MEETING of the Finance Committee of the
Clean Power Alliance of Southern California

Wednesday, March 27, 2019
11:00 a.m.

555 W. 5th Street, 35th Floor
Los Angeles, CA 90013

Meetings are accessible to people with disabilities. Individuals who need special assistance or a
disability-related modification or accommodation to participate in this meeting, or who have a disability
and wish to request an alternative format for the meeting materials, should contact Jacquelyn Betha, at
least two (2) working days before the meeting at jbetha@cleanpoweralliance.org or (213) 269-5870,
ext.1001. Notification in advance of the meeting will enable us to make reasonable arrangements to
ensure accessibility to this meeting and the materials related to it.

PUBLIC COMMENT POLICY: The General Public Comment item is reserved for persons wishing to
address the Committee on any Clean Power Alliance-related matters not on today’s agenda. Public
comments on matters on today’s Consent Agenda and Regular Agenda shall be heard at the time the
matter is called. Comments on items on the Consent Agenda are consolidated into one public comment
period. As with all public comment, members of the public who wish to address the Committee are
requested to complete a speaker’s slip and provide it to Clean Power Alliance staff at the beginning of the
meeting but no later than immediately prior to the time an agenda item is called.

Each speaker is customarily limited to two (2) minutes (in whole minute increments) per agenda item with
a cumulative total of five 5 minutes to be allocated between the General Public Comment, the entire
Consent Agenda, or individual items in the Regular Agenda. Please refer to Clean Power Alliance Policy
No. 8 – Public Comments for more information.

In addition, members of the Public are encouraged to submit written comments. Any written
comments should be provided to Clean Power Alliance staff before an item is called so that they
can be distributed to the Board and included in the official record.
I. WELCOME & ROLL CALL

II. GENERAL PUBLIC COMMENT

III. CONSENT AGENDA
1. Approve Minutes from February 27, 2019 Finance Committee Meeting
2. Receive and file January 2019 Monthly Financial Dashboard
3. Receive and file March 2019 Risk Management Team Report

IV. REGULAR AGENDA
4. Report from the Chief Financial Officer
5. Draft First Amendment to the Credit Agreement with River City Bank
6. Staff update on Fiscal Year 2019/20 Annual Budget Development
7. Proposed Changes to Interim Financial Reporting

V. COMMITTEE MEMBER COMMENTS

VI. ADJOURN
Public Records: Public records that relate to any item on the open session agenda for a Committee Meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all, or a majority of, the members of the Committee. The Board has designated Clean Power Alliance, 555 W. 5th Street, 35th Floor, Los Angeles, CA 90013, as the location where those public records will be available for inspection. The documents are also available online at www.cleanpoweralliance.org.
MEETING of the Finance Committee of the Clean Power Alliance of Southern California
Wednesday, February 27, 2019, 11:00 a.m.

MINUTES

555 W. 5th Street, 35th Floor
Los Angeles, CA 90013

Beverly Hills City Hall
4PthP Floor, Conference Room 4B
455 N. Rexford Drive, Beverly Hills, CA 90210

Camarillo City Hall
601 Carmen Drive, Camarillo, CA 93010

Carson City Hall
Executive Conference Room
701 E. Carson Street, Carson, CA 90745

Rolling Hills Estates City Hall
4045 Palos Verdes Drive N., Rolling Hills Estates, CA 90274

I. WELCOME & ROLL CALL
Acting Chair Steve Zuckerman called the meeting to order and the Board Secretary Jacquelyn Betha Isidore conducted roll call.

<table>
<thead>
<tr>
<th>Roll Call</th>
<th>Committee Alternate</th>
<th>Remote</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverly Hills</td>
<td>Robert Wunderlich</td>
<td></td>
</tr>
<tr>
<td>Camarillo</td>
<td>Tony Trembley</td>
<td>Committee Member</td>
</tr>
<tr>
<td>Carson</td>
<td>Reata Kulcsar</td>
<td>Committee Member</td>
</tr>
<tr>
<td>Rolling Hills Estates</td>
<td>Steve Zuckerman</td>
<td>Committee Member</td>
</tr>
<tr>
<td>Santa Monica</td>
<td>Absent</td>
<td></td>
</tr>
</tbody>
</table>

II. PUBLIC COMMENT
There were no public comments on items not on the agenda.

III. REGULAR AGENDA
1. **Approved Minutes from January 23, 2019 Finance Committee Meeting**

David McNeil, Chief Financial Officer, noted two corrections to the January meeting minutes. First, the minutes should reflect that CPA is not required to maintain a deposit per the loan agreement with the County of Los Angeles, and second, that CPA is required to maintain a two-million-dollar deposit to support the loan agreement with River City Bank.

Motion: Camarillo, Committee Member Tony Trembley.
Second: Carson, Committee Member Reata Kulcsar.
Vote: Item 1, with the stated amendments, was approved by a unanimous roll call vote.

2. **Discussed and provided input on Draft Amendment to FY 2018/19 Budget**

David McNeil, Chief Financial Officer, presented a Draft Amendment to the fiscal year (FY) 2018-19 Budget. He indicated that a Proposed Amendment to the FY 2018-19 Budget would be presented to the Board for approval on March 7, 2019. CPA is proposing a $25 million increase in expenses resulting from lower opt-out rate assumptions than those used in initial base budget. The opt-out rate is trending well below 10%. Reduced opt-out rates in addition to the expedited schedule of enrolling our residential commercial customers have produced higher load and thus higher revenue. Mr. McNeil highlighted that the budget amendment is not a projection, but an authorization to expend funds. CPA does not have authorization to receive revenue that does not fall within an approved category. The wholesale energy sales budget will be removed because we have already recorded the revenue in the cost of energy line item. During the next fiscal year, the energy sales budget will be recorded in a separate line item. The Committee Members discussed various breakdowns of the budget line items. Mr. McNeil indicated that he would provide additional detail in the staff report regarding cost of energy and a description about what is included in the cost, a breakdown on the percentage basis of what the increase is composed of. A consideration was discussed that the Committee could conduct a closed session item to receive more information about cost of energy during next year’s budgeting process.

3. **Discussed and provided input on draft changes to publicly available CPA interim financial reporting**
David McNeil, Chief Financial Officer, presented and discussed financial reporting alternatives and solicited the Finance Committee's input. He reported that staff would bring back proposed revised financial reporting formats to the Finance Committee at its March meeting on the following items:

1. CPA financial reporting
2. Draft Financial Dashboard for YTD December 2018
4. FY 2018/19 Budget Amendment
5. FY 2019/20 Budgeting process

Committee Member Trembley requested that staff show a more detailed breakout on the Technical, Legal and Other Services line items presented in the annual the budget. Mr. McNeil explained that staff will provide a more thorough breakdown in the tables for the 2019-2020 budget where appropriate and in keeping with CPA’s confidentiality requirements.

4. Discussed and provided input on Draft Reserve Policy

David McNeil, Chief Financial Officer, provided a presentation to cover the purpose and benefits of having a reserve policy. Adequate reserves will enable CPA to satisfy working capital requirements, procure energy at competitive rates, adhere to contractual covenants, obtain and maintain an investment grade credit rating, cover unanticipated expenditures, and support rate stability. The Reserve Policy outlines the appropriate target levels (minimum and maximum) of reserves. Reserves are defined as the Net Position which represents the difference between CPA’s assets and liabilities as defined by the Government Accounting Standards Board and consistent with generally accepted accounting principles.

The Committee discussed a proposal to reduce the maximum reserve amount from 75% to 60% and agreed to recommend the proposal. The Committee discussed a proposal to use a single reserve target rather a reserve target range and elected to recommend a reserve target range.
5. **Received and filed December 2018 Monthly Financial Dashboard**

David McNeil, Chief Financial Officer, presented a highlighted overview of annual audited statements, annual budget and the budget amendment process and the reporting surrounding that and the Monthly Dashboard. Mr. McNeil indicated that he will present the development of the FY19/20 budget to the Finance Committee during its April and May meetings. Mr. McNeil proposed various revisions the format of CPA’s Financial Dashboard and indicated he would like to provide a quarterly report format in September 2019, which would be the first quarter of the next fiscal year.

Acting Chair Zuckerman requested to see the monthly sales graph included in the Dashboard. Committee Alternate Wunderlich would like to see a monthly budget/forecast graph reflecting the seasonality in addition to the annual budget.

6. **Received February 2019 Risk Management Team Report**

Matthew Langer, Chief Operating Officer, reviewed the open positions and the purchase of energy hedges covering portions of 2019 and the period of January 2020 through December 2021. Matt also highlighted the possibility of a change to the policy that measures hedge targets using a rolling 12 month schedule.

IV. **COMMITTEE MEMBER COMMENTS**

Committee Member Trembley requested that we add the day and length of time of the Finance Committee meeting as an item of discussion to the March Agenda.

V. **ADJOURNED**

Acting Chair Zuckerman adjourned the meeting.
Financial Dashboard

Summary of Financial Results

<table>
<thead>
<tr>
<th></th>
<th>January</th>
<th>Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
</tr>
<tr>
<td>Energy Revenues</td>
<td>$4.8</td>
<td>$5.1</td>
</tr>
<tr>
<td>Cost of Energy</td>
<td>$6.8</td>
<td>$6.7</td>
</tr>
<tr>
<td>Net Energy Revenue</td>
<td>-$2.0</td>
<td>-$1.6</td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>$0.4</td>
<td>$0.7</td>
</tr>
<tr>
<td>Net Income</td>
<td>-$2.5</td>
<td>-$2.2</td>
</tr>
</tbody>
</table>

- CPA recorded positive financial results for the period. Expenditures remain within authorized budget limits.
- Year-to-date Revenues were $57.3 million or 6% below budgeted revenues. Revenues were less than budgeted due to lower than expected customer electricity use.
- Cost of energy was $53.5 million or 8% below budgeted energy costs. Energy costs were lower than budgeted due to lower than expected customer energy use and lower than budgeted net energy charges levied by the California Independent System Operator.
- Operating expenditures were 13% lower than budgeted due to lower than budgeted staffing, Southern California Edison fees, general, administrative and occupancy costs.
- Net income was $1.1 million greater than budgeted net loss.
- Management believes that available liquidity and bank lines of credit are sufficient for CPA to continue to meet its obligations as agreed.

Cumulative Revenue

Net Energy Revenue

Cash & Cash Equivalents

Definitions:
Accounts: Active Accounts represent customer accounts of active customers served by CPA
Opt-out %: Customer accounts opted out divided by eligible CPA accounts
YTD Sales Volume: Year to date sales volume represents the amount of energy (in gigawatt hours) sold to retail customers
Revenues: Retail energy sales less allowance for doubtful accounts
Cost of energy: Cost of energy includes direct costs incurred to serve CPA’s load
Operating expenditures: Operating expenditures include general, administrative, consulting, payroll and other costs required to fund operations
Net income: Net income represents the difference between revenues and expenditures before depreciation and capital expenditures
Cash and Cash Equivalents: Includes cash held as bank deposits and excludes funds restricted by security and banking agreements
Year-to-date (YTD): Represents the fiscal period beginning July 1, 2018.
To: Clean Power Alliance (CPA) Finance Committee
From: Matthew Langer, Chief Operating Officer
Approved by: Ted Bardacke, Executive Director
Subject: March 2019 Risk Management Team Report
Date: March 27, 2019

KEY ACTIONS
- Discussed updated load forecast incorporating new Phase 4 eligible customer list
- Reviewed open positions and approved purchase of energy hedges covering the period of January 2020 through December 2021
- Discussed SCE’s recent credit downgrade event and approved updated credit and notional limit for transactions with SCE
- Considered the potential for summer 2019 energy price volatility and possible strategies to mitigate risk

POLICY COMPLIANCE
No new policy compliance issues to report.
To: Clean Power Alliance (CPA) Finance Committee
From: David McNeil, Chief Financial Officer
Approved By: Ted Bardacke, Executive Director
Subject: Draft First Amendment to the Credit Agreement with River City Bank
Date: March 27, 2019

SUMMARY
In the spring of 2018 Clean Power Alliance undertook a request for proposal (RFP) process to select a bank to provide a credit facility and commercial banking relationship. River City Bank was selected from among respondents to the RFP and in May 2018 CPA’s Board of Directors approved a Credit Agreement of up to $31 million with River City Bank, of which $20 million was made available in August 2018. The Credit Agreement is a revolving credit facility that CPA uses to provide letters of credit and to borrow funds to provide working capital. The Credit Agreement expires in August 2019.

Staff plans to present a proposed First Amendment to the Credit Agreement to the Board for consideration at its April 4, 2019 Board meeting.

The proposed First Amendment will include the following changes;
- Increase credit facility amount from $20 million to $37 million
- Extend the term through March 31, 2021
- Reduce the interest rate on borrowing from 2% over the one-month London Interbank Borrowing Rate (Libor) to 1.75% over one-month Libor
• Adjust the amount required to be held as cash collateral from 10% of the credit facility amount to 10% of the outstanding balance
• Update credit covenants
• Implement a 0.15% non-utilization fee calculated annually based on the unused portion of the facility
• Pay a nonrefundable 0.25% annual loan fee based on the $37 million credit facility amount
• Other administrative changes

The proposed First Amendment would be accompanied by the following loan documents;
• Amended and Restated Revolving Credit Note
• Amendment to Assignment of Deposit Account
• Board Resolution authorizing CPA representatives to enter into agreements with River City Bank and borrow funds
• Legal Opinion from outside counsel that the loan documents constitute the legal, valid and binding obligations of CPA

The proposed First Amendment provides CPA with greater working capital and financial flexibility and contributes to the financial strength of the agency. Staff believes that River City Bank’s willingness to increase the credit facility amount and extend the term of agreement and lower the borrowing rate reflects the bank’s increased confidence in CPA and its financial health. Staff believes that energy market participants will view the proposed First Amendment as a positive indication of CPA’s growing financial strength and ability to continue meeting its obligations as agreed.
FY 2019/20 Budget Priorities and Timeline

March 27, 2019
FY 2019/20 Budget – Board & Committee Schedule

- March 27, 2019 (Finance) – Budget Priorities
- April 17, 2019 (Executive) – Budget Priorities
- April 24, 2019 (Finance) - Draft FY 2019/20 Budget
- May 2, 2019 (Board) – Budget Priorities
- May 15, 2019 (Executive) – Draft FY 2019/20 Budget
- June 6, 2019 (Board)- Proposed FY 2019/20 Budget
FY 2019/20 Budget Priorities – Agency Objectives

- Provide cost competitive electric services
- Reduce electric sector greenhouse gas emissions
- Stimulate renewable energy development
- Implement distributed energy resources
- Sustain long-term rate stability
## FY 2019/20 Budgeting Concepts

### Non discretionary expenses - Example for Illustrative Purposes

<table>
<thead>
<tr>
<th></th>
<th>FY 2018/19</th>
<th>FY 2019/20</th>
<th>Ch</th>
<th>% Ch</th>
<th>% of Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of energy</td>
<td>246,053,000</td>
<td>875,382,000</td>
<td>629,329,000</td>
<td>256%</td>
<td>94.11%</td>
</tr>
<tr>
<td>IOU Fees</td>
<td>1,226,000</td>
<td>1,777,000</td>
<td>551,000</td>
<td>45%</td>
<td>0.19%</td>
</tr>
<tr>
<td>Data Management</td>
<td>5,020,000</td>
<td>10,588,000</td>
<td>5,568,000</td>
<td>111%</td>
<td>1.14%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>252,299,000</td>
<td>887,747,000</td>
<td>635,448,000</td>
<td>252%</td>
<td>95.44%</td>
</tr>
</tbody>
</table>

### Discretionary expenses - Example for Illustrative Purposes

<table>
<thead>
<tr>
<th></th>
<th>FY 2018/19</th>
<th>FY 2019/20</th>
<th>Ch</th>
<th>% Ch</th>
<th>Ch as % of Net Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>General &amp; Admin</td>
<td>609,000</td>
<td>887,000</td>
<td>278,000</td>
<td>46%</td>
<td>0.51%</td>
</tr>
<tr>
<td>Technical Services</td>
<td>1,705,000</td>
<td>1,307,000</td>
<td>(398,000)</td>
<td>-23%</td>
<td>-0.73%</td>
</tr>
<tr>
<td>Legal Services</td>
<td>713,000</td>
<td>891,250</td>
<td>178,250</td>
<td>25%</td>
<td>0.33%</td>
</tr>
<tr>
<td>Other Services</td>
<td>410,000</td>
<td>512,500</td>
<td>102,500</td>
<td>25%</td>
<td>0.19%</td>
</tr>
<tr>
<td>Staffing</td>
<td>2,467,000</td>
<td>4,934,000</td>
<td>2,467,000</td>
<td>100%</td>
<td>4.50%</td>
</tr>
<tr>
<td>Communications &amp; Marketing</td>
<td>433,000</td>
<td>288,000</td>
<td>(145,000)</td>
<td>-33%</td>
<td>-0.26%</td>
</tr>
<tr>
<td>Capex</td>
<td>22,500</td>
<td>45,000</td>
<td>22,500</td>
<td>100%</td>
<td>0.04%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>6,359,500</td>
<td>8,864,750</td>
<td>2,505,250</td>
<td>39%</td>
<td>4.57%</td>
</tr>
</tbody>
</table>
FY 2019/20 Budgeting Concepts

- Budgeting requires a reasonable basis of estimation
- Excessive budget amendments during the year are time consuming
- Budgeting best practice involves a balance including use of estimates and contingencies where appropriate
FY 2019/20 Budget Priorities – Customer Programs

● Distributed Energy Resources (DER) Pilot
  ○ Planning costs included in the Calpine contract
  ○ Implementation costs to be included in the draft FY 2019/20 Budget.

● Customer Programs
  ○ Strategic planning process to begin in April. Expected completion by end of calendar year 2019
  ○ Staffing and implementation costs for customer programs to be included in a budget amendment planned for late 2019 upon completion of the strategic planning process
FY 2019/20 Budget Priorities – Customer Programs

- Draft FY 2019/2020 Budget CP related costs will include
  - Strategic planning (Other services)
  - Customer Programs (DER pilot implementation), and
  - DER Pilot Planning (included in Data Management)
FY 2019/20 Budget Priorities – Staffing

- Currently 15 FTEs, planning 20 FTY by June 30, 2019 and up to 35 FTEs by June 30, 2020

- Staffing Priorities
  - Attract high quality staff with experience in policy and regulatory affairs, commercial customer engagement, energy, finance, risk management and related systems
  - Avoid duplication with outsourced services and maximize value per dollar spent
FY 2019/20 Budget Priorities – Staffing

Other opportunities

- Leverage big data and energy portfolio management systems to optimize energy procurement and risk management, reduce GHG emissions, and create a platform to deliver enhanced energy services
- Staff plans to include funding for a Energy Procurement and Risk Management Platform Strategic Planning Roadmap (Other services) in the Draft FY 2019/20 Budget
- Customer Programs (see slides 5 and 6)
FY 2019/20 Budget Priorities – Staffing

Next Steps

- Staff developing organization charts for presentation at the next ExCom
- Draft FY 2019/20 Budget to include increased staffing costs in the policy and regulatory affairs, procurement, finance, and customer engagement
- Increased staffing costs related to customer programs and systems to follow once strategic planning processes are complete
FY 2019/20 Budget Priorities – Office Space

Work Place Priorities

- Build an environment that encourages creativity and innovation
- Ensure workplace supports staff’s ability to effectively do their jobs
- Affordability
- Centrally located with access to public transportation
- Accommodation for Board and other public meetings without compromising security
- Advanced video conferencing system to provide better collaboration from remote meeting locations
FY 2019/20 Budget Priorities – Office Space

Current Office Space Limitations / Challenges

● Current facility set up during CPA’s start-up phase
● No permanent, public-friendly location for Board meetings
● Rent currently averages $12,000 per month for 14 FTEs
● Acquiring contiguous workspace to accommodate additional staff is difficult
● WeWork noise levels can be disruptive and not as conducive to a professional atmosphere
FY 2019/20 Budget Priorities – Office Space

Next Steps

- Staff plans to engage a commercial real estate agent to explore alternatives;
  - Class A office space in DTLA = $38 to $42 per sq ft per year or approximately $25,000 per month based on 30 FTEs and 250 sq ft per FTE
  - Class B office space in DTLA = $25 to $35 per sq ft per year or $20,000 per month using above assumptions

- Staff plans to propose amounts for a commercial real estate agent (other services), rent and utilities (occupancy) and other office related expenses (G&A) and furniture, audio visual and IT equipment (capital assets) in the Draft FY 2019/20 Budget that would allow for CPA to relocate to its own offices in DTLA towards the end of fiscal 2019/20
SUMMARY
At the February 27, 2019 Finance Committee meeting Staff presented financial reporting alternatives and received input from the Finance Committee. Staff proposes to use the Financial Dashboard and Budget to Actual reporting format as it appears in the February 2019 monthly Dashboard and Budget to Actual reports attached. Staff proposes to provide these reports to the Finance Committee on a quarterly basis beginning in the fall of 2019. Staff proposes to review interim financial reporting with the Finance Committee at that time and make further adjustments as needed once the 2019 customer enrollments are complete and the potential variability of CPA’s finances has narrowed.

Attachments: 1) Proposed February 2019 Financial Dashboard
2) Proposed FY 2018-19 Budget to Actual Report – YTD February 2019
YTD February 2019

Active Accounts
955,000
Opt-Out %
2.6%
YTD Sales Volume
1240 GWh

Summary of Financial Results

<table>
<thead>
<tr>
<th></th>
<th>February</th>
<th>Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Actual</td>
<td>Budget</td>
</tr>
<tr>
<td>Energy Revenues</td>
<td>$17.0</td>
<td>$15.9</td>
</tr>
<tr>
<td>Cost of Energy</td>
<td>$18.5</td>
<td>$21.8</td>
</tr>
<tr>
<td>Net Energy Revenue</td>
<td>-$1.6</td>
<td>-$5.9</td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>$1.5</td>
<td>$1.9</td>
</tr>
<tr>
<td>Net Income</td>
<td>-$3.1</td>
<td>-$7.8</td>
</tr>
</tbody>
</table>

- CPA recorded positive financial results for the period. Expenditures remain within authorized budget limits.
- Year-to-date Revenues were $74.2 million or 1% above amended budget revenues.
- Cost of energy was $71.9 million or 6% below budgeted energy costs. Energy costs were lower than budgeted due to the non utilization of contingencies and higher than
- Operating expenditures were 15% lower than budgeted due to lower than budgeted staffing, Southern California Edison fees, general, administrative and occupancy costs.
- Net income was $4.7 million greater than budgeted net loss.
- Management believes that available liquidity and bank lines of credit are sufficient for CPA to continue to meet its obligations as agreed.

Definitions:
Accounts: Active Accounts represent customer accounts of active customers served by CPA
Opt-out %: Customer accounts opted out divided by eligible CPA accounts
YTD Sales Volume: Year to date sales volume represents the amount of energy (in gigawatt hours) sold to retail customers
Revenues: Retail energy sales less allowance for doubtful accounts
Cost of energy: Cost of energy includes direct costs incurred to serve CPA’s load
Operating expenditures: Operating expenditures include general, administrative, consulting, payroll and other costs required to fund operations
Net income: Net income represents the difference between revenues and expenditures before depreciation and capital expenditures
Cash and Cash Equivalents: Includes cash held as bank deposits.
Year to date (YTD): Represents the fiscal period beginning July 1, 2018
# Clean Power Alliance of Southern California

## Budgetary Comparison Schedule

July 1, 2018 through February 28, 2019

<table>
<thead>
<tr>
<th></th>
<th>2018/19 YTD</th>
<th>2018/19 YTD</th>
<th>2018/19 YTD</th>
<th>2018/19 Annual</th>
<th>2018/19 Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amended Budget</td>
<td>Actual</td>
<td>Variance (Under)</td>
<td>Actual / Amended Budget</td>
<td>Amended Budget %</td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue - electricity, net</td>
<td>$73,387,488</td>
<td>$74,253,802</td>
<td>$866,314</td>
<td>101%</td>
<td>$281,801,000</td>
</tr>
<tr>
<td>Other revenues</td>
<td>6,000</td>
<td>6,000</td>
<td>-</td>
<td>100%</td>
<td>10,000</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$73,393,488</td>
<td>$74,259,802</td>
<td>$866,314</td>
<td>101%</td>
<td>$281,811,000</td>
</tr>
</tbody>
</table>

| **Energy Costs** |              |            |              |                |                  |                    |
| Energy procurement | 76,415,116 | 71,933,853 | (4,481,263) | 94% | 246,053,000 | 174,119,147 | 71% |
| Operating Revenues less Energy Costs | (3,021,627) | 2,325,949 | 5,347,576 | -77% | 35,758,000 | 33,432,051 | 93% |

| **Operating Expenditures** |              |            |              |                |                  |                    |
| Staffing | 1,499,636 | 1,247,766 | (251,870) | 83% | 2,467,000 | 1,219,234 | 49% |
| Technical services | 1,136,667 | 1,191,524 | (51,964) | 81% | 410,000 | 188,631 | 46% |
| Legal services | 475,333 | 283,381 | (191,952) | 60% | 713,000 | 429,619 | 60% |
| Other services | 273,333 | 221,369 | (51,964) | 81% | 410,000 | 188,631 | 46% |
| Communications and marketing | 297,758 | 285,746 | (12,012) | 96% | 433,000 | 147,254 | 34% |
| Customer notices and mailing | 80,000 | 58,713 | (21,287) | 73% | 2,577,000 | 2,518,287 | 98% |
| Data management services | 1,164,274 | 1,012,846 | (151,428) | 87% | 5,020,000 | 4,007,154 | 80% |
| Service fees - SCE | 377,539 | 291,346 | (86,192) | 77% | 1,226,000 | 934,654 | 76% |
| General and administration | 387,563 | 315,643 | (71,920) | 81% | 609,000 | 293,357 | 48% |
| Occupancy | 104,000 | 78,121 | (25,879) | 75% | 156,000 | 77,879 | 50% |
| Total Operating Expenditures | 5,796,104 | 4,986,456 | (809,648) | 86% | 15,316,000 | 10,329,544 | 67% |
| **Operating Income** | (8,817,731) | (2,660,507) | 6,157,224 | 20,442,000 | 23,102,507 | 113% |

| **Non-Operating and Other Revenues (Expenditures)** |              |            |              |                |                  |                    |
| Investment Income | 23,000 | 103,657 | 80,657 | 451% | 69,000 | (34,657) | -50% |
| Interest expense and bank fees | (72,548) | (72,587) | (39) | 100% | (279,000) | (206,413) | 74% |
| Depreciation | (4,000) | (3,911) | 409 | 90% | (6,000) | (2,409) | 40% |
| Total Non-Operating Revenues (Expenditures) | (53,548) | 27,479 | 81,027 | (216,000) | (243,479) | 113% |
| **Change in Net Position** | (8,871,279) | (2,633,028) | 6,238,251 | 20,226,000 | 22,859,028 | 113% |

| **Other Uses** |              |            |              |                |                  |                    |
| Capital outlay | 15,000 | 4,347 | (10,653) | 29% | 22,500 | 18,153 | 81% |
| Depreciation | (4,000) | (3,591) | 409 | 90% | (6,000) | (2,409) | 40% |
| Total Other Uses | 11,000 | 756 | (10,244) | 16,500 |              |                  |
| **Change in Fund Balance** | $ (8,882,279) | $ (2,633,784) | $ 6,248,495 | $ 20,209,500 | $ 20,209,500 | $ 20,209,500 |

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See accountants' compilation report.