

MAY, 2021

Draft Budget Review for Fiscal Year 2021-2022



The Draft Budget for Fiscal Year 2021-2022

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The Draft Budget for Fiscal Year 2021-2022

1. Draft Budget Overview and Comparisons

The Draft Budget for Fiscal Year 2021-2022

	DRAFT FY 2021-22 BUDGET	Through Mar FY 2020-21 YTD+Remaining	CURRENT FY 2020-21 BUDGET	Draft to YTD+Remaining Difference	YTD+Remaining Percent Difference	Draft to Current Budget Difference	Budget Percent Difference
REVENUE AND OTHER SOURCES							
Electricity Sales	503,087,000	436,669,000	401,405,000	66,418,000	15.2%	101,682,000	25.3%
GASB 62 Recognition (Deferral)	0	(7,720,000)	0	7,720,000	-100.0%	0	0.0%
Investment Income	798,000	839,000	1,231,000	(41,000)	-4.9%	(433,000)	-35.2%
Other Income	894,000	466,000	275,000	428,000	91.8%	619,000	225.1%
Uncollectables	(8,810,000)	(10,784,000)	(9,902,000)	1,974,000	-18.3%	1,092,000	-11.0%
Total Revenue and Other Sources	495,969,000	419,470,000	393,009,000	76,499,000	18.2%	102,960,000	26.2%
EXPENSES AND OTHER USES							
ENERGY OPERATIONS							
Cost of Energy	441,439,000	372,125,000	358,078,000	69,314,000	18.6%	83,361,000	23.3%
Data Management/Customer Service	8,645,000	7,655,000	8,003,000	990,000	12.9%	642,000	8.0%
PG&E Service Fees (Billing/Metering)	2,752,000	2,458,000	2,483,000	294,000	12.0%	269,000	10.8%
Scheduling	843,000	665,000	660,000	178,000	26.8%	183,000	27.7%
Total Energy Operating Costs	453,679,000	382,903,000	369,224,000	70,776,000	18.5%	84,455,000	22.9%
OVERHEAD OPERATIONS							
Personnel	9,421,000	7,055,000	7,429,000	2,366,000	33.5%	1,992,000	26.8%
Marketing, Outreach, Communications	1,614,000	1,092,000	1,544,000	522,000	47.8%	70,000	4.5%
Legal, Policy, & Regulatory Affairs	1,592,000	879,000	1,297,000	713,000	81.1%	295,000	22.7%
Other Professional Services	850,000	848,000	1,345,000	2,000	0.2%	(495,000)	-36.8%
General & Administrative	3,033,000	1,851,000	2,146,000	1,182,000	63.9%	887,000	41.3%
Depreciation	60,000	55,000	60,000	5,000	9.1%	0	0.0%
Total Overhead Operating Costs	16,570,000	11,780,000	13,821,000	4,790,000	40.7%	2,749,000	19.9%
NON-OPERATING EXPENSES							
Borrowing Interest	898,000	847,000	804,000	51,000	6.0%	94,000	11.7%
Capital Expenditures	2,500,000	0	0	2,500,000	0.0%	2,500,000	0.0%
Local Development Funding	8,757,000	6,340,000	6,340,000	2,417,000	38.1%	2,417,000	38.1%
Total Non-Operating Expenses	12,155,000	7,187,000	7,144,000	4,968,000	69.1%	5,011,000	70.1%
TOTAL EXPENSES	482,404,000	401,870,000	390,189,000	80,534,000	20.0%	92,215,000	23.6%
NET INCREASE (DECREASE) IN POSITION	13,565,000	17,600,000	2,820,000	(4,035,000)		10,745,000	

Current Budget to Draft Budget Comparison

Draft Budget Highlights

- No change to value proposition
- YoY Revenue growth
- Reduced Uncollectables
- Increasing energy price environment
- Increase to staff/software budget vs. consultant spend
- Increase in staffing
- Building Capital Expenditures
- Local Development budget increase

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REVENUE AND OTHER SOURCES				
Electricity Sales	503,087,000	401,405,000	101,682,000	25.3%
GASB 62 Recognition (Deferral)	0	0	0	0.0%
Investment Income	798,000	1,231,000	(433,000)	-35.2%
Other Income	894,000	275,000	619,000	225.1%
Uncollectables	(8,810,000)	(9,902,000)	1,092,000	-11.0%
Total Revenue and Other Sources	495,969,000	393,009,000	102,960,000	26.2%
EXPENSES AND OTHER USES				
ENERGY OPERATIONS				
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Data Management/Customer Service	8,645,000	8,003,000	642,000	8.0%
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OVERHEAD OPERATIONS				
Personnel	9,421,000	7,429,000	1,992,000	26.8%
Marketing, Outreach, Communications	1,614,000	1,544,000	70,000	4.5%
Legal, Policy, & Regulatory Affairs	1,592,000	1,297,000	295,000	22.7%
Other Professional Services	850,000	1,345,000	(495,000)	-36.8%
General & Administrative	3,033,000	2,146,000	887,000	41.3%
Depreciation	60,000	60,000	0	0.0%
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NON-OPERATING EXPENSES				
Borrowing Interest	898,000	804,000	94,000	11.7%
Capital Expenditures	2,500,000	0	2,500,000	0.0%
Local Development Funding	8,757,000	6,340,000	2,417,000	38.1%
Total Non-Operating Expenses	12,155,000	7,144,000	5,011,000	70.1%
TOTAL EXPENSES	482,404,000	390,189,000	92,215,000	23.6%
NET INCREASE (DECREASE) IN POSITION	13,565,000	2,820,000	10,745,000	

Current YTD (March) Actuals to Current Budget Comparison

2020-2021 Comparison Highlights

- Deferral of PCIA led to higher revenues from sales
- \$7.7MM GASB 62 Revenue Deferral sized to July 2022-Dec 2023 PUBA (inclusive of prior GASB 62 balance). May increase further for unspent local development budget
- Uncollectables set at 2.5% of revenue from sales
- Higher energy costs
- Reduced overhead relative to budget in tight year
- Positive net position

	Through Mar FY 2020-21 YTD+Remaining	CURRENT FY 2020-21 BUDGET	FY 2020-21 Budget-YTD Difference	Budget-YTD Percent Difference
REVENUE AND OTHER SOURCES				
Electricity Sales	436,669,000	401,405,000	35,264,000	8.8%
GASB 62 Recognition (Deferral)	(7,720,000)	0	(7,720,000)	0.0%
Investment Income	839,000	1,231,000	(392,000)	-31.8%
Other Income	466,000	275,000	191,000	69.5%
Uncollectables	(10,784,000)	(9,902,000)	(882,000)	8.9%
Total Revenue and Other Sources	419,470,000	393,009,000	26,461,000	6.7%
EXPENSES AND OTHER USES				
ENERGY OPERATIONS				
Cost of Energy	372,125,000	358,078,000	14,047,000	3.9%
Data Management/Customer Service	7,655,000	8,003,000	(348,000)	-4.3%
PG&E Service Fees (Billing/Metering)	2,458,000	2,483,000	(25,000)	-1.0%
Scheduling	665,000	660,000	5,000	0.8%
Total Energy Operating Costs	382,903,000	369,224,000	13,679,000	3.7%
OVERHEAD OPERATIONS				
Personnel	7,055,000	7,429,000	(374,000)	-5.0%
Marketing, Outreach, Communications	1,092,000	1,544,000	(452,000)	-29.3%
Legal, Policy, & Regulatory Affairs	879,000	1,297,000	(418,000)	-32.2%
Other Professional Services	848,000	1,345,000	(497,000)	-37.0%
General & Administrative	1,851,000	2,146,000	(295,000)	-13.7%
Depreciation	55,000	60,000	(5,000)	-8.3%
Total Overhead Operating Costs	11,780,000	13,821,000	(1,215,000)	-8.8%
NON-OPERATING EXPENSES				
Borrowing Interest	847,000	804,000	43,000	5.3%
Capital Expenditures	0	0	0	0.0%
Local Development Funding	6,340,000	6,340,000	0	0.0%
Total Non-Operating Expenses	7,187,000	7,144,000	43,000	0.6%
TOTAL EXPENSES	401,870,000	390,189,000	11,681,000	3.0%
NET INCREASE (DECREASE) IN POSITION	17,600,000	2,820,000	14,780,000	

The Draft Budget for Fiscal Year 2021-2022

2. Draft Budget Revenues

Draft Budget Revenues

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
REVENUE AND OTHER SOURCES				
Electricity Sales	503,087,000	401,405,000	101,682,000	25.3%
GASB 62 Recognition (Deferral)	0	0	0	0.0%
Investment Income	798,000	1,231,000	(433,000)	-35.2%
Other Income	894,000	275,000	619,000	225.1%
Uncollectables	(8,810,000)	(9,902,000)	1,092,000	-11.0%
Total Revenue and Other Sources	495,969,000	393,009,000	102,960,000	26.2%

- **Assumes 5% opt out rate for new community enrollments**
- **Does not include transition of Brilliant 100 customers**
 - Could be as much as \$657,000 adjustment
- **Includes reduction from TOU rate transition**
 - Tracy actually begins Feb 2022. Could be as much as \$400,000 adjustment
- **No recognition of 2019-2020 GASB 62 revenue**
- **Assumes 0.4% interest earned in cash balances in accounts**
- **\$894,000 of Other Income is expected PG&E reimbursement for administrative and marketing costs for Green Tariff program**
- **Uncollectables reduced from 2.5% to 2% for remaining 2021 then 1.5% for 2022**

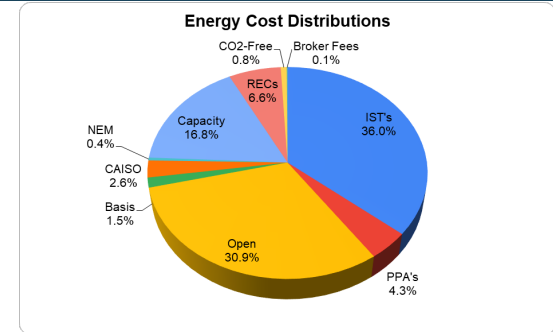
The Draft Budget for Fiscal Year 2021-2022

3. Draft Budget Expenses

- Energy Operations
- Overhead Operations
- Personnel, in Depth
- Non-operating Expenses
- Local Development, in Depth

Draft Budget Energy Operations

ENERGY OPERATIONS	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
Cost of Energy	441,439,000	358,078,000	83,361,000	23.3%
Data Management/Customer Service	8,645,000	8,003,000	642,000	8.0%
PG&E Service Fees (Billing/Metering)	2,752,000	2,483,000	269,000	10.8%
Scheduling	843,000	660,000	183,000	27.7%
Total Energy Operating Costs	453,679,000	369,224,000	84,455,000	22.9%



- **Cost of Energy is comprised of four energy products—general supply, capacity, renewable, carbon free—and related transactional costs**
 - General supply includes contract hedges, open position, long-term agreements, and NEM balancing
- **Brilliant 100 discontinued in Jan 2022**
 - \$2M cost reduction from lower carbon free energy purchases
- **Significant increase in Cost of Energy due increased load from expansion of new communities and rising prices**
- **Increase in Energy Service fees due to increase in meters from new communities**
 - Data Management/Customer Service is paid to SMUD at \$1.20 per meter through 2021, then \$1.00 through 2022
 - PG&E Service Fees are paid to PG&E to use their billing and metering systems at \$0.35/customer/month
 - Scheduling costs are paid to NCPA to manage EBCE's energy purchases and market activity

Draft Budget Overhead Operations

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	Budget Percent Difference
OVERHEAD OPERATIONS				
Personnel	9,421,000	7,429,000	1,992,000	26.8%
Marketing, Outreach, Communications	1,614,000	1,544,000	70,000	4.5%
Legal, Policy, & Regulatory Affairs	1,592,000	1,297,000	295,000	22.7%
Other Professional Services	850,000	1,345,000	(495,000)	-36.8%
General & Administrative	3,033,000	2,146,000	887,000	41.3%
Depreciation	60,000	60,000	0	0.0%
Total Overhead Operating Costs	16,570,000	13,821,000	2,749,000	19.9%

- **Personnel will be discussed more in-depth on the next slide**
- **No significant change in Marketing, Outreach, and Communications**
- **No significant change in Legal, Policy, & Regulatory Affairs**
- **Decrease in Other Professional Service is more work taken internally**
- **Increase in G&A is driven almost exclusively by increased software subscriptions to support the increase in internal work**
- **No change expected in asset depreciation**

Draft Budget Personnel

	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	Draft to Current Budget Difference	<i>Budget Percent Difference</i>
OVERHEAD OPERATIONS				
Personnel	9,421,000	7,429,000	1,992,000	26.8%

- **FY 2020-21 budget was established with 37 FTE**
 - No COLA was allotted in the current fiscal year
 - Due to personnel transitions, current headcount is 34 FTE and expect to re-hire to get to 37 FTE
- **For FY 2021-22 budget includes**
 - 2.5% COLA and up to 5% merit-based/promotion compensation pool
 - Projected headcount increase by 6 FTE to reach 43 FTE at end of 2021-2022 to accommodate additional work required
 - Includes filling 3 vacancies and adding
 - 2 Local development, 2 Marketing, 1 Power Resources, 1 Technology

Draft Budget Marketing, Outreach, Communications

	FY 2021-2022	FY 2020-2021	
Marketing, Outreach, Communications	BUDGET	BUDGET	Difference
Data Manager	185,000	300,000	(115,000)
Required Mailings	395,000	655,000	(260,000)
Advertising	569,000	289,000	280,000
Promotional Items	10,000	10,000	0
Communications	455,000	290,000	165,000
Total	1,614,000	1,544,000	70,000

- **Data Manager:** Change orders to data management systems
- **Required Mailings:** Joint Rate Mailer, Power Content Label, New Account Noticing
- **Advertising:** Active community presence activities, sponsorships, local events
- **Promotional Items:** Give away items
- **Communications:** Public relations, media, newsletters, consultants

Draft Budget Legal, Policy, Regulatory Affairs

	FY 2021-2022	FY 2020-2021	
Legal, Policy, Regulatory Affairs	BUDGET	BUDGET	Difference
Sponsorships & Memberships	25,000	0	25,000
Legal Consultants	1,315,000	970,000	345,000
Legislative Consultants	132,000	132,000	0
Other Consultants	120,000	195,000	(75,000)
Total	1,592,000	1,297,000	295,000

- **Legal Consultants:** Outside General Council for procurement, analysis, and general operations
- **Legislative Consultants:** Retainer for Weideman group legislative advocacy
- **Other Consultants:** Economic analysis in regulatory and legislative cases and communications consultants

Draft Budget Other Professional Services

	FY 2021-2022	FY 2020-2021	
Other Professional Services	BUDGET	BUDGET	Difference
Accounting	250,000	220,000	30,000
Human Resources Consulting	100,000	0	100,000
IT Consulting	40,000	45,000	(5,000)
Consultants	460,000	1,080,000	(620,000)
Total	850,000	1,345,000	(495,000)

- **Accounting:** Accounting and auditing for financial compliance
- **HR Consulting:** Job posting, HR compliance, and related training
- **IT Consulting:** Technical network assistance
- **Other Consultants:** Technical consulting for power resources and technology groups as well as various other essential tasks

Draft Budget General Administrative

	FY 2021-2022	FY 2020-2021	
General Administrative	BUDGET	BUDGET	Difference
Operational Expenses	877,000	803,000	74,000
Conferences & Prof. Development	40,000	49,000	(9,000)
Small Equipment	107,000	197,000	(90,000)
Rent & Utilities	441,000	432,000	9,000
Software, Subscriptions, SaaS	1,508,000	625,000	883,000
Board & Director Fees	60,000	40,000	20,000
Total	3,033,000	2,146,000	887,000

- **Operational Expenses:** Service fees, supplies, membership dues, insurance, and other relevant G&A
- **Conferences & Prof. Development:** Trainings, conferences, and related expenses
- **Small Equipment:** Necessary replacements and additional new items
- **Rent & Utilities:** Rent and utilities for office space
- **Software, Subscriptions, SaaS:** Necessary subscriptions and software licensing
- **Board & Director Fees:** Monthly stipends for board members and space rental

Draft Budget Non-Operating Expenses

	FY 2021-22 BUDGET	FY 2020-21 BUDGET	FY 21-22 Budget Difference	Budget Percent Difference
NON-OPERATING EXPENSES				
Borrowing Interest	898,000	804,000	94,000	11.7%
Capital Expenditures	2,500,000	0	2,500,000	0.0%
Local Development Funding	8,125,000	6,340,000	1,785,000	28.2%
Total Non-Operating Expenses	11,523,000	7,144,000	4,379,000	61.3%

- **Borrowing Interest Costs slightly increased due to increased postings of Letters of Credit**
 - No outstanding debt
 - EBCE can draw up to \$60MM in cash and use up to \$35MM in LC's
 - EBCE pays 1% on the undrawn facility balance as a commitment fee, and 1-month index rate + 2.5% on any cash drawn up to \$25MM and 1-month index rate +2.65% on any amount above \$25MM
 - EBCE has outstanding LC's and pays 1.75% on this balance
- **\$2.5MM for capital expenditures related to real estate procurement**
- **Local Development Funding increase due to service area expansion and increased community investment (see additional discussion for more details)**

Draft Budget Local Development Fund

- Unspent Local Development budget carries forward year to year
- 2021-2022 Local Development budget set at \$8,125,000
- Cumulative Local development budget from prior periods forecasted at \$8,094,000
- Total spend for 2021-2022: \$16,601,000
- Community Investment includes priorities related to Connected Communities – DAC-GT, Community Solar, and community engagement efforts for debt relief and CARE/FERA enrollment

LOCAL DEVELOPMENT FUND	FY 2020-21 BUDGET	FY 2020-21 YTD+Est	FY 2021-22 BUDGET	FY 2021-22 BALANCE
Program Funding				
Beginning Balance	1,398,000	4,871,000		8,094,000
Funding from General Fund Revenues	6,340,000	6,340,000	8,757,000	8,757,000
Grants/Credits	275,000	225,000	0	0
Mid-Year adjustment	0	0	0	0
Total Available Funding	8,013,000	11,436,000	8,757,000	16,851,000
Program Areas				
Demand Response	100,000	28,000	0	236,000
Energy Efficiency	740,000	250,000	0	574,000
Building Electrification	950,000	268,000	800,000	2,141,000
Vehicle Electrification	4,930,000	1,116,000	5,545,000	10,472,000
Collaborative Procurement	958,000	385,000	580,000	1,596,000
Community Investment	0	211,000	1,532,000	1,532,000
Sponsorships/Events	0	5,000	100,000	100,000
Capital Set Aside	0	0	0	0
COVID-19 Relief Fund	335,000	1,079,000	0	0
Legal Resources	0	0	100,000	100,000
MAS Resources	0	0	100,000	100,000
Policy Resources	0	0	0	0
Other (actuals not classified)	0	0	0	0
Total Program Expenses	8,013,000	3,342,000	8,757,000	16,851,000
Ending Balance	0	8,094,000		0

Transportation Electrification

- Transportation electrification continues to be a major focus for Local Development:
- Transportation is the largest source of emissions of GHG and particulate matter with Light/Medium and Heavy duty vehicles all contributing
- EBCE can lead in the development of publicly available charging infrastructure siting for renters and low-income communities to ensure these residents can transition to EVs
- Goods movement is particularly important with Port impacts to communities and access through the territory and into the central valley
- EBCE will continue assisting Cities to meet your CAP TE goals with fleet electrification planning and execution assistance

Electric Vehicle Supply (EVSE) Deployment

Deploy public charging infrastructure to accelerate electrification for all residents

- Publicly available charging infrastructure (\$4.0M)
- \$500 'fueling card' to low-income customers who purchase an EV through the Air District's Clean Cars 4 All program (\$100k)
- FY'21 Rollover:
 - Launch CAL EVIP in Sept '21 - (\$3M) + \$14.5M incentives from CEC
 - CSE Administration fee - (\$210k)
 - Multi-Family TA program - (\$320k)

Municipal Vehicle Electrification

Accelerate municipal fleet electrification with cities

- Develop municipal EVSE management offering/plan for existing L2 charging infrastructure - (\$75k)
- Expand fleet electrification Technical Assistance to additional (and new) EBCE cities - (\$300k)
- Vehicle to Building (V2B) pilot at Critical Facility - (\$250k)
- FY'21 Rollover
- Scope municipal fleet EVSE Service Product - (\$125k)

Medium/Heavy Duty Transportation Electrification

Accelerate M/H duty electrification with charging infrastructure and technical assistance for fleet operators

- M/HD Technical Assessments for goods movement fleets - (\$150k)
- Technical Assessments on M/HD fast charging hubs - (\$250k)
- Develop M/HD fast charging offer - (\$170k)
- Develop leasing model for M/HD vehicles (ie. Drayage) - (\$250k)

Grants Received:

- Regional M/HD Blueprint: \$200k CEC award
- Regional Brownfields Assessment: \$300k USEPA award

Community Resilience

Continue to deploy Energy Resilient Public Facilities across EBCE communities

- Independent Engineer for Phase 1 Municipal Critical Facility Projects (\$400k)
- Add new communities solar + storage analysis for Energy Resilient Public Facility program - (\$80k)
- Customer Enrollment in Resilient Home (\$100k)

FY'21 Rollover:

- Additional funding for Medical Baseline battery offering (\$300k)

Energy Efficiency

Pursue peak load reducing EE opportunities

- Pursue Elect to Administer EE funding - \$3M+ per year for EE
- File AL June-Sept 21
- Resolution Jan-May 22
- Launch programs Q1-Q2 '22

FY'21 Rollover

- Incentives to be paid for FY 21 enrollment in FY 21/22 (\$590k):
 - LOW INCOME, RESIDENTIAL AND COMMERCIAL

Building Electrification

Electrifying buildings is key to meeting climate action plans and improving indoor air quality. EBCE will continue to assess building electrification opportunities in residential and commercial applications, initiate LMI electrification, while focusing on critical gaps to advance acceptance of building electrification

- LMI electrification incentive - (\$450k)
- Induction Incentives & education - (\$250k)
- Electrification workforce development - (\$50k)

Grants Received:

- Natural Gas Decommissioning assessment: \$92k CEC award

Connected Communities

The Connected Communities program focuses on reducing disconnections and arrearages for frontline communities:

- Maximize enrollment in Arrearage Management Program (\$1.15M)
- Identify opportunities to reduce \$10M un-collectables budget
- Pursue additional state/federal funding for utility debt and rent relief
- Provide grants to community-based organization to increase enrollment in AMP, rent and utility debt relief, and similar programs
- Launch DAC-GT / CS-GT targetting AMP eligible customers
- Total DAC-GT program budget for FY'21 will total \$2.3M

Arrearage Management Program (AMP) Plan

Maximize AMP enrollments through:

1	2	3	4
Targeted ME&O	CBO Partnerships	Enrollment "Fix" (short-term solution)	Policy Advocacy (longer-term solutions)
Identify eligible customers and conduct outreach using collateral developed in Q2 2021. Evaluate effectiveness over first three months, and adopt most cost-effective strategies.	Partner with trusted CBOs on AMP-related outreach, including those that assisted with Focus Groups and that were identified in the Final Report	Develop short-term solution to improve phone-based enrollment experience for eligible customers (e.g., text messaging, 3-way calling w/ SMUD CSRs)	Advocate to require IOUs to create online enrollment option, allow CCAs to enroll customers directly, lower eligibility threshold
Status: In Progress	Status: Not Started	Status: Not Started	Status: In Progress

Tactics that maximize enrollment

Maximize AMP retention through:

5	6	7
Proactive Monitoring & Intervention	Case Management Service	EBCE Bill Credit
Develop internal process to track customers' progress through AMP, identify cases where customers may be at risk of removal from the program, and refer customers to EBCE Customer Case Managers (see # 6) where necessary	Provide case management for customers (via CSR) through all steps of the AMP application process, until customers' arrearages are paid through AMP	Offer a courtesy credit for the EBCE portion of the bill in order to help customers at risk of being removed from AMP remain in the program
Status: Not Started	Status: Not Started	Status: Not Started

Tactics that help ensure retention

Continuing pursuing marketing and policy advocacy initiatives, partner with CBOs, monitor customers' progress in AMP, empower CSRs to offer bill credits to keep customers in AMP, and case manage the enrollment process for customers who may struggle.

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4. Review of Reserve Policy and Balances

Draft Budget Reserve Policy & Balances

- **Reserve Fund Policy**

- In November of 2020, Reserve Funds were increased to \$90,218,327 in accordance with financial reserve policy, P-2018-10
- In January 2021, the Board approved resolution R-2021-2 to update the financial reserve policy targets and to concentrate reserve amounts into a single fund
- Updated Reserve Policy P-2018-10.1 has the following target range set to a percentage of operating expenses as compared across the current and draft budgets

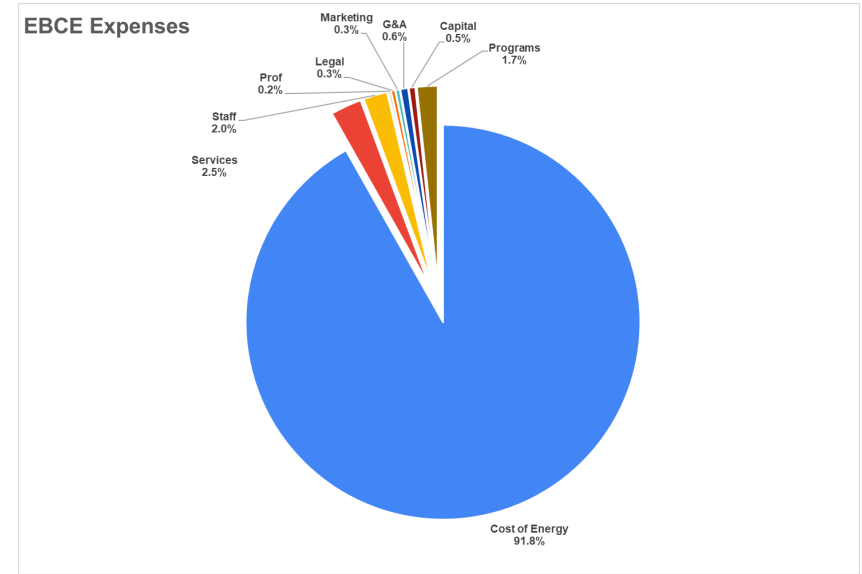
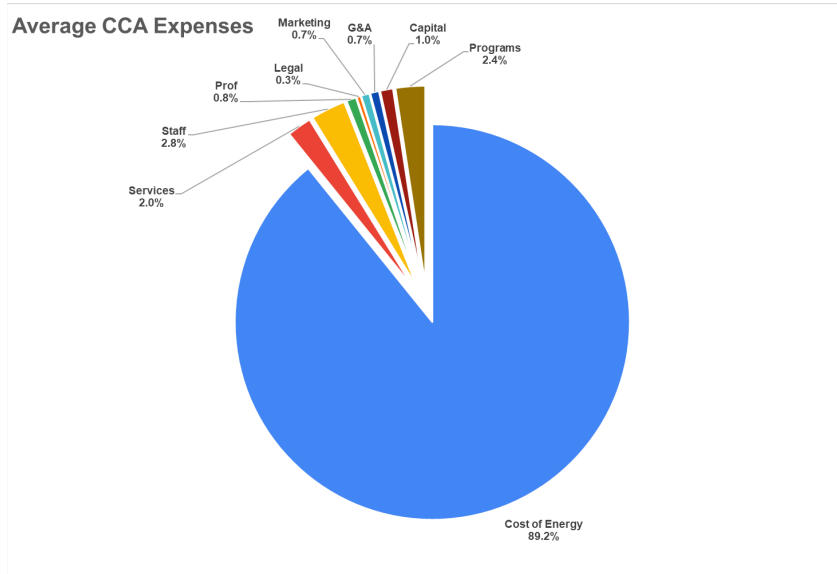
	DRAFT FY 2021-22 BUDGET	CURRENT FY 2020-21 BUDGET	PREVIOUS FY 2019-20 BUDGET
Operating Expenses	470,249,000	383,045,000	392,399,200
Min (25%)	117,562,000	95,761,000	98,100,000
Mid (50%)	235,125,000	191,523,000	196,200,000
Max (75%)	352,687,000	287,284,000	294,299,000
Reserve Balance*	107,818,327	90,218,327	40,513,687
Pct of Expenses	22.9%	23.6%	10.3%
Pct of 50% Target	45.9%	47.1%	20.6%

*If full net position estimate of current YTD converts to reserves

The Draft Budget for Fiscal Year 2021-2022

5. Comparison Across CCA Space

Comparison to Other Regional CCA's



As percentage of expenses

The Draft Budget for Fiscal Year 2021-2022

6. Risks & Mitigations

Draft Budget Risks Discussion

- **Energy Market Risk**

- EBCE has approximately 30-35% of its energy portfolio exposed to market prices
- Volatility can range from 10-20% on a regular basis
- In recent months, prices have increased for Draft Budget year
- PCIA is a form of risk mitigation based on PG&E's resources—increase in prices is offset somewhat by decrease in PCIA in future years
- EBCE is also evaluating Energy Prepay structure to help lower costs

- **Uncollectables/Write-offs:**

- EBCE increased uncollectables from 0.5% to 2.5% of revenues for COVID crisis in 2020-21 FY
- For Draft Budget, this estimation is reduced to 2.0% for the rest of 2021 then 1.5% for 2022
- These estimates are at the higher range than other CCA's as based on regional income demographics
- To mitigate, pushing CARE/FERA enrollments, AMP, and Connected Communities programs DAC-GT and community solar

- **Opt-Out Risk:**

- No anticipated risk of increased opt-outs for established communities
- New communities are estimated at 5% of total accounts—currently 3.5%
- Change of product decisions may increase opt-outs but difficult to estimate based on discussion among cities to potentially opt-up to Renewable 100

The Draft Budget for Fiscal Year 2021-2022

7. Value Proposition & Staff Recommendations

Value Proposition & Recommendations

- **EBCE currently offers three products**
 - Bright Choice: 1.0% below PG&E rates
 - Brilliant 100: Parity with PG&E rates
 - Renewable 100: \$0.01/kWh above PG&E rates
- **Board has approved the following adjustments in 2021/2022:**
 - End Brilliant 100 due to cost-of-service imbalance and convert customers to the other remaining products
 - Several communities are planning to opt-up customers to Renewable 100
- **Staff recommendations for 2021/2022:**
 - Maintain value propositions on Bright Choice and Renewable 100
 - No further adjustments are required at this time

Thank You!



Questions? Give us a call:
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