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**OPERATING FUND**  
**BUDGET RECONCILIATION TO STATEMENT OF**  
**REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**Three Months Ended September 30, 2022**

Net increase (decrease) in available fund balance per budgetary comparison schedule:	\$ 14,066,881
Adjustments needed to reconcile to the changes in net position in the Statement of Revenues, Expenses and Changes in Net Position:	
Subtract depreciation expense	(339,591)
Add back capital asset acquisitions	49,953
Change in net position	<u>\$ 13,777,243</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 September 30, 2022, 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  
October 26, 2022

# SONOMA CLEAN POWER AUTHORITY

## STATEMENT OF NET POSITION

As of September 30, 2022

### ASSETS

Current assets	
Cash and cash equivalents	\$ 58,634,864
Accounts receivable, net of allowance	32,445,708
Other receivables	2,027,584
Accrued revenue	13,016,815
Prepaid expenses	1,777,162
Deposits	7,939,203
Investments	35,245,417
Total current assets	<u>151,086,753</u>
Noncurrent assets	
Land	860,520
Capital assets, net of depreciation	18,447,150
Deposits	196,256
Total noncurrent assets	<u>19,503,926</u>
Total assets	<u>170,590,679</u>

### LIABILITIES

Current liabilities	
Accrued cost of electricity	19,113,184
Accounts payable	1,317,630
Advanced from grantors	3,074,682
Other accrued liabilities	1,372,728
User taxes and energy surcharges due to other governments	817,187
Total current liabilities	<u>25,695,411</u>

### NET POSITION

Investment in capital assets	19,307,670
Unrestricted	125,587,598
Total net position	<u>\$ 144,895,268</u>

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Three Months Ended September 30, 2022**

**OPERATING REVENUES**

Electricity sales, net	\$ 77,259,562
Evergreen electricity premium	668,705
Grant revenue	90,086
Total operating revenues	<u>78,018,353</u>

**OPERATING EXPENSES**

Cost of electricity	59,758,533
Contract services	1,949,477
Staff compensation	1,787,489
General and administration	469,407
Program rebates and incentives	122,320
Depreciation	339,591
Total operating expenses	<u>64,426,817</u>
Operating income (loss)	<u>13,591,536</u>

**NONOPERATING REVENUES (EXPENSES)**

Investment earnings (loss)	185,707
Nonoperating revenues (expenses), net	<u>185,707</u>

**CHANGE IN NET POSITION**

	13,777,243
Net position at beginning of period	<u>131,118,025</u>
Net position at end of period	<u>\$ 144,895,268</u>

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Three Months Ended September 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Receipts from customers	\$ 73,746,600
Other operating receipts	4,518,613
Payments to electricity suppliers	(56,675,618)
Payments for other goods and services	(2,512,370)
Payments for staff compensation	(1,728,838)
Tax and surcharge payments to other governments	(811,898)
Payments for program rebates and incentives	(963,324)
Net cash provided (used) by operating activities	15,573,165

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Payments to acquire capital assets	(158,850)
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest income received	117,007
Net cash provided (used) by investing activities	117,007

Net change in cash and cash equivalents	15,531,322
Cash and cash equivalents at beginning of year	43,103,542
Cash and cash equivalents at end of period	\$ 58,634,864

**SONOMA CLEAN POWER AUTHORITY**  
**STATEMENT OF CASH FLOWS (continued)**  
**Three Months Ended September 30, 2022**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating income (loss)	\$ 13,591,536
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation expense	339,591
Revenue adjusted for provision for uncollectible accounts	1,670,701
(Increase) decrease in:	
Accounts receivable	(7,221,032)
Other receivables	(358,636)
Accrued revenue	414,994
Prepaid expenses	1,184,081
Deposits	(1,826,222)
Increase (decrease) in:	
Accrued cost of electricity	2,148,606
Accounts payable	15,901
Advanced from grantors	3,074,682
Accrued liabilities	2,172,191
User taxes due to other governments	141,772
Supplier security deposits	225,000
Net cash provided (used) by operating activities	<u>\$ 15,573,165</u>





## Staff Report - Item 09

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**To:** Sonoma Clean Power Authority Community Advisory Committee

**From:** Neal Reardon, Director of Regulatory Affairs  
Geof Syphers, Chief Executive Officer

**Issue:** Receive Legislative and Regulatory Updates and Provide Feedback as Appropriate

**Date:** November 17, 2022

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### Requested Action

Receive legislative and regulatory updates and provide direction as appropriate.

### Regulatory Updates

#### CPUC Staff Propose GHG-free Credit for CCA Customers

On September 12th, a California Public Utilities Commission Administrative Law Judge issued a Ruling seeking comment on a staff proposal to provide customers who have left bundled utility service (i.e., those receiving generation service from a CCA or Energy Service Provider) a financial credit for the GHG-free resources they pay for. California law makes a distinction between "renewable" and "GHG-free" resources, with GHG-free including hydroelectric facilities over 50 MW in size and nuclear facilities. The existing Power Charge Indifference Adjustment ("PCIA") mechanism provides CCA customers with a financial credit for the renewable resources procured on their behalf, but not the GHG-free resources.

CPUC staff concluded that the GHG-free resources held in utility portfolios do provide an incremental value for the utility, and that they should compensate CCA customers accordingly. On November 7<sup>th</sup>, SCP staff working with the statewide CalCCA trade association filed comments in support of the staff proposal and offering specific recommendations for implementation. If adopted, the GHG-free credit could reduce CCA customer bills by January of 2024. It would not have any impact on the resources SCP uses to provide clean generation to customers.

## Estimated Impact of Diablo Canyon Power Plant Extension

Senate Bill 846 (2022) supports the extension of PG&E's Diablo Canyon Power Plant (DCPP) to 2030 with a \$1.4 billion loan in anticipation of applying for a portion of the \$6 billion offered in the U.S. DOE Civil Nuclear Credit Program. DCPP's Nuclear Regulatory Commission license was set to expire November 2, 2024, for Plant 1 and August 26, 2025, for Plant 2. Under existing law, several revenue streams to replace the end of the capital investment return with the expiration of the license. However, the allocation of certain categories of costs is not always made clear in statute.

Assuming that all costs will be borne by PG&E-territory load serving entities and not spread to those in Southern California or territories served by municipal utilities, the table below shows the change in revenue requirements between the case where DCPP is retired on schedule and the life extension authorized in SB 846.

Change in PCIA and Non-bypassable charge from SB 846 (\$ millions)							
	2023 GRC RRQ	Cost/MW H	SB 846 RRQ	Cost/MW H	Increase RRQ	SCP Share of RRQ Increase	PCIA + NBC Change
2023	\$1,246	\$0.0712	\$1,369	\$0.0782	\$123	\$3.6	\$0.0016
2024	\$1,208	\$0.0690	\$1,330	\$0.0760	\$123	\$3.6	\$0.0016
2025	\$764	\$0.0672	\$1,186	\$0.0678	\$423	\$11.5	\$0.0051
2026	\$24	\$0.0000	\$1,003	\$0.0573	\$979	\$27.0	\$0.0118
2027	\$0	\$0.0000	\$979	\$0.0559	\$979	\$27.0	\$0.0117
2028	\$0	\$0.0000	\$979	\$0.0559	\$979	\$27.1	\$0.0116

## **Legislative Update**

While the California legislature is on recess until January, SCP has remained engaged with two legislative efforts.

First, SCP worked with RCRC and other CCAs to get lawmakers to sign on to a letter to the CPUC calling for regulatory oversight of PG&E's "fast trip" system, which shuts off power on circuits when a fault is detected. See the attached letter.

Second, CalCCA is exploring a number of potential bills for the next session, and SCP staff are interested in engaging on the solutions to California's power reliability crisis. Just one example of the problem: procurement orders from the CPUC are often issued just 2 or 3 years before critical resources are needed, while it can take 3 to 5 years just to get permission to start building a new reliability resource. The timing mismatch is a

serious problem, and having better planning information about where new resources will likely be approved could help resolve things.

### **Attachments**

- Legislative Fast Trip Letter, available at [this link](#) or by request to the Clerk of the Board

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## Staff Report - Item 10

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**To:** Sonoma Clean Power Authority Community Advisory Committee

**From:** Carolyn Glanton, Programs Operations Manager  
Brant Arthur, Programs Manager  
Rebecca Simonson, Director of Programs

**Issue:** Recommend the Board of Directors Approve and Delegate Authority to the CEO or his Designee to Execute an Agreement for Professional Services with Sacramento Municipal Utility District through August 31, 2024, with a Not-To-Exceed Amount of \$125,680 for a Residential and Commercial Community Needs Assessment

**Date:** November 17, 2022

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### Recommendation

Recommend the Board of Directors Approve and Delegate Authority to the CEO or his Designee to Execute an Agreement for Professional Services with Sacramento Municipal Utility District through August 31, 2024, with a Not-To-Exceed Amount of \$125,680 for a Residential and Commercial Community Needs Assessment as part of the Customer Incentives and Offerings Strategic Action Plan.

### Background

On March 17, 2022, the Community Advisory Committee received the Programs Strategic Action Plan for Customer Offerings and Incentives ("Strategic Action Plan"). The Board of Directors adopted the Strategic Action Plan on April 7, 2022. The Strategic Action Plan defines how SCP will consider and develop programs to serve all SCP customers, especially in historically underserved, underinvested, and marginalized communities. To achieve our mission of turning the tide on the climate crisis, our programs must be impactful, scalable, accessible, enhance our customers' lives, and be driven by the needs of the communities they serve.

An important first step is to assess community needs and set goals. In July 2022, SCP issued a Request for Qualifications (RFQ) to identify potential partners and consultants to conduct community needs assessments. The assessments will highlight

customer's needs, wishes, and concerns when it comes to emissions reduction, energy efficiency, resiliency, and electrification. This will inform the development of more impactful customer programs that meet community needs.

The RFQ included five different categories of needs:

1. Transportation and mobility needs
2. Residential energy use
3. Residential resiliency needs
4. Commercial building energy use and commercial resiliency needs
5. Agricultural energy use

The RFQ drew five responses across all the categories. Staff reviewed responses, created a short list for interviews, and interviewed respondents.

## **Discussion**

Based on their RFQ response and interview, Sacramento Municipal Utility District (SMUD) was selected for three community needs assessment categories: residential energy use, residential resiliency needs, and commercial building energy use and resiliency. Other entities have been selected for the transportation and mobility needs and agricultural energy use categories.

SMUD was selected based on their experience with electricity customers, as they are the nation's sixth-largest community-owned, not-for-profit electric company, and have over 75 years of experience in California utility operations.

The residential energy use and residential resiliency needs assessment includes performing a web usability study for SCP's current residential offers and incentives webpage, creating and managing a survey in English and Spanish, facilitating focus groups, coordinating with community-based organizations, and providing recommendations on potential residential programs.

The scope of work for commercial building energy use and resiliency includes data collection, creating and managing a survey in English and Spanish, summarizing research data, and creating recommendations on potential commercial programs.

This Agreement will go through August 31, 2024.

## **Fiscal Impact**

The amount requested is within the Board approved FY22/23 budget for Program Implementation. Any budget remaining for FY23/24 and FY24/25 will be brought before the Committee and Board for approval in subsequent budget cycles.

## **Attachments**

- Attachment A - Draft Agreement with Sacramento Municipal Utility District, available at [this link](#) or by request to the Clerk of the Board















Impact:

The reserve balance is projected to grow, possibly reaching SCP's long-term target as early as July 2023. This option provides deeper customer savings, but does not produce excess income beyond what is needed to fill SCP's long-term reserves within the current fiscal year.

Staff look forward to discussing these options with the Community Advisory Committee.