annual COLA, i.e. the cost-of-living adjustment. Other US Government data releases continue to be impacted by the shutdown.

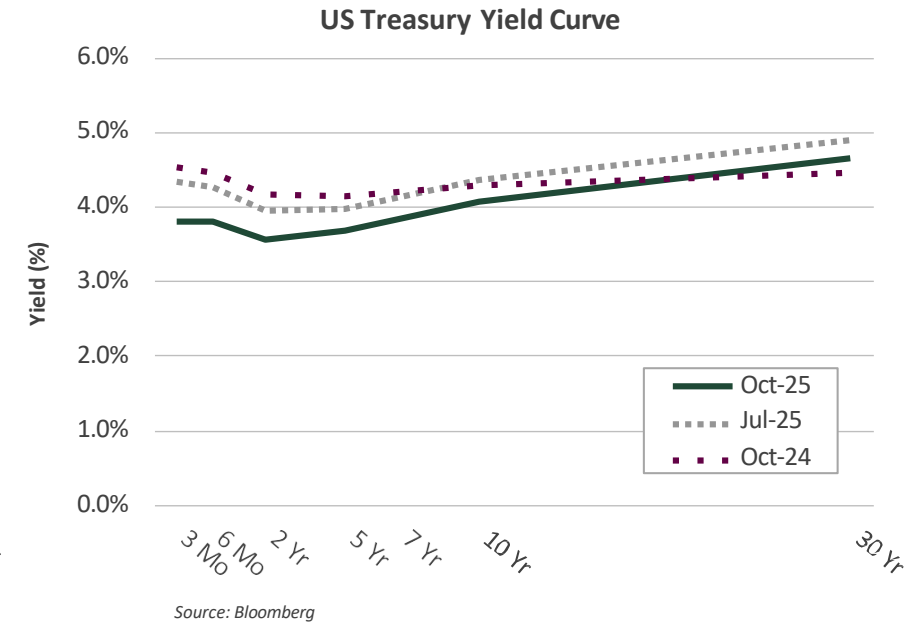
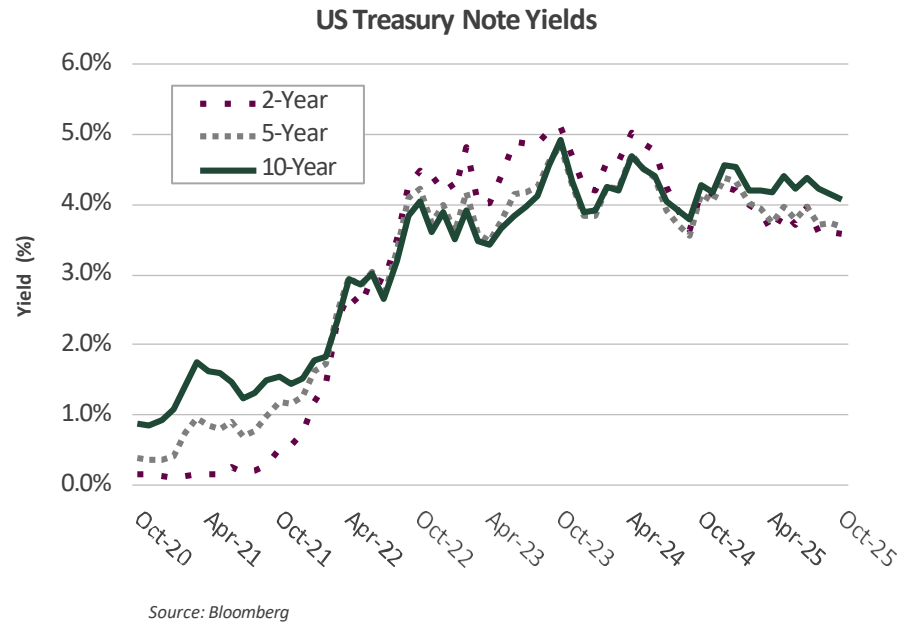


Source: Federal Reserve



Source: Bloomberg

The Federal Reserve lowered its benchmark interest rate by a quarterpoint to a range of 3.75% to 4.00% at its October meeting. There were two dissents to the rate decision, one from Federal Reserve Governor Stephen Miran in favor of a 50-basis point cut and the second from Kansas City Federal Reserve President Jeffrey Schmid who preferred to leave rates unchanged. Chair Jerome Powell referenced the weakening labor market despite some inflationary pressures and moderate economic growth. The Fed also announced the balance-sheet runoff program begun in June 2022 would conclude as of December 1, 2025. The Fed plans to replace Mortgage Backed securities paydowns with purchases of US Treasury Bills. Since the campaign launched, the Fed has reduced its securities holdings by about \$2.35 trillion, bringing the total down to roughly \$6.6 trillion.



At the end of October, the 2-year Treasury yield was 60 basis points lower, and the 10-Year Treasury yield was 21 basis points lower, year-over-year. The spread between the 2-year and 10-year Treasury yield points on the curve decreased to +50 basis points at October month-end versus +54 basis points at September month-end. The prior 2-year/10-year yield curve inversion, which spanned from July 2022 to August 2024, was historically long. The average historical spread (since 2005) is about +99 basis points. The spread between the 3-month and 10-year Treasury yield points on the curve was +26 basis points in October versus +21 basis points in September.

ACCOUNT PROFILE

OBJECTIVES

Investment Objectives

The investment objectives of the San Diego Community Power are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide sufficient liquidity to meet all disbursement requirements; and third, to earn an acceptable rate of return after first considering safety of principal and liquidity.

Chandler Asset Management Performance Objective

The performance objective for the portfolio is to earn a total rate of return through a market cycle that is equal to or above the return on the benchmark index.

Strategy

In order to achieve this objective, the portfolio invests in high-quality fixed income securities that comply with the investment policy and all regulations governing the funds.

STATEMENT OF COMPLIANCE

San Diego Community Power ConsAgg | Account #11452 | As of September 30, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
AGENCY MORTGAGE SECURITIES (CMOS)				
Max % (MV)	100.0	2.1	Compliant	
Max % Issuer (MV)	30.0	2.1	Compliant	
Max Maturity (Years)	5.0	4.7	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
ASSET-BACKED SECURITIES (ABS)				
Max % (MV)	20.0	1.8	Compliant	
Max % Issuer (MV)	5.0	0.2	Compliant	
Max Maturity (Years)	5.0	4.8	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
BANKERS' ACCEPTANCES				
Max % (MV)	40.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	180.0	0.0	Compliant	
Min Rating (A-1 by 1)	0.0	0.0	Compliant	
CERTIFICATE OF DEPOSIT PLACEMENT SERVICE				
Max % (MV)	50.0	34.6	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
COLLATERALIZED BANK DEPOSITS				
Max % (MV)	100.0	33.7	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
COLLATERALIZED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 by 1)	0.0	0.0	Compliant	
COMMERCIAL PAPER				
Max % (MV)	25.0	0.0	Compliant	

STATEMENT OF COMPLIANCE

San Diego Community Power ConsAgg | Account #11452 | As of September 30, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Days)	270.0	0.0	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
CORPORATE MEDIUM TERM NOTES				
Max % (MV)	30.0	5.4	Compliant	
Max % Issuer (MV)	5.0	0.3	Compliant	
Max Maturity (Years)	5.0	5.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
FDIC INSURED TIME DEPOSITS (NON-NEGOTIABLE CD/TD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
FEDERAL AGENCIES				
Max % (MV)	100.0	0.2	Compliant	
Max % Issuer (MV)	30.0	0.1	Compliant	
Max Maturity (Years)	5.0	1.8	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	
LOCAL AGENCY INVESTMENT FUND (LAIF)				
Max % (MV)	100.0	0.0	Compliant	
MONEY MARKET MUTUAL FUNDS				
Max % (MV)	20.0	0.1	Compliant	
Max % Issuer (MV)	20.0	0.1	Compliant	
Min Rating (AAA by 2)	0.0	0.0	Compliant	
MORTGAGE-BACKED SECURITIES (NON-AGENCY)				
Max % (MV)	20.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	

STATEMENT OF COMPLIANCE

San Diego Community Power ConsAgg | Account #11452 | As of September 30, 2025

Rules Name	Limit	Actual	Compliance Status	Notes
MUNICIPAL SECURITIES (CA, LOCAL AGENCY)				
Max % (MV)	30.0	0.2	Compliant	
Max % Issuer (MV)	5.0	0.2	Compliant	
Max Maturity (Years)	5.0	4.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
MUNICIPAL SECURITIES (CA, OTHER STATES)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A- by 1)	0.0	0.0	Compliant	
NEGOTIABLE CERTIFICATES OF DEPOSIT (NCD)				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	5.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (A-1 or A- by 1)	0.0	0.0	Compliant	
SRI PROHIBITED INVESTMENTS				
Prohibited Investment - Fossil Fuels	0.0	0.0	Compliant	
SUPRANATIONAL OBLIGATIONS				
Max % (MV)	30.0	0.0	Compliant	
Max % Issuer (MV)	10.0	0.0	Compliant	
Max Maturity (Years)	5.0	0.0	Compliant	
Min Rating (AA- by 1)	0.0	0.0	Compliant	
U.S. TREASURIES				
Max % (MV)	100.0	10.8	Compliant	
Max Maturity (Years)	5.0	4.9	Compliant	
Min Rating (A-1 by 1, A- by 1)	0.0	0.0	Compliant	

PORTFOLIO CHARACTERISTICS

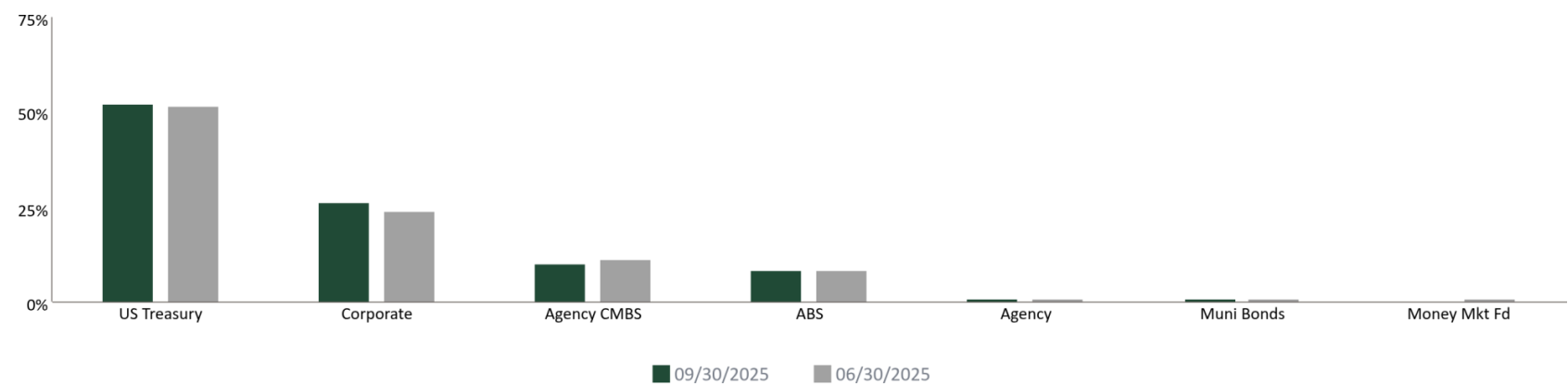
San Diego Community Power | Account #11293 | As of September 30, 2025

	Benchmark*	9/30/2025 Portfolio	6/30/2025 Portfolio
Average Maturity (yrs)	2.65	3.18	3.18
Average Modified Duration	2.48	2.69	2.67
Average Purchase Yield		4.20%	4.29%
Average Market Yield	3.66%	3.86%	3.99%
Average Quality**	AA+	AA	AA
Total Market Value		93,445,189	72,406,555

*Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index
**The credit quality is a weighted average calculation of the highest of S&P, Moody's and Fitch.

SECTOR DISTRIBUTION

San Diego Community Power | Account #11293 | As of September 30, 2025

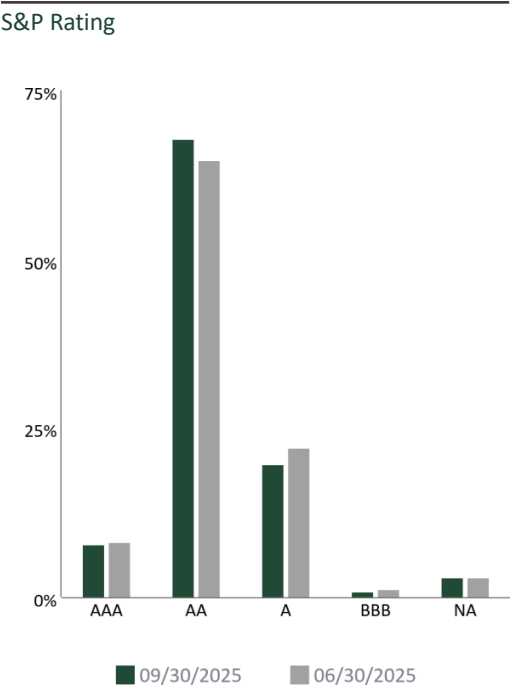


Sector as a Percentage of Market Value

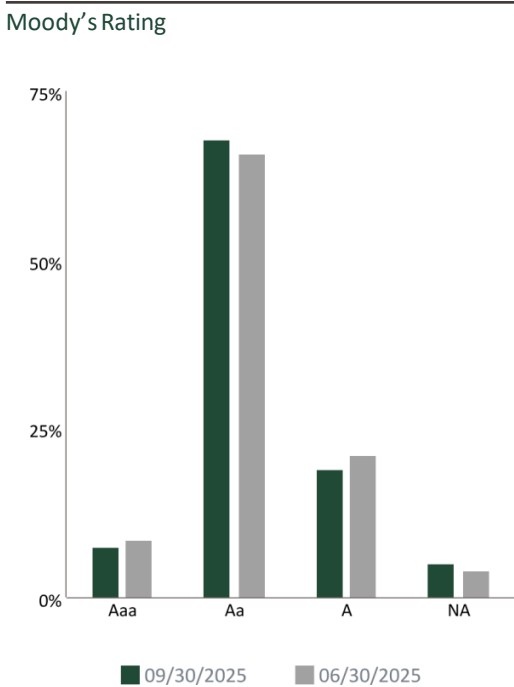
Sector	09/30/2025	06/30/2025
US Treasury	52.30%	51.91%
Corporate	26.36%	24.40%
Agency CMBS	10.31%	11.29%
ABS	8.81%	8.91%
Agency	0.97%	1.25%
Muni Bonds	0.95%	1.22%
Money Mkt Fd	0.26%	1.00%

QUALITY DISTRIBUTION

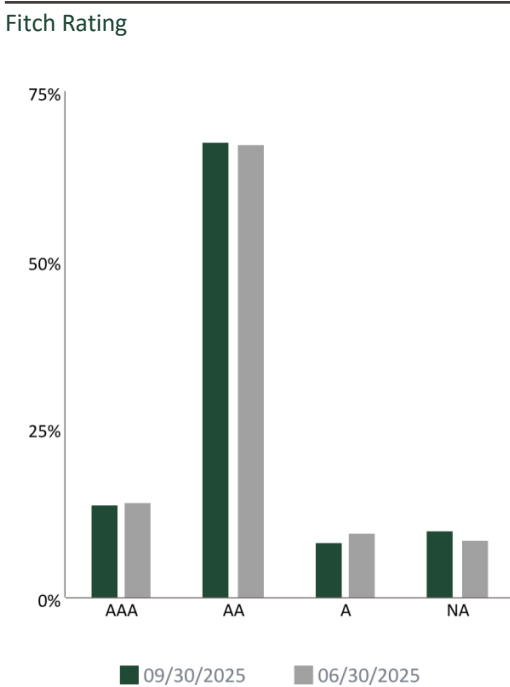
San Diego Community Power | Account #11293 | As of September 30, 2025



Rating	09/30/2025	06/30/2025
AAA	7.95%	8.42%
AA	67.86%	64.71%
A	19.93%	22.39%
BBB	0.99%	1.29%
NA	3.28%	3.19%



Rating	09/30/2025	06/30/2025
Aaa	7.51%	8.62%
Aa	68.09%	66.01%
A	19.03%	21.23%
NA	5.37%	4.13%

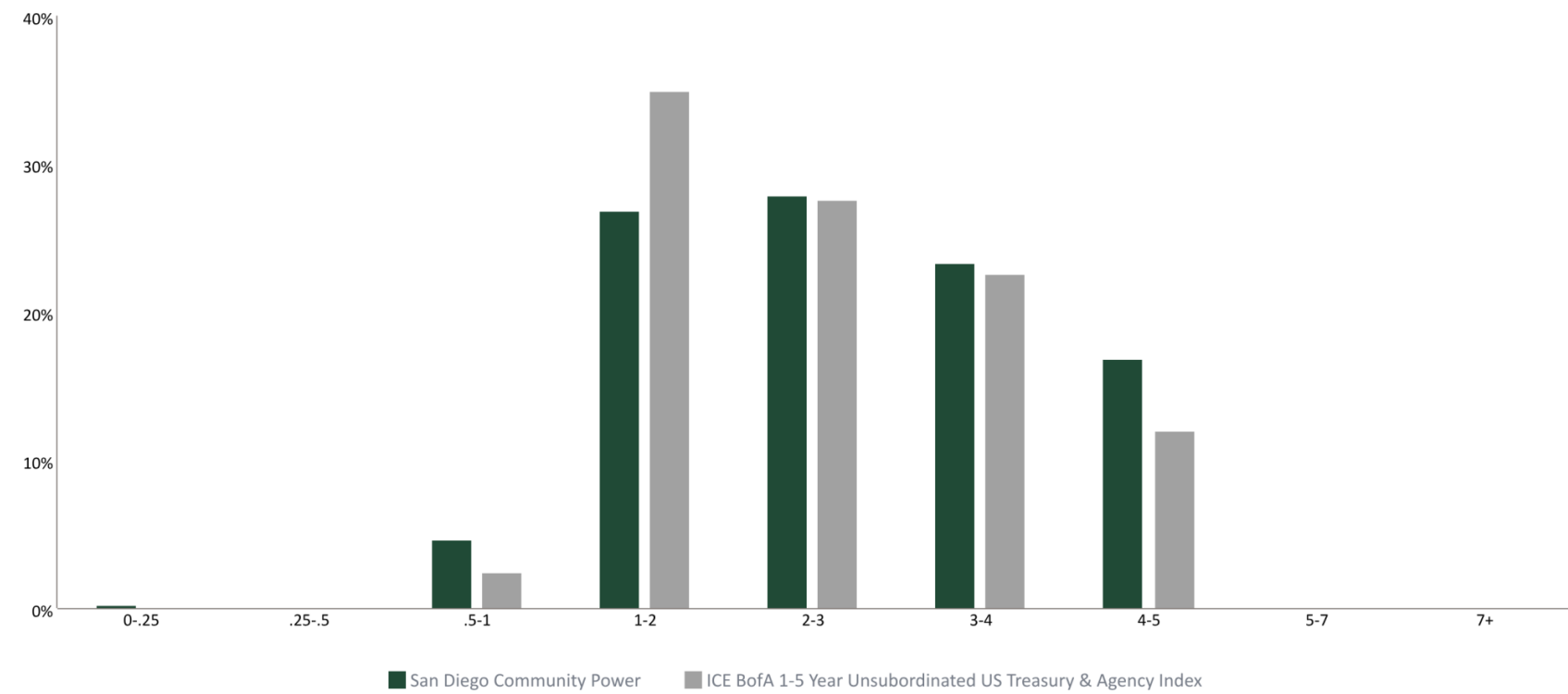


Rating	09/30/2025	06/30/2025
AAA	14.08%	14.24%
AA	67.51%	67.43%
A	8.25%	9.69%
NA	10.16%	8.63%

DURATION DISTRIBUTION

San Diego Community Power | Account #11293 | As of September 30, 2025

Portfolio Compared to the Benchmark

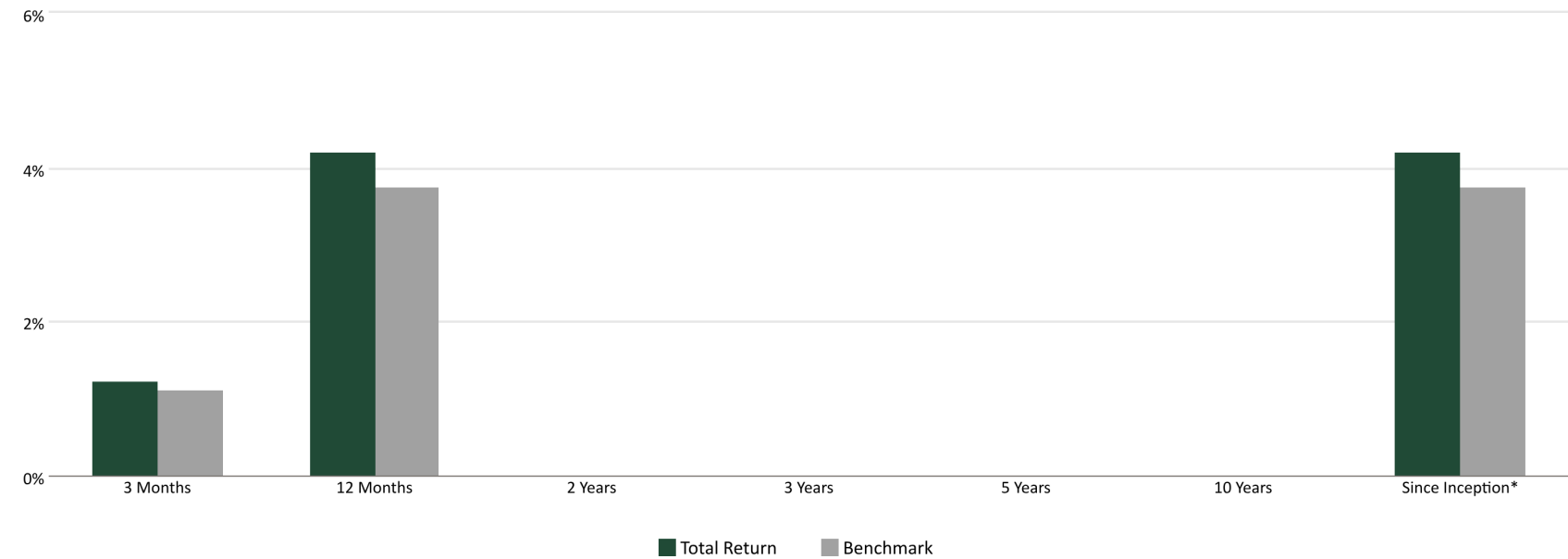


	0-.25	.25-.5	.5-1	1-2	2-3	3-4	4-5	5-7	7+
Portfolio	0.3%	0.0%	4.6%	26.9%	27.9%	23.3%	16.9%	0.0%	0.0%
ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index	0.0%	0.1%	2.6%	35.0%	27.7%	22.6%	12.0%	0.0%	0.0%

INVESTMENT PERFORMANCE

San Diego Community Power | Account #11293 | As of September 30, 2025

Total Rate of Return : Inception | 10/01/2024



	3 Months	12 Months	2 Years	3 Years	5 Years	10 Years	Since Inception
TOTAL RATE OF RETURN*							
San Diego Community Power	1.23%	4.23%					4.23%
Benchmark	1.14%	3.77%					3.77%

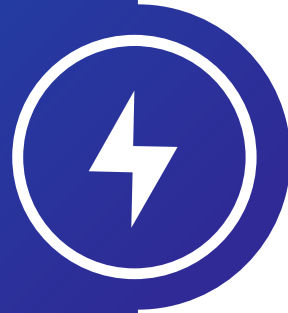
*Periods over 1 year are annualized.
Total rate of return: A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending market value; it includes interest earnings, realized and unrealized gains and losses in the portfolio. Realized rate of return: A measure of a portfolio's return over time. It is the internal rate which equates the beginning book value of the portfolio with the ending book value; it includes interest earnings, realized gains and losses in the portfolio.
Benchmark: ICE BofA 1-5 Year Unsubordinated US Treasury & Agency Index

Public Comment on Item No. 2

Item No. 2

**Committee Members
Comments or
Questions**

**Treasurer's Report for
Period Ending
September 30, 2025**



Recommendation:

Receive and File Treasurer's Report for
Period Ending September 30, 2025.

Item No. 3

Fiscal Year End 2024-25 Performance Review



Recommendation:

Receive and File Fiscal Year End 2024-25
Performance Review.

Fiscal Year End 2024-25 Performance Summary

Item	Actuals	Budget	Difference (\$)
Operating Revenue			
Total Operating Revenues	\$1,243,031,946	\$1,221,258,173	\$21,773,773
Expenditures			
Cost of Energy	\$1,101,545,238	\$1,116,836,549	(\$15,291,311)
Non-Energy Expenses	\$53,668,137	\$69,002,590	(\$15,334,453)
Subtotal Operating Expense	\$1,155,213,375	\$1,185,839,139	(\$30,625,764)
Nonoperating Revenues			
Investment Income	\$13,467,273	\$0	
Interest Expense	\$436,062	\$1,276,000	(\$839,938)
Nonoperating Revenues	\$13,031,211	(\$1,276,000)	
Net Position	\$100,849,782	\$34,143,034	\$66,706,748



Revenue Results

Uncollectibles:

- Budgeted for 1.75% of Revenue \$22M
- Actuals came in 1% or \$12M

PowerBase:

- Budgeted for \$2.6M or 15%
- Actuals at \$0.3M or 1.3%

Demand:

- Actual Load higher than expected



Operating Expense Savings

Non-Energy Cost Savings \$15.3M

- Professional services: \$6.1 M million
- Personnel: \$2.9M
- General/Admin: \$1.8M
- Marketing/Outreach: \$1.0M
- Capital investment spend: \$3.5M

Energy Coast Savings: \$15.3M

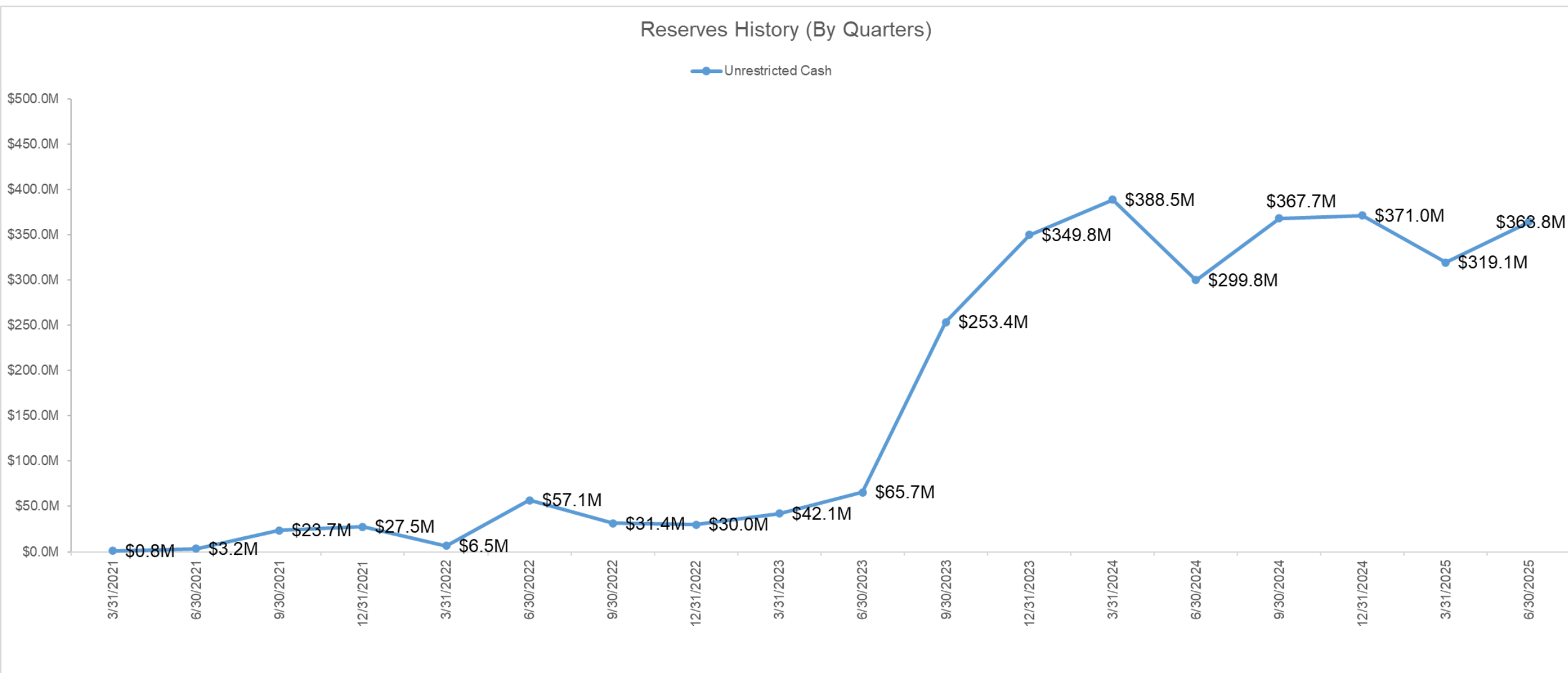
- Lower CPUC market price benchmarks
- SDG&E VAMO savings

Non-Operating Income \$13M

- Investment Earnings
- Interest expense savings



Historic Reserve Build



Investment History

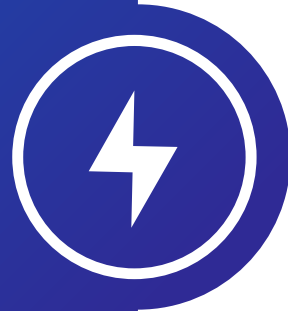


Public Comment on Item No. 3

Item No. 3

**Committee Members
Comments or
Questions**

**Fiscal Year End 2024-
25 Performance
Review.**

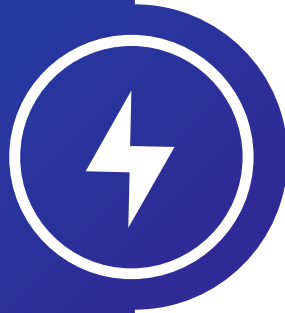


Recommendation:

Receive and File Fiscal Year End 2024-25
Performance Review.

Item No. 4

**Recommend Board Adoption
of Resolution No. 2025-23,
Approving a Fourth Revision
to the Financial Reserves
Policy**



Recommendation:

Recommend Board Adoption of Resolution No. 2025-23, Approving a Fourth Revision to the Financial Reserves Policy.

Agenda

1. Reserve Background
2. Power Charge Indifference Adjustment & Rates Deep Dive
3. New Reserves Policy Deep Dive





Reserve Background

Reserves



180 days cash on hand is the investment-grade CCA and municipal advisor **generally accepted best practice**



Reserves

Is 180-days
cash on hand
the right
reserve target?



How We Approached the Question



Multi-Department Risk Team

Bolstered risk management team composed of representatives from the Community Power's senior leadership and business units



cQuant Energy Risk Management

cQuant.io provides several price simulation models that consume internal data combined with the most up-to-date market data available to generate financial projections.



APPA Risk Best Practices

Used APPA risk framework to proactively identify, assess, respond, communicate, and monitor risks and threats to Community Power.



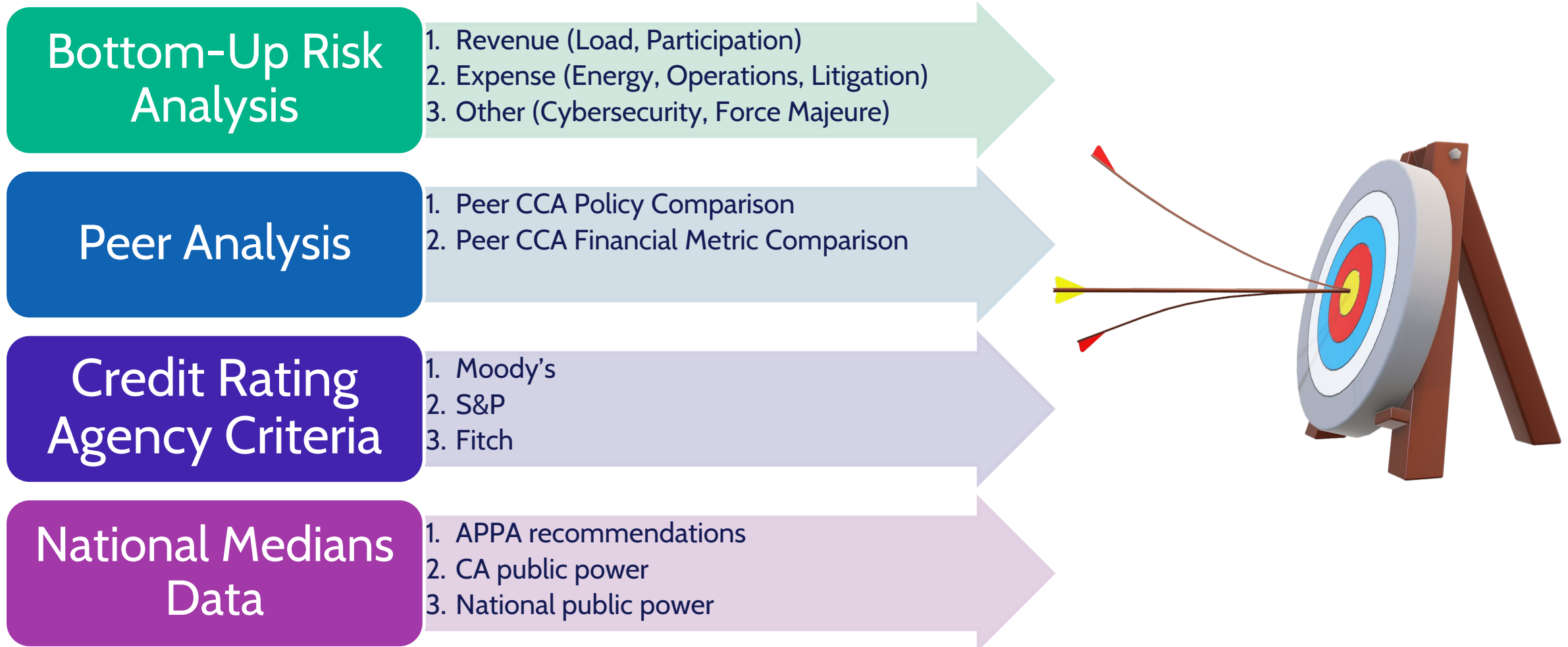
Risk Consultant Onboarded

Hired expert risk consultant to establish business-specific risk model similar to Silicon Valley Clean Energy and in alignment with American Public Power Association best practices.

Enterprise Risk Management



Multiprong Reserve Target Approach



Risks to Community Power Stability

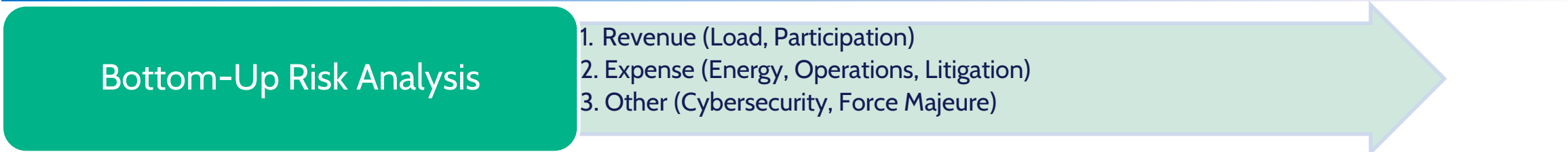
Bottom-Up Risk Analysis

1. Revenue (Load, Participation)
2. Expense (Energy, Operations, Litigation)
3. Other (Cybersecurity, Force Majeure)

Category	Risk	Estimate of Adverse Outcome
Market Price Benchmark Volatility*	PCIA & Generation Rate “SNAPBACK”	\$420 million
Energy Costs*	Wholesale, Load and Open Position Volatility	\$245 million
Load*	Participation Rate Drops to 86%	\$51 million
Uncollectibles*	Increase in uncollectibles to 5%	\$36 million
Prepay Savings Loss	Prepay savings loss to unforeseen event	\$12 million
Operations	Legal Loss	\$5 million
Operations	Force Majeure or Cybersecurity Event	\$2 million
	Total	\$771 million (Approx. 278 DCOH)



Risks to Community Power Stability



Category	Risk	Estimate of Adverse Outcome
Market Price Benchmark Volatility*	PCIA & Generation Rate "SNAPBACK"	\$420 million
Energy Costs	Wholesale Load and Generation Volatility	\$45 million
Load*	Participation Rate Drops to 86%	\$51 million
Uncollectibles	Increase in uncollectibles to 5%	\$36 million
Prepay Savings Loss	Prepay savings loss to unforeseen event	\$12 million
Operations	Operational Loss	\$5 million
Operations	Force Majeure or Cybersecurity Event	\$2 million
Total		\$771 million (Approx. 278 DCOH)

Maximum use of reserves
\$771 million or 278-days
cash on hand



* Risk categories may fluctuate marginally due to changes in market conditions

Risks to Community Power Stability

Bottom-Up Risk Analysis

- 1. Revenue (Load, Participation)
- 2. Expense (Energy, Operations, Litigation)
- 3. Other (Cybersecurity, Force Majeure)

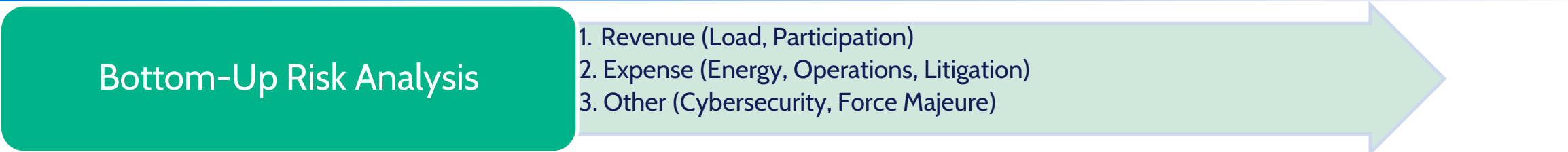
Category	Risk	Estimate of Adverse Outcome
Market Price Benchmark Volatility*	PCIA & Generation Rate “SNAPBACK”	\$420 million
Energy Costs*	Wholesale, Load and Open Position Volatility	\$245 million
Load	Participation Fee Drops (10%)	\$1 million
Uncollectibles*	Increase in uncollectibles to 5%	\$36 million
Prepay Savings Loss	Prepay savings loss to unforgotten	\$12 million
Operations	Legal Loss	\$5 million
Operations	Force Majeure or Cybersecurity Event	\$2 million
Total		\$771 million (Approx. 278 DCOH)

PCIA and Generation Rates
comprise Community
Power’s biggest risk



* Risk categories may fluctuate marginally due to changes in market conditions

Risks to Community Power Stability



Category	Risk	Estimate of Adverse Outcome
Market Price Benchmark Volatility*	PCIA & Generation Rate “SNAPBACK” (65% Coverage)	\$420 million \$273 million
Energy Costs*	Wholesale, Load and Open Position Volatility	\$245 million
Load*	Participation Rate Drop to 6%	\$51 million
Uncollectibles	Increase in uncollectibles to 5%	\$36 million
Prepay Savings Loss	Prepay savings loss to unforeseen event	\$1 million
Operations	Legal Loss	\$5 million
Operations	Force Majeure or Cybersecurity Event	\$2 million
	Total	\$624 million (Approx. 225 DCOH)

Target reserves
\$624 million or 225-days
cash on hand

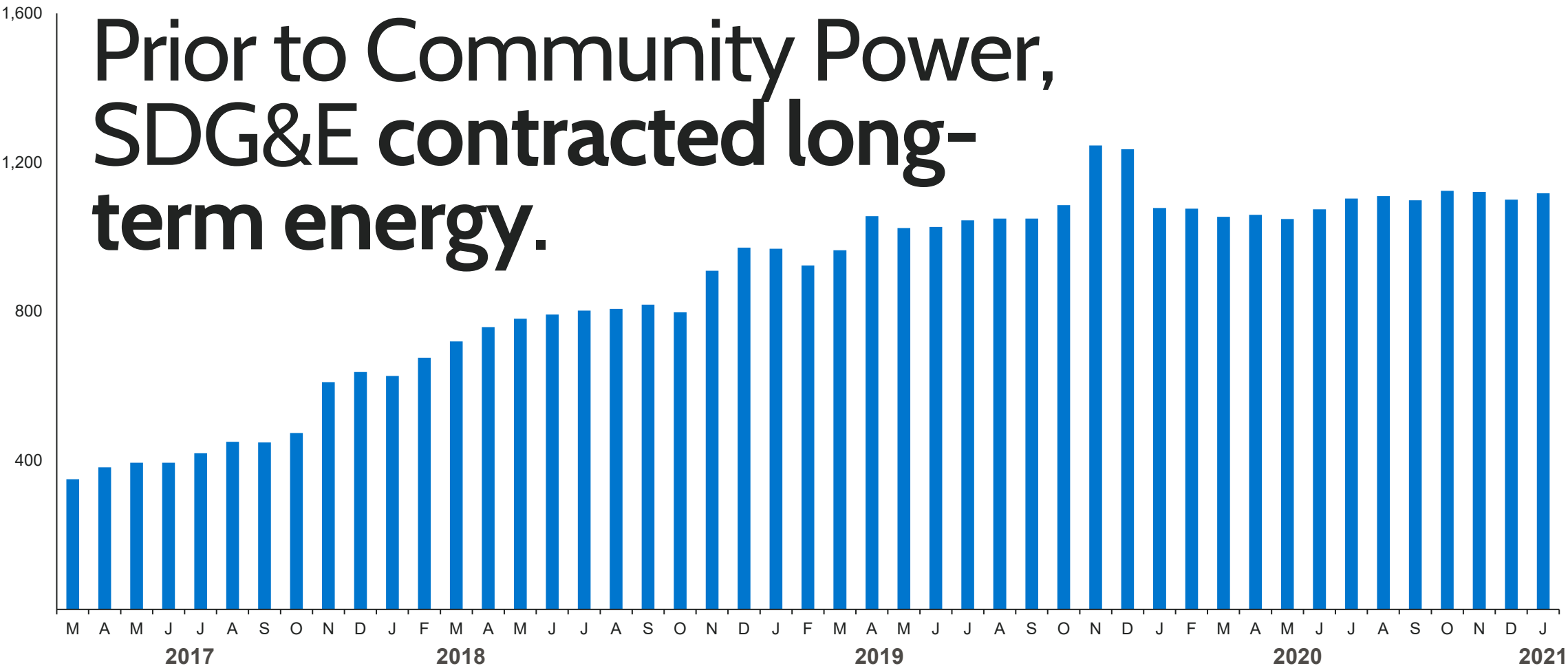
* Risk categories may fluctuate marginally due to changes in market conditions





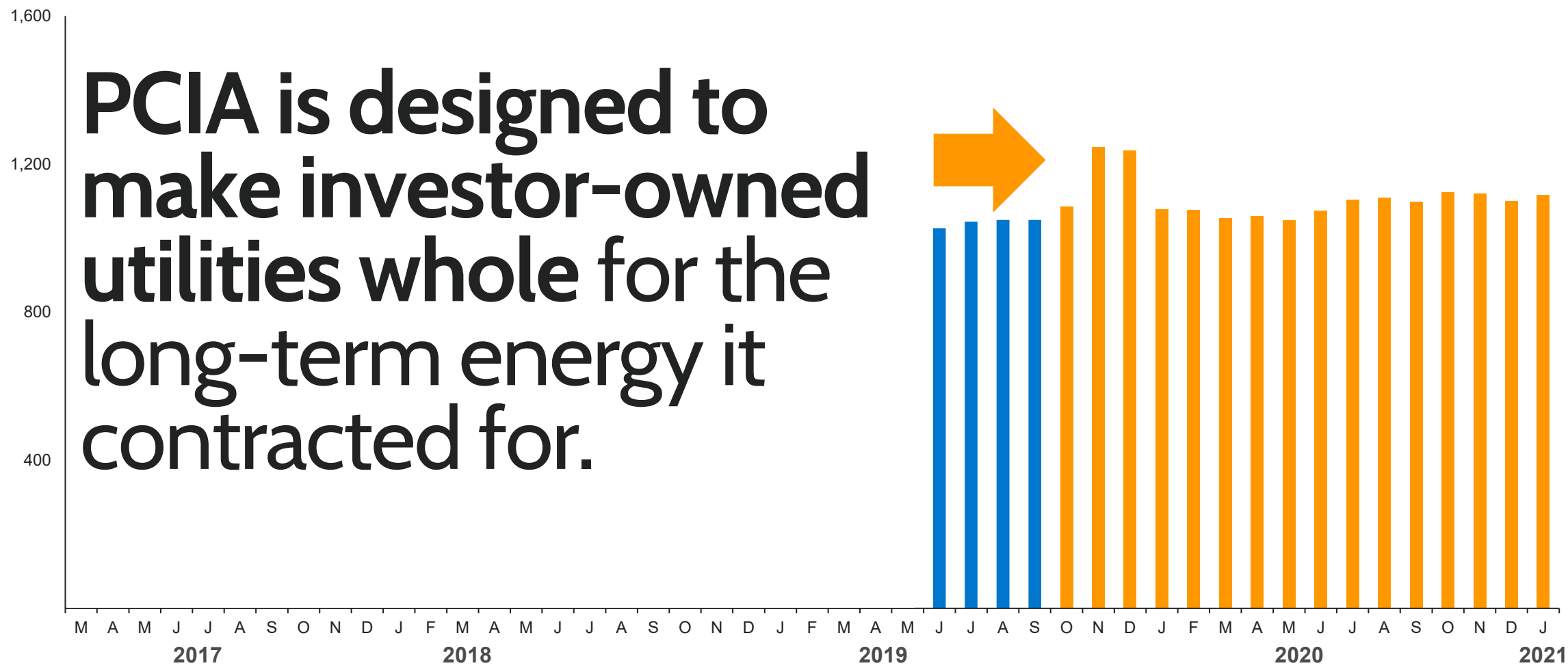
PCIA/Rates Deep Dive

PCIA Deep Dive



* Illustrative example of SDG&E's contracted long-term energy

PCIA Deep Dive



* Illustrative example of SDG&E's contracted long-term energy

PCIA Deep Dive – Example

2024

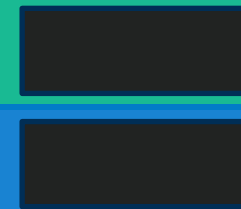
2025

2026

Forecast

(Energy Resource Recovery Account)

+



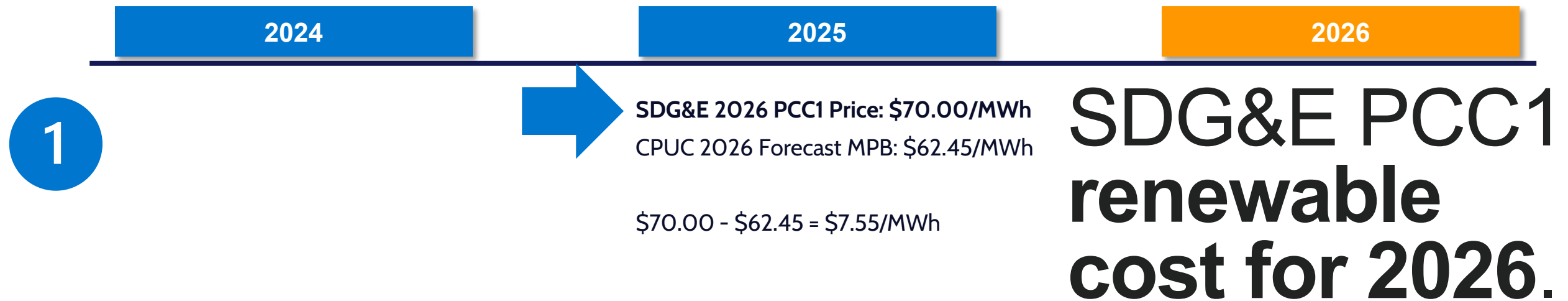
PCIA

True-Up

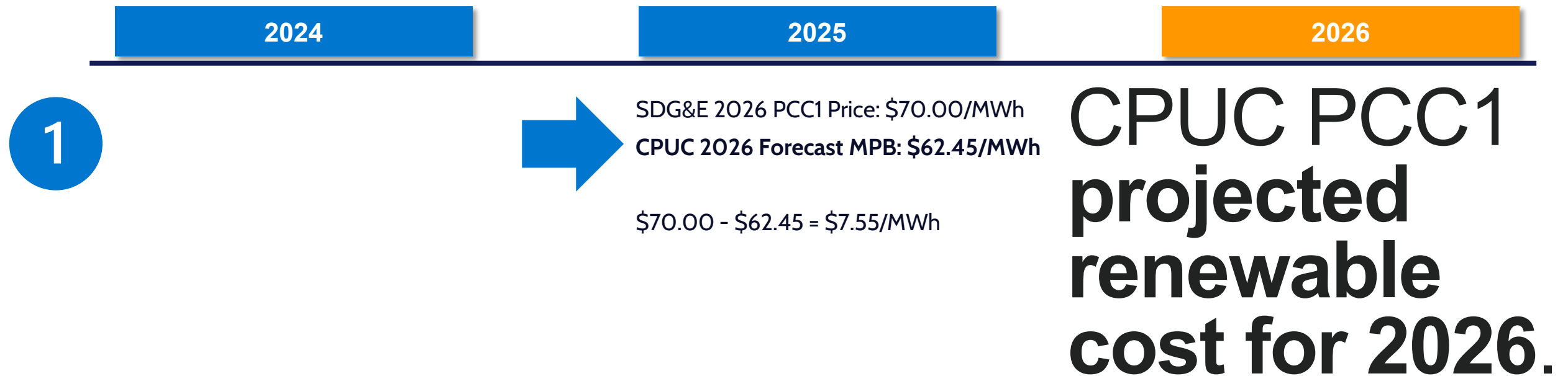
(Portfolio Allocation Balancing Account)



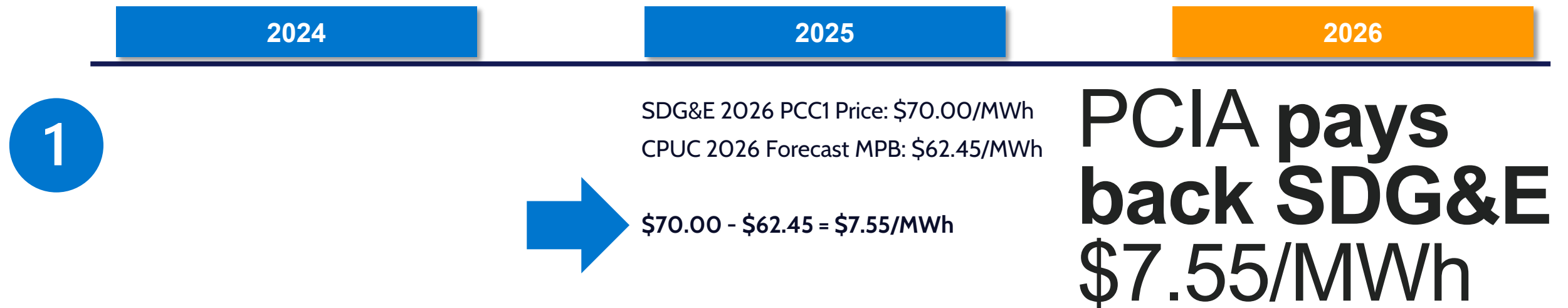
PCIA Deep Dive – Renewables Example



PCIA Deep Dive – Renewables Example



PCIA Deep Dive – Renewables Example



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

Forecast

(Energy Resource Recovery Account)

SDG&E 2026 PCC Price: \$70.00/MWh
CPUC 2026 Forecast MPB: \$62.45/MWh
 $\$70.00 - \$62.45 = \$7.55/\text{MWh}$



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

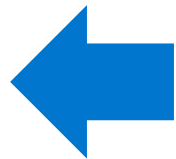
SDG&E 2026 PCC1 Price: \$70.00/MWh
CPUC 2026 Forecast MPB: \$62.45/MWh

$$\$70.00 - \$62.45 = \$7.55/\text{MWh}$$

2

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Forecast MPB: \$71.24/MWh

$$\$70.00 - \$71.24 = (\$1.24)$$



**SDG&E PCC1 renewable
cost for 2025.**



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

SDG&E 2026 PCC1 Price: \$70.00/MWh

CPUC 2026 Forecast MPB: \$62.45/MWh

$$\$70.00 - \$62.45 = \$7.55/\text{MWh}$$

2

SDG&E 2025 PCC1 Price: \$70.00/MWh

CPUC 2025 Forecast MPB: \$71.24/MWh

$$\$70.00 - \$71.24 = (\$1.24)$$

**CPUC PCC1 projected
renewable cost for 2025.**



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

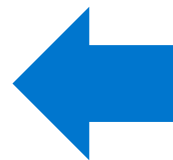
SDG&E 2026 PCC1 Price: \$70.00/MWh
CPUC 2026 Forecast MPB: \$62.45/MWh

$$\$70.00 - \$62.45 = \$7.55/\text{MWh}$$

2

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Forecast MPB: \$71.24/MWh

$$\$70.00 - \$71.24 = (\$1.24)$$



SDG&E can make \$1.24/MWh in the open market and owes customers through PCIA rates effective 1/1/25.



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

SDG&E 2026 PCC1 Price: \$70.00/MWh
CPUC 2026 Forecast MPB: \$62.45/MWh

$\$70.00 - \$62.45 = \$7.55/\text{MWh}$

2

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Forecast MPB: \$71.24/MWh

$\$70.00 - \$71.24 = (\$1.24)$

But remember this was a
**‘forecasted’ 2025 price by
the CPUC.**



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

SDG&E 2026 PCC1 Price: \$70.00/MWh
CPUC 2026 Forecast MPB: \$62.45/MWh

$$\$70.00 - \$62.45 = \$7.55/\text{MWh}$$

2

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Forecast MPB: \$71.24/MWh

$$\$70.00 - \$71.24 = (\$1.24)$$

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Actual MPB: \$63.86/MWh

$$\$71.24 - \$63.86 = \$7.38/\text{MWh}$$

**The actual price
for 2025 was
\$63.86**



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

SDG&E 2026 PCC1 Price: \$70.00/MWh
CPUC 2026 Forecast MPB: \$62.45/MWh

$$\$70.00 - \$62.45 = \$7.55/\text{MWh}$$

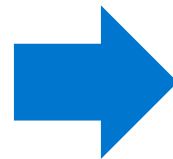
2

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Forecast MPB: \$71.24/MWh

$$\$70.00 - \$71.24 = (\$1.24)$$

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Actual MPB: \$63.86/MWh

$$\$71.24 - \$63.86 = \$7.38/\text{MWh}$$



**SDG&E needs
to be made
whole for 2025.**



PCIA Deep Dive – Renewables Example

2024

2025

2026

1

SDG&E 2026 PCC1 Price: \$70.00/MWh
CPUC 2026 Forecast MPB: \$62.45/MWh

$$\$70.00 - \$62.45 = \$7.55/\text{MWh}$$

SDG&E is paid through PCIA rates effective 1/1/26.

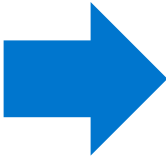
2

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Forecast MPB: \$71.24/MWh

$$\$70.00 - \$71.24 = (\$1.24)$$

SDG&E 2025 PCC1 Price: \$70.00/MWh
CPUC 2025 Actual MPB: \$63.86/MWh

$$\$71.24 - \$63.86 = \$7.38/\text{MWh}$$



$$\$71.24 - \$63.86 = \$7.38/\text{MWh}$$



* Illustrative example of calculating PCIA

PCIA Deep Dive – Renewables Example

2024

2025

2026

1

SDG&E 2026 PCC1 Price: \$70.00/MWh

CPUC 2026 Forecast MPB: \$62.45/MWh

$$\$70.00 - \$62.45 = \$7.55/\text{MWh}$$

2

SDG&E 2025 PCC1 Price: \$70.00/MWh

CPUC 2025 Forecast MPB: \$71.24/MWh

$$\$70.00 - \$71.24 = (\$1.24)/\text{MWh}$$

SDG&E 2025 PCC1 Price: \$70.00/MWh

CPUC 2025 Forecast MPB: \$63.86/MWh

$$\$70.00 - \$63.86 = \$6.14/\text{MWh}$$

$$\$71.24 - \$63.86 = \$7.38/\text{MWh}$$

True-Up

(Energy Resource Recovery Account)



PCIA Deep Dive – Renewables Example



* Illustrative example of calculating PCIA

PCIA Deep Dive – Example

2024

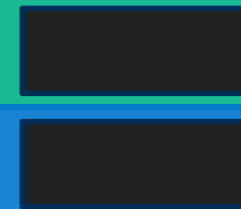
2025

2026

Forecast

(Energy Resource Recovery Account)

+



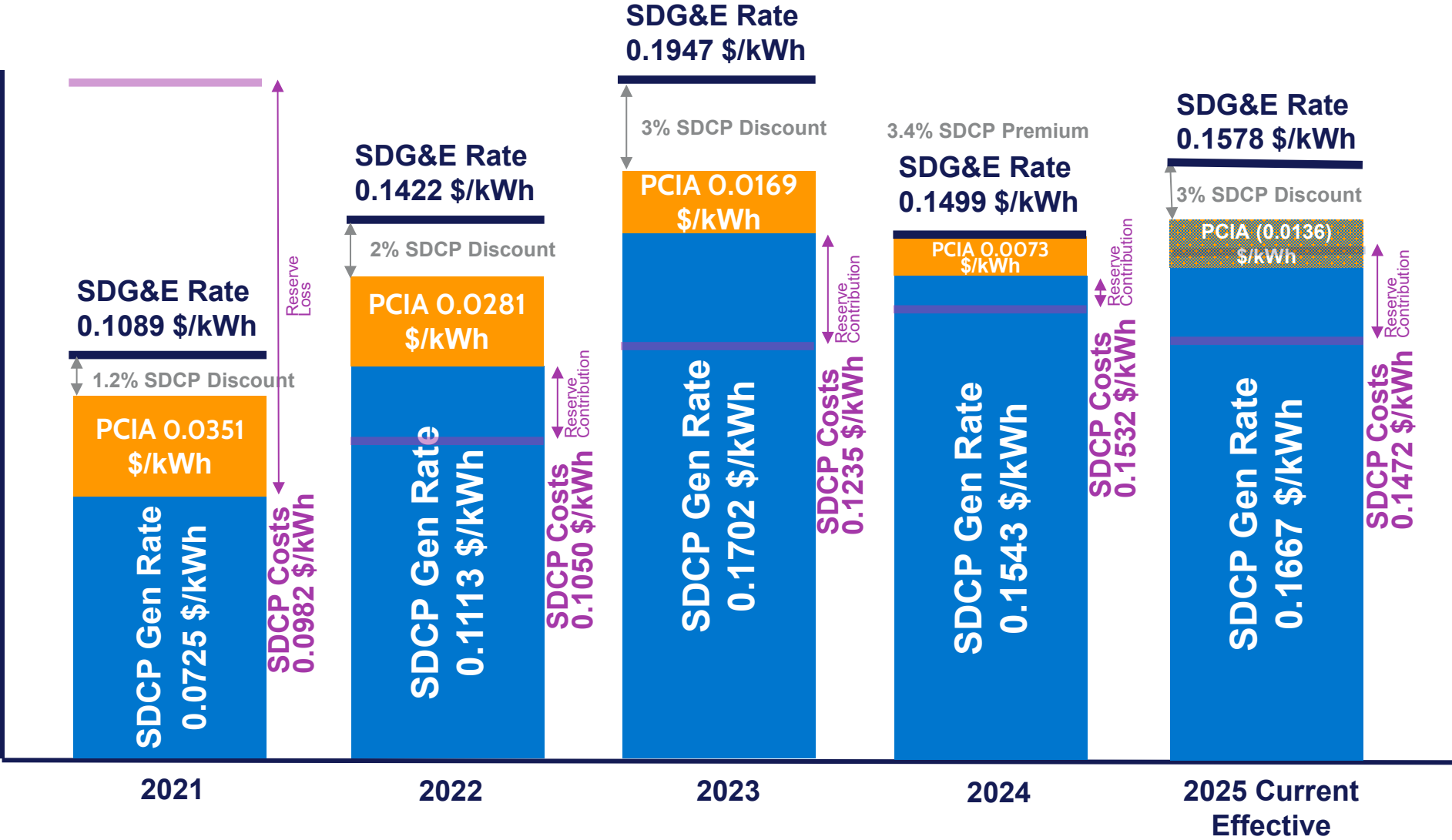
PCIA

True-Up

(Portfolio Allocation Balancing Account)



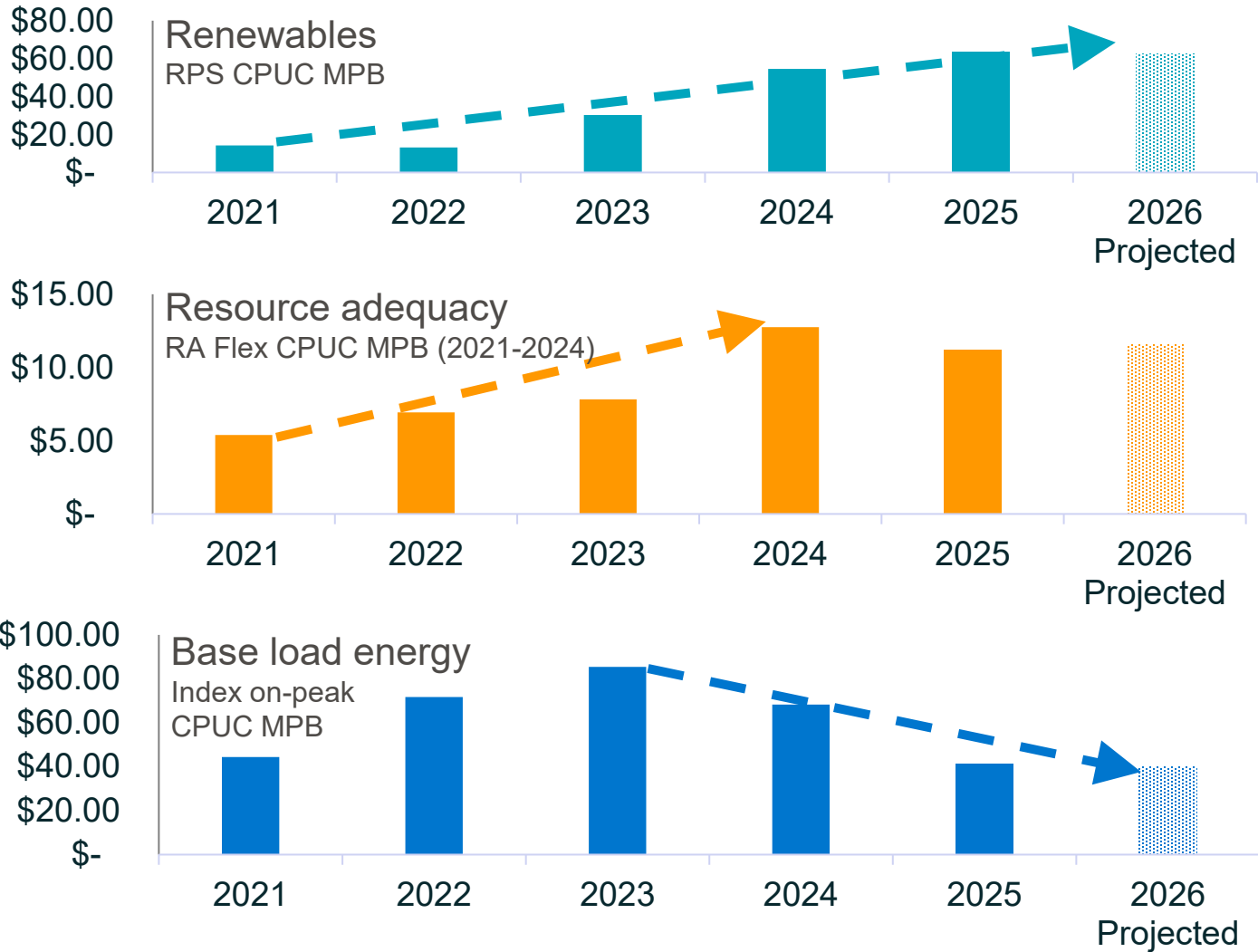
Historical Generation Rates



* Illustrative example of generation rates using TOU-DR1 and PCIA using Vintage 2021 residential

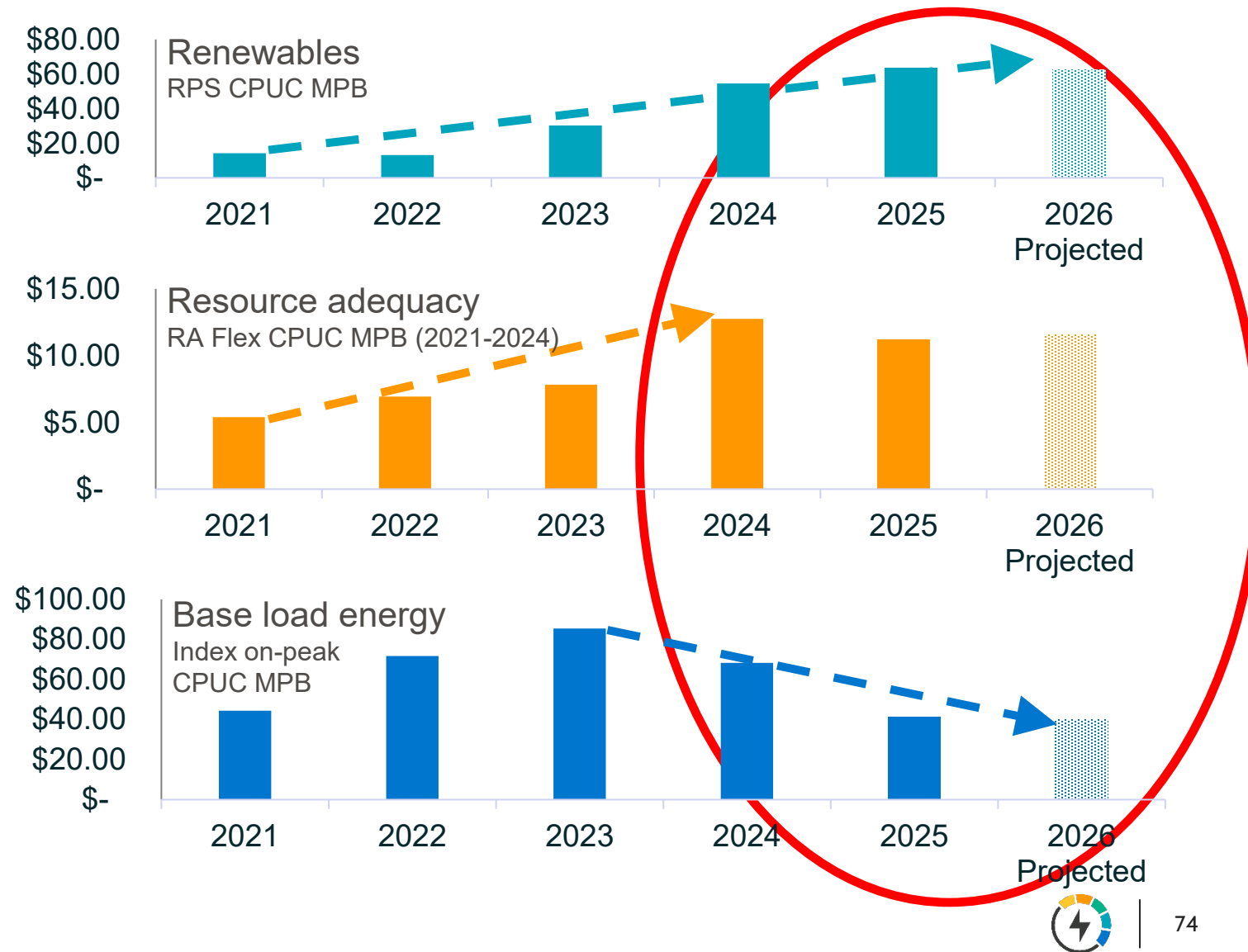
PCIA Deep Dive

Historically, CPUC market price benchmarks for energy have been **very volatile**, leading to **big PCIA fluctuations**.



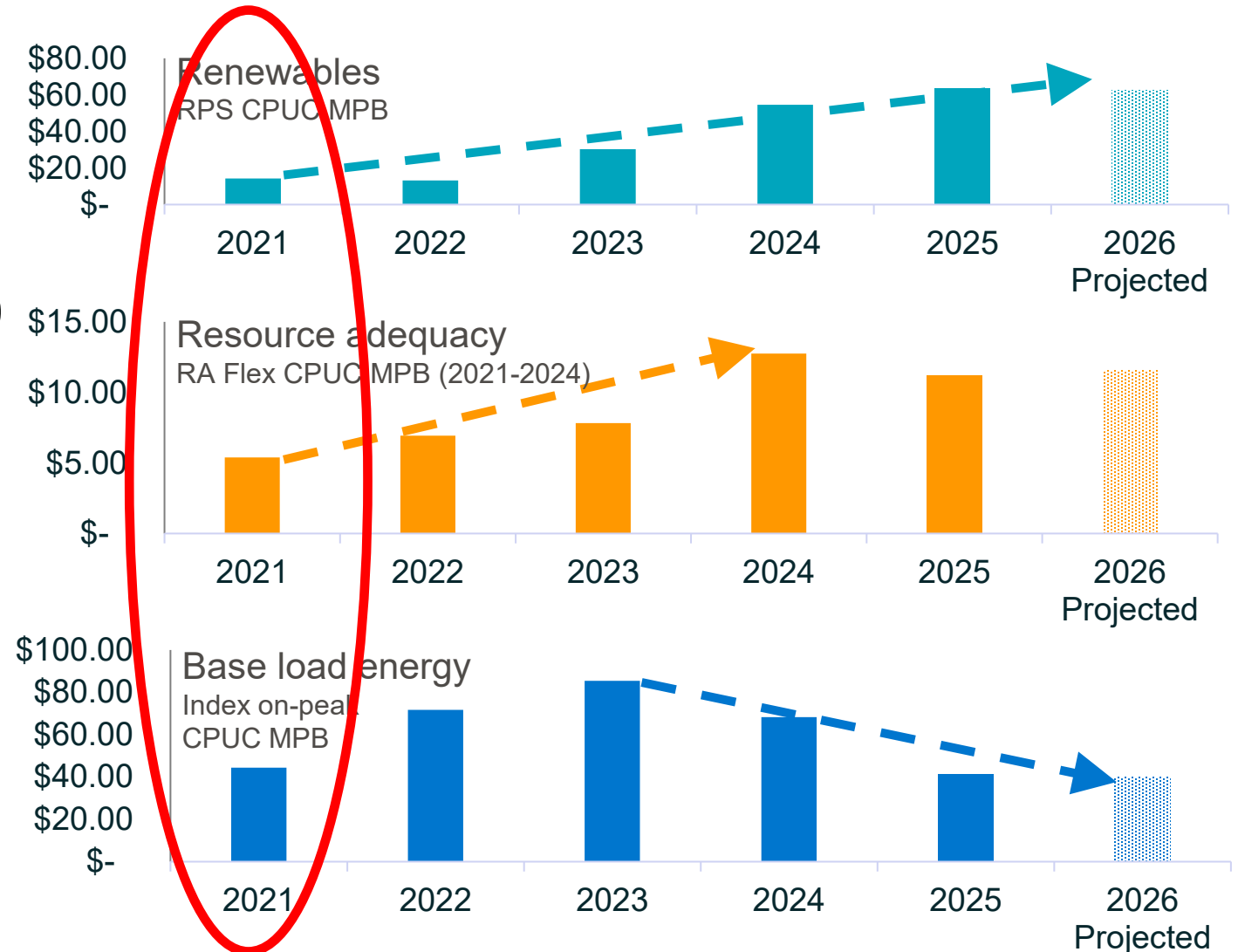
PCIA Deep Dive

Currently, CPUC MPB prices are very high compared to prior years.



PCIA Deep Dive

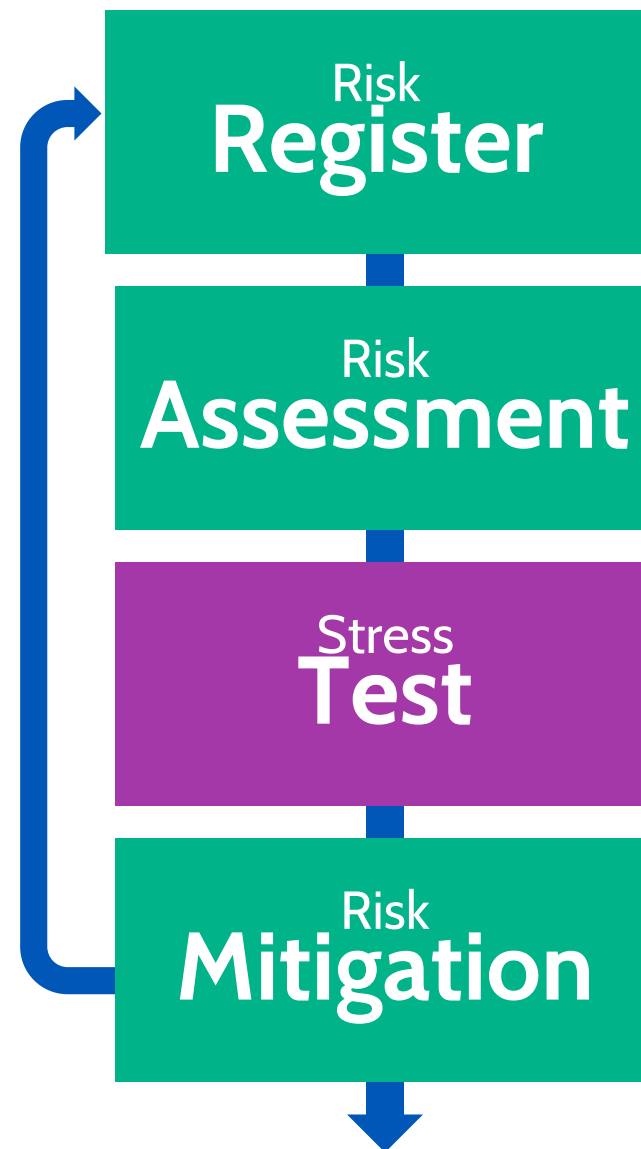
What happens if energy prices drop to 2021 levels?



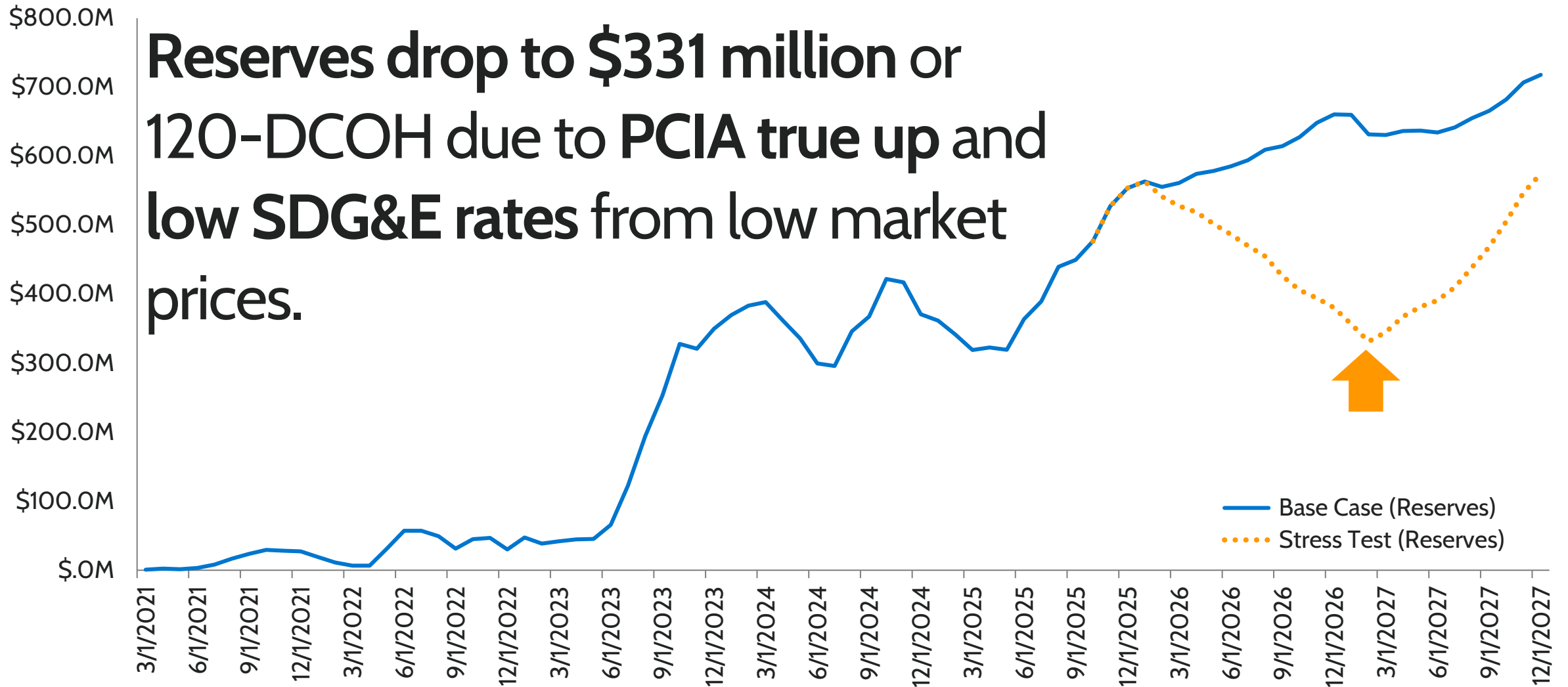
Quantifying the Risks – Stress Test 1

Stress Test Scenario 1

1. Energy prices drop to 2021 market price benchmark levels.



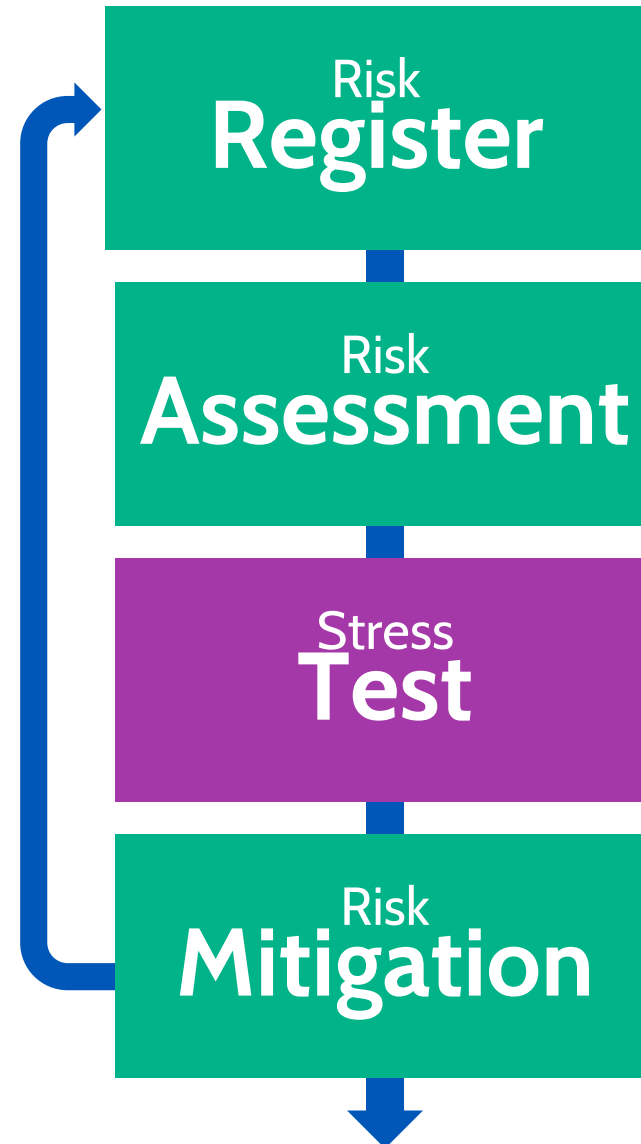
Stress Test – 2021 Market Price Benchmarks



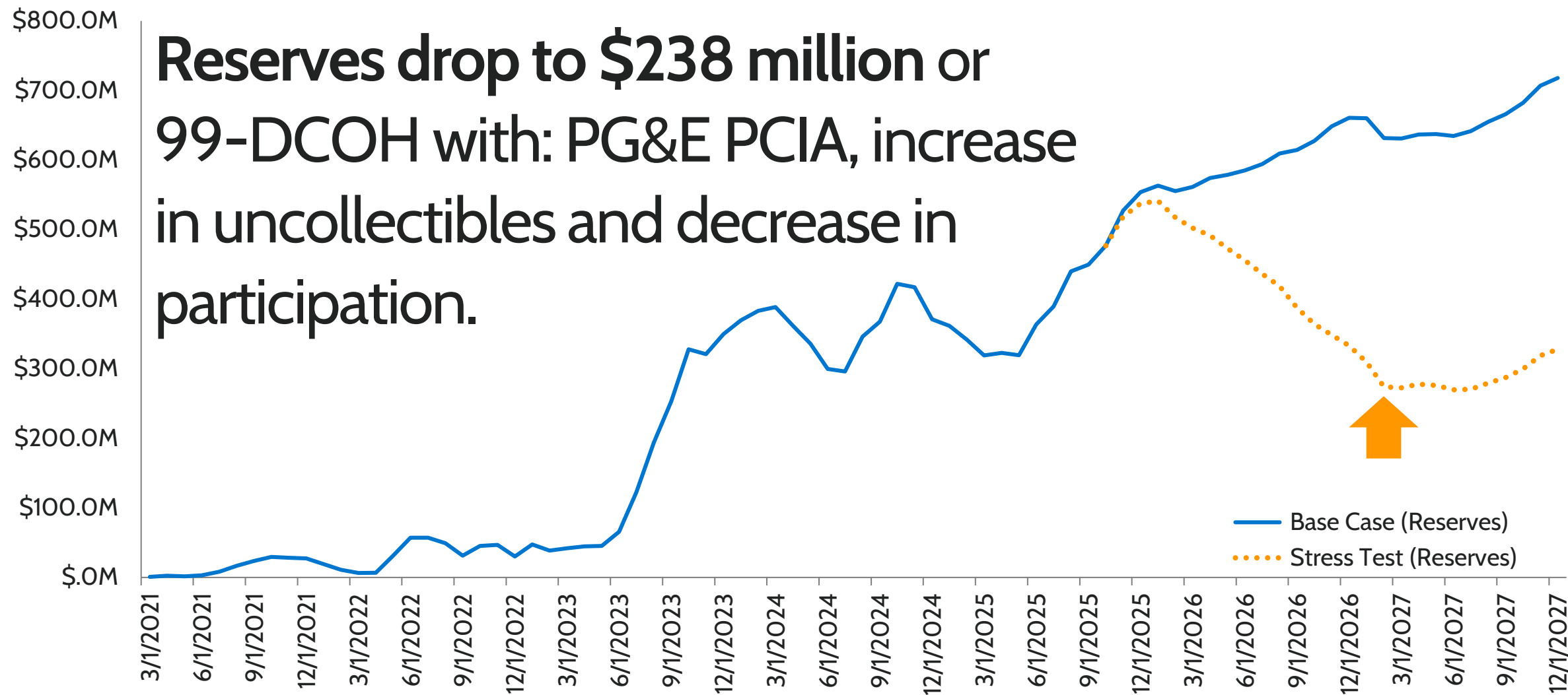
Quantifying the Risks – Stress Test 2

Stress Test Scenario 2

1. Energy prices drop for renewables and resource adequacy similar to PG&E CCAs.
 - Higher PCIA and lower gen rate
2. Negative Community Power sentiment leads to customer opt outs
 - Customer participation rate drops
3. A disaster creates an inability for customers to pay energy bills
 - Uncollectibles increase to 5%



Stress Test – PG&E PCIA/Rates, Uncollectibles, Participation



PCIA Deep Dive – Renewables Example

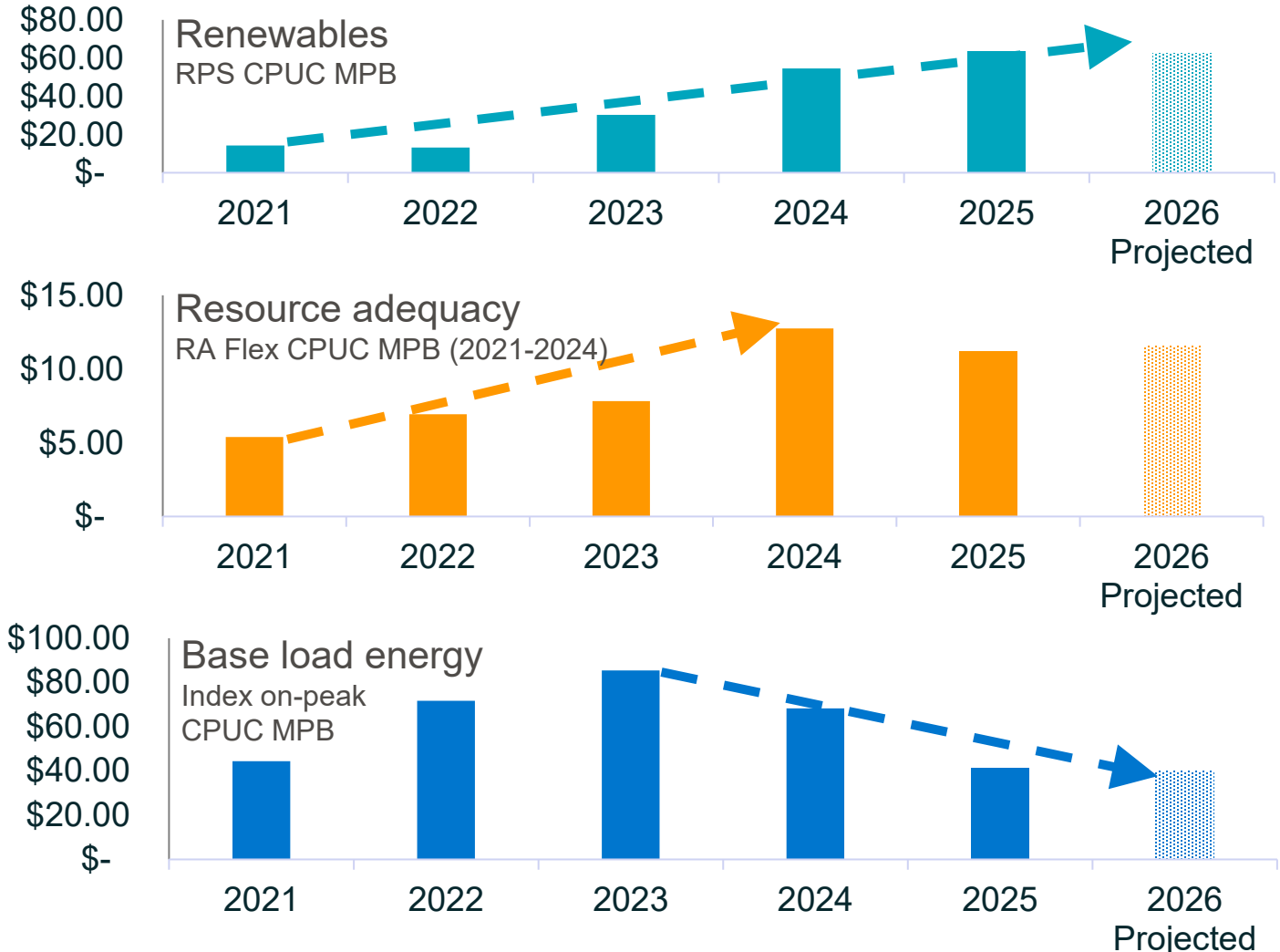
Mitigation Strategies

Regulatory/Legislative

- CPUC knows volatility is an issue, changed Resource Adequacy methodology to a rolling average
- PCIA Track 2 Proceeding

Reserves

- **Set a reserve target that accounts for fluctuations in PCIA and rates**
- Rate development policy goal to reduce customer price volatility when possible





Establishing Risk-Based Reserve Target & Thresholds

Presenter: Jeb Spengler

Reserve Policy Strategy

Determining appropriate reserve levels involves assessing minimum requirements, recommended ranges, and upper thresholds:

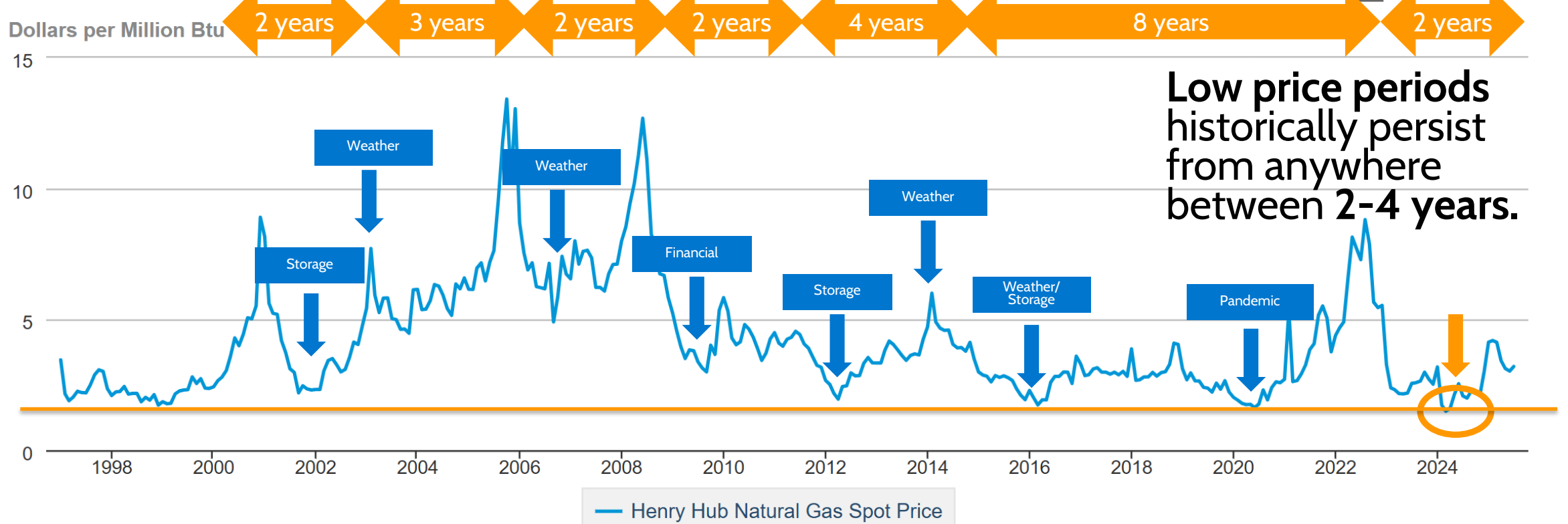
- **Minimum reserves** protect against short-term liquidity risks and ensure operational continuity.
 - Ability to meet essential obligations and maintain short-term financial stability
 - Aligns with industry standards; supports a strong credit profile
- **Target Reserves** are based on factors such as operating expenses, risk exposure, peer comparisons and necessary credit metrics.
 - Covers normal cyclical fluctuations to market price benchmark volatility resulting from fluctuations to PCIA and SDG&E rates.
- **Maximum reserves (upper thresholds)** prevent excessive accumulation of reserves.
 - Provides sufficient reserves for significant fluctuations in market volatility and/or unforeseen circumstances

Target DCOH	Current	Proposed
Minimum	N/A	180
Target	180	225
Maximum (Upper Target)	N/A	270



Market Volatility = Moving Targets

Henry Hub Natural Gas Spot Price



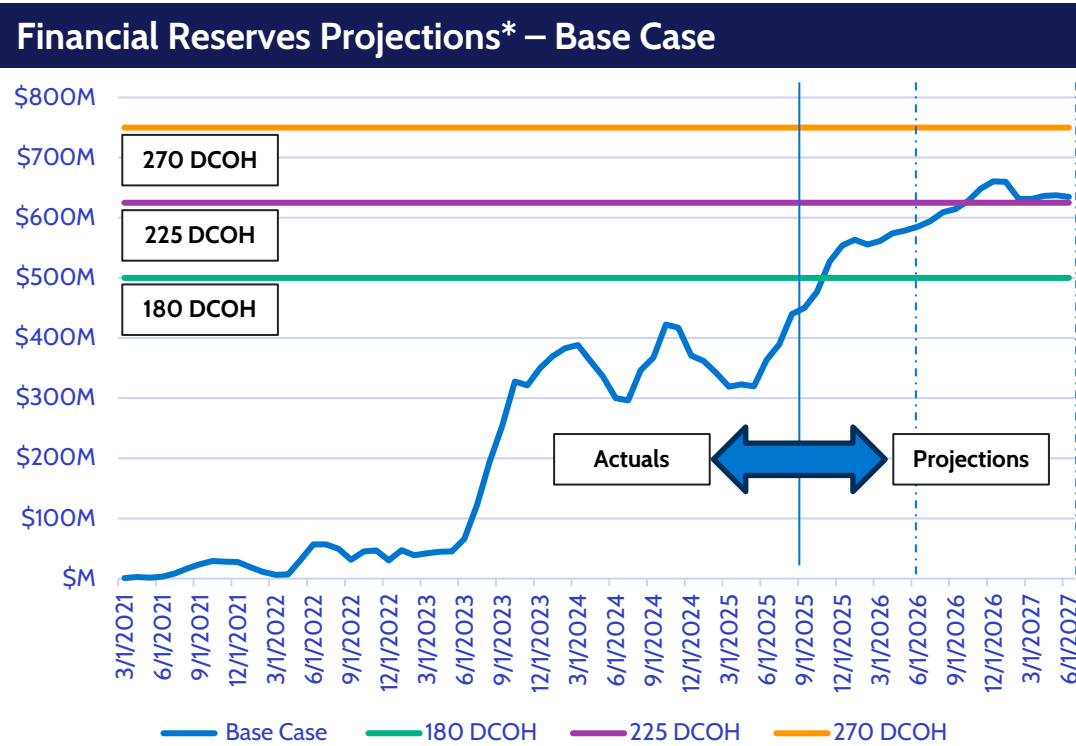
Forecasted Financial Reserves – Base Case as of Sept. 30, 2025

Community Power’s Audited FYE 2025 Reserves

Total Unrestricted Cash & Investments	\$363 million (115 days)
Net Position	\$476 million (170 days)

Projected* 2025-2026 FYE Reserves

Total Unrestricted Cash & Investments	\$583 million
Days Cash on Hand	213



Base Case projections* show target of 225 Day Cash On Hand is reached in FY 2026 -2027

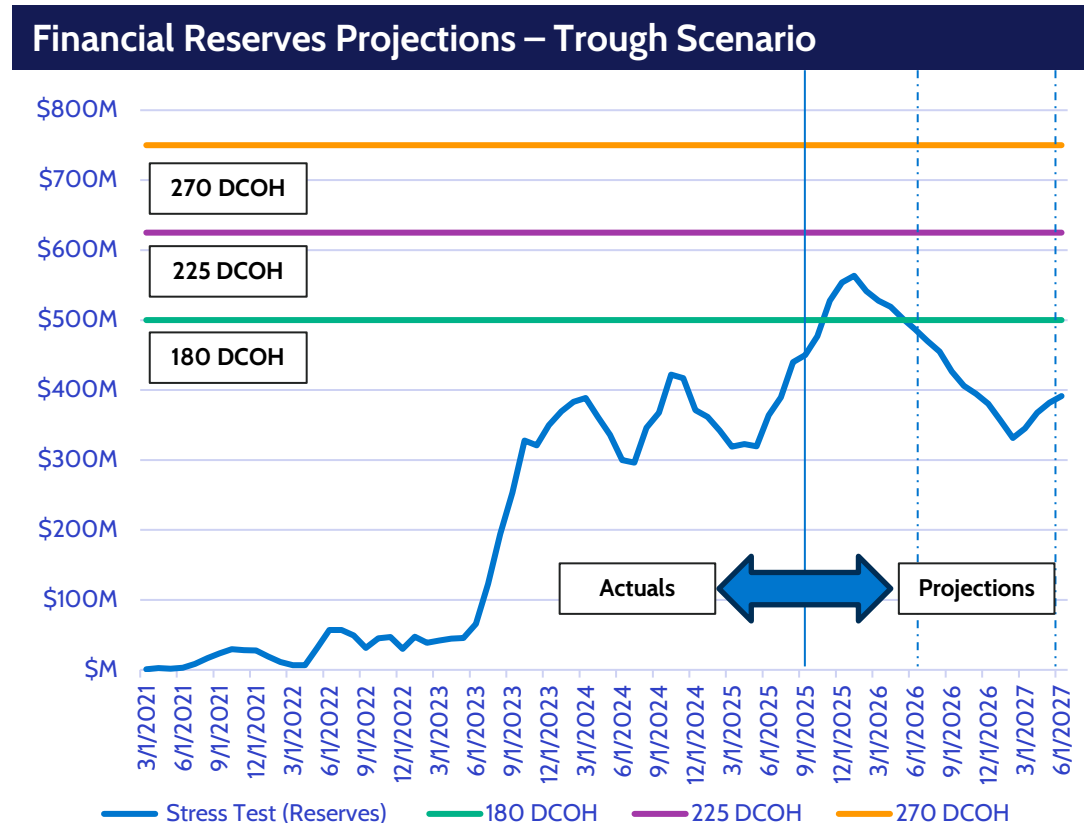
*Projections as of Sept. 30, 2025



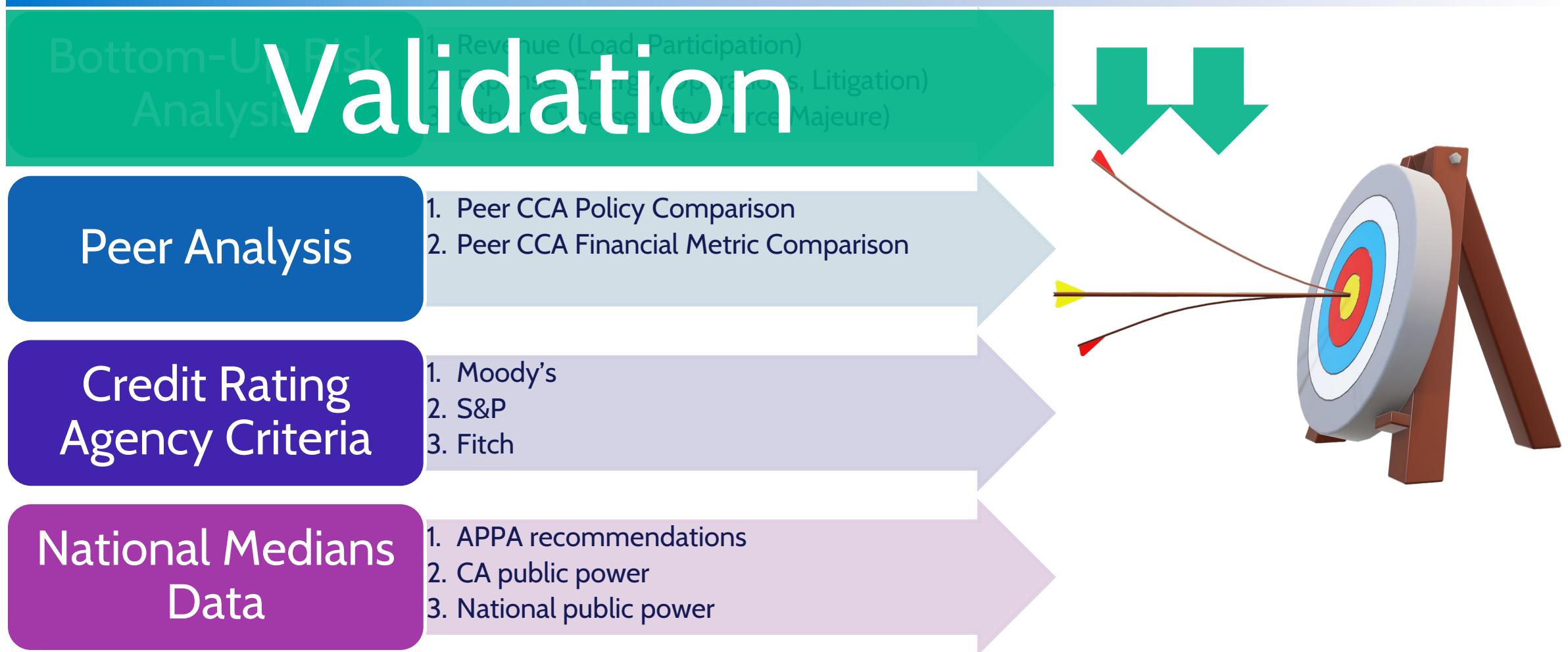
Forecasted Financial Reserves – Moderate Stress Scenario

Moderate Stress Case Assumptions:

- 2021 Market Price Benchmarks
- Low Reserves Balance:
 - Occurs Q1 2027
 - Use of Reserves = \$232 million
 - Low balance = \$331 million (120 DCOH)
- Projected Reserves (Stress Scenario)
 - 2025-2026 FYE = \$583 million
 - 2026-2027 FYE = \$391 million
- Stress scenario projections show recovery to 180 DCOH minimum threshold by October 2027.



Multiprong Reserve Target Approach



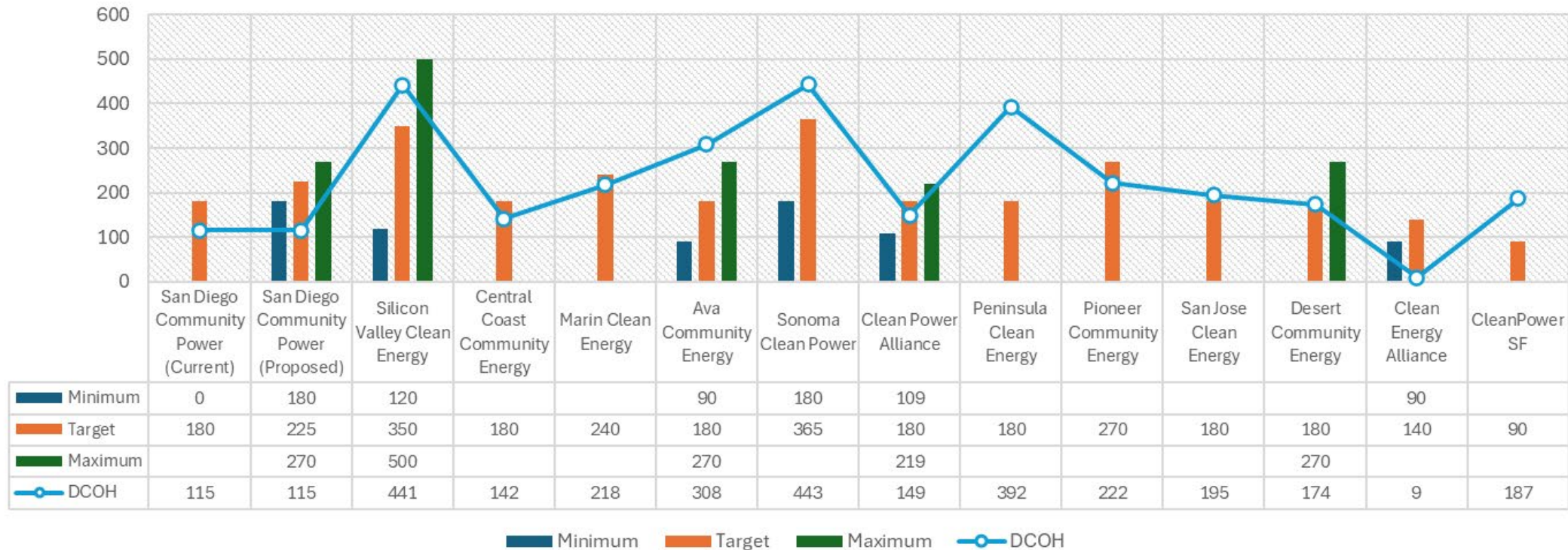
Validating Reserve Target – Peer Analysis

Peer Analysis

1. Peer CCA Policy Comparison
2. Peer CCA Financial Metric Comparison

Policy Comparison

CCA Reserve Policy Summary



Validating Reserve Target – Peer Analysis

Peer Analysis

1. Peer CCA Policy Comparison
2. Peer CCA Financial Metric Comparison

Metric Comparison

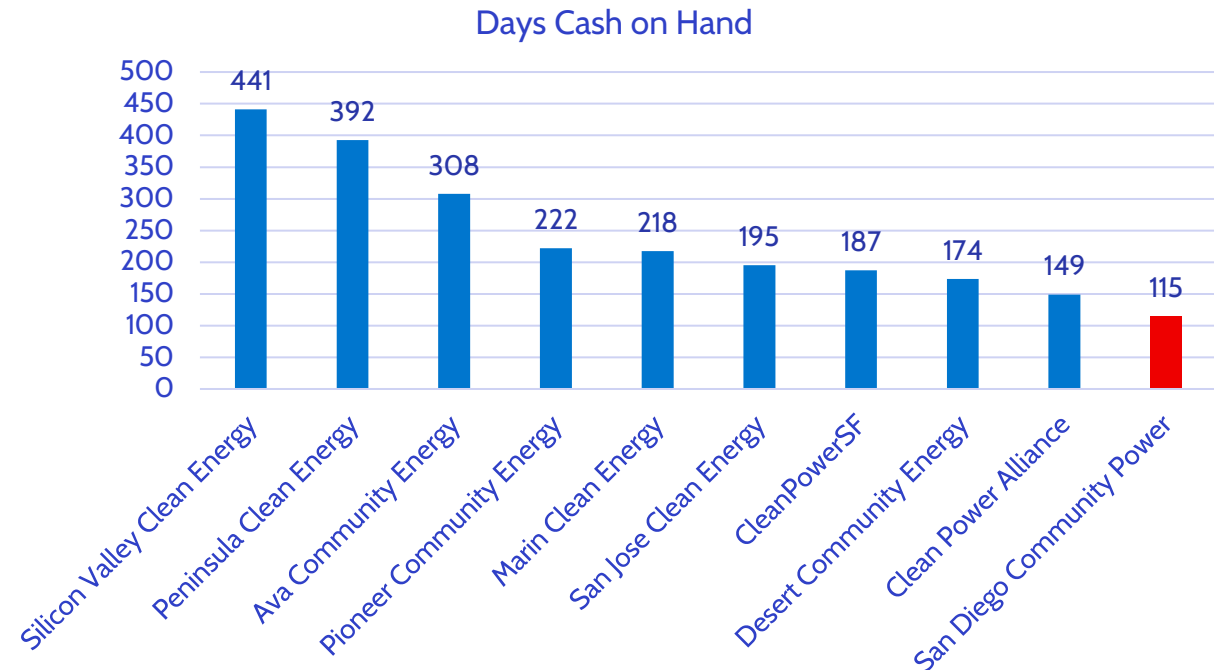
Comparison of audited fiscal year end data for California CCAs.

Days Cash on Hand calculation compares:

$$\frac{\text{Unrestricted Cash \& Investments}}{\text{Total Operating Expenses}} \times 365 = \text{DCOH}$$

San Diego Community Power 2025 Audit:

$$\frac{363,834,172}{1,155,213,375} \times 365 = 115 \text{ DCOH}$$



Source: 2024 CCA audit data for SCP, SVCE, PCEA, AVA, Pioneer, SJCE, CPSF, 3CE, CEA;
2025 CCA audit data for SDCP, MCE and CPA



Validating Reserve Goal – Credit Rating Agency Criteria



Factor: Liquidity (10%)									
Adjusted Days	10%	≥ 250	175 - 250	100 - 175	30 - 100	15 - 30	10 - 15	5 - 10	< 5
Liquidity on Hand (3-year average) ^{††}									

- Moody's uses Municipal Joint Action Agency Criteria to assess CCAs
- The strongest rating assessment (AAA) suggests cash >250 days
- Liquidity is 10% of Moody's overall assessment



Validating Reserve Goal – Credit Rating Agency Criteria

Credit Rating Agency Criteria

1. Moody's
2. S&P
3. Fitch

S&P

Liquidity And Reserves

	Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable
Total days' liquidity (days)	=>270	150-270	90-150	45-90	15-45	<=15
Available reserves (Mil. \$)	=>250	100-250	50-100	10-50	2-10	<=2

- S&P uses U.S. Municipal Retail Electric Criteria to assess CCAs
- A “Very Strong” Liquidity Assessment assumes a minimum of 150 days
- The highest assessment “Extremely Strong” assumes >270 days



Validating Reserve Goal – Credit Rating Agency Criteria

Credit Rating Agency Criteria

1. Moody's
2. S&P
3. Fitch

Fitch

Liquidity Cushion

Metric to Support Assessment

- A liquidity cushion above 90 days is neutral to ratings, as long as unrestricted cash is above 30 days. A liquidity cushion below 90 days or unrestricted cash below 30 days is considered “weak” and risk additive.
- These metrics have been determined assuming all asymmetric rating factors are neutral. Entities exposed to unusual business risks, including customer concentration, outsized market price risk and inadequate cost recovery mechanisms, may require higher levels of cash and borrowing capacity to achieve a neutral liquidity cushion assessment.

Source: Fitch Ratings

- Fitch uses Local Government Revenue Criteria to assess CCAs
- Fitch’s liquidity cushion metric assumes greater than 90 days cash is neutral to the overall rating
- Liquidity of less than 90 days is considered “weak” and assumes additional risk



Validating Reserve Target – National Medians Data

National Medians Data

1. APPA recommendations
2. California public power
3. National public power

National Medians

- Public Power medians data is less relevant due to the different nature of risks that public power utilities use reserves for.

Retail Public Power Credit Rating	Median Days Cash on Hand
AA	296
AA-	208
A+	165
A	143
A-	118
BBB	74

Source: Fitch Ratings – U.S. Public Power – Peer Credit Analysis (July 7, 2025)





Updated Reserve Policy

Policy Language Revisions

Update language and definitions to better define Reserves as liquidity available for emergency purposes.

- **Policy Guideline Proposed Revisions:**

- Minimum: 180-Days Cash on Hand
- Recommended Target: 225-Days Cash on Hand
- Maximum: 270-Days Cash on Hand

- **“Reserves” definition:**

- Current: Net position
- Proposed: Unrestricted cash, cash equivalents, and investments unencumbered by legal agreements and not earmarked for specific purposes



Policy Language Revisions

The Board shall determine the contribution to Reserves at least annually, with the goal of maintaining balances between the Target Reserve Balance and Maximum Reserve Balance.

Updated Purpose and Intent of Reserves Balance Thresholds

Reserves below the Minimum Reserve Balance:

- The Board should ensure that Reserves do not drop below the Minimum Reserve Balance unless determined by the Board to be necessary to address a Reserve Event.

Reserve above the Maximum Reserve Balance:

- The Board may evaluate opportunities for strategic investments, programmatic reserves, or other purposes as authorized by the Board.

Reserve Between Target and Maximum:

- The Board may authorize the use of Reserves between the Target Reserve Balance and Maximum Reserve Balance to be designated as ***Rate Stabilization Reserves****. Rate Stabilization Reserves allows Community Power to defer revenues in years of strong financial results for use in future years when financial results are weaker or stressed.

*Rate Stabilization Policy to be introduced Q1 2026



Public Comment on Item No. 4

Item No. 4

Committee Members Comments or Questions

Recommend Board Adoption
of Resolution No. 2025-23,
Approving a Fourth Revision
to the Financial Reserves
Policy

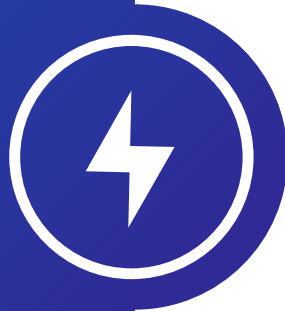


Recommendation:

Recommend Board Adoption of Resolution
No. 2025-23, Approving a Fourth Revision
to the Financial Reserves Policy

Item No. 5

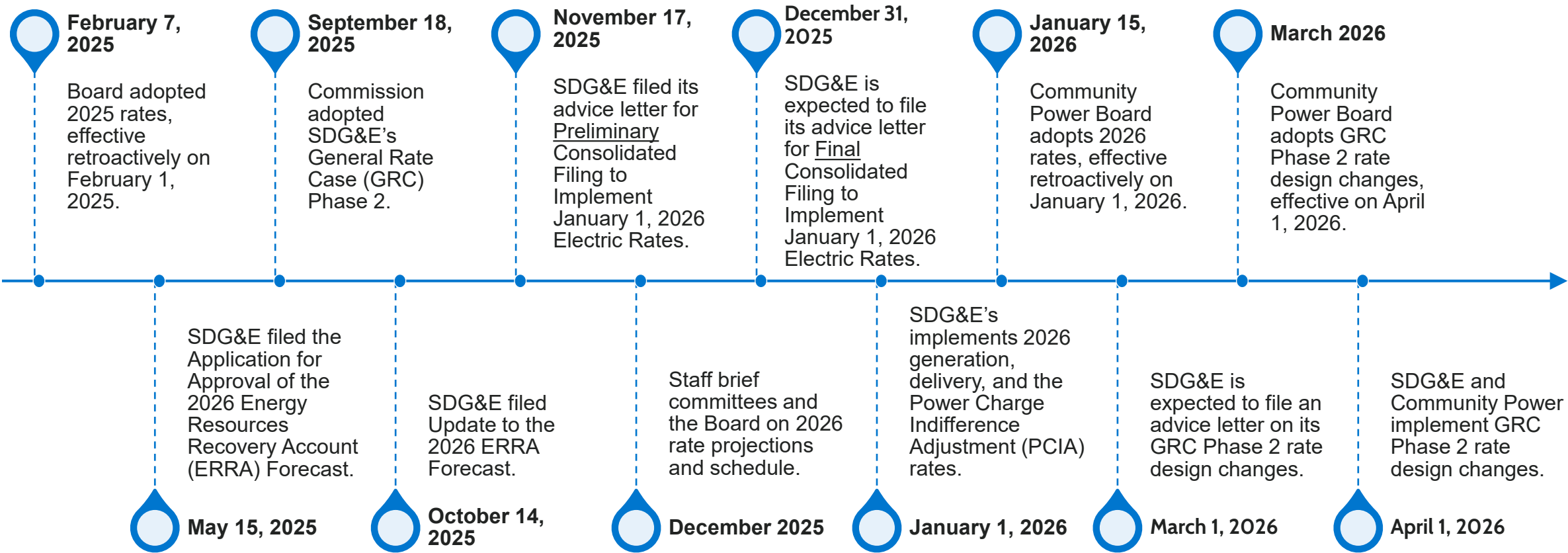
Update on SDG&E's 2026 Projected Rates



Recommendation:

Receive and File Update on
SDG&E's 2026 Projected Rates.

Rate Development Timeline



Rate Development Policy Objectives



Community Power Rate Components

- Generation: Community Power charges for purchasing or generating electricity.
- SDG&E Delivery: SDG&E charges for the delivery of electricity to the home or business.
- Power Charge Indifference Adjustment (PCIA): above-market costs related to power supply commitments that the utilities made many years ago.
- Franchise fees: a surcharge applied to electricity transported over SDG&E systems that are constructed in public streets and highways.

Time of Use – TOUDR1-Residential

Residential: TOUDR1	SDG&E 41.4% Renewable	SDCP PowerBase 45% Renewable	SDCP PowerOn 51.1% Renewable + 4.3% Carbon Free	SDCP Power100 100% Renewable
Generation Rate (\$/kWh)	\$0.14979	\$0.15783	\$0.16094	\$0.17094
PCIA (\$/kWh)	\$0.00211	-\$0.01364	-\$0.01364	-\$0.01364
SDG&E Delivery Rate (\$/kWh)	\$0.26381	\$0.26378	\$0.26378	\$0.26378
Franchise Fees (\$/%)	\$0.00308	\$0.00308	\$0.00308	\$0.00308
Total Electricity Cost (\$/kWh)	\$0.41880	\$0.41106	\$0.41416	\$0.42416
Average Monthly Bill (\$)	\$142.81	\$140.17	\$141.23	\$144.64

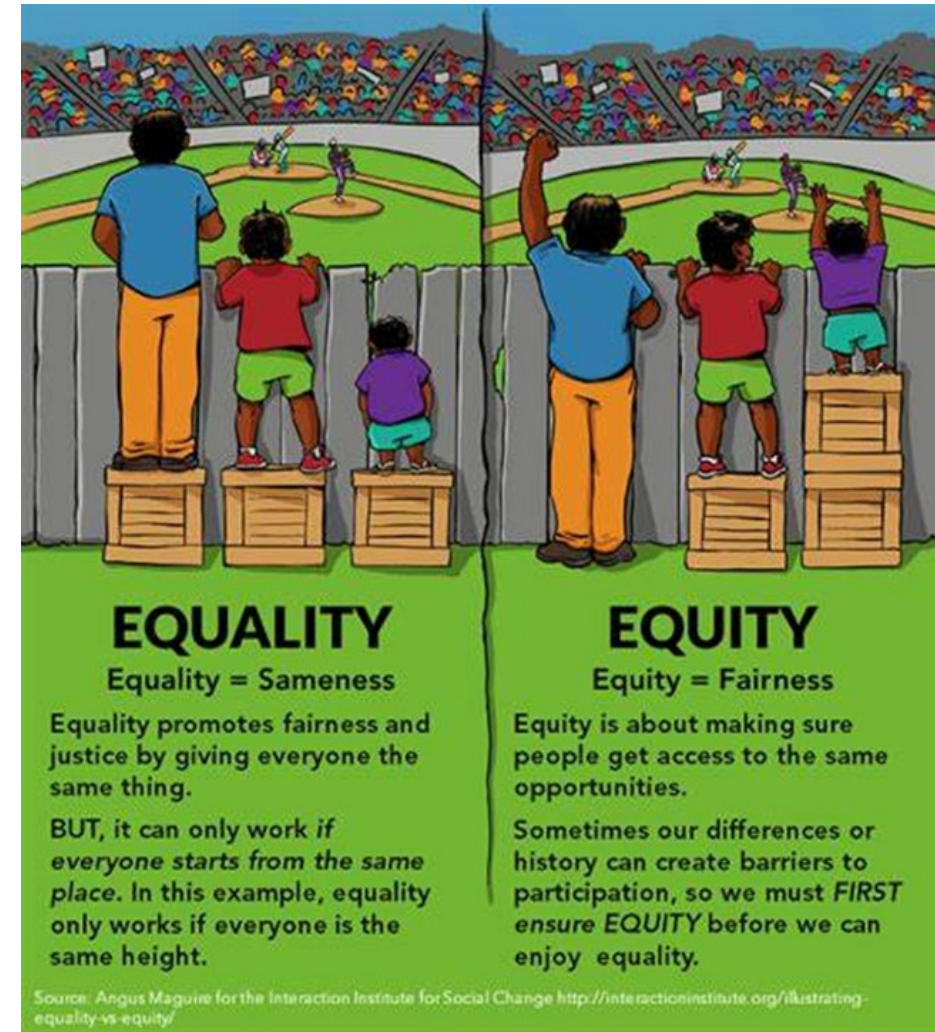
Average Monthly Usage: 341 kWh

Illustration of current effective rates as of 6/1/2025.



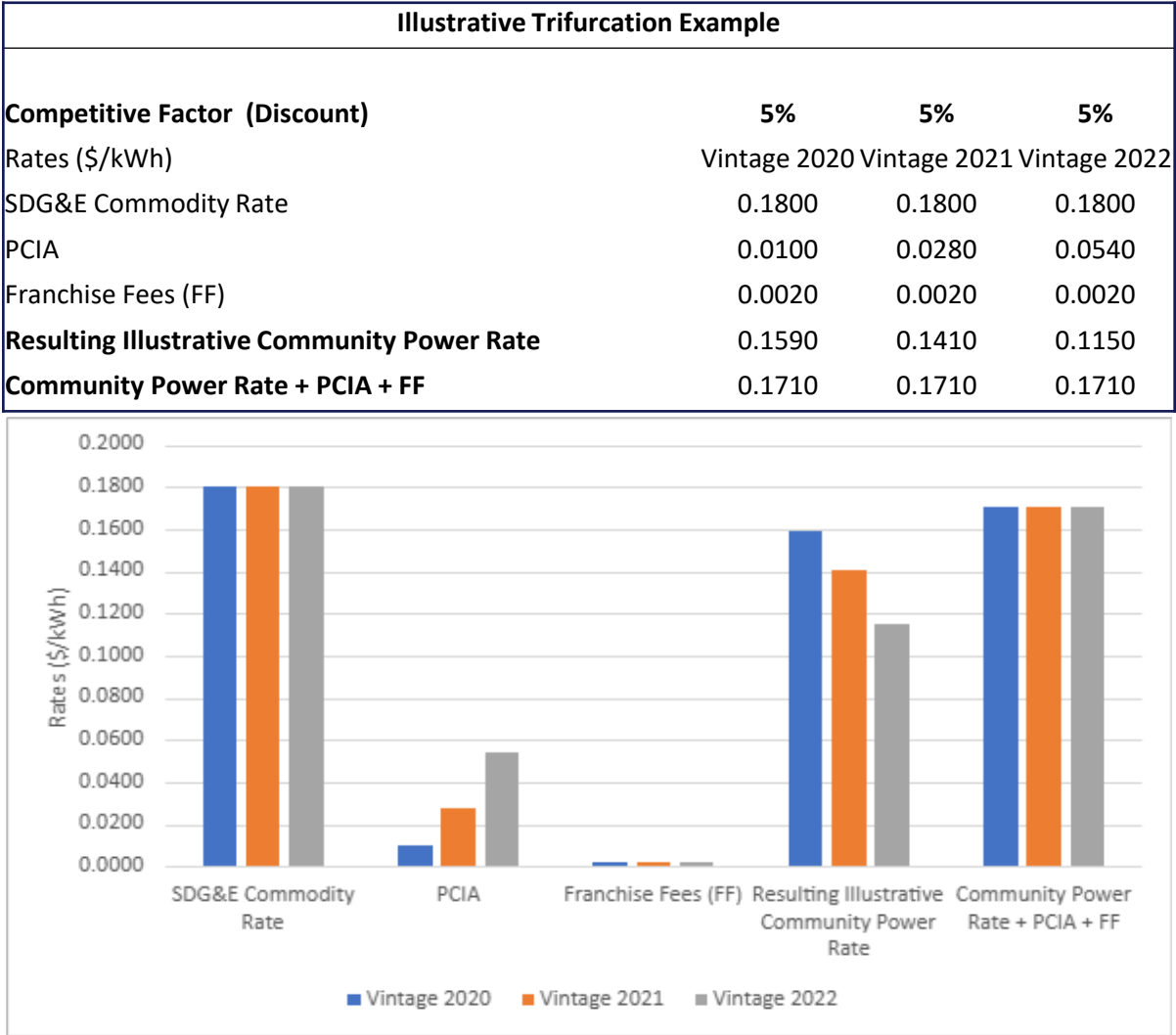
Rate Trifurcation: Equality vs. Equity

- 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 of Community Power rates by vintage will maintain a fair, equitable, and balanced rate structure.



Rate Trifurcation

- 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 PCIA by SDG&E because they are assigned different vintage years.
- Due to the substantial deltas expected between PCIA vintages 2020, 2021, and 2022, staff will continue to recommend trifurcation of three sets of rates to the Board to ensure customer equity.



2026 SDG&E Bundled Generation Rate Outlook

- SDG&E's system avg. commodity rates are projected to increase by ~12%.
- SDG&E attributes the increase in commodity rates to decreased credits and revenues from lower market values, as well as a lower sales forecast.

	SDG&E Avg. Commodity Rate (\$/kWh)			SDG&E Avg. Commodity Rate Change (%)	
Customer Class	10/1/2025 (Current Effective)	1/1/2026 (Oct. ERRR Update)	1/1/2026 (Nov. Prelim)	10/1/2025 - 1/1/2026 (Oct. ERRR Update)	10/1/2025 - 1/1/2026 (Nov. Prelim)
Residential	0.15777	0.18929	0.17168	19.98%	8.82%
Small Commercial	0.13478	0.16134	0.15071	19.71%	11.82%
M/L C&I	0.16156	0.19444	0.19096	20.35%	18.20%
Agricultural	0.11424	0.13634	0.12773	19.35%	11.81%
Lighting	0.10341	0.12408	0.11745	19.99%	13.58%
System Total	0.15515	0.18453	0.17394	18.94%	12.11%



2026 PCIA Rate Outlook

- SDG&E's PCIA rates are projected to increase by approximately 4 cents per kWh.

Customer Class	2021 Vintage PCIA (\$/kWh)			PCIA Change (%)	
	10/1/2025 (Current Effective)	1/1/2026 (Oct. ERRRA Update)	1/1/2026 (Nov. Prelim)	10/1/2025 - 1/1/2026 (Oct. ERRRA Update)	10/1/2025 - 1/1/2026 (Nov. Prelim)
Residential	(0.01364)	0.03563	0.03636	361.22%	366.57%
Small Commercial	(0.01178)	0.02958	0.02895	351.10%	345.76%
M/L C&I	(0.01769)	0.03384	0.03379	291.29%	291.01%
Agricultural	(0.01216)	0.03340	0.03388	374.67%	378.62%
Lighting	(0.01109)	0.02838	0.02755	355.91%	348.42%



2026 SDG&E Delivery Rate Outlook

- SDG&E's system avg. delivery rates are projected to increase by ~8%.
- SDG&E's delivery rates could change further because certain proposals have yet to be included (i.e., wildfire mitigation costs).

Customer Class	SDG&E Avg. Delivery Rate (\$/kWh)			SDG&E Avg. Delivery Rate Change (%)	
	10/1/2025 (Current Effective)	1/1/2026 (Oct. ERRR Update)	1/1/2026 (Nov. Prelim)	10/1/2025 - 1/1/2026 (Oct. ERRR Update)	10/1/2025 - 1/1/2026 (Nov. Prelim)
Residential	0.21483	0.23583	0.25192	9.78%	17.26%
Small Commercial	0.23628	0.25100	0.23315	6.23%	-1.32%
M/L C&I	0.17517	0.18238	0.18445	4.12%	5.30%
Agricultural	0.14770	0.15405	0.13595	4.30%	-7.96%
Lighting	0.25186	0.26450	0.22485	5.02%	-10.72%
System Total	0.19602	0.20851	0.21169	6.37%	7.99%



SDG&E General Rate Case (GRC) Phase 2

- SDG&E filed its 2024 GRC Phase 2 Application on January 17, 2023, and the Commission adopted a decision on September 18, 2025.
 - SDG&E is required to present the PCIA as a separate line item on bundled customers' bills to ensure consistent comparison between bundled and CCA customers, expected in Q2 2026.
 - The Commission granted approval of proposals for revenue allocation to customer classes and rate design changes, including three notable changes that Community Power will mirror.

Seasonality Adjustment for Residential Tiered Rates

- Moves the seasonal (winter / summer) adjustment from the delivery rate component to the commodity / generation rate component.
- Reduces seasonal volatility in commodity rates.
- Effective January 1, 2026.

Time-of-Use (TOU) Super Off-Peak Extension

- Extends existing weekday mid-day Super Off-Peak (10 a.m. - 2 p.m.), currently applied to March and April, to the full year.
- Reduces mid-day prices to encourage load-shifting to the mid-day period.
- Effective April 1, 2026.

New Medium Commercial Customer Class

- Creates a new Medium Commercial customer class for customers with demand between 20-200 kW.
- Reclassifies several schedules as Medium Commercial.
- Effective April 1, 2026.



Next Steps

- Staff continues to monitor updates from SDG&E and CPUC.
- SDG&E commodity rates and PCIA rates, that will go into effect on January 1, 2026, will not be finalized until December 31, 2025.
- Staff will recommend to the Board to adopt a rate change on January 15, 2026.
- Due to variation in PCIA for vintage years, staff will continue to recommend trifurcated rates.
- After SDG&E files its March 1, 2026 rate changes related to GRC Phase 2 implementation, staff will recommend to the Board to adopt appropriate rate design updates to be effective on April 1, 2026 to align rates with SDG&E to improve the overall customer experience.



Public Comment on Item No. 5

Item No. 5

Committee Members Comments or Questions

Update on SDG&E's
2026 Projected Rates.



Recommendation:

Receive and File Update on
SDG&E's 2026 Projected Rates.

Committee Member Announcements

Adjournment



Next Regular Finance and Risk Management Committee Meeting February 19, 2026

CustomerService@SDCommunityPower.org



We are experiencing technical difficulties.

Please be assured that we are working to resolve the issue and meeting will resume shortly.

Thank you.