



Item 5

FY 2020-21 Q1 Financial Results

November 25, 2020

Enhanced Quarterly Reporting

- Since beginning operations CPA has published an annual audited financial statements and a monthly financial dashboard consisting of select financial and operating information.
- Following review and input by the Finance Committee in July 2020, CPA will begin publishing a Quarterly Financial Report following the close of its first, second and third fiscal quarters consisting of the following:
 - Financial Dashboard
 - Income Statement
 - Balance Sheet
 - Statement of Cashflows
 - Budget to Actual report
 - Select Financial Indicators
- The Quarterly Financial Report will be included on the Finance Committee and Board of Directors meeting agendas. CPA will continue to publish monthly Financial Dashboards and annual audited financial statements.

Summary of Q1 Financial Results

CPA recorded net income of \$8.2 million in September 2020, increasing year to date net income to \$13.2 million. Results for the first quarter were \$11 million or 46% below budget. The first quarter results were impacted by the following factors:

- Sustained heat waves in mid-August and early September required CPA to serve load at high spot market prices. Day ahead load costs exceeded hedge revenues by \$16.5m and \$8m in August and September 2020 respectively up from \$1.6m in July 2020. CPA spent \$8.4m serving the 10 most expensive hours in August as compared to \$1.6m in July.
- A transfer from the Fiscal Stabilization Fund to operating revenue totaling \$4.4m. Absent the transfer net income would have been \$3.8m and \$8.8m for September and Q1 respectively.
- A \$4m increase in bad debt equal to 1.4% of first quarter electricity sales arising from slowing customer payments and the current recession.

CPA repaid its loan to the County of Los Angeles in September 2020 and has no bank or other debt outstanding. CPA had \$78.6 million in cash and cash equivalents and \$36 million available on its line of credit as of September 30, 2020. CPA is in compliance with its bank and other credit covenants.

Balance Sheet Components, as of June 30:

As of September 30

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
1 Cash and cash equivalents	\$ 78,579,868	\$ 35,940,412
2 Accounts receivable, net of allowance	97,537,229	93,341,244
3 Accrued revenue	54,999,391	60,446,425
4 Market settlements receivable	676,757	1,743,823
5 Other receivables	280,329	1,420,874
6 Prepaid expenses	1,805,459	3,604,298
7 Deposits	3,991,804	-
8 Restricted cash	4,897,000	6,047,000
9 Total current assets	<u>242,767,835</u>	<u>202,544,076</u>
Noncurrent assets		
10 Capital assets, net of depreciation	481,498	32,481
11 Deposits	188,875	135,200
11 Total noncurrent assets	<u>670,374</u>	<u>167,681</u>
12 Total assets	<u>243,438,209</u>	<u>202,711,757</u>

Balance Sheet Components, as of June 30:

As of September 30

LIABILITIES

Current liabilities

13	Accounts payable	1,744,538	2,275,676
14	Accrued cost of electricity	130,934,138	154,419,507
15	Other accrued liabilities	3,410,861	3,194,958
16	User taxes and energy surcharges due to other governments	7,777,358	7,021,481
17	Loans payable to County of Los Angeles	-	-
18	Supplier security deposits	<u>10,225,580</u>	<u>-</u>
19	Total current liabilities	<u>154,092,475</u>	<u>166,911,622</u>

Noncurrent liabilities

20	Loans payable to County of Los Angeles	-	9,835,608
21	Loans payable to River City Bank	-	-
22	Supplier security deposits	<u>6,924,000</u>	<u>750,000</u>
23	Total noncurrent liabilities	<u>6,924,000</u>	<u>10,585,608</u>
24	Total liabilities	<u>161,016,475</u>	<u>177,497,230</u>

Balance Sheet Components, as of June 30:

As of September 30 DEFERRED INFLOWS OF RESOURCES

25 Rate Stabilization Fund	<u>22,592,965</u>	<u>-</u>
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NET POSITION

26 Investment in capital assets	481,498	32,481
27 Restricted for collateral	4,897,000	6,047,000
28 Unrestricted	<u>54,450,271</u>	<u>19,135,046</u>
29 Total net position	<u><u>\$ 59,828,769</u></u>	<u><u>\$ 25,214,527</u></u>

Income Statement, as of June 30:

July 1 through September 30

	<u>2020</u>	<u>2019</u>	% Ch
OPERATING REVENUES			
1 Electricity sales, net	\$ 276,701,958	\$ 278,074,475	-0.5%
2 Revenue transferred from/(to) Rate Stabilization Fund	4,407,035	-	
3 Other revenue	-	-	
4 Total operating revenues	<u>281,108,993</u>	<u>278,074,475</u>	1%
OPERATING EXPENSES			
5 Cost of electricity	261,834,703	263,642,093	-1%
6 Contract services	4,431,000	4,099,391	7%
7 Staff compensation	1,417,789	732,425	48%
8 General and administration	<u>238,232</u>	<u>223,368</u>	6%
10 Total operating expenses	<u>267,921,724</u>	<u>268,697,277</u>	0%
11 Operating income (loss)	13,187,269	9,377,198	29%
NONOPERATING REVENUES (EXPENSES)			
12 Interest income	92,644	23,830	74%
13 Interest and related expenses	(36,779)	(175,478)	-377%
14 Other nonoperating revenue	-	-	
15 Total nonoperating revenues (expenses)	<u>55,865</u>	<u>(151,648)</u>	371%
CHANGE IN NET POSITION			
16 Net position at beginning of period	<u>46,585,635</u>	<u>15,988,978</u>	66%
17 Net position at end of period	<u>\$ 59,828,769</u>	<u>\$ 25,214,527</u>	58%

Budget to Actual Analysis

**CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
July 1, 2020 through September 30, 2020**

	<u>2020/21 YTD Budget</u>	<u>2020/21 YTD Actual</u>	<u>2020/21 YTD Budget Variance (Under) Over</u>	<u>2020/21 YTD Variance / Budget %</u>
Operating revenues				
Revenue - electricity, net	\$ 269,029,604	\$ 276,701,504	\$ 7,671,900	3%
Revenue transferred from/(to) Rate Stabilization Fund	-	4,407,035	4,407,035	
Other revenues	-	455	455	
Total operating revenues	269,029,604	281,108,994	12,079,390	4%
Energy costs				
Energy procurement	236,527,489	261,834,703	25,307,214	11%
Operating revenues less energy costs	32,502,115	19,274,291	(13,227,824)	-41%

Budget to Actual Analysis

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
July 1, 2020 through September 30, 2020

	<u>2020/21 YTD Budget</u>	<u>2020/21 YTD Actual</u>	<u>2020/21 YTD Budget Variance (Under) Over</u>	<u>2020/21 YTD Variance / Budget %</u>
Operating Expenditures				
Communications and outreach	163,002	70,479	(92,523)	-57%
General and administrations	310,380	209,317	(101,063)	-33%
Occupancy	129,125	18,829	(110,296)	-85%
Billing data manager	2,970,309	2,940,365	(29,944)	-1%
SCE services	588,873	564,036	(24,837)	-4%
Technical services	761,778	245,920	(515,857)	-68%
Legal services	429,025	130,716	(298,309)	-70%
Other professional services	240,115	192,864	(47,251)	-20%
Mailers	473,762	267,270	(206,492)	-44%
Staffing	1,743,730	1,417,789	(325,941)	-19%
Customer programs	254,000	19,350	(234,650)	-92%
Total operating expenditures	<u>8,064,098</u>	<u>6,076,935</u>	<u>(1,987,163)</u>	-25%

Budget to Actual Analysis

CLEAN POWER ALLIANCE OF SOUTHERN CALIFORNIA
BUDGETARY COMPARISON SCHEDULE
July 1, 2020 through September 30, 2020

	<u>2020/21 YTD Budget</u>	<u>2020/21 YTD Actual</u>	<u>2020/21 YTD Budget Variance (Under) Over</u>	<u>2020/21 YTD Variance / Budget %</u>
Operating income	24,438,017	13,197,356	(11,240,661)	-46%
Non-operating revenues (expenditures)				
Interest income	66,667	92,644	25,977	39%
Finance and interest expense	(96,000)	(36,779)	59,221	-62%
Depreciation	(44,000)	(10,087)	33,913	-77%
Total non-operating revenues (expenditures)	(73,333)	45,778	119,112	-162%
Change in net position	<u>24,364,684</u>	<u>13,243,134</u>	<u>(11,121,550)</u>	-46%
Other uses				
Capital outlay	829,500	394,197	(435,303)	-52%
Depreciation	44,000	10,087	(33,913)	-77%
Total other uses	873,500	404,284	(469,216)	-54%
Change in fund balance	<u>\$ 23,491,184</u>	<u>\$ 12,838,850</u>	<u>\$ (10,652,333)</u>	-45%

Electricity revenue, net includes COVID-19 bill credits totaling \$210,072 and \$495,030 for the month and fiscal year to date respectively.

The CPA Board of Directors approved bill credits up to \$1.42 million in FY 2020-21.

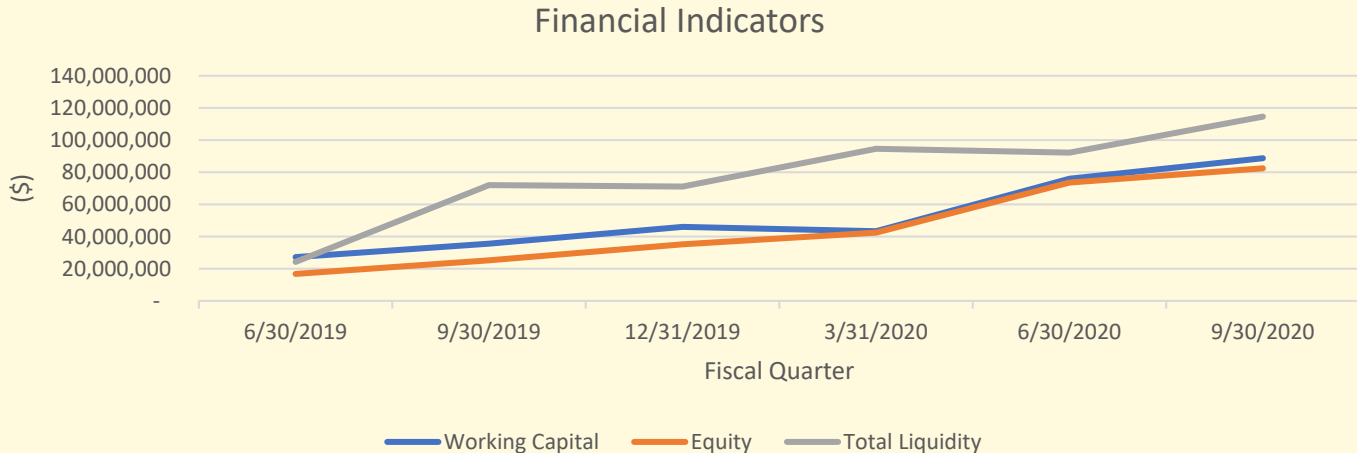
Select Financial Indicators

	6/30/2019	9/30/2019	12/31/2019	3/31/2020	6/30/2020	9/30/2020
Working Capital	27,224,330	35,632,454	46,020,284	43,347,480	75,961,937	88,675,360
Current Ratio	1.23	1.21	1.43	1.40	1.69	1.58
Days Sales Outstanding	73	31	26	24	31	32
Equity	16,802,670	25,214,527	35,227,006	42,495,199	73,585,635	82,421,734
Equity to Assets %	12%	13%	18%	28%	40%	34%
Available Cash	7,257,854	35,940,412	35,044,280	58,571,859	56,158,767	78,579,868
Available Line of Credit	16,980,000	36,030,000	36,030,000	36,030,000	36,030,000	36,030,000
Total Liquidity	24,237,854	71,970,412	71,074,280	94,601,859	92,188,767	114,609,868
Days Liquidity on Hand (TTM)	38	55	42	49	47	58
Gross Margin	12.8%	5.2%	9.2%	8.6%	6.1%	6.9%
Net Margin	9.6%	3.3%	5.9%	4.9%	2.6%	4.7%

Percentage Change from Prior Quarter

Working Capital		31%	29%	-6%	75%	17%
Current Ratio		-2%	18%	-2%	20%	-7%
Days Sales Outstanding		-57%	-16%	-10%	31%	4%
Equity		50%	40%	21%	73%	12%
Equity to Assets %		4%	40%	59%	40%	-14%
Available Cash		395%	-2%	67%	-4%	40%
Available Line of Credit		112%	0%	0%	0%	0%
Total Liquidity		197%	-1%	33%	-3%	24%
Days Liquidity on Hand (TTM)		45%	-23%	17%	-6%	24%

Select Financial Indicators



- CPA's quarterly financial indicators reflect seasonal and market impacts
- Working capital, equity and liquidity indicators show a positive upward trajectory and improving financial strength

Thank You! Questions?