

Regular Board Meeting

May 26, 2022

Item 8: CEO & Regulatory Report

Item 8: CEO Report

- CEA Expansion
 - Escondido & San Marcos – April 2023 Launch
 - Timeline:
 - Implementation Plan Amendment Certified by CPUC – RECEIVED!
 - April 2022 – Include energy usage in CEA Year Ahead Resource Adequacy(RA) Filing with CPUC – First Procurement Related Action - FILED
 - May 2022 – Energy Hedge Procurement Begins
 - July 2022 – RA requirements received from CPUC – Procurement Obligations
 - August 2022 – CAC Input into marketing and outreach strategy
 - October 2022 – Contracts for RA finalized; submittal to CPUC
 - October 2022 – Marketing & Outreach Begins
 - February 2023 – Required Noticing begins
 - April 2023 – Service Enrollments

Item 8: CEO Report

- CEA Expansion
 - Oceanside, Vista, San Clemente – 2024 service
 - Timeline:
 - April 2022 – Results to cities
 - May 2022
 - May 3 - Vista Council Workshop
 - May 26 – CEA Board Update
 - June 2022 - Cities consider resolution to join CEA and Ordinance establishing CCA
 - June 18 – Oceanside City Council
 - June 26 – Vista City Council
 - TBD – San Clemente
 - July 2022 – CEA approve cities joining; direct preparation of Implementation Plan Amendment
 - August 2022 – New Board Members Oath of Office
 - October 2022 – Draft Implementation Plan Amendment to CEA Board for approval
 - December 2022 – File Implementation Plan Amendment with CPUC

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Item 8: CEO Report

- General Counsel Request for Qualifications
 - Board Subcommittee: Vice Chair Druker; Board Member Acosta
 - April 18, 2022 – RFQ Issued
 - May 16, 2022 – Proposals Due
 - 4 Proposals Received
 - May 31, 2022 – Subcommittee Interviews
 - June 30, 2022 – Board Interviews/Selection

Questions/Discussion

Item 3: CEA Board Ad-Hoc Subcommittee – General Counsel Selection

Item 9: Proposed FY 2022/23 Budget

- Recommendation:
 - Review Proposed FY 2022/23 Budget and Schedule Adoption for June 30, 2022 Meeting.

Item 9: Proposed FY 2022/23 Budget

- FY 2021/22 Year End Estimates

	Midyear Adjusted Budget	Year End Estimate	Variance
Projected Revenue	\$63,282,755	\$63,297,755	\$15,000
Projected Expenditures	\$61,055,025	\$59,792,791	(\$1,262,234)
Net Results	\$2,227,730	\$3,504,964	\$1,277,234

- Expenditure savings
 - Power Supply Costs - \$1.0M
 - Legal Services - \$88,500
 - Professional Services - \$91,200

Item 9: Proposed FY 2022/23 Budget

- FY 22/23 Proposed Budget Assumptions
 - Revenues based on current adopted rates
 - Power supply costs based on actual executed contracts and May forward price curve
 - Consulting Services based on approved contracts
- Priorities & Goals
 - Financial Stability
 - Regulatory Compliance
 - Successful Expansion in Escondido and San Marcos

Item 9: Proposed FY 2022/23 Budget

	FY 21/22 Year End Estimate	FY 22/23 Proposed Budget	Variance
Projected Revenue	\$63,297,755	\$80,791,405	\$17,493,650
Projected Expenditures	\$59,792,791	\$78,383,015	\$18,590,224
Net Results	\$3,504,964	\$2,408,390	(\$1,096,574)

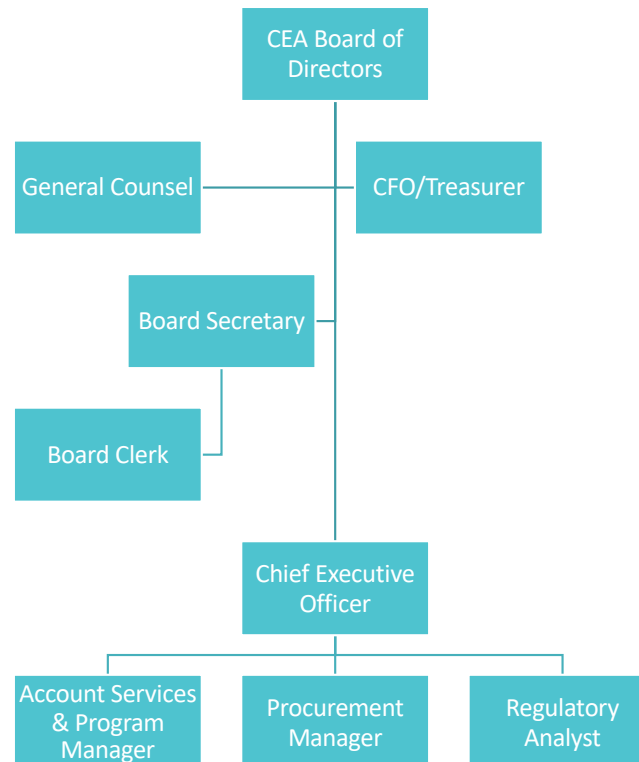
- Proposed FY22/23 Budget in Balance
- Increase in revenue due to April 2023 Escondido & San Marcos Expansion
- Increase in expenditure due to energy purchases to service Escondido & San Marcos & proposed positions



Item 9: Proposed FY 2022/23 Budget

- Proposed Positions – Transition from Interim to Permanent
 - Chief Financial Officer/Treasurer
 - Board Secretary
- Proposed New Positions
 - Accounts Services/Program Manager
 - Procurement Manager
 - Regulatory Analyst

Item 9: Proposed FY 2022/23 Budget



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	FY 21/22 Midyear Adjusted Budget	FY 21/22 Year End Estimate (5/2022 Pro Forma	FY 22/23 Proposed Budget - Summary
REVENUE			
Energy Sales Revenue	\$ 57,282,755	\$ 57,282,755	\$ 80,786,405
Interest Income		\$ 15,000	\$ 5,000
Funds provided by Financing	\$ 6,000,000	\$ 6,000,000	
TOTAL REVENUE	\$ 63,282,755	\$ 63,297,755	\$ 80,791,405

EXPENDITURES

Power Supply	\$ 58,222,525	\$ 57,150,291	\$ 74,134,855
Data Management/Call Center	\$ 840,000	\$ 840,000	\$ 1,151,180
Staffing/Consultants	\$ 235,700	\$ 200,000	\$ 985,280
Legal Services	\$ 375,000	\$ 286,500	\$ 390,000
Professional Services	\$ 888,600	\$ 797,400	\$ 963,600
Audit Services	\$ 41,000	\$ 26,000	\$ 15,000
Software & Licenses	\$ 9,100	\$ 11,600	\$ 15,100
Memberships & Dues	\$ 121,000	\$ 120,500	\$ 121,000
Printing	\$ 27,000	\$ 25,000	\$ 55,000
Postage	\$ 21,100	\$ 26,000	\$ 50,000
Advertising	\$ 15,000	\$ 1,500	\$ 15,000
Insurance	\$ 32,000	\$ 6,000	\$ 35,000
Bank Fees	\$ 2,000	\$ 2,000	\$ 2,000
Debt Service	\$ 225,000	\$ 300,000	\$ 450,000
TOTAL PROJECTED BUDGET	\$ 61,055,025	\$ 59,792,791	\$ 78,383,015

Net Results of Operations	\$ 2,227,730	\$ 3,504,964	\$ 2,408,390
Beginning Fund Balance	(2,707,414)	(2,707,414)	797,550
Ending Fund Balance	\$ (479,684)	\$ 797,550	\$ 3,205,940

- Proposed Budget results in 4% Reserve
- Policy sets minimum reserve at 5%
- Staff to continue refining budget to achieve 5% Reserve

Item 9: Proposed FY 2022/23 Budget

- Next Step
 - Staff to continue refining budget to achieve 5% reserve contribution
 - June 30, 2022 Regular Board Meeting – Budget Adoption

Questions/Discussion

Item 10: Assessment Report – Oceanside, San Clemente, Vista

Item 10: Assessment Report

- Recommendation:
 - Receive Update and Assessment Report related to the cities of Oceanside, San Clemente and Vista Joining CEA.

Item 10: Assessment Report

- New Member Policy:
 - Analysis of proposed member usage data results in a positive financial result using CEA's pro forma model;
 - Addition of new member does not create an undue risk or financial burden to CEA
 - Does not create an undue risk to the achievement of the goals of CEA, including the achievement of the Climate Action Plan goals of the current Members.

Item 10: Assessment Report

- Analysis
 - Usage data for calendar year 2021 input into CEA's current pro forma model
 - April 2024 Enrollment
 - Current CEA adopted rates used
 - 90% Participation Rate
 - CEA's current cost of power supply

Item 10: Assessment Report

	FYE 2024	FYE 2025	FYE 2026
Revenue	\$20.51	\$110.34	\$110.89
Power Supply Costs	-\$18.48	-\$104.43	-\$102.29
Staffing	-\$0.35	-\$0.35	-\$0.35
Billing and Other Costs	-\$0.83	-\$2.76	-\$2.77
Net Operating Margin	\$0.85	\$2.79	\$5.48
5% Reserve Contribution	\$1.03	\$5.52	\$5.54
Reserve Shortfall/Excess	-\$0.18	-\$2.72	-\$0.06

Reserve by year:

2024 – 4%
2025 – 2.5%
2026 – 4.9%

Rates would need to be increased 2.5% to achieve a minimum 5% reserve contribution in each year.

Item 10: Assessment Report

- Procurement Considerations
 - Resource Adequacy
 - Requires working closely with SDG&E to acquire excess RA related to the departures of the new members from SDG&E to CEA
 - Risk of non-compliance to CEA if unable to reach agreement with SDG&E
 - Long-Term Renewable Energy
 - Long-Term Renewable Energy contracts required for existing generating facilities immediately upon service establishment
 - Cooperation with SDG&E to acquire excess long-term renewable energy supply related to the departures of the new members
 - Risk to non-compliance to CEA if unable to reach agreement with SDG&E

Item 10: Assessment Report

- Next Steps

ACTIVITY	TIMING
Assessment Report Results to CEA Board	May 26, 2022
Cities - Resolution to Join CEA and 1 st Reading of Ordinance to Establish a CCA	June 2022
Cities - 2 nd Reading of Ordinance	June/July 2022
CEA - Resolution approving Cities joining CEA/Direct preparation of Implementation Plan Amendment – Review Updated Financial Impact	July 2022
Draft Implementation Plan Amendment to CEA Board Review Updated Financial Impact	October 2022
File Implementation Plan Amendment with CPUC	December 2022

Questions/Discussion