svcleanenergy.org

333 W El Camino Real
Suite 330
Sunnyvale, CA 94087

Silicon Valley Clean Energy
Finance and Administration Committee Meeting

Tuesday, August 1, 2023
1:00 pm

Silicon Valley Clean Energy Office
333 W. El Camino Real, Suite 330
Sunnyvale, CA

Teleconference Meeting Information:
https://svcleanenergy-org.zoom.us/j/86342953071

Or by Telephone (Audio only):
US: +1 669 219-2599
Webinar ID: 863 4295 3071

Members of the public may observe this meeting electronically by accessing the meeting via instructions above. Public Comments can be sent in advance of the meeting to Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org and will be distributed to the Finance and Administration Committee. The public will also have an opportunity to provide comments during the meeting. Members of the public using Zoom may comment during public comment or the applicable agenda item by using the Raise Hand feature and you will be recognized by the Chair. Those using the telephone (audio only) feature should press star 9 on your phones to initiate the "Raise Hand" function in Zoom. You will then be announced, unmuted, and your time to speak will begin.

The public may provide comments on any matter listed on the Agenda. Speakers are customarily limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.

If you are an individual with a disability and need a reasonable modification or accommodation pursuant to the Americans with Disabilities Act ("ADA") please contact Board Clerk Andrea Pizano at Andrea.Pizano@svcleanenergy.org prior to the meeting for assistance.

AGENDA

Call to Order

Roll Call

Public Comment on Matters Not Listed on the Agenda

The public may provide comments on any matter not listed on the Agenda provided that it is within the subject matter jurisdiction of SVCE. Speakers are customarily *limited to 3 minutes each, however, the Committee Chair may increase or decrease the time allotted to each speaker based on the number of speakers, the length of the agenda and the complexity of the subject matter. Speaking time will not be decreased to less than one minute.*

Consent Calendar (Action)

1) Approve Minutes of the May 12, 2023 Finance and Administration Committee Meeting

Regular Calendar

2) CEO Update (Discussion)

3) Recommend Approval of the FY 2023-24 Proposed Operating Budget and Affirmation of the Current Reserve Policy Target Levels (Action)

Committee/Staff Remarks

Adjourn

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333 W El Camino Real
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Silicon Valley Clean Energy
Finance and Administration Committee Meeting
Friday, May 12, 2023
12:00 p.m.

Silicon Valley Clean Energy Office
333 W. El Camino Real, Suite 330
Sunnyvale, CA

DRAFT MEETING MINUTES

Call to Order

Chair Wei called the meeting to order at 12:12 p.m.

Roll Call

Present:
Chair Hung Wei, Cupertino
Vice Chair Sally Meadows, Los Altos
Director Walia, Saratoga

Absent:
Director Elliot Scozzola, Campbell
Director Margaret Abe-Koga, Mountain View

Public Comment on Matters Not Listed on the Agenda
No speakers.

Consent Calendar

Chair Wei opened public comment.
No speakers.
Chair Wei closed public comment.

MOTION: Vice Chair Meadows moved and Director Walia seconded the motion to approve the Consent Calendar.

The motion carried by verbal roll call vote with Directors Abe-Koga and Scozzola absent.

1) **Approve Minutes of the February 27, 2023, Finance and Administration Committee Meeting**

SILICON VALLEY CLEAN ENERGY

Regular Calendar

2) CEO Update (Discussion)

CEO Girish Balachandran provided an overview of the next few months in relation to timing for discussions on the FY 23-24 Strategic Focus Areas, budget, and stress test.

Amrit Singh, CFO and Director of Finance and Administration, announced the credit rating agency S&P reaffirmed SVCE's 'A' credit rating; CFO and Director of Finance and Administration Singh responded to a question from the committee regarding the frequency of the rating and past ratings.

Chair Wei opened public comment.
No speakers.
Chair Wei closed public comment.

3) Results of Stress Test Analyses for FY2024-FY2028 Planning Horizon (Discussion)

CFO and Director of Finance and Administration Singh presented the analyses of the findings of the stress test. Presentation highlights included a recap of the enterprise risk management (ERM) framework, construction of the stress test scenario, an overview of the modeled price collapse, results and implied reserve targets, and next steps.

Staff responded to committee member questions regarding the stress test scenarios, price uncertainty, and reserve targets and communication with other CCAs.

Chair Wei opened public comment.
No speakers.
Chair Wei closed public comment.

Committee members discussed the expertise in staff and encouraged internships and ways to introduce students to jobs in the energy field.

4) FY 2023-24 Budget Framework (Discussion)

CFO and Director of Finance and Administration Singh provided a presentation to the committee on the budget framework for FY 2023-24, with a request for feedback from the committee on the principles and assumptions used, in addition to feedback on the staff recommendations. The presentation covered the timeline for budget approval, information on revenue modeling, reserve targets, customer discount rate, additional funding for programs and set aside for reserves, power supply costs, and other cost drivers.

Staff responded to committee member questions and comments regarding the timing of the next Finance and Administration committee meeting to receive feedback on the draft budget before it gets presented to the Board of Directors on August 9, 2023, the recommended discount rate for customers, Inflation Reduction Act grant funds, and support for increased staffing.

Chair Wei opened public comment.
No speakers.
Chair Wei closed public comment.

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5) Treasurers Report Format Changes (Presentation)

CFO and Director of Finance and Administration Singh introduced Aidas Baublys, Senior Financial Analyst, and presented proposed format changes to the monthly Treasurer Report which included changes to the summary pages, investment summary reports, and customer data.

Staff responded to questions and comments regarding the changes presented, benchmarking with other CCAs, investment monitoring under SVCE's Investment Policy, and SVCE's core competencies.

Chair Wei opened public comment.
No speakers.
Chair Wei closed public comment.

Committee/Staff Remarks
Vice Chair Meadows announced there was a presentation made by Santa Clara County Public Health which included a rating system for cities on their policies and practices that support the health of their residents, including climate change mitigation. Director Walia noted she would share the information with staff to see the metrics used to determine the rating status.

CFO and Director of Administrative Services Singh noted Board Clerk Andrea Pizano would be sending a poll to identify the next committee date in August.

Adjournment
Chair Wei adjourned the meeting at 2:00 p.m.

ATTEST:

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Andrea Pizano, Board Secretary

SILICON VALLEY CLEAN ENERGY

Staff Report – Item 2

Item 2:	**CEO Update**
From:	Girish Balachandran, CEO
Prepared by:	Andrea Pizano, Board Clerk/Executive Assistant
Date:	8/1/2023

This item will be addressed in the form of an oral report to the Finance and Administration Committee from CEO Girish Balachandran.

SILICON VALLEY CLEAN ENERGY

Staff Report – Item 3

Item 3:	**Recommend Approval of the FY 2023-24 Proposed Operating Budget and Affirmation of the Current Reserve Policy Target Levels**
From:	Girish Balachandran, CEO
Prepared by:	Amrit Singh, CFO and Director of Administrative Services
Date:	8/1/2023

RECOMMENDATION

Staff recommends that the Finance and Administration Committee recommend that the Board of Directors approve the fiscal year (FY) 2023-24[1] Proposed Operating Budget that projects depositing $7.7 million into the reserves and affirm the current reserve policy target levels.

FINANCE AND ADMINISTRATION, EXECUTIVE COMMITTEE & BOARD REVIEWs

At the May 12th Finance and Administration Committee meeting, the May 26th Executive Committee meeting, and the June 14th Board of Directors meeting, staff presented the methodology, framework, and key assumptions for developing the proposed budget and responded to the Committees and Board members' questions on the approach to developing the budget.

Staff presented a preliminary budget outlook at the June 23rd Executive Committee meeting. Staff informed the Committee that the final budget numbers will be developed using July's latest energy price market data. The Committee provided feedback on the preliminary budget, including comparing SVCE's full-time staff numbers with those of the other CCAs. Staff discussed the high volatility in the energy markets and the high prices for Resource Adequacy (RA) and RPS products, which added additional uncertainty to budget projections. Staff discussed removing the request to transfer funds towards an SVCE building purchase if margin projections deteriorate further.

ANALYSIS & DISCUSSION

The FY 2023-24 Proposed Operating Budget is balanced and presents Silicon Valley Clean Energy (SVCE) in stable financial condition. The projected balance available for reserves of $7.7 million is a decrease of $65.7 million below the $73.4 million presented in the FY 2022-23 Mid-Year Budget.

Energy Revenues

The Proposed budget shows a decrease in revenues of $83.6 million compared to the FY 2022-23 adjusted mid-year budget. The revenue decrease is primarily due to a forecasted increase in 2024 PCIA[2] of about 318 percent (from 0.28 cents/kWh to 1.17 cents/kWh) and a drop in the 2024 PG&E generation rate of about 28 percent on average (from 14.08 cents/kWh to 11.55 cents/kWh) because of recent declines in forward energy

[1] The fiscal year 2023-24 starts on October 1, 2023, and ends on September 30, 2024.

[2] Public Utility Code Sections 366.1 and 366.2 require the CPUC to make sure that customers leaving PG&E do not burden remaining PG&E customers with costs which were incurred to serve them. To ensure customer indifference, CCAs and Direct Access, or departing load customers are required to pay a power charge indifference adjustment (PCIA).

prices. From late March to early July, the energy prices for the calendar year 2023[3] are down about 18%, and the forward prices for the calendar year 2024 are down on average about 14%. Declining market prices typically result in a simultaneous increase in PCIA and decrease in PG&E generation rates. The significant increase in PCIA combined with a drop in PG&E generation rates reduces SVCE margins on average by 27 percent for 2024.

Staff used the CalCCA's[4] NewGen Strategies & Solutions Model to forecast PCIA and PG&E generation rates with updated market prices and an adjustment for modeling error by calibrating the model with PG&E's May ERRA[5] forecast of 2024 rates. Staff did not update the model's forecast of RA and RPS prices. Unlike prior years, RPS prices and Resource Adequacy costs are highly volatile and at very high levels compared to those in the past, creating an additional layer of uncertainty in forecasting PCIA and PG&E generation rates.

Unlike energy prices, where there are readily available market-traded forward prices, the Resource Adequacy (RA) and Renewable Portfolio Standard (RPS) prices used in the PCIA and PG&E generation rate calculations are based on CPUC's derived market price benchmarks (MPB), which are published later in the fall of the year. It's difficult to forecast CPUC's MPB prices because CPUC calculates them using a volume-weighted average of load-serving entities' market transactions, which can span forward transactions entered by the LSEs during the prior two years. The NewGen Strategies & Solutions MPB prices are very low compared to the current market prices. For example, the current market price for RPS product is about $45 MWh for the calendar year 2024, but those used in the model are about $12.50 per MWh, and for RA, it's modeled at about $8.50 $kW-month versus the market price of around $12.75 $kW-month. In computing SVCE's Power Supply costs, staff computed the open RA and RPS positions cost at current market prices. Holding for other variables, this disparity in RA and RPS prices used for projecting costs versus PCIA and PG&E generations rate tends to make the budget forecast conservative. For illustrative purposes, if we used the higher RA and RPS prices in the NewGen model to estimate PCIA and PG&E generation rates, the fiscal year 2023-24 revenues would be about $35 million higher.

PG&E's forecast of 2024 rates in the ERRA filing made in May, shows a very high PG&E Generation Rate of ~14.54[6] cents/kWh and a very low PCIA of negative 0.62 cents/kWh, implying an improvement in SVCE margin of about 6 percent relative to current rates. PG&E's filing, however, is based on results using market prices in late March 2023, and since then, market prices have decreased significantly, as stated earlier in the report. Based on the ERRA filing schedule, PG&E will update its rate forecast in early fall, and the CPUC is expected to approve new rates in late December.

To test the accuracy of the NewGen model, staff calibrated the model to PG&E's forecast using the same period market data PG&E used in developing its 2024 rate forecast. The calibration shows that the model results in about a 5 percent higher SVCE margin. Using the methodology discussed in the budget framework discussions to account for potential modeling errors, staff reduced the resulting margins from the current model by 10 percent.

Using the NewGen model with the latest prices and an adjustment for modeling error likely better aligns revenues closer to the rates that PG&E will update in October, and it also better aligns revenues with power supply costs because both estimates are made using the same set of energy market data. Nevertheless, the results are based on a forecast, and the actual rates won't be known until the CPUC approval, expected in late December. Between now and when the rates are finalized, market prices will change, which can create less or

[3] Calendar year 2023 calculation includes actuals for past months and forwards for future months.
[4] CalCCA, California Community Choice Association, is the trade association of 24 CCAs in California. SVCE has been a member of CalCCA since its inception in 2017.
[5] ERRA, the Energy Resource Recovery Account, is a balancing account utilized by PG&E to record and recovery power costs associated with PG&E's authorized procurement plan. ERRA proceedings are used to determine fuel and purchased power costs which can be recovered in rates.
[6] The rates shown in this report are SVCE load-weighted average rates.

more favorable results. Staff recommends that SVCE change its rates when the CPUC makes the new PCIA and PG&E generation rates effective. At that time, the Board can revisit the customer discount rate. The effective SVCE rate discount is modeled at 2% starting January 2024 to set the budget. The current 4 percent discount remains until the end of December 2023. The 2 percent effective discount rate is composed of 1 percent discount relative to comparable PG&E generation rates for all customers and an additional 1 percent converted to dollar bill credits to the CARE & FERA customers (~30,000), which amounts to $3.14 million or about $8.70 per month bill credit for 12 months. The budget shows the bill credit as a separate cost item.

The proposed budget continues to reduce revenues to account for potential write-offs that could incur. SVCE is currently budgeting revenues to include a 0.75% write-off rate, which amounts to roughly $3.3 million.

<u>Power Supply Expenses</u>
Power supply expenses are expected to remain close to the current fiscal year level at $391.6 million. The drop in forward prices reduces costs but only to an extent because the portfolio for the calendar year 2024 is currently hedged at 78 percent. Additional Power Purchase Agreements (PPAs) coming online also further reduce costs. However, the favorable drivers reducing costs are offset by an increase in load of about 1.5%, as the forecast assumes full recovery from COVID impacts and much higher RPS and RA prices.

<u>Reserves Policy Target Levels</u>
At the June 14th, 2023, Board of Directors meeting, staff presented the results of the stress test analyses and emphasized the need to hold sufficient reserves to ensure SVCE can withstand risks such as those modeled in the analyses. The stress test modeled a collapse in energy prices that substantially reduced revenues and increased financial posting requirements to the Provider of Last Resort (PG&E). Staff has since updated the stress test scenario analysis with market and portfolio data consistent with those used to develop the proposed budget.

As shown in the table below, the new implied targets, derived using the methodology discussed in the stress test analysis, are close to the current targets. The methodology for deriving the targets is to set the target level such that if the modeled stress scenario were to occur, the target threshold remains above 120 days of cash on hand (DCOH) for the next two fiscal years and set the upper reserve target such that it remains above 90 DCOH over the next five fiscal years. Given the conservative assumptions used in modeling RA and RPS prices to derive the PCIA and PG&E generation rate forecasts and the 5-yr financial projection shown in attachment 2 showing ending reserves will be below target levels in the near future, staff recommends keeping the existing targets as changing them would have no practical implications.

Reserve Targets (DCOH)	Current	Implied Targets
Minimum	120	120
Goal (Target)	285	**300**
Maximum (Upper Target)	490	490

As presented in the June Stress Test report and presentation, the upcoming fiscal year margins are not guaranteed, given the true-up in 2025 for PCIA and PG&E generation rates. If the adverse-modeled risk conditions materialize, the reserves policy targets maintaining at least 120 DCOH, which will be needed to reshape strategy and secure additional liquidity, and the upper reserves target helps manage risks over 5 years.

<u>Operating Expenses</u>
Operating expenses are expected to grow in the proposed budget, increasing by $4.8 million from the FY2022-23 adjusted midyear budget. The increase in projected operating expenses is primarily comprised of costs

associated with increased staffing. In addition, the operating budget includes an overall 5% contingency, which amounts to $1.5 million embedded in all operating expense category increases.

Overall personnel expenses are expected to increase by $4.1 million, of which $1.8 million, approximately 40% of the increase, is associated with the nine new positions across the organization. The remaining part of the increase is driven by vacancies being filled and budgeting for salary increases.

The nine new positions reflect the increasing needs of a mature organization. These new positions focus on program design, marketing, and deployment; data analyses; data engineering to integrate various energy wholesale and portfolio operational data; supporting regulatory work; analytical and administrative work; and budgeting and financial analyses. Of the nine new positions since last fiscal year, one Associate Data Scientist position is filled, and one Senior Regulatory Analyst position is currently being recruited under the CEO's personnel authority, which allows the CEO to add positions within 10 percent of the authorized number and the approved budget. In addition to these new positions, SVCE continues to work with specialized consultants who provide critical skills to bridge gaps between full-time staff.

Of the increase in personnel costs, $1.5 million arose from lower vacancy savings than the Mid-Year budget, which was partially based on actual vacancy rates as opposed to the 5 percent annual vacancy rate assumed in the proposed budget. SVCE continues to work to fill positions and anticipates full staffing by the end of the calendar year but utilizes a 5% long-term vacancy rate in the personnel budget.

The salary portion of the staffing budget includes a 4.5% cost-of-living adjustment to salaries, based on a trailing six-month average for the Bay Area CPI, which adds $500 thousand in additional cost. SVCE is budgeting for a 3% average merit increase, to be determined by management during the upcoming annual review process, and which contributes another $300 thousand in cost increases.

Other marketing, general and administration expenses, and professional services increase by about $680 thousand. These largely result from increased hardware, travel, training, and conference fees anticipated for a larger staff.

Staff is also currently evaluating employee benefits package updates, focusing on incentives to promote staff retention. The current budget does not include these changes, but staff will likely present some benefits updates later during the fiscal year.

<u>Programs Budget</u>
SVCE will continue incorporating projected programs spending over the 5-year forecast period into the reserve balance projections and now in forecasting the ending net position as shown in the 5-year financial forecast in attachment 2. For this coming fiscal year, programs spending is projected to be $27.1 million, with an additional $3.5 million in CRCR[7] spending and $600 thousand in E-Elec (all electric) rate discounts.

The proposed budget transfers an additional $8.9 million, two percent of projected revenues and $2.2 million from the PG&E nuclear allocation savings, representing the portfolio's savings from accepting the allocation.

<u>Non-Operating Revenues</u>
Non-operating revenues are projected to increase by about $1.6 million. This increase reflects the increase in interest earned on the growing reserve balance.

[7] CRCR, the ~$10 million Customer Relief and Community Resilience Program, was established in 2020 to provide COVID credit payments to income-qualified customers as bill assistance, support local workforce training, and fund resiliency planning and capital expenditures at SVCE member cities.

Set Aside for a Building Fund

During the budget framework discussions, staff proposed considering buying a building instead of leasing the current office space. SVCE's current lease runs through September 2025. Before the lease expires, staff will need time to explore the alternatives of buying versus leasing. Staff also wants SVCE to be able to pursue attractive property opportunities as they arise. Staff proposes to continue assessing the market opportunities and return to the Committee and the Board later to earmark a portion of reserves for potential building purchase. An initial back-of-the-envelope analysis indicates a roughly 10-year breakeven period compared to leasing for 20,000 sf space at a cost of around $20 million.

STRATEGIC PLAN

The recommendation supports all goals of the Board adopted Strategic Plan. Specifically, the recommendations strongly support Goal 15 - "Commit to maintaining a strong financial position" and the accompanying Measures "Present Balanced budget that achieves cash reserve targets, weighs tradeoffs between customer value proposition and contribution to reserves and maintains competitive rates", "Board presentation on 5-year financial forecast once a year" and "Maintain investment grade credit rating from one of the 3 credit rating agencies".

On July 26th Moody's Investor Service, a credit rating agency, upgraded SVCE's issuer rating from Baa2 to Baa1, with a stable outlook. Strong liquidity and adopting a more stringent reserves policy with a higher reserve target of 285 days were cited as elements that were credit positive. Moody's also indicated that "Maintenance of strong liquidity position through sound financial management with days cash on hand in excess of 300 days" would be one of several factors that could lead to an upgrade to the rating.

ALTERNATIVE

Staff is open to feedback and suggestions from the Committee. At a strategic level, the Board can change the discount to PG&E, reduce the carbon-free percent of power supply, reduce the renewable percent of the power supply, and cut the programs expenditure.

Considering any of the above options requires an extensive policy-level discussion, and the Board can consider them while finalizing SVCE's strategic priorities during the coming months and revisit the customer discount rate when actual PCIA and PG&E generation rates are known. Given a sufficient projected reserve balance that maintains SVCE's stable financial condition, staff does not recommend any specific reductions.

FISCAL IMPACT

The FY 2023-24 Proposed Operating Budget includes total revenues of $440.4 million and total expenses, non-operating revenues, and transfers of $432.7 million, resulting in a surplus/contribution to reserves of $7.7 million.

ATTACHMENTS

1. FY 2023-24 Proposed Operating Budget
2. 5-year Financial Forecast

Attachment 1

SILICON VALLEY CLEAN ENERGY
FY 2023-24 OPERATING BUDGET
($ in thousands)

DESCRIPTION	MY 2022-23 ADJUSTED BUDGET	FY 2023-24 PROPOSED BUDGET	Year over Year Change $	Year over Year Change %
ENERGY REVENUES				
Energy Sales	522,853	438,342	(84,511)	-16.2%
Green Prime	1,055	2,012	957	90.7%
Other Income	50	50	0	0.0%
TOTAL ENERGY REVENUES	**523,958**	**440,404**	**(83,554)**	**-15.9%**
ENERGY EXPENSES				
Power Supply	392,436	391,624	(812)	-0.2%
OPERATING MARGIN	**131,522**	**48,780**	**(82,742)**	**-62.9%**
OPERATING EXPENSES				
Data Management	3,413	3,413	0	0.0%
PG&E Fees	1,470	1,470	0	0.0%
Salaries and Retirement	11,285	15,406	4,121	36.5%
Professional Services	8,016	8,084	68	0.9%
Marketing & Promotions	862	1,349	487	56.5%
Notifications	131	21	(110)	-84.0%
Lease	525	551	26	5.0%
General & Administrative	1,857	2,067	209	11.3%
TOTAL OPERATING EXPENSES	**27,559**	**32,361**	**4,802**	**17.4%**
OPERATING INCOME (LOSS)	**103,963**	**16,419**	**(87,544)**	**-84.2%**
NON-OPERATING REVENUES				
Interest Income	3,870	5,501	1,631	42.1%
Grant Income	0	0	0	-
TOTAL NON-OPERATING REVENUES	**3,870**	**5,501**	**1,631**	**42.1%**
NON-OPERATING EXPENSES				
Financing	3	3	0	0.0%
Interest	0	0	0	-
TOTAL NON-OPERATING EXPENSES	**3**	**3**	**0**	**0.0%**
TOTAL NON-OPERATING INCOME (EXPENSES)	**3,867**	**5,498**	**1,631**	**42.2%**
CHANGE IN NET POSITION	**107,830**	**21,917**	**(85,913)**	**-79.7%**
CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER				
Capital Outlay	200	50	(150)	-75.0%
Transfer to CRCR Fund	0	0	0	-
Program Fund	9,765	8,874	(891)	-9.1%
Nuclear Allocation	1,900	2,188	288	15.2%
Multi Family Direct Install Program	9,500	0	(9,500)	-100.0%
Electrification Discount Program	9,500	0	(9,500)	0.0%
Customer Bill Relief	3,600	3,136	(464)	-12.9%
TOTAL CAPITAL EXPENDITURES, INTERFUND TRANSFERS & OTHER	**$34,465**	**$14,248**	**($20,217)**	**-58.7%**
BALANCE AVAILABLE FOR RESERVES	**$73,365**	**$7,669**	**($65,696)**	**-89.5%**

Attachment 2

($ in Thousands)	FY22-23 (Adjusted Budget)	FY23-24 (Budget)	FY24-25 (Forecast)	FY25-26 (Forecast)	FY26-27 (Forecast)	FY27-28 (Forecast)
Operating Revenue						
Electricity Sales, Net[1]	$ 531,561	$ 435,206	$ 471,956	$ 503,130	$ 515,879	$ 517,916
GreenPrime Electricity Premium	1,055	2,012	2,322	2,334	2,351	2,371
Total Operating Revenues	**532,616**	**437,218**	**474,278**	**505,464**	**518,230**	**520,287**
Operating Expense						
Power Supply	$ 391,261	$ 391,624	$ 400,877	$ 416,343	$ 450,677	$ 439,648
Operating Margin	**141,355**	**45,594**	**73,401**	**89,122**	**67,553**	**80,639**
Data Management	3,413	3,413	3,583	3,762	3,950	4,148
PG&E Service Fees	1,470	1,470	1,544	1,621	1,702	1,787
Staff Compensation	11,285	15,406	16,176	16,985	17,834	18,726
Consultants and other Professional Fees	8,016	8,084	8,570	9,084	9,629	10,206
Communications and Noticing	993	1,370	1,439	1,511	1,586	1,666
General and Administration	2,382	2,618	2,749	2,886	3,031	3,182
Transfers to Programs Fund	34,265	11,062	9,486	10,109	10,365	10,406
Total Operating Expenses	**453,085**	**435,047**	**444,422**	**462,300**	**498,773**	**489,769**
Operating Income	**79,531**	**2,171**	**29,856**	**43,164**	**19,457**	**30,518**
Nonoperating Revenue (Expense)						
Other Income	182	50	51	51	52	52
Investment Income	-	5,501	5,251	5,683	6,389	6,635
Capital Outlay & Financing Costs	(200)	(53)	(53)	(53)	(53)	(53)
Grant Income	-	-	-	-	-	-
Total Non-Operating Revenue (Expense)	**(18)**	**5,498**	**5,249**	**5,681**	**6,387**	**6,634**
Change in Net Position/Available for Reserves	**79,513**	**7,669**	**35,104**	**48,845**	**25,844**	**37,152**
Begin, Net Position	**212,684**	**320,082**	**307,579**	**329,143**	**364,448**	**376,752**
Adjustment for Program Expenditure[2]	**27,886**	**(20,173)**	**(13,540)**	**(13,540)**	**(13,540)**	**0**
End, Net Position	**$ 320,082**	**$ 307,579**	**$ 329,143**	**$ 364,448**	**$ 376,752**	**$ 413,904**

1 Assumptions: 4% overall discount relative to comparable PG&E rates for Oct-Dec 2023 and 1% for Jan-Sept 2024. FY 23-24 includes additional bill credit to low income customers totaling $3.14 million (1% of Jan-Sept 2024 Revenue). 1% discount for FY24-25, FY25-26, FY26-27 and FY27-28.

2 Each year the Board transfers funds from the Operating Budget to the Decarboniztion Programs Fund as shown in the above forecast under line item Transfers to Programs Fund. The line item Adjustment for Program Expenditure accounts for the difference between *forecasted spend* for programs versus the amount transfered to the fund. This adjustment is needed because program spending to date has been less than the amount transferred to the programs fund.

	FY22-23	FY23-24	FY24-25	FY25-26	FY26-27	FY27-28
Days Cash On Hand (DCOH) at Year End	**$ 297,561**	**$ 285,058**	**$ 306,622**	**$ 341,927**	**$ 354,230**	**$ 391,383**
Days of cash on hand	255	229	244	262	252	292