



AGENDA
BOARD OF DIRECTORS MEETING
THURSDAY, JUNE 6, 2019
8:45 A.M.

50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

I. CALL TO ORDER

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve May 2, 2019 minutes of the SCPA Board of Directors meeting (pg. 3)
2. Authorize and Delegate for the CEO to Negotiate and Execute Agreement with Cadmus Group, LLC to Conduct an All-Electric, Zero-Emission Bus Planning Engineering and Study (pg. 7)
3. Authorize and Delegate the CEO to Negotiate and Execute Agreement with Electric Motor Werks for Extension of the GridSavvy Residential EV Charger Program (pg. 9)

III. BOARD OF DIRECTORS REGULAR CALENDAR

4. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate (pg. 11)
5. Receive Legislative and Regulatory Updates and Provide Direction as Appropriate (pg.24)
6. Receive an Update and Provide Direction as Appropriate on the Upcoming Residential Electric Vehicle Tariff Changes (pg. 29)
7. Adopt Annual Budget for Fiscal Year 2019/2020 as recommended by the Community Advisory Committee, representing 1% customer bill savings, revenues of \$194 million and \$177 million in expenses (pg. 33)

IV. BOARD MEMBER ANNOUNCEMENTS

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

[Public letters to the Board of Directors can be accessed through this link.](#)

Comments are restricted to matters within the Board jurisdiction. Please be brief and limit comments to three minutes.

VI. ADJOURN

DISABLED ACCOMMODATION: If you have a disability which requires an accommodation, an alternative format, or requires another person to assist you while attending this meeting, please contact the Clerk of the Board at (707) 890-8491, as soon as possible to ensure arrangements for accommodation.

COMMONLY USED ACRONYMS AND TERMS

AER	Advanced Energy Rebuild (A program that helps homeowners affected by the October 2017 firestorms rebuild energy efficient, sustainable homes).
CAC	Community Advisory Committee
CAISO	California Independent Systems Operator
CAM	Cost Allocation Mechanism
CCA	Community Choice Aggregation
CEC	California Energy Commission
CleanStart	SCP's default service
CPUC	California Public Utility Commission
DER	Distributed Energy Resource
ERRA	Energy Resource Recovery Account
EverGreen	SCP's 100% renewable, 100% local energy service
Geothermal	A locally-available, low-carbon baseload renewable resource
GHG	Greenhouse gas
GRC	General Rate Case
IOU	Investor Owned Utility (e.g., PG&E)
IRP	Integrated Resource Plan
JPA	Joint Powers Authority
LSE	Load Serving Entity
MW	Megawatt (Power = how fast energy is being used at one moment)
MWh	Megawatt-hour (Energy = how much energy is used over time)
NEM	Net Energy Metering
NetGreen	SCP's net energy metering program
PCIA	Power Charge Indifference Adjustment (<i>This fee is intended to ensure that customers who switch to SCP pay for certain costs related to energy commitments made by PG&E prior to their switch.</i>)
ProFIT	SCP's "Feed in Tariff" program for larger local renewable energy producers
PV	Photovoltaics for making electric energy from sunlight
RA	Resource Adequacy - a required form of capacity for compliance
REC	Renewable Energy Credit - process used to track renewable energy for compliance in California.
SCP	Sonoma Clean Power
TOU	Time of Use, used to refer to rates that differ by time of day and by season



**DRAFT MEETING MINUTES
BOARD OF DIRECTORS MEETING
THURSDAY, MAY 02, 2019
8:45 A.M.**

50 Santa Rosa Avenue, Fifth Floor, Santa Rosa, California

I. CALL TO ORDER

Chair Landman called the meeting to order at 8:45 am.

Board Members present: Chair Landman, Vice Chair Slayter, and Directors Harrington, King, Torrez and Okrepkie.

Staff present: Geof Syphers, Chief Executive Officer; Stephanie Reynolds, Director of Internal Operations; and Jessica Mullan, General Counsel

Director Bagby arrived at approximately 8:47am.

II. BOARD OF DIRECTORS CONSENT CALENDAR

1. Approve April 4, 2019 minutes of the SCPA Board of Directors meeting minutes
2. Approve and authorize the CEO to execute an amendment to the professional services agreement with EHDD

Public comment: none

Motion to approve May 02, 2019 Board of Directors Consent Calendar by Director Okrepkie.

Second: Director King

Motion passed: 7-0-0

III. BOARD OF DIRECTORS REGULAR CALENDAR

3. Receive Internal Operations and Monthly Financial Report and Provide Direction as Appropriate

CEO Syphers announced the selection of Mike Koszalka as SCP's new Chief Operating Officer and detailed Mr. Koszalka's background and experience.

Director of Internal Operations Stephanie Reynolds updated the Board on the following items: SCP's ongoing participation with CalCCA on their environmental justice, marketing, legislative, legal, operations, and regulatory and risk management working groups; SCP's new Risk and Regulatory Compliance Officer; the 431 E Street

building headquarters; \$50,000 in Russian River flood relief donations to West County Health Centers, West County Community Services, and a 501c3 fund that was established to assist small business owners impacted by the flood; the Lead Locally grant; the GridSavvy program for smart thermostats; and the Advanced Energy Rebuild which has 189 homes in the program to date.

CEO Syphers then recapped the monthly compiled financial statements.

Director Hopkins arrived at approximately 8:58 a.m.

Vice Chair Slayter asked about the composition of the CalCCA working group, and Administrative Assistant Dora Barrera detailed the membership of the working group which is largely made up of CCA employees.

Public comment: none

4. Receive Legislative and Regulatory Updates and Approve Legislative Positions as Appropriate

Director of Regulatory Affairs Neal Reardon recapped efforts to update the PCIA fee. He then noted that on April 4th the CPUC approved PG&E's Energy Resource Recovery Account rate increases, which could go into effect as early as July 1, 2019. Director Reardon then provided an update on Resource Adequacy and the proposed central procurement entity. He detailed PG&E's pending request to increase the company's return on invested capital, which if approved by the CPUC, would increase the average residential-CARE customer's bill by 7% for electricity and 7.7% for natural gas.

CEO Syphers noted that none of these increases would be used to cover wildfire risk reduction work or to pay for past fire liabilities.

Director Bagby asked how insulated municipalities with their own generation facilities are. CEO Syphers noted that the concept of inverse condemnation affects municipal providers as well.

Director Hopkins asked if the Legislature is considering alternatives to PG&E as the de-facto electric delivery utility. CEO Syphers noted his perception that the current focus of the Governor is to see how the bankruptcy process plays out, while keeping municipalization on the table, and possibly considering other alternatives.

Katherine Brandenburg, SCP Lobbyist, detailed the busyness of the current legislative cycle and the large number of bills being considered and heard.

CEO Syphers then updated the Board on AB 56 by Garcia, which would create a new government agency that would be responsible for addressing any unmet procurement needs. Although SCP agrees with aspects of the bill which seek to ensure minimum compliance

levels of resource adequacy are procured, SCP's legislative policy platform requires SCP to defend its right to self procure.

Public comment: Andy Ferguson, spoke in support of battery storage and other energy-saving home modifications, along with SCP's mission to address climate changes.

Chair Landman noted the Board's support for allowing staff to negotiate a position on SB 155 by Bradford.

CEO Syphers summarized AB 1362 by O'Donnell and requested the Board recommend support; Chair Landman noted the Board's support.

CEO Syphers detailed AB 1584 by Quirk and recommended that the Board oppose unless amended; Chair Landman noted the Board's opposition to this bill unless amended.

CEO Syphers then detailed SB 676 by Bradford and recommended that the Board oppose unless amended; Chair Landman noted the Board's opposition to this bill.

Following this, CEO Syphers detailed SB 774 by Stern and staff's recommendation to support if amended; Chair Landman noted the Board's support.

CEO Syphers summarized AB 684 by Levine and recommended that the Board support. Vice Chair Slayter asked what type of retrofit would trigger the requirement for EV charging in multifamily units. Director Babgy noted that the bill would apply to the development of multifamily building standards. Chair Landman noted the Board's support for this bill.

CEO Syphers detailed SB 45 by Allen and that staff has no recommendation; Director Hopkins noted the County of Sonoma's support for this bill as it broadly looks at reducing wildfire risks. Director Harrington stated her individual support as did Director King. Chair Landman then noted the Board's support for this bill.

IV. BOARD MEMBER ANNOUNCEMENTS

Director Harrington announced the start of the Sonoma Farmer's Market. Director Okrepkie stated that the City of Windsor approved an all-electric building development, the upcoming Windsor parade on May 4th, and the start of Windsor on the Green events. Vice Chair Slayter noted Bike to Work Day on May 9th. Director King detailed the Butter and Eggs Day Parade and SCP's participation at the event. Director Hopkins noted that she has submitted a formal budget request to the County of Sonoma to adopt Evergreen at their budget hearings which begin on July 12th. Chair Landman detailed the City of

Cotati's recent budget deliberations on adopting Evergreen and upcoming public hearings on this matter.

Director of Regulatory Affairs Neal Reardon introduced Carole Hakstian, SCP's new Risk and Regulatory Compliance Officer.

V. PUBLIC COMMENT ON MATTERS NOT LISTED ON THE AGENDA

None

VI. ADJOURN

Chair Landman adjourned the meeting 10:13am.



Staff Report – Item 02

To: Sonoma Clean Power Authority Board of Directors

From: Cordel Stillman, Director of Programs
Nelson Lomeli, Programs Manager

Item: Approve and Delegate Authority to the CEO to Negotiate and Execute Agreement with Cadmus Group, LLC to Conduct an All-Electric, Zero-Emission Bus Planning and Engineering Study

Date: June 6, 2019

Requested Actions

Staff requests that the Board of Directors (“Board”) approve and delegate authority to the Chief Executive Officer (“CEO”) to negotiate and execute a contract, and subsequent amendments, with Cadmus Group to conduct a planning and engineering study (“Study”) that will develop tangible paths to implement an all-electric, zero emission bus (ZEB) deployment for the four transit agencies in SCP territory, consistent with the parameters in this staff report, including an aggregate not-to-exceed amount of \$215,951 over the term, subject to the conditions set below.

Background

In December of 2018, the California Air Resources Board adopted the Innovative Clean Transit (ICT) Regulation which requires California transit agencies to transition to zero-emission buses (ZEB) by 2040.

To assist with the electrification of transportation, Staff engaged with four transit agencies (Mendocino Transit Authority, Sonoma County Transit, Petaluma Transit, and Santa Rosa CityBus) to provide assistance in meeting their ICT mandate with electric buses.

Staff issued a Request for Qualifications (RFQ) for an Electric Bus Charging and Fleet Infrastructure Study in February 2019. The RFQ asked for consulting services to conduct a planning and engineering study to develop a blueprint for the work needed to meet the transit agencies ZEB mandate and goals. Staff received four Statements of Qualifications (SOQs), of which, Staff

selected Cadmus Group to proceed due to their experience in conducting similar studies for other agencies.

In consultation with the transit agencies, Staff will develop a scope of work for a study that will deliver a report to each of the four transit agencies that will include:

- An assessment of their current electrical infrastructure at existing facilities, include the agencies four depot yards, and two transit malls (Santa Rosa and Petaluma);
- Survey of existing and soon-to-be-available electric buses and charging equipment;
- Assessment of solar and energy storage potential at each site;
- Assessment and recommendations on charging policies;
- Assistance with applying for PG&E's Fleet Ready program;
- Analysis of PG&E's proposed Commercial Electric Vehicle Rate.

Staff requests that the Board approve and delegate authority to the CEO to negotiate and execute a final contract, and any subsequent amendments, with Cadmus Group substantially in the form attached to this staff report. Such delegation to negotiate and execute an agreement with Cadmus Group would be subject to the conditions set forth below:

- An aggregate not-to-exceed amount of \$215,951 over the term of the Agreement.
- Delegate authority to the CEO to negotiate further amendments to the agreement to address unforeseen needs and adjust budget allocations by tasks, provided the amendment does not otherwise revise the aggregate not-to-exceed amount or the agreement term.
- The agreement, and any subsequent amendments are in a form approved by the General Counsel.

The Community Advisory Committee ("CAC") voted to recommend approval and delegation to the Board at their May 21, 2019 meeting.

Attachments

- Cadmus Group, LLC Agreement for Professional Services
[Attachments for this items can be accessed through this link.](#)



Staff Report – Item 03

To: Sonoma Clean Power Authority Board of Directors

From: Rachel Kuykendall, Senior Programs Manager

Item: Recommend Delegation for the CEO to Negotiate and Execute Agreement with Electric Motor Werks to Provide SCP Customers with Residential Charging Equipment Through the GridSavvy Community

Date: June 6, 2019

Requested Actions

Staff requests that SCP Board of Directors (“Board”) delegate authority to the Chief Executive Officer (“CEO”) to negotiate and execute a contract with Electric Motor Werks, Inc. (EMW) to provide SCP customers with residential charging equipment through the GridSavvy Community, consistent with the parameters in this staff report, including an aggregate not-to-exceed amount of \$736,000 over the term.

Background

Beginning in 2016, Staff contracted with Electric Motor Werks (EMW) to offer Sonoma Clean Power customers a free residential electric vehicle charger capable of receiving a remote signal for demand response. SCP currently offers three charger types: the JuiceBox Pro 40, the ClipperCreek JuiceNet Edition, and the AeroVironment EVSE-RS. Since its inception, Sonoma Clean Power has deployed 2,444 EV chargers, of which 729 are actively participating as a demand response resource.

Staff requests that the Board delegate authority to the CEO to negotiate and execute a final contract with Electric Motor Werks. A current draft of the contract being negotiated is attached to this staff report. This draft was reviewed and approved as a part of the Community Advisory Committee’s consent calendar at their May 21, 2019 meeting. The requested delegation to negotiate and execute an agreement with Electric Motor Werks would be subject to the conditions set forth below:

- An aggregate not-to-exceed amount of \$736,000 over the term of the Agreement, of which \$700,000 is for charging equipment costs and \$36,000 of which is associated with consultant services.
- A term for the agreement through July 1, 2020.
- Delegate authority to the CEO to negotiate and execute an amendment to the agreement extending the term up to six (6) months, to the extent necessary in order to complete negotiations.
- Delegate authority to the CEO to negotiate further amendments to the agreement to address unforeseen needs and adjust budget allocations by tasks, provided the amendment does not otherwise revise the aggregate not-to-exceed amount or the agreement term.
- The agreement, and any subsequent amendments are in a form approved by the General Counsel.

Attachments

- Electric Motor Werks, Inc. Agreement for Professional Services
[Attachments for this item can be accessed through this link.](#)



Staff Report - Item 04

To: Sonoma Clean Power Authority Board of Directors

From: Stephanie Reynolds, Director of Internal Operations
Geof Syphers, CEO

Issue: Receive Internal Operations Report and Provide Input as Appropriate

Date: June 6, 2019

NEW SCP TEAM MEMBER

SCP's Chief Operations Officer, Michael Koszalka will be introduced at the 6/6 meeting. We currently have two recruitments in process for an Energy Analyst and Programs Intern. These two positions will most likely be filled in the next two months.

EVERGREEN OUTREACH TO SCP MEMBER JURISDICTIONS

At the request of SCPA Board members, SCP staff have reached out to the staff of all members agencies with information about the value and costs of EverGreen service and an offer to meet and discuss further. To date, the City of Sonoma is the only government that has registered its municipal accounts for EverGreen service, but interest among other member jurisdictions is growing.

SCP staff have met with or discussed EverGreen with the Counties of Mendocino and Sonoma, the Cities of Fort Bragg, Santa Rosa, Petaluma, Cotati, Sebastopol and the Town of Windsor. Meetings are planned or being discussed in the Cities of Willits and Rohnert Park. Staff will make further efforts to reach staff of the Cities of Point Arena and Cloverdale.

The City of Cotati has tentatively agenda'd a discussion of EverGreen for June 25, and the City of Sebastopol is expected to include budget for EverGreen in the draft budget proposal for discussion.

BUILDING UPDATE

SCP's architect is completing Construction Documents in preparation for submitting to the City of Santa Rosa for a building permit. The application should be filed in mid-June. After consulting with SCP's insurance broker on general liability issues, the building is no longer being used for police dog training.

MARKETING AND PUBLIC RELATIONS UPDATE

The Marketing Department has been busy, as event and award season are in full swing. SCP staff and Chair Landman accepted Northbay Biz Magazine's Gold Award for "Best Company to do Business with in Sonoma County" on May 16th.

SCP recently supported and participated in the following community events: Sonoma County Bicycle Coalition's "Bike to Work Day," The American Heart Association's "Go Red For Women" luncheon, in which SCP employee Rebecca Simonson was the Passion Speaker for juvenile heart disease, a summer food drive at Oliver's Market in Windsor to benefit the Redwood Empire Food Bank (including a live broadcast by local radio station Froggy 92.9 FM), sponsoring the 32nd Annual Sonoma County Pride Celebration - complete with SCP's offices lit up nightly with multi colored LED lights in support of the celebration.

Additionally, SCP is highlighting commercial customer Silver Oak Winery, participating at Korbel Winery's Employee Health and Safety Fair, is a radio and TV sponsor for the Sonoma Stompers Professional Baseball Club, and is sponsoring The Hispanic Chamber of Commerce's Dream Big Scholarship Gala, Guelaguetza Tierra del Sol 2019, Willits Hometown Celebration and more throughout our service territory.

PROGRAMS

Lead Locally (CEC Grant)

The Lead Locally Research Team is currently monitoring the 15 pilot homes and will measure the energy use over the summer period to establish a baseline use for the applied research experiments of: heat pump water heaters, radiant ceiling heating and cooling panels, residential attic phase change materials, and air to water heat pumps. The Phase 2 Technology Demonstration study on market ready technologies such as; daylighting

retrofits for three commercial properties, phase change materials, night ventilation, induction cooktops, and economizers will begin this month of June. The team expects to publicly recruit SCP customers to participate in the Phase 2 Technology Demonstration study very soon.

An open recruitment and application for manufacturers and distributors to display and deploy emerging technologies at the Advanced Energy Center is publicly available until the opening of the Center. This application can be found via the SCP website. Additionally, TLCD Architecture re-submitted construction documents to the City of Santa Rosa for permitting the Advanced Energy Center. The Lead Locally team plans a bid for construction services in early June and hopes to bring back a construction contract with associated costs for approval in a near-term meeting.

GridSavvy

The team is working through technical integration and contract negotiations with two heat pump water heater vendors, with the hope of bringing them into the GridSavvy Community. The search continues to find a vendor that can provide smart thermostats for the program.

Advanced Energy Rebuild

196 homes have now applied for Advanced Energy Rebuild, about one third of which have chosen to rebuild all-electric homes. Today, Rachel Kuykendall and Kate Kelly are accepting the Grand Award at the Bay Area Metro Awards ceremony for the Advanced Energy Rebuild program. The Bay Area Metro Awards is ABAG and MTC's annual award ceremony recognizing programs and projects that are advancing Bay Area mobility, protecting the environment, and addressing housing needs.

Low Carbon Reach Codes

An "all-electric" reach code would mandate that all new construction within a jurisdiction use high efficiency electric equipment, reducing the greenhouse gas emissions of new homes by more than two thirds. Several jurisdictions, including Santa Rosa, Windsor, and Petaluma, are heading into public meetings to discuss potential reach codes with their constituents.

MONTHLY COMPILED FINANCIAL STATEMENTS

The winter rate season continues into April, a period where aggregate rates are less than in the summer. The year-to-date growth in net position is

slightly below projections due primarily to lower than anticipated electricity sales. Year-to-date electricity sales reached \$142,246,000.

Electricity sales (as reported on the Statement of Revenues, Expenses and Changes in Net Assets) is being offset by our estimate of uncollectible accounts, which is currently set at approximately 0.5% of electricity sales. Note that the accounts receivable line on the Statement of Net Position is presented net of allowance for uncollectibles.

SCP continues to procure electricity from multiple sources. Net position reached a positive \$88,532,000, which indicates healthy growth as SCP continues to make progress towards its reserve goals. Of this net position, approximately \$61,276,000 is set aside for reserves (Operating Reserve: \$50,962,000; Program Reserve: \$9,191,000; and Collateral Reserve: \$1,122,000).

Overall, other operating expenses continued near or slightly below planned levels for the year.

BUDGETARY COMPARISON SCHEDULE

The accompanying budgetary comparison includes the 2018/19 amended budget approved by the Board of Directors in March 2019.

The budget is formatted to make comparisons for both the annual and the year-to-date perspective. The first column, 2018/19 YTD Budget, allocates the Board approved annual budget at expected levels throughout the year with consideration for the timing of additional customers, usage volumes, staffing needs etc. This column represents our best estimates and this granular approach was not part of the Board approved budget.

Revenue from electricity sales to customers is under the year-to-date budget by approximately 1%. The cost of electricity is a near match to the budget-to-date. Variation in this account is typically due to fluctuating market cost of energy on open position purchases.

Major operating categories of Data Management fees and PG&E Service fees are based on the customer account totals and are closely aligned to budget.

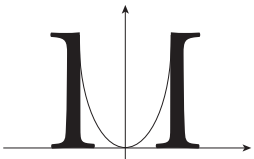
In addition to the items mentioned above, SCP continues its trend of remaining near or under budget for most of its operating expenses.

UPCOMING MEETINGS:

CAC MEETING - JUNE, TBD (not scheduled, only if needed)

BOD MEETING - JULY 11, 2019 (off schedule, rates presentation and vote)

BOD MEETING - AUGUST 7, 2019



ACCOUNTANTS' COMPILATION REPORT

Board of Directors
Sonoma Clean Power Authority

Management is responsible for the accompanying special purpose statement of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the budgetary comparison schedule for the period ended April 30, 2019, and for determining that the budgetary basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statement nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on this special purpose budgetary comparison statement.

The special purpose statement is prepared in accordance with the budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This report is intended for the information of the Board of Directors of Sonoma Clean Power Authority.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
May 29, 2019



**SONOMA CLEAN POWER AUTHORITY
OPERATING FUND**

BUDGETARY COMPARISON SCHEDULE

July 1, 2018 through April 30, 2019

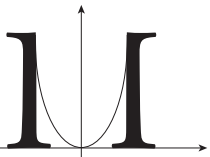
	2018/19 YTD Amended Budget	2018/19 YTD Actual	2018/19 YTD Amended Budget Variance (Under) Over	2018/19 YTD Actual/Amended Budget %	2018/19 Amended Budget	2018/19 Amended Budget Remaining
REVENUE AND OTHER SOURCES:						
Electricity (net of allowance) *	\$ 143,982,921	\$ 141,861,278	\$ (2,121,643)	99%	\$ 176,855,000	\$ 34,993,722
Evergreen Premium (net of allowance)	335,421	384,611	49,190	115%	412,000	27,389
CEC Grant	1,696,200	1,315,453	(380,747)	78%	1,927,000	611,547
BAAQMD grant	51,667	42,125	(9,542)	0%	62,000	19,875
Interest income	788,333	889,304	100,971	113%	946,000	56,696
Miscellaneous Income	-	503	503	0%	-	(503)
Total revenue and other sources	<u>146,854,542</u>	<u>144,493,274</u>	<u>(2,361,268)</u>	<u>98%</u>	<u>180,202,000</u>	<u>35,708,726</u>
EXPENDITURES AND OTHER USES:						
CURRENT EXPENDITURES						
Cost of energy and scheduling	120,327,347	120,402,343	74,996	100%	146,345,000	25,942,657
Data management	2,574,167	2,628,795	54,628	102%	3,089,000	460,205
Service fees- PG&E	799,167	789,808	(9,359)	99%	959,000	169,192
Personnel	3,050,833	2,782,108	(268,725)	91%	3,661,000	878,892
Outreach and communications	953,333	841,378	(111,955)	88%	1,144,000	302,622
Customer service	376,000	190,150	(185,850)	51%	440,000	249,850
General and administration	447,500	407,863	(39,637)	91%	531,000	123,137
Legal	591,667	351,830	(239,837)	59%	710,000	358,170
Accounting and auditing	170,000	129,605	(40,395)	76%	204,000	74,395
Technical consultants	158,333	95,844	(62,489)	61%	190,000	94,156
Legislative and regulatory advocacy	106,667	96,000	(10,667)	90%	128,000	32,000
Other consultants	133,333	92,174	(41,159)	69%	160,000	67,826
CalCCA Trade Association	323,000	250,000	(73,000)	77%	400,000	150,000
Program implementation	3,758,333	2,453,209	(1,305,124)	65%	4,510,000	2,056,791
Program - CEC grant	1,682,500	1,161,348	(521,152)	69%	2,415,000	1,253,652
Program development and evaluation	70,000	-	(70,000)	0%	100,000	100,000
Total current expenditures	<u>135,522,180</u>	<u>132,672,455</u>	<u>(2,849,725)</u>	<u>98%</u>	<u>164,986,000</u>	<u>32,313,545</u>
OTHER USES						
Collateral deposit payments	1,409,000	1,408,290	(710)	100%	1,409,000	710
Collateral deposit payments returned	-	(372,500)	(372,500)	-	-	372,500
Capital outlay	1,000,000	767,728	(232,272)	77%	1,190,000	422,272
Total expenditures, Other Uses and Debt Service	<u>137,931,180</u>	<u>134,475,973</u>	<u>(3,455,207)</u>	<u>97%</u>	<u>167,585,000</u>	<u>33,109,027</u>
Net increase (decrease) in available fund balance	\$ 8,923,362	\$ 10,017,301	\$ 1,093,939	112%	\$ 12,617,000	\$ 2,599,699

* Represents sales of approximately 2,025,000 MWh for 2018/19 YTD actual.

	Current Balance	% of FY Target	FY Target Balance
RESERVES			
Operating Cash Reserve	\$ 50,962,004	61%	\$ 83,088,000
Program Cash Reserve	9,191,666	55%	16,617,600
Collateral Cash Reserve	1,121,866	8%	14,634,500
	<u>\$ 61,275,536</u>	<u>54%</u>	<u>\$ 114,340,100</u>

SONOMA CLEAN POWER AUTHORITY
OPERATING FUND
BUDGET RECONCILIATION TO STATEMENT OF
REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 1, 2018 through April 30, 2019

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 10,017,301
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(49,660)
Add back capital asset acquisitions	767,728
Subtract collateral deposits returned	(372,500)
Add back collateral deposits	<u>1,408,290</u>
Change in net position	<u>\$ 11,771,159</u>



ACCOUNTANTS' COMPILATION REPORT

Management
Sonoma Clean Power Authority

Management is responsible for the accompanying financial statements of Sonoma Clean Power Authority (a California Joint Powers Authority) which comprise the statement of net position as of April 30, 2019, and the related statement of revenues, expenses, and changes in net position, and the statement of cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. Sonoma Clean Power Authority's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

Maher Accountancy

San Rafael, CA
May 29, 2019



SONOMA CLEAN POWER AUTHORITY

STATEMENT OF NET POSITION

As of April 30, 2019

ASSETS

Current assets	
Cash and cash equivalents	\$ 51,168,056
Investment in Sonoma County Investment Pool	15,402,798
Accounts receivable, net of allowance	15,680,028
Other receivables	591,822
Accrued revenue	7,011,547
Prepaid expenses	2,146,778
Deposits	202,079
Total current assets	<u>92,203,108</u>
Noncurrent assets	
Land	860,520
Capital assets, net of depreciation	3,555,905
Deposits	5,459,242
Total noncurrent assets	<u>9,875,667</u>
Total assets	<u>102,078,775</u>

LIABILITIES

Current liabilities	
Accounts payable	1,545,649
Accrued cost of electricity	10,590,555
Advanced from grantors	457,875
Other accrued liabilities	582,796
User taxes and energy surcharges due to other governments	369,614
Total current liabilities	<u>13,546,489</u>

NET POSITION

Investment in capital assets	4,416,425
Unrestricted	84,115,861
Total net position	<u>\$ 88,532,286</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
July 1, 2018 through April 30, 2019

OPERATING REVENUES

Electricity sales, net	\$ 141,861,278
Evergreen electricity premium	384,611
Grant revenue	1,357,578
Total operating revenues	<u>143,603,467</u>

OPERATING EXPENSES

Cost of electricity	120,402,343
Staff compensation	2,782,108
Data manager	2,628,795
Service fees - PG&E	789,808
Consultants and other professional fees	2,421,135
Legal	351,830
Communications	1,032,871
General and administration	750,660
Program rebates and incentives	1,512,905
Depreciation	49,660
Total operating expenses	<u>132,722,115</u>
Operating income	<u>10,881,352</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	889,304
Gain on sale of equipment	503
Total nonoperating revenues (expenses)	<u>889,807</u>

CHANGE IN NET POSITION

	11,771,159
Net position at beginning of period	<u>76,761,127</u>
Net position at end of period	<u><u>\$ 88,532,286</u></u>

SONOMA CLEAN POWER AUTHORITY

STATEMENT OF CASH FLOWS July 1, 2018 through April 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from electricity sales	\$ 146,977,951
Receipts from grantors	789,850
Receipts from supplier for security deposits	35,600
Tax and surcharge receipts from customers	1,986,076
Deposits and collateral returned	372,500
Payments to purchase electricity	(124,005,591)
Payments for staff compensation	(2,781,085)
Payments for contract services	(5,786,662)
Payments for communications	(1,337,260)
Payments for general and administration	(807,900)
Payments for program rebates and incentives	(1,555,155)
Tax and surcharge payments to other governments	(2,079,422)
Deposits and collateral paid	(1,408,290)
Payments for charitable contributions	(95,500)
Net cash provided (used) by operating activities	<u>10,305,112</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	<u>(1,112,613)</u>
Net cash provided (used) by capital and financing activities	(1,112,613)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income received	<u>930,537</u>
Net cash provided (used) by investing activities	<u>930,537</u>

Net change in cash and cash equivalents (including County Investment Pool)	10,123,036
Cash and cash equivalents at beginning of year	<u>56,447,818</u>
Cash and cash equivalents at end of year	<u>\$ 66,570,854</u>

Reconciliation to the Statement of Net Position

Cash and cash equivalents	\$ 51,168,056
Investment in Sonoma County Investment Pool	<u>15,402,798</u>
Cash and cash equivalents	<u>\$ 66,570,854</u>

SONOMA CLEAN POWER AUTHORITY
STATEMENT OF CASH FLOWS (continued)
July 1, 2018 through April 30, 2019

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income	\$ 10,881,352
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Depreciation expense	48,015
Revenue reduced for uncollectible accounts	714,805
Charitable contributions considered an operating activity for cash flow purposes only	(95,500)
(Increase) decrease in net accounts receivable	1,469,316
(Increase) decrease in other receivables	(450,310)
(Increase) decrease in accrued revenue	2,561,475
(Increase) decrease in prepaid expenses	(1,616,247)
(Increase) decrease in current deposits	(1,002,290)
Increase (decrease) in accounts payable	549,034
Increase (decrease) in accrued cost of electricity	(2,474,930)
Increase (decrease) in advance from grantors	(42,125)
Increase (decrease) in accrued liabilities	(166,205)
Increase (decrease) in user taxes and energy surcharges due to other governments	(106,878)
Increase (decrease) in supplier security deposits	35,600
Net cash provided (used) by operating activities	<u>\$ 10,305,112</u>

Page intentionally left blank for double-sided printing



Staff Report - Item 05

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Carole Hakstian, Risk and Regulatory Compliance Officer

Issue: Receive Regulatory and Legislative Report and Approve Legislative Positions as Appropriate

Date: June 6, 2019

REGULATORY REPORT

Most regulatory updates this month will be provided verbally in the Board meeting, including information about SCP's filing of the Power Source Disclosure Report, and updates on the progress with resource adequacy and the PCIA.

LEGISLATIVE REPORT

The month of May has brought hundreds of bills to both the Assembly and Senate floors. With the exception of a budget hearing, both houses have only been presenting bills on the floor since May 20th. In order for a bill to continue moving through the legislative process this year, a bill must be passed out of its house of origin by May 31st. The Legislature worked diligently over the last two weeks and was able to move all bills out of the house of origin by May 30th.

Policy committees may resume on June 3rd and will have until July 12th to meet and report bills to the appropriations committee or the floor. The budget must be passed and sent to the Governor by June 15th at which time the Governor will have until June 30th to sign the budget.

Wildfire Update

The five-member Commission on Catastrophic Wildfire Cost and Recovery, created last year by the passage of AB 901 (Dodd), released a draft report on May 29th stating that California should overhaul the legal doctrine known as “inverse condemnation.” Governor Newsom announced on April 12th that a group of experts he put together stated that California should change its laws on wildfire liabilities also.

The draft report is also calling for the creation of a Wildfire Victims Fund to more quickly pay claims to survivors of the Camp Fire and the 2017 wine country fires. As drafted, the fund would include financial contributions from shareholders as well as ratepayers.

When the draft report was released, Governor Newsom, Senate President Pro Tem Toni Atkins and Assembly Speaker Anthony Rendon in a joint statement stated that they are “insisting on a culture of safety for utilities and on affordability for ratepayers.”

We expect to see legislation addressing the Commission’s report and anticipate language being placed in the budget to address funding issues.

CPUC Update

Michael Picker, Chairman of the California Public Utilities Commission, announced on Thursday, May 30th that he would be stepping down from his role at the CPUC as soon as Governor Newsom selects his successor later this year.

Picker, the president of the California Public Utilities Commission, made the announcement at a commission meeting in San Francisco. He said he could leave as soon as July but indicated it will likely be later, in order to give Newsom’s office sufficient time to fill his seat on the five-member body that regulates the state’s investor-owned utilities.

Former Gov. Jerry Brown appointed picker to the commission in January 2014. The governor named him president of the agency later that year.

SCP LEGISLATIVE POSITIONS

AB 56 (E. Garcia) – Central Procurement
Board Action: Oppose

AB 56 would authorize the California Public Utilities Commission and the California Energy Commission to jointly establish the “California Clean Electricity Authority” if certain findings regarding need for the Authority as a means to help achieve California’s clean energy goals, plug gaps in current procurement by retail sellers and that the Authority can reasonably manage power supply commitments previously entered into by electrical corporations.

AB 56 was amended on May 20 under the guise that it would be a true backstop for procurement and with statements that those amendments would address the concerns voiced by the. CCAs disagreed that the May 20 amendments would ensure the authority would be limited to backstop procurement, and put up a floor fight when AB 56 was brought before the Assembly for a vote. AB 56 finally did pass *by a single vote* on the third attempt, but it was a hard-fought battle with many Assembly members voicing CCA concerns and that the CCA issues must be rectified before it is brought back for concurrence.

Passed the Assembly Floor on May 30, 2019: Vote 41-19-18

AB 56 must be heard in the Senate Utilities and Energy Committee by July 10th.

Staff is recommending SCP continue to oppose AB 56 while working with the author and legislators on CCA concerns.

AB 684 (Levine) – Building Standards
Board Action: Support

AB 684 would require the Department of Housing and Community Development and the Building Standards Commission to research, develop, and propose building standards for electric vehicle parking spaces in existing multifamily and non-residential buildings.

AB 684 passed the Assembly on May 21, 2019.

AB 1362 (O'Donnell) – CCA Code of Conduct
Prior Board Action: Support if Amended
Recommend: Support as amended May 16, 2019.

AB 1362 was amended by the Assembly Utilities and Energy Committee when it was heard on April 24th to require the CPUC to establish a centralized procurement clearinghouse of load-serving entities' residential electric rate tariffs and programs. The committee removed the mandate that CCAs comply with the code of conduct, which applies to utilities that have shareholders that can assume costs for lobbying and marketing. Said amendment was placed into the bill on May 16, 2019.

AB 1362 passed the Assembly on May 29, 2019.

SB 155 (Bradford) – Integrated Resource Plan
Prior Board Action: Allow staff to negotiate
Current Position: Oppose as amended May 1, 2019

SB 155 was heard in the Senate Energy and Utilities Committee hearing on April 24, 2019. The committee analysis recommended the committee strike the language in the bill concerning the RPS and instead require that as part of the annual compliance filings the CPUC must determine whether an LSE is on track to meet its RPS requirements. In cases where the LSE is not, the CPUC should notify the LSE that they are behind on their RPS obligations only. The committee analysis also recommended the committee remove the language related to compliance with the long-term contract requirements into the IRP section, under the addition of resource adequacy.

Board allowed staff to offer a “neutral” position if the amendments recommended in the committee analysis were taken. Unfortunately, this was not the case. When the bill was amended on May 1, 2019, it changed the IRPs from a planning document to a procurement mandate that forces LSEs to prematurely lock in some procurement decisions 10 years ahead.

SB 155 passed the Senate on May 20th.

Staff will oppose the bill and also work with the author and the Assembly Utilities and Energy Committee to remove the mandates that will keep the spirit of the IRP process while giving the CPUC the tools to implement the state's climate goals.

SB 167 (Dodd) – Wildfire Mitigation Plans De-energizing
Board Action: Support

SB 167 requires electrical corporations to develop protocols for de-energizing portions of their distribution system within their wildfire mitigation plans. The protocols are related to mitigating the public safety impacts of disabling reclosers and de-energizing portions of the electrical distribution system along with considering the impacts on customers who are receiving medical baseline-allowances.

SB 167 passed the Senate on April 25, 2019.

SB 255 (Bradford) – Diverse Business Enterprises
Board Action: Support

SB 255 expands the CPUC utility supplier diversity program by lowering the revenue threshold for participation from \$25 million to \$1 million in California and would include CCAs, electric service providers, distributed energy resource companies, and certain wholesale electric generators.

SB 255 passed the Senate on May 21, 2019.

SB 350 (Hertzberg) – Central Buyer
Board Action: Allow to Negotiate

SB 350 authorizes the CPUC to consider changes within the resource adequacy program, including the use of a multi-year centralized resource adequacy mechanism.

SB 350 passed the Senate on April 25, 2019.

SB 520 (Hertzberg) – Provider of Last Resort
Board Action: Allow to Negotiate

SB 520 authorizes the CPUC to develop threshold attributes for load serving entities to serve as a “provider of last resort” or POLR.

SB 520 passed the Senate on May 21, 2019.

Page intentionally left blank for double-sided printing



Staff Report - Item 06

To: Sonoma Clean Power Authority Board of Directors

From: Erica Torgerson, Director of Customer Service
Danielle Baker, Customer Care Specialist

Issue: Update on Upcoming Residential Electric Vehicle Tariff Changes

Date: June 6, 2019

Requested Board Action:

Receive an Update and Provide Input as Appropriate on the Upcoming Residential EV Tariff Changes.

Background of the Electric Vehicle Tariff:

EV-A Tariff

SCP currently has just under 3,000 EV-A accounts.

EV-A is an optional experimental schedule available to electric service to customers for whom E-1 applies and who have a currently registered Motor Vehicle, as defined by the California Motor Vehicle Code, which is a battery electric vehicle (BEV) or plug-in hybrid electric vehicle (PHEV) recharged via a recharging outlet at the customer's premises. This rate schedule is subject to a PG&E service territory enrollment cap of 60,000 accounts. Regardless of the level of participation, EV-A will be closed to new enrollment on the later of July 1, 2019 or the date the new electric vehicle charging rate adopted by D.18-08-013 is available for enrollment.

EV-A currently has the following Time-of-Use schedule and Seasons:

Peak:	2:00 p.m. to 9:00 p.m. Monday through Friday. 3:00 p.m. to 7:00 p.m. Saturday, Sunday and Holidays.
Partial-Peak:	7:00 a.m. to 2:00 p.m. and 9:00 p.m. to 11:00 p.m. Monday through Friday, except holidays.
Off-Peak:	All other hours.
Seasonal Changes:	The summer season is May 1 through October 31 and the winter season is November 1 through April 30.

New EV2 Tariff

Beginning on the later of July 1, 2019 or the date the new electric vehicle charging rate, EV2, will become available for enrollment.

This optional schedule applies to electric service to customers for whom E-1 applies and who have a currently registered Motor Vehicle, as defined by the California Motor Vehicle Code, which is a battery electric vehicle (BEV) or plug-in hybrid electric vehicle (PHEV) recharged via a recharging outlet at the customer's premises.

In addition, this schedule is available on a pilot basis to customers that have installed battery storage as described further below.

Customers taking service on EV2 cannot exceed 800% of their annual baseline allowance, measured as the total usage for the customer over the last 12 months divided by the total annual baseline allowance using the approved baseline allowances for those months. Customers at premises with total usage in excess of 800% of baseline over 12 months will be moved to E-TOU-B and will be prohibited from taking service on any electric vehicle rate schedule for 12 months. Customers must have 12 months of consecutive usage on this Rate Schedule before being subject to the requirement of being moved from EV to E-TOU-B as a result of exceeding the 800% of baseline 12-month threshold.

EV2 will have the following Time-of-Use schedule and Seasons:

Peak:	4:00 p.m. to 9:00 p.m. every day including weekends and holidays.
Partial-Peak:	3:00 p.m. to 4:00 p.m. and 9:00 p.m. to 12:00 a.m. every day including weekends and holidays.
Off-Peak:	All other hours.
Seasonal Changes:	The summer season is June 1 through September 30 and the winter season is October 1 through May 31.

Eligibility for Customers with Battery Storage:

Customers that otherwise qualify for E-1 may take service on this rate schedule on a pilot basis subject to the terms below:

- Customers with battery storage may take service on this rate schedule even though they do not have an electric vehicle. Participation is available to all residential customers that otherwise qualify for E-1, including those customers with a Photovoltaic (PV) system.

- Participation will be limited to 30,000 storage-only customers (PG&E service territory). Customers that have both an electric vehicle and battery storage will not count toward the participation limit.
- Eligible battery storage customers must apply for interconnection and be granted permission to operate by PG&E in order to take service on EV2.
- The installed storage capacity, in kWh, must be at least 0.05% of the customer's annual consumption from the previous twelve months for customers with more than 6,000 kWh of annual usage. The installed storage capacity for customers with 6,000 kWh or less of annual usage must be at least 2 kWh. Customers with less than 12 months of usage history must install storage capacity, in kWh, of at least 2 kWh to be eligible for this rate schedule.

EV-A to EV2 Rate Transition begins November 2019 and is on-going:

- A PG&E communication plan to inform customers of upcoming EV rate changes and future transitions is in place. Copies provide to SCP and our call center.
- The majority of the current EV-A customers will be transitioned in November 2019 to EV2.
- NEM customers will be transitioned every November based on their grandfathered status, from 2019 – 2024.

EV2 Rates

PG&E's final rates for EV2 will be dependent on their revenue requirement in effect on July 1, 2019. PG&E will include final rates in either the advice letter for overall rate changes on July 1, or in a supplemental advice letter if the Commission has not issued a disposition letter by that time.

PG&E has indicated to the CCAs that it will make efforts to provide the rates to CCAs 10 business days before the rate is live.

To ensure SCP and its billing vendor, Calpine Energy Solutions, are ready for customers to start taking service under EV2 on the day it opens, SCP will need to have a rate in place prior to July 1, 2019. Per Section 4.5.2.1.1 of SCPA's Joint Powers Agreement,

“...the Chief Executive Office may change any rate for power sold by the Authority or any charge for services provided by the Authority if...(ii) a change in rates or charges imposed on the Authority or its customers by PG&E, the CPUC, or any other regulatory agency...Changes in rates or charges made by the Chief Executive Officer under this Section shall be brought to the Board of Directors at the next scheduled meeting for

consideration and shall expire after 90 days unless ratified by the Board of Directors.”

Staff is recommending EV2 rates be established as soon as PG&E’s unbundled rates become available. Staff further recommends that the EV2 rate be set at a 1% total electric bill savings compared to PG&E bundled customers.

Per the JPA, following the implementation of the new rates, a staff report will be brought to the Board of Directors at the next scheduled meeting for approval and shall expire after 90 days unless ratified by the Board of Directors.



Staff Report – Item 07

To: Sonoma Clean Power Authority Board of Directors

From: Geof Syphers, CEO
Stephanie Reynolds, Internal Operations Director
Rebecca Simonson, Senior Power Services Manager

Issue: Approve the Fiscal Year 2019-20 proposed budget

Date: June 6, 2019

Requested Action

Approve the Fiscal Year 2019-20 proposed budget.

Background

Due to significant delays in the CPUC’s adoption of a 2019 PCIA and generation rates for PG&E, SCP’s annual budget will necessarily need to be adopted before adjusting customer rates to ensure SCP has an approved budget by the July 1 start of the fiscal year. Once the CPUC approves changes to PG&E’s PCIA and generation rates, Staff will return to the Board in July for final adoption of customer rates that would be implemented on September 1.

A reasonable estimate of PG&E’s PCIA and generation rates has been developed by staff, so the proposed budget likely will require only a modest adjustment following the CPUC approval of PG&E’s rates and fees.

There is good news regarding the remaining months of 2019. The 2019 PCIA is now expected to include a number of corrections advocated by SCP and CalCCA, and will likely be substantially lower than PG&E had originally proposed. That will make it easier to remain cost competitive for the remaining months of 2019.

To clarify this important matter, in the November 2018 update PG&E proposed a total PCIA for its entire territory of \$1.164 billion, and the most

recent Advice Letter reduced that to \$1.007 billion, after accepting some of SCP and CalCCA's recommended corrections. The PCIA for 2019 is expected to be higher for commercial customers and lower for residential customers than the 2018 PCIA, with the net effect of nearly equal total costs for SCP's mix of customers. This makes it likely SCP can sustain a small customer rate savings for the remainder of 2019 while building reserves.

Previous Board Guidance

The Committee and Board have previously provided the following guidance on budget and rates:

- Continue to provide customer programs, though consider launching fewer new programs;
- Continue to construct the Advanced Energy Center and SCP's headquarters;
- Aim to provide equal rates or a small 0.5% to 1.0% savings;
- Plan to contribute some amount to operating reserves, even if it is just \$1 million;
- Be willing to pay for some of the energy-related investments in SCP's headquarters building (e.g., the battery storage) from Program Reserves, if necessary, to balance the budget.

In addition, there was significant support for a compromise proposal from Committee Member Wells who proposed 0.5% rate savings, \$1 million contribution to operating reserves, and use of \$3.3 million in program reserves for construction activities.

Staff believe that all of the above goals can be met with the proposed budget.

Proposed Procedure for Rates Adoption

The Community Advisory Committee has proposed the budget presented in this item, along with rates that would provide 1.0% savings for all customers, assuming the CPUC adopts the PCIA and rates currently before them. If the actual savings possible after CPUC votes is less than 0.5%, the Committee will hold an additional meeting to review rates before they are brought to the Board for adoption. However, if the actual bill savings is at least 0.5%, those rates will be brought directly to the Board at the July meeting, rather than holding an additional Committee meeting.

Modified Schedule for Budget and Rate Adoption

Staff recommend the following schedule for budget and rate review, input and adoption:

Mar 25, 2019	Committee review of draft budget and potential rate impacts
Apr 4, 2019	Board review of draft budget and potential rate impacts
May 21, 2019	Committee recommends a final budget and rates, subject to a limitation that final rates provide at least 0.5% bill savings
Jun 6, 2019	Board adopts final budget (not rates)
Early July	If rates recommended by Committee on May 21 do <u>not</u> provide at least 0.5% bill savings, then Committee reviews new rate plan.
Jul 11, 2019	Board adopts rates for September 1, 2019

Budget Overview

The proposed budget features:

- Rates that are estimated to produce 1.0% bill savings for all customers upon implementation on September 1, 2019;
- \$6.5 million (3.3% of revenues) in planned contribution to operating reserves;
- Two additional staff positions for an Energy Analyst and one additional administrative role;
- Restoration of \$370,000 (25%) of the draft cuts made to Programs;
- Restoration of \$62,000 (25%) of the draft cuts made to Outreach and Communications;
- Restoration of \$24,000 (25%) of the draft cuts made to Customer Service
- Construction of the Advanced Energy Center;
- Begin construction of SCP's headquarters;
- Adherence to Financial Policy B2.

Budget Scenarios

Three budget and rate scenarios are considered and summarized in the following table. A total of \$34.6 million is available to allocate to customer bill savings, customer programs, capital investments, and SCP reserves. Once a level of customer total bill savings is selected, the amounts dedicated to programs, capital projects and reserves are still flexible. Staff and the Committee both recommend a budget based on providing 1.0% savings on customer’s total electric charges, shown below in bold. If adopted, customers of both PG&E and SCP would see increases in total electric costs averaging 6.5% in September, due to a combination of changes to the PCIA, delivery and generation rates. SCP’s contribution to a bill increase would be 2.0%, while PG&E’s contribution would be 4.5% for an average residential customer. In all cases, an SCP customer would save an estimated 1.0% on total charges relative to a bundled service customer.

All dollar amounts are in \$ millions

Total Bill Savings	Customer Savings on Total Bill	Customer Programs	Capital Investments	Change in Program Reserves	Change in Operating Reserves	Change in Collateral Reserves
0.5%	\$2.4	\$12.4	\$8.7	\$1.7	\$8.3	\$1.1
1.0%	\$4.8	\$12.4	\$8.7	\$1.3	\$6.5	\$0.9
1.5%	\$7.3	\$12.4	\$8.7	\$0.9	\$4.6	\$0.6

No Exception to Financial Policy B2

Given the corrections secured to the PCIA, no exception to Financial Policy B2 is needed. That policy governs budget and rate planning, and requires that at least 3% of planned revenues are budgeted for reserves.

PROPOSED BUDGET

The proposed budget is presented first in the form that will be used for adoption, and then is followed by supplemental information. The budget categories are intentionally general enough to allow some measure of staff discretion, without requiring frequent budget adjustments.

The “Total Expenditures, Other Uses and Debt Service” plus the planned contribution to operating reserves (shown as “Net Increase/ (Decrease) in Available Fund Balance”) equals the Revenue Requirement, which is the amount necessary to recover from customers through rates.

Certain assumptions were used to create this budget, including:

- Customer participation rates remain relatively stable throughout the year, with about 0.3% increase based mainly on rebuilt homes and new homes.
- The amount of uncollectible funds is assumed to be 0.5%.
- The load drop in 2018 does not reverse. Load has declined because unusually large residential users, presumed to be unpermitted cannabis growers, dramatically cut their usage or closed accounts in 2018, and we assume that change is permanent, and these users will not return or increase their usage again.
- The costs of resource adequacy remain artificially high due to a lack of selling by large entities in the year-ahead compliance process, and a lack of enforcement by the CPUC.
- The cost of building construction continues to escalate at a high rate. Note that if construction costs stabilize or even slow their rate of increase instead, the capital expenses in the budget could be lower.

	Expected Actuals FY18-19	DRAFT Budget FY19-20	PROPOSED Budget FY19-20	Comments
REVENUES & OTHER SOURCES				
Electricity Sales ¹ (net of allowance)	176,855,000	178,039,000	187,866,000	Updated based on rates and load. See write-up.
EverGreen Premium ² (net of allowance)	412,000	451,000	451,000	no change
CEC Grant Proceeds	1,927,000	4,760,000	4,760,000	no change
BAAQMD Grant	62,000	100,000	100,000	no change
Interest Income	946,000	1,011,000	1,011,000	no change
Total Revenues	180,202,000	184,361,000	194,188,000	

EXPENDITURES

Product				
Cost of Energy and Scheduling ³	146,345,000	151,839,000	152,301,000	Updated load forecast.
Data Management	3,089,000	3,158,000	3,158,000	no change
Service Fees to PG&E	959,000	961,000	961,000	no change
Product Subtotal	150,393,000	155,958,000	156,420,000	
Personnel	3,661,000	4,040,000	4,330,000	Two additional positions planned.
Outreach and Communications	1,144,000	898,000	960,000	25% of cuts restored
Customer Service	440,000	343,000	367,000	25% of cuts restored
General and Administration	531,000	505,000	505,000	no change

	Expected Actuals FY18-19	DRAFT Budget FY19-20	PROPOSED Budget FY19-20	Comments
EXPENDITURES - continued				
Other Professional Services				
Legal, Regulatory and Compliance	943,000	926,000	926,000	no change
Accounting	204,000	211,000	211,000	no change
Legislative	85,000	78,000	78,000	no change
Other consultants	160,000	160,000	160,000	no change
Other Professional Services Subtotal	1,392,000	1,375,000	1,375,000	
CalCCA Trade Association	400,000	440,000	440,000	no change
Programs				
Program Implementation	4,510,000	3,030,000	3,400,000	25% of cuts restored
CEC Grant Program ⁴	2,415,000	8,960,000	8,960,000	no change
Program Development and Evaluation	100,000	50,000	50,000	no change
Programs Subtotal	7,025,000	12,040,000	12,410,000	
Total Expenditures	164,986,000	175,599,000	176,807,000	
Revenues Less Expenditures	15,216,000	8,762,000	17,381,000	

	Expected Actuals FY18-19	DRAFT Budget FY19-20	PROPOSED Budget FY19-20	Comments
OTHER USES				
Capital Outlay	1,190,000	8,700,000	8,700,000	no change
Collateral Deposits (net outflow)	1,409,000	0	0	no change
Total Expenditures, Other Uses	167,585,000	184,299,000	185,507,000	
Net Increase/(Decrease) in Fund Balance	12,617,000	62,000	8,681,000	

¹ Forecast sales for 2019-2020 are 2,470,000 MWh, including an allowance of 0.5% of sales for uncollectible accounts.

² Incremental revenues from participating EverGreen customers for the premium on 100% renewable energy produced in Sonoma or Mendocino Counties.

³ Includes NetGreen costs, ProFIT payments, California ISO fees and schedule coordination.

⁴ The difference between the CEC Grant Proceeds and Grant Expenses is SCP's cash portion of the matching funds, and is budgeted to be \$4,200,000.

INFORMATION ONLY - SUPPLEMENTAL TO THE PROPOSED BUDGET

Details on the proposed budget are provided in this section along with projections of the next five years. While the table shown reflects a reasonable estimate of future revenues and expenses, it is important to stress that actual revenues and expenses will vary from this forecast.

	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24
REVENUES AND OTHER SOURCES					
Electricity Sales	187,866,000	182,230,000	186,081,000	190,206,000	194,786,000
Evergreen Premium	451,000	465,000	479,000	493,000	508,000
Grants and Outside Funding	4,860,000	3,051,000	1,500,000	1,500,000	1,500,000
Interest Income	1,011,000	1,040,000	1,123,000	1,190,000	1,261,000
Total Revenues and Other Sources	194,188,000	186,786,000	189,183,000	193,389,000	198,055,000
EXPENDITURES AND OTHER USES					
Product	156,420,000	162,677,000	165,931,000	168,420,000	171,788,000
Personnel	4,330,000	4,805,000	4,961,000	5,122,000	5,288,000
Outreach and Communications	960,000	989,000	1,019,000	1,050,000	1,082,000
Customer Service	367,000	397,000	409,000	421,000	434,000
Other Professional Services	1,375,000	1,416,000	1,298,000	1,337,000	1,377,000
General and Administration	505,000	520,000	536,000	552,000	569,000
CalCCA Trade Association	440,000	450,000	400,000	412,000	424,000
Programs (including leasehold improvements)	12,410,000	6,000,000	6,180,000	6,370,000	6,560,000
Total Expenditures	176,807,000	177,254,000	180,734,000	183,684,000	187,522,000
OTHER USES					
Capital Outlay (incl. construction investments)	8,700,000	3,500,000	250,000	258,000	266,000
Collateral Deposits (net outflow)	0	0	0	0	0
DEBT SERVICE	0	0	0	0	0
Total Expenditures, Other Uses and Debt Service	185,507,000	180,754,000	180,984,000	183,942,000	187,788,000
Net Increase/(Decrease) in Available Fund Balance	8,681,000	6,032,000	8,199,000	9,447,000	10,267,000
RESERVES					
Accumulated Operating/Credit Reserves (EOY)	72,982,000	77,506,000	83,655,250	90,740,500	93,761,000
Accumulated (or spent) Program Reserves (EOY)	10,065,000	10,969,800	12,199,650	13,616,700	18,752,200
Accumulated (or deposited) Collateral Reserves (EOY)	2,734,000	3,337,200	4,157,100	5,101,800	7,212,800

Further detail on each of the proposed budget categories follows.

REVENUES AND OTHER SOURCES

The primary source of income is from the retail sale of electricity to CleanStart and EverGreen customers. Customers of both of these programs provide all of the Electricity Sales income. EverGreen costs 2.5 cents per kWh over the cost of CleanStart, and provides 100% renewable energy from sources in Sonoma and Mendocino Counties. The EverGreen premium pays for the purchase of local sources of renewable geothermal and solar, and is not intended to produce surplus income.

The total sales are based on SCP rate changes that result in 1.0% total bill savings compared with PG&E bundled customer rates across all rates. The PCIA and PG&E rates that will be effective in the FY2019-2020 fiscal year are still not finalized, so the actual savings may deviate from the estimate.

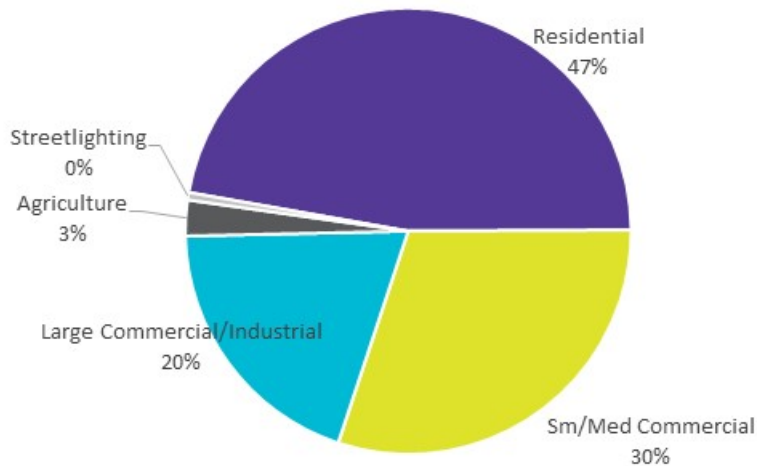
The total sales estimate is based on 87% of eligible customers (and load) participating in SCP. The net financial performance of SCP is not sensitive to small changes in the rate of participation because a majority of expenses are proportional to the load served. In other words, income and expenses generally tend to go up and down together.

An estimate of 0.5% is used for the portion of billings that will never be collected. Revenues shown in the budget are net of this reduction.

EXPENDITURES

Product

Cost of Energy and Scheduling includes all of the various services purchased from the power market through our suppliers. This includes 2,640,000 MWh of energy, capacity, green attributes, scheduling services, CAISO fees and other miscellaneous power market expenses. The volume of purchased energy is between 5% and 8% greater than the volume sold because of normal system losses. The following figure shows the breakdown of forecasted energy use by customer class.



SCP has entered into contracts that will meet approximately 95% of its expected energy requirements through the full fiscal year, meaning that energy costs are reasonably well known, although changes in energy market prices will still have an impact on SCP’s costs.

SCP’s current suppliers for energy and capacity include Constellation, Calpine, RE Mustang, RE Mustang 3, Golden Hills North, NextEra, Calpeak, Shell, Powerex, 3 Phases, Transalta, PG&E, GE Power, Tenaska, CleanPowerSF, Monterey Bay Community Power, Peninsula Clean Energy Authority, Silicon Valley Clean Energy, The Energy Authority, Turlock Irrigation District, and Southern California Edison.

SCP also has suppliers through the ProFIT local feed-in tariff program. SCP’s ProFIT feed-in tariff program was authorized by the Board of Directors to contract with local renewable energy suppliers up to \$600,000 per year in above-CleanStart expenses. This was translated into 6 MW of capacity, which formed the basis for contracting. 2 MW of solar are currently in operation, 1 MW of solar is expected to come online in the next few months, and an additional 3 MW of solar projects are expected to come online in FY2019-2020. Because the EverGreen premium pays for the purchase of these local sources, the quantity of ProFIT projects could be increased in the future if EverGreen participation increases. SCP is actively working with the member cities and counties to increase EverGreen participation.

Major amounts of SCP’s customer load are also served by customer-owned solar arrays. Small amounts also reduce the load of other SCP customers through NetGreen overproduction. None of this production is reportable on

SCP's Power Content Label, however, because it is treated as a load reduction rather than supply energy under California regulations.

Energy is procured for over 90% of the forecast load through December 2020. The primary price risks are therefore related to forecast error, changes in rates of customer participation, variable generation output of solar and wind resources, generation curtailment risks, forward pricing peak and off-peak unhedged energy, and legislative and regulatory risks (e.g., unexpected changes in PCIA fees). Overall, SCP is in a strong financial position. The primary known risk is that new legislation or regulations could be passed that drive up customer costs, for example by limiting SCP's ability to participate in competitive electric markets or by imposing compliance burdens that are intended to harm public power providers.

Based on current rates of participation by net-metered customers and payouts in 2017 and 2018, the total payout amount forecast for SCP's NetGreen customers is estimated to be about \$1,090,000 for the fiscal year. SCP staff are beginning to explore how to help solar customers as time-of-use rates shift the value of production into the evening hours, and will be bringing program proposals to the Committee and Board in the next year or two to address this.

Scheduling Coordinator services are provided by Shell Energy North America. The charges for this service are included together with energy and resource adequacy. After electric power is scheduled for delivery to customers and ultimately consumed by those customers, the actual electric consumption must be trued up against the forecasted and scheduled energy. This true up occurs through the settlement process, or "settlements." Settlements also entail addressing a number of other market and regulatory requirements. The impact on budgeting is that invoices and credits occur several months (and sometimes up to two years) following a given month of service.

Data Management is a broad scope of services provided by contract through Calpine Energy Solutions, including billing data validation, bill coordination with PG&E, billing management of special programs (e.g., NetGreen and ProFIT), call center services and billing technical support, customer enrollment database management, move-in/move-out services, CAISO data preparation, WREGIS data preparation, and many support functions related to data reporting.

SCP's Data Management contract with Calpine Energy Solutions was presented, reviewed and approved by the Board of Directors November 7, 2013 and continues through April 30, 2022.

Service Fees to PG&E consist of a charge of \$0.35 per account per month (including a \$0.21 per account service fee and a \$0.14 per account meter data management fee). There are also numerous small fees associated with data requests. The fees cover PG&E's costs associated with additional data processing and bill coordination, and are mandatory and regulated by the California Public Utilities Commission (CPUC).

Personnel

Personnel costs include all of the salaries, benefits, workers compensation premiums and payroll taxes for staff, and are based on adding the following positions relative to early 2019: Chief Operating Officer, Compliance and Risk Officer, Energy Analyst and an administrative role.

Outreach and Communications

The attached budget draft assumes that nearly all marketing efforts will focus on Lead Locally/the Advanced Energy Center. Other marketing focuses include Advanced Energy Rebuild, GridSavvy and other programmatic support.

The Community Memberships and Outreach budget has been reduced by \$30,000 from the current fiscal year. The Advanced Energy Center's classroom affords SCP an opportunity to give back to our local communities without separate financial investment, and will be a key strategy in stretching this year's more modest Community Outreach budget.

SCP will continue to focus on increasing the authority's reach and relevance to the Hispanic community and other key groups and also on supporting nonprofit events and efforts which provide exposure and visibility for SCP as a committed community partner.

Similarly, SCP will continue to reinforce brand awareness through SCP's consistent public relations and social media platforms, and will continue to provide leadership within the community choice industry by taking a lead role in CalCCA committees, groups and events.

<u>Outreach and Communications</u>	<u>Estimated Detail</u>
General Advertising & Media	524,500
Campaigns and program support	178,000
Consultants	66,500
Community memberships & outreach	160,000
Collateral & miscellaneous	31,000
<hr/> Outreach and Communications Total	<hr/> \$ 960,000

Customer Service

This subcategory includes required customer noticing and local business and industry development.

Customer Noticing

There are several kinds of official mailed notices SCP provides to its customers. Outside of enrollment rollouts, the following notices are mailed out to applicable customers:

- Move-in notice postcard (weekly)
- Move-in notice letter (weekly)
- EverGreen confirmation notices (weekly)
- NetGreen welcome (weekly)
- Opt-out confirmation - immediate notice (weekly)
- Opt-out confirmation - 6 month notice (weekly)
- Late payment notices (monthly)
- Joint Rate Comparison with SCP and PG&E information (annually)
- California Energy Commission's Power Content Label (annually)
- As needed, special rate notices (e.g., E7 closure and options)

The budget reflects the approximately 1,250 letters mailed every week plus the required annual mailings.

Business and Industry Development

The Customer Service team also works with SCP's local business and industry groups through memberships and sponsorships to increase awareness of SCP and improve relationships. SCP participates in many events that raise money and awareness for local businesses, such as the food, wine, and agricultural

industries. An aspect of SCP teams' key business requires reoccurring meetings with other CCA counterparts, stakeholder groups and PG&E to coordinate joint business and facilitate unique client needs.

Community engagement is a high priority and partnering with Santa Rosa Junior College to administer the SCP Spirit of Entrepreneurship Grant aims to enhance community relations and build stronger ties locally with the College, student population and future work force of our community. This competitive grant is facilitated via SCP staff and will work with various student participants and Business department staff to ultimately select up to three top performing "ideas" to receive the award. The frequency of issuance will be on an annual basis during the spring semester "Pitch Contest", even though the business course is aimed to be offered each semester. Students participating in the fall semester course can present their ideas during the spring semester should they so choose.

<u>Customer Noticing</u>	<u>Estimated Detail</u>
Confirmation letters	64,800
Annual Required Notices	108,200
Other Noticing	13,000
<hr/>	<hr/>
Customer Noticing Subtotal (rounded)	186,000
 <u>Business & Industry Development</u>	
Memberships/sponsorships	38,900
Events (Participation)	37,900
Customer Appreciation/Development	32,600
SCP Grant Fund	60,000
Miscellaneous	11,600
<hr/>	<hr/>
Biz & Industry Development Subtotal (rounded)	181,000
Total Customer Service	\$367,000

General and Administration

General and Administration includes ordinary business expenses such as rent, meeting room rentals, parking and transit expenses, liability insurance, basic office supplies, office phones, internet service, data service, minor equipment costing less than \$1,000, leases for printer/copiers, professional

development/training, conferences, memberships, dues and subscriptions, travel, meals and miscellaneous operational expenses.

<u>General and Administration</u>	<u>Estimated Detail</u>
Office space and meeting/event rentals	191,000
Insurance	8,000
Misc. expenses and office supplies	50,000
Phones, internet, data and minor equipment	51,000
Conferences and professional development	22,000
Dues and subscriptions	145,000
Travel	20,000
Meals and entertainment	18,000
General and Administration Total	505,000

Other Professional Services

Legal, Regulatory & Compliance. Staff’s budget request for the Legal, Regulatory and Compliance budget line item:

- Combines the budgets for Legal, Regulatory and Compliance into one-line item, where previous years had a separate line item for regulatory;
- Continues to be driven in large part by the extraordinary circumstances associated with PG&E’s Chapter 11 bankruptcy, which has required staff to engage outside bankruptcy counsel and other outside legal resources with related expertise in financing, CPUC/FERC regulatory advice, and energy transactional matters;
- Will assist staff with management of overflow work on issues important to SCP operations that are typically handled in house, when not resource constrained internally due to demands associated with the PG&E bankruptcy, such as public contracting and Lead Locally CEC Grant, 431 E Street Construction;
- Allows the legal department to continue to provide certain specialized transactional, regulatory, advisory and compliance-related services to SCP departments the legal department provides in typical years, such as participation in ongoing CPUC regulatory proceedings and specialized energy transactional review.

With the legal, regulatory and compliance budget, approximately 39% is estimated to be related to the PG&E bankruptcy, 35% is associated with general agency regulatory advocacy and compliance, 13% is expected to be required in connection with energy procurement transactional advice and the remaining 13% is related to other routine SCP operational matters and special projects, ranging from general transactional support, human resources advice, and analysis associated with the new SCP headquarters and other Programs department efforts such as the Lead Locally CEC grant.

Accounting. Accounting includes services from three different providers. Maher Accountancy provides the day-to-day accounting for SCP, including generation of financial statements and consolidated reports. Maher's current fee is \$9,350 per month plus a one-time fee of \$13,900, and is expected to rise slightly next year. The County's Auditor Controller Treasurer Tax Collector's (ACTTC) office provides internal auditing and control for SCP and bills its time at cost, estimated to be less than \$10,000 for the year. Pisenti & Brinker serves as SCP's third-party, independent, outside auditor. Last year Pisenti's costs were \$21,800, so staff have assumed a small increase for inflation for this fiscal year.

Legislative. Legislative covers SCP's Sacramento legislative lobbyist, and coverage for tracking and advancing bills in the legislative session. This category has been decreasing in expenditures as contributions to the statewide CalCCA trade association allows that organization to take on more of this work.

Other Consultants. Other Consultants covers costs related to outside services needed for basic internal operations, such as: IT services/repairs, nighttime security for the building at 431 E Street, administration fees for our insurance benefits and retirement plans, consultants for mandatory training, and the collection agency SCP uses for past-due accounts.

CalCCA

The CalCCA trade association is an important entity for sharing the costs of legislative and regulatory work. The association has been instrumental in improving SCP's effectiveness at the CPUC on matters including the PCIA, resource adequacy, and in the legislature on organizing and providing direction to lobbyists and requesting action. CalCCA now has six full time staff, and we expect further improvements in the association's service to SCP and the other public CCA power providers around California.

Programs

Over the past year, SCP successfully completed the DriveEV program and implemented the Advanced Energy Rebuild Program. The list below indicates the programs we intend to administer in the upcoming fiscal year. Many of these are continuing programs from the current year.

	Customer Benefits	SCP Benefits
ELECTRIC VEHICLES		
CalEVIP - Work with the CEC to implement their EV charging station incentive program.	Increase the number of Level 2 and 3 EV charging stations in SCP territory.	Increase electricity sales and net revenues while decreasing emissions.
GridSavvy - Create aggregated load resource with EV charging equipment and schedule into CAISO markets.	Potential to earn cash rewards over time. Pride of helping support more renewable energy on the grid.	Increases ability to shape system load. Potential to meet portion of RA obligation. Supports lower emissions by allowing more renewable sources in portfolio.
Non-Profit EV Incentive - Provide an incentive for non-profits to purchase EV and PHEV vehicles.	Support of worthy non-profits.	Increased exposure through marketing and reduction of GHG emissions.
Transit Electrification Study - Assist local transit agencies in determining their infrastructure and equipment needs to meet upcoming electrification requirements.	Reduced costs and emissions from transit activities.	Increase electricity sales and net revenues while decreasing emissions.
EDUCATION		
School Programs - teacher training, education materials development, in-class programs.	Increase commitment in SCP, awareness of issues, and value to schools. Instill a culture of efficiency in school-age children.	Increase awareness of SCP. Educate children on climate change and energy efficiency.
SWITCH EV Program - placement of EV kit cars in CTE programs of local high schools.	Increase commitment in SCP, awareness of issues, and value to schools, while developing STEM skills.	Increase awareness of clean power science and career opportunities. Long-term investment in promoting technical capabilities needed for clean energy operations.

Customer Benefits

SCP Benefits

BUILDING EFFICIENCY & DECARBONIZATION		
Assistance to Commercial Customers - Provide an expert in energy efficiency to audit the energy use of commercial customers.	Provide assistance to commercial customers in identifying energy efficiency measures.	Low cost program that will build brand loyalty.
Assistance to Fire Re-Building Effort - In partnership with PG&E and BAAQMD, create an incentive program for home re-building. The Advanced Energy Rebuild Program	Provide incentives to homeowners re-building in the fire zones to achieve 2020 building codes.	Advances SCP's goals for reducing GHG emissions through fuel switching.
DIY Tool Kits - Placement of energy efficiency tool kits in County libraries for customers to check out.	Easy, fun way to learn about energy efficiency in homes and save money on utility bills.	Low cost program that will build brand loyalty.
Induction Cooktop Lending Program - Lending Induction cooktops from multiple locations to promote fuel switching/efficiency.	Easy way for customers to try out induction cooking. Survey results indicate a high conversion rate due to the program.	Advances SCP's goals for reducing GHG emissions through fuel switching. Low cost program that will build brand loyalty.
CEC Grant administration - Managing the implementation of the grant and creation of an energy efficiency Marketplace.	Exposure of customer to cutting edge energy efficiency products and the ability to purchase and install them.	Advances SCP's goals for reducing GHG emissions through fuel switching. Increase brand awareness and customer loyalty.
FLEXIBLE LOAD		
Demand Response Program - Develop general tools for managing diverse kinds of aggregated resources. GridSavvy Community.	Increased opportunities to use new technologies, earn market revenues, and support lower emission sources.	Potential to shape system load and lower total costs to customers over time. Increased ability to meet RA obligations and achieve high amounts of renewables.

Customer Benefits		SCP Benefits
DISTRIBUTED ENERGY RESOURCES		
Misc. Contracts (CCP, Etc.)	Provide resources and education to customers considering distributed resources.	Potential to shape system load and lower total costs to customers over time. Increased ability to meet RA obligations and achieve high amounts of renewables. Customer education.

Programs	Estimated Detail
<i>Electric Vehicles</i>	
CalEVIP	500,000
CleanCharge	500,000
Non-Profit Vehicle Incentive	50,000
Transit Electrification Study	100,000
<i>Electric Vehicle Subtotal</i>	1,150,000
<i>Education</i>	
School Programs	275,000
SWITCH Program	75,000
Misc Education Tools/Support	15,000
<i>Education Subtotal</i>	365,000
<i>Energy Efficiency in Buildings</i>	
Assistance to Commercial Customers	60,000
Assistance to Fire Re-Building Efforts	1,000,000
DIY Tool Kits	30,000
<i>Energy Efficiency in Buildings Subtotal</i>	1,090,000
Demand Response Program	200,000
CEC Grant Administration	8,960,000
Misc. Contracts	645,000
Programs Total	12,410,000*

*NOTE: Grant proceeds from CEC contribute \$4,760,000 toward above costs.

Advanced Energy Center Leasehold Improvements

A significant portion of the California Energy Commission grant that SCP received is targeted toward the creation of the Advanced Energy Center in downtown Santa Rosa. Due to the constraints of the grant process, we were not able to include more than \$509,000 in the application for tenant improvements (the grant process requires that any contractor receiving over \$100,000 in the grant be identified at the time of application. Also, as a public agency, SCP is required to bid the tenant improvement contract and therefore could not identify the contractor at the time of grant application.) Combined with the higher cost of construction since the grant application was made, this means a higher amount of tenant improvement costs will likely fall to SCP than originally planned.

Initial professional estimates for tenant improvements are running at \$2.7 million. These are initial, planning level estimates and are deliberately conservative to try to account for all contingencies. Many of the costs included in the initial estimate are expected to come down slightly due to value engineering. However, this estimate is still about \$700,000 higher than SCP initially estimated. That early estimate included the \$509,000 in the original grant application and \$1.5 million in assumed SCP tenant improvement costs.

It is staff's recommendation to proceed with construction of the Advanced Energy Center for several reasons:

- SCP has a sole right to take over operation of the Advanced Energy Center and continue operating it at the end of the three-year CEC grant;
- The use of a storefront/showroom/training center has many uses for SCP that can evolve with SCP's programs;
- The annual operating costs of the Center, including staffing, utilities, lease, security, insurance and related expenses is expected to be under \$400,000 per year in 2022, making it a potentially valuable resource to continue using.

OTHER USES

Capital Outlay is for equipment costing in excess of \$1,000, including computers, printers and furniture. However, SCP's capital investment in its owned headquarters building is 98% of this line item for FY2019-20.

Collateral Deposits used to be included as an "Other Use" but are now recorded as coming out of SCP's Collateral Reserve fund rather than a budget line item.

DEBT SERVICE

SCP currently carries no debt.

NET INCREASE/ (DECREASE) IN AVAILABLE FUND BALANCE

The allocation of surplus funds is governed by the adopted Financial Policy B2. The policy generally indicates that net surplus funds (if any) are dedicated to Operating/Credit Reserves, Program Reserves, and a Collateral Reserve. Earlier forecasts showed a need for an exception to the policy's requirement to plan a 3% contribution to reserves, but no exception is needed now that the CPUC has made corrections to the PCIA.