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

Wednesday, April 27, 2022

11:00 a.m.

SPECIAL NOTICE: Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Finance Committee will conduct this meeting remotely.

Please use updated YouTube link.

Click here to view a Live Stream of the Meeting on YouTube

If the YouTube stream is not working, please use the zoom link.

*There may be a streaming delay of up to 60 seconds. This is a view-only live stream.

To Listen to the Meeting:

https://us06web.zoom.us/j/87015901096

or

Dial: (720) 707-2699 Meeting ID: 870 1590 1096

PUBLIC COMMENT: Members of the public may submit their comments by one of the following options:

- Email Public Comment: Members of the public are encouraged to submit written comments on any agenda item to clerk@cleanpoweralliance.org up to four hours before the meeting. Written public comments will be announced at the meeting and become part of the meeting record. Public comments received in writing will not be read aloud at the meeting.
- Provide Public Comment During the Meeting: Please notify staff via email at clerk@cleanpoweralliance.org at the beginning of the meeting but no later than immediately before the agenda item is called.
    - You will be asked for your name and phone number (or other identifying information) and agenda item similar to filling out a speaker card so that you can be called on when it is your turn to speak.
    - You will be called upon during the comment section for the agenda item on which you wish to speak on. When it is your turn to speak, a staff member will unmute your phone or computer audio.
    - You will be able to speak to the Committee for the allotted amount of time. Please be advised that all public comments must otherwise comply with our Public Comment Policy.
    - Once you have spoken, or the allotted time has run out, you will be muted during the meeting.

If preferred, you may also submit written comments during the meeting via email to: clerk@cleanpoweralliance.org. The written comments will be shared with the Committee.

*While downloading the Zoom application may provide a better meeting experience, Zoom does not need to be installed on your computer to participate. After clicking the webinar link above, click “start from your browser.”

Meetings are accessible to persons 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 the Clerk of the Board at least two (2) working days before the meeting at clerk@cleanpoweralliance.org or (323) 640-7664. 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 Board 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. Members of the public who wish to address the Board are requested to contact the Board Clerk, as specified above, at the beginning of the meeting but no later than immediately prior to the time an agenda item is called. Each speaker is 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 Policy No. 8 – Public Comment for additional information.*

CALL TO ORDER & ROLL CALL

GENERAL PUBLIC COMMENT

CONSENT AGENDA

1. Approve Minutes from the March 23, 2022 Finance Committee Meeting
2. Receive and File March 2022 Risk Management Team Report
3. Receive and File March 2022 CPA Investment Report
4. Receive and File February 2022 Financial Dashboard

REGULAR AGENDA

5. Report from the Chief Financial Officer
6. Review Fiscal Year 2022/2023 Budget Priorities and Draft Operating Expenses

COMMITTEE MEMBER COMMENTS

ADJOURN – NEXT MEETING MAY 25, 2022

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. Public records are available for inspection online at www.cleanpoweralliance.org/agendas.*

MINUTES

REGULAR MEETING of the Finance Committee of the

Clean Power Alliance of Southern California

Wednesday, March 23, 2022, 11:00 a.m.

Pursuant to the Proclamation of the State of Emergency by Governor Newsom on March 4, 2020, AB 361, and enacting Resolutions, and as a response to mitigating the spread of COVID19, the Finance Committee conducted this meeting remotely.

CALL TO ORDER & ROLL CALL

Committee Chair Julian Gold called the meeting to order at 11:02 a.m. and Executive Assistant, Raynette Tom, conducted roll call.

Roll Call			
Beverly Hills	Julian Gold	Committee Chair	Remote
Carson	Reata Kulcsar	Committee Member	Remote
Rolling Hills Estates	Steve Zuckerman	Committee Member	Remote
Santa Monica	Pam O'Connor	Committee Member	Absent

All votes are unanimous unless otherwise stated.

GENERAL PUBLIC COMMENT

There was no public comment.

CONSENT AGENDA

1. Approve Minutes from the February 23, 2022 Finance Committee Meeting
2. Receive and File February 2022 Risk Management Team Report
3. Receive and File February 2022 CPA Investment Report
4. Receive and File January 2022 Financial Dashboard

Motion: Committee Member Zuckerman, Rolling Hills Estates
Second: Committee Member Kulcsar, Carson
Vote: The consent agenda was approved by a roll call vote.

REGULAR AGENDA

5. Report from the Chief Financial Officer

David McNeil, Chief Financial Officer, provided an oral update on CPA's treasury operations, financial performance, accounts receivable, and preparations for the FY 2022/23 budgeting and rate setting processes. Mr. McNeil noted that CPA received about $15 million in CAPP funding and discussed billing issues where 14% of customers were impacted.

In response to Committee Member Zuckerman's question concerning Calpine, Ted Bardacke, Chief Executive Officer, commented that Calpine's work on billing issues is within their scope and they have not requested additional funds. Mr. Bardacke noted that a recent billing issue surfaced involving missing usage that impacts about 20,000

customers; more details will be shared with the Board concerning this issue, and proactive communication will go out to impacted customers. Committee Chair Gold asked if bad debt and CAPP funding will impact the FY 2021/22 year end close. Mr. McNeil responded that CPA will be able to accurately report its performance but added that another round of CAPP funding may be a factor in the year-end close. Mr. McNeil proposed that another factor will be the resumption of disconnections and late payment fees that are expected to begin in May/June. After discussion, Chair Gold noted to staff that the different funding programs could be confusing to a ratepayer and recommended clear customer messaging delineating the reasons for charges and credits.

6. (a) Review Proposed FY 2021/22 Amended Budget; and (b) Recommend Approval of Proposed FY 2021/22 Amended Budget to the Board of Directors as Presented
Antony Sugiarto, Financial Planning & Analysis Manager, provided a presentation on the proposed FY 2021/22 budget amendment. Mr. Sugiarto noted that for this fiscal year, staff is not proposing any budget changes to revenue and cost of energy. Staff is, however, proposing budget changes to operating expenses, and Mr. Sugiarto detailed the proposed changes to technical services, interest expense budget, legal services, and other services budget line items. The impact of the budgeted change in net position is $0.00. Lastly, staff also proposed an increase in capital outlay to allow for tenant improvements, improvements to CPA's website and to accommodate unforeseen equipment purchases and office improvements as more staff begin to use the office on a regular basis.

In response to Committee Member questions regarding the item, staff explained the following: J.P. Morgan Chase was paid $200,000 of the budgeted amount for interest expense with the remainder used to pay the Los Angeles County loan. The proposed increase in capital expense will allow CPA to address significantly long load times on the website and proceed with an extensive architectural refresh. Additionally, the make-up of “other revenue” includes everything that does not fit into retail electricity sales, such as settlement funds received from Southern California Edison (SCE), and California Public Utilities Commission (CPUC) funding Chair Gold opined it would be helpful to have a quantitative understanding of the impact remote work has had on the budget and what impacts returning to work will have moving forward.

Motion: Committee Member Zuckerman, Rolling Hills Estates
Second: Committee Member Kulcsar, Carson
Vote: Item 6 was approved by a roll call vote.

7. Receive Presentation on Clean Energy Prepayment Financing and Provide Input
Kate Freeman, Financial Strategy & Initiatives Manager, introduced Municipal Capital Advisors (MCM) representative John Norman; and provided an overview of the item. Ms. Freeman explained that prepays are financing mechanisms that allow municipal utilities and CCAs to leverage their status as issuers of tax-exempt debt to reduce energy costs. Thirteen municipal prepayment transactions were completed in California since 2006, with three completed by CCAs in Fall 2021. An initial prepay transaction is expected to save CPA approximately $2-3 million per year on its Power Purchase Agreements (PPAs) costs. Ms. Freeman provided an overview of the various entities involved in setting up an energy prepayment transaction including the prepaid supplier; bond issuer; bond investors; existing PPA counterparty or energy seller; and service providers. Ms. Freeman outlined an illustrative flowchart of a prepay transaction example. In response to Committee Member Kulcsar’s question regarding the 30-year term, Ms. Freeman

explained that CPA would have the ability to add contracts as needed to replace expiring PPAs. Mr. Norman added that the 30-year contracts yield the highest savings prospects. Ms. Freeman covered various potential risks and risk mitigants of prepay transactions, the proposed timeline for the Board and Committees to discuss prepays, and then invited questions and feedback from the Committee.

Committee Member Kulcsar asked how CPA would avoid having to pay for energy twice if there was an early termination of a prepay bond. CPA and MCM staff explained that in such a case, the prepay suppliers would be responsible for repaying the balance of that bond and that at no time will CPA make payments twice for the same energy. Chair Gold requested feedback from the Committee on their comfort level with the proposed prepayment financing option. Committee Member Kulcsar expressed some concern that risks of prepay transactions do not outweigh the benefits but noted that Committee feedback can provide further context for her. Committee Member Zuckerman added that the option is attractive and nearly risk-free as the potential is there to revert to the original PPA, if needed, without any loss realized. Chair Gold agreed with this opinion, adding that CPA would not be responsible for repaying any bonds. Both Chair Gold and Committee Member Zuckerman added that the greatest risk for CPA is the potential that the bond is not issued, and the potential savings are not realized. In response to Committee Member Zuckerman's question regarding confidentiality, Mr. McNeil indicated that the terms of CPA's PPA will remain confidential. After the discussion, the Committee recommended a presentation to the Board that defines concepts, risks, and highlights benefits of prepay transactions.

COMMITTEE MEMBER COMMENTS

None.

ADJOURN

Committee Chair Gold adjourned the meeting at 12:17 p.m.

Staff Report – Agenda Item 2

To:	Clean Power Alliance (CPA) Finance Committee
From:	Geoff Ihle, Director of Market Risk
Approved by:	Ted Bardacke, Chief Executive Officer
Subject:	March 2022 Risk Management Team Report
Date:	April 27, 2022

March 2022 RMT REPORT

Key Actions

- Discussed February 2022 market performance.
- Reviewed energy positions and approved 2022-2025 hedges.
- Reviewed positions for RPS, carbon free, and Resource Adequacy.
- Reviewed Community Default-Change impacts on Load Forecast.

Policy Compliance

There were no policy deviations reported for February.

ATTACHMENT

None.

Staff Report – Agenda Item 3

To:	Clean Power Alliance (CPA) Finance Committee
From:	David McNeil, Chief Financial Officer
Approved by:	Ted Bardacke, Chief Executive Officer
Subject:	CPA Investment Report
Date:	April 27, 2022

RECOMMENDATION

Receive and file.

ATTACHMENT

1) March 2022 Investment Report

Clean Power Alliance
Investment Report
March 2022

Fund Name:	**Local Agency Investment Fund**
Beginning Balance	15,697
Interest Paid (1)	-
Deposits	
Withdrawals	-
Ending Balance	15,697
Interest Earned (2)	5
Average Monthly Effective Yield	0.365%

1. Interest is paid quarterly effective 15 days following the end of the quarter
2. Interest earned is based on daily compounding, account balances and monthly effective yield published by LAIF

Staff Report – Agenda Item 4

To:	Clean Power Alliance (CPA) Finance Committee
From:	David McNeil, Chief Financial Officer
Approved by:	Ted Bardacke, Chief Executive Officer
Subject:	Financial Dashboard
Date:	April 27, 2022

RECOMMENDATION

Receive and file.

ATTACHMENT

1) February Financial Dashboard

Financial Dashboard

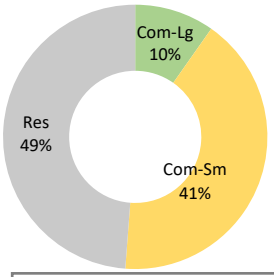
YTD
Feb
2022

Active Accounts
998,236

Participation Rate
95.79%

YTD Sales Volume
7,814 GWh

Feb Sales Volume
815 GWh



Summary of Financial Results

	February				Year- to- Date			
in $000,000's	Actual	Budget	Var	%	Actual	Budget	Var	%
Energy Revenues	49.5	58.0	-8.5	-15%	597.5	623.4	-25.8	-4%
Cost of Energy	55.3	57.2	-1.9	-3%	557.3	629.8	-72.5	-12%
Net Energy Revenue	-5.8	0.8	-6.6	-809%	40.2	-6.5	46.7	721%
Operating Expenses	2.4	2.7	-0.3	-10%	18.3	21.7	-3.3	-16%
Net Operating Income	-8.2	-1.8	-6.3	-346%	21.9	-28.1	50.0	178%

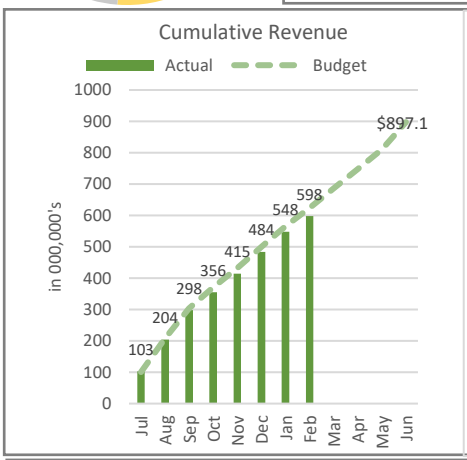
Note: *Numbers may not sum up due to rounding.*

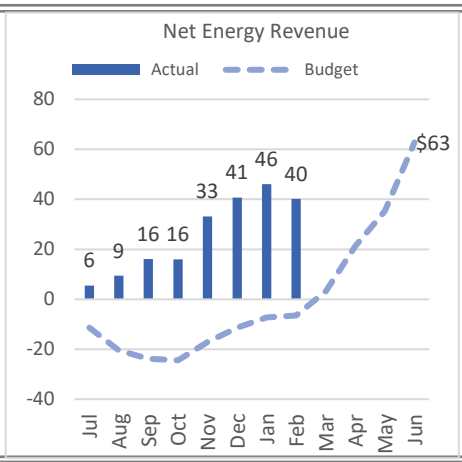
CPA recorded an operating loss of $8.2 million in February 2022. The operating loss was $6.3 million more than the budgeted operating loss of $1.8 million. For the year to date, CPA recorded an operating income of $21.9 million, $50 million more than the budgeted, year-to-date operating loss of $28.1 million.

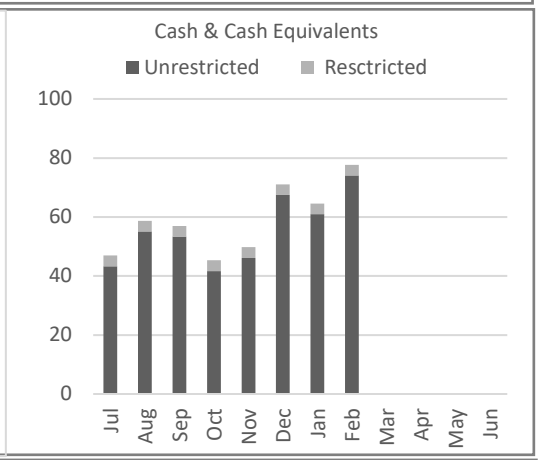
Revenue was lower than budgeted in February due to a $7.2 million over accrual of revenue in January that was reversed in February. Absent the January revenue reversal, CPA would have recorded a $700k loss in Feb, $1.1 million lower than a budgeted loss of $1.8m. For the year to date, operating costs were lower than budgeted operating costs primarily because of lower staffing costs resulting from delayed hiring and staff turnover, the performance of services later in the year than budgeted, and the non-utilization of contingencies.

As of February 28, 2022, CPA had $74.1 million in unrestricted cash and cash equivalents, and $79.853 million available on its bank line of credit. CPA repaid $10 million of its $30 million loan from the County of Los Angeles in February 2022. The remaining $20 million loan outstanding is repayable in June 2022. In February 2022 CPA received and applied to customer bills approximately $15 million of funding from the California Arrearage Payment Program (CAPP).

CPA is in sound financial health and in compliance with its bank and other credit covenants.







Definitions:
Accounts: Active Accounts represent customer accounts of active customers served by CPA per Calpine Invoice.
Participation Rate %: Participation Rate represent active accounts 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 expenses: Operating expenditures include general, administrative, consulting, payroll and other costs required to fund operations
Net operating income, also known as earnings before interest, depreciation and amortization (EBIDA), represents the difference between revenues and expenditures before depreciation expense, interest income and expense, and capital expenditures
Cash and Cash Equivalents: Includes cash held as bank deposits.
Year to date (YTD): Represents the fiscal period beginning July 1, 2021

Staff Report – Agenda Item 5

To:	Clean Power Alliance (CPA) Finance Committee
From:	David McNeil, Chief Financial Officer
Subject:	Report from the Chief Financial Officer
Date:	April 27, 2022

The Chief Financial Officer will provide a verbal update on treasury operations and financial performance.

Staff Report – Agenda Item 6

To:	Clean Power Alliance (CPA) Finance Committee
From:	David McNeil, Chief Financial Officer
Approved by:	Ted Bardacke, Chief Executive Officer
Subject:	FY 2022/23 Budget Priorities and Draft Operating Expenses
Date:	April 27, 2022

RECOMMENDATION

Review FY 2022/23 budget priorities and draft operating expenses.

ATTACHMENT

1) FY 2022/2023 Budget Priorities & Operating Expenses Presentation

Item 6 – FY 2022/23 Budget Priorities & Draft Operating Expenses Budget

April 27, 2022

FY 2022/23 Budget Process

- ✓ January – April 2022 (Staff) – FY 2022/23 Goal Setting, Departmental Budgeting, Rate Design Planning, Energy Cost Projections & Consolidated Budget Planning (ongoing)
- ✓ April 20, 2022 (Executive Committee) – Budget Priorities
- ✓ April 21, 2022 (Community Advisory Committee) – Budget Priorities
- April 27, 2022 (Finance Committee) – Budget Priorities & Draft FY 2022/23 Operating Expenses Budget
- May 11, 2022 (Board) – Budget Priorities
- May 18, 2022 (Executive Committee) – Draft FY 2022/23 Budget
- May 25, 2022 (Finance Committee) – Proposed FY 2022/23 Budget
- June 2, 2022 (Board) – Proposed FY 2022/23 Budget

Operating Expense Context

- Energy market risks continue to be elevated as California continues to experience significant heat events and available supply of energy remains constrained.
- CPA manages ~$850 million of annual energy costs representing 95% of total costs. In addition, CPA contracts for and operationalizes long-term renewable and storage projects involving billions of dollars of financial commitments.
- Renewable energy and storage developers are experiencing supply chain challenges which are increasing demands on the procurement team.
- CPA will become the 3rd largest LSE in CAISO by end of 2022 and is the largest supplier of renewable energy in the nation. Regulatory, political and PR *opportunities and scrutiny* are multiplying.
- Expanding suite of customer programs requires CPA to develop the ability to acquire customers in addition to retaining them.
- Data challenges do not seem to be abating and are impacting the customer experience.

2022/2023 Operational Priorities

1. Achieve financial targets, including IG Credit Rating
2. Meet renewable procurement and GHG emissions targets
3. Attract, retain and develop high-performing and diverse staff
4. Comply with or surpass regulatory and legal obligations
5. Develop and deliver impactful customer programs, including mid-term strategic review
6. Finish development of and implement DEI plan
7. Establish and improve processes
8. Update and Implement Data and Systems Strategic Plan
9. Lead and shape regulatory and policy discussions
10. Maintain customer participation rates, with particular emphasis on agencies changing their default rates
11. Plan for future success, including long-term rate product strategy

FY 2022/23 Operating Expense Overview

	A	B	C	D	E	F	G	H
		FY 2021/22 Amended Budget	FY 2022/23 Budget	Budget Difference ($)	Budget Difference (%)	% of Revenue	Contingency ($)	Contingency (%)
9	**OPERATING EXPENSES**							
10	Staffing	9,893,000	13,918,000	4,025,000	41%	1.4%	-	0%
11	Technical services	1,213,000	1,436,000	223,000	18%	0.1%	106,384	8%
12	Legal services	1,081,000	1,243,000	162,000	15%	0.1%	24,370	*2%*
13	Other services	1,456,000	1,902,000	446,000	31%	0.2%	172,948	*10%*
14	Communications and marketing services	1,505,000	2,018,000	513,000	34%	0.2%	-	0%
15	Customer notices and mailing services	797,000	1,346,000	549,000	69%	0.1%	-	0%
16	Billing data management services	10,417,000	10,474,000	57,000	1%	1.0%	305,074	3%
17	Service fees - SCE	2,016,000	2,116,000	100,000	5%	0.2%	192,323	10%
18	Customer programs	1,872,000	4,663,000	2,791,000	149%	0.5%	-	-
19	General and administration	1,584,000	3,677,000	2,093,000	132%	0.4%	334,273	*10%*
20	Occupancy	548,000	-	(548,000)	-100%	0.0%	-	-
21	**TOTAL OPERATING EXPENSES**	**32,382,000**	**42,793,000**	**10,411,000**	**32%**	**4.3%**	**1,135,371**	**3%**

- Operating expenses increase of 32% reflects operational priorities including investments in staffing (+41%), communications (+34%), and customer programs (+149%) and G&A (+132%) (rows 10, 14, 18 and 19).
- $14 million, or 33% of operating expenses (rows 15-17), are fixed by regulation, contract, or policy.
- Increase to customer notices and mailing services (+69%) costs arises from noticing ~300,000 customers of default rate changes in the fall of 2022.
- Increases in legal (+15%) and other services (+31%) (rows 12, 13) arise mostly from work carried over from FY 2021/22 budget that was delayed due to other priorities or logistical issues.
- Occupancy costs (row 20) will be budgeted under G&A and Interest expense (see slides 10 and 14)

Staffing Detail

	FY 2022/23 Staffing Cost Increase - Detail	$	% of Incr
A	FY 2021/22 Budget	9,893,000	
	Full Year Impact of 21/22 New Hires	1,817,000	45%
	COLA (6%)	449,000	11%
	Merit Increases (5%)	374,000	9%
	New Positions	1,385,000	34%
B	Subtotal Increase	4,025,000	100%
C=A+B	FY 2022/23 Budget Total	13,918,000	
D=B/A	YOY % Increase	41%	

- Initial budget projects staffing costs to increase by 41%, from 1.1% of total revenue in FY2021/22 to a still industry-leading 1.4% of revenue in the upcoming year.
- Increases are driven by the full year impact of positions added mid-year (includes promotions, and higher than expected 1/1/22 COLA pegged to the official inflation rate), COLA (6% est), Merit (5% budget), and new positions.
- The staffing budget does not include a contingency. However, budget assumes all positions are filled for the full year; vacancies and delayed hiring are likely to reduce actual spend.
- $500k of staffing expenses are reimbursable via CPUC customer program funding (Powershare)

Staffing – Key Priorities

- 2021/22: Budgeted headcount of 55 – plus 4 added mid-year w/n budget. Currently have 47 staff.

FY 2022/23 New Positions

Work Area	Count	Position/Title
Customer Care	1	Director, Customer Care
Customer Programs	1	Program Associates
Communications & Marketing	2	Project Manager, Graphic Designer
Human Resources	1	Associate, People and Culture
Procurement	2	Sr. Manager, Energy Market Operations, Power Supply Analyst
Rate & Strategy	1	Analyst, Rates and Strategy
Regulatory Affairs	2	Analyst I, Analyst II
Total	**10**	

Staffing Priorities

- Build out mid-levels of the organization to ensure coverage during staff absences and inevitable vacancies, reduce burnout, build for the future, and plan for succession.
- In-source regulatory, rate setting, and communications activities while deepening resources in energy procurement to manage newly commissioned renewable energy and storage resources
- Invest in human resources staff, professional development (G&A), and recruiting (Other Services) to attract and retain staff

Customer Programs Detail

- Expenses related to customer programs fall into Customer Programs (customer incentives and implementer costs), Communications, Technical Services and Staffing budget line items.
- Costs associated with Workforce development and the PowerShare/Community Solar programs are funded by third parties
- Customer programs related expenses (ex Staffing) fall in the following categories:

	A	B	C	D	E	F	G
	Budget Line Item						
	Customer Programs	Communications	Technical Services	Total	% of Total	Reimbursable costs / 3rd party Funding	Customer Program Expenses, Net
100% Reimbursable							
Power Share/Community Solar (CPUC)	1,415,000	367,000		1,782,000	31%	1,782,000	-
Electrification Workforce Development (Nextera)	349,000	26,000		375,000	7%	375,000	-
Leverage State Resources							
Electric Vehicle Charging	872,000	85,000		957,000	17%	-	957,000
Strategic with long-term ROI or community benefits potential							
Power Response/Demand Response	1,627,000	364,000		1,991,000	35%	-	1,991,000
Power Ready/Backup Power		40,000	30,000	70,000	1%	-	70,000
Building Electrification Code Incentives	400,000	26,000		426,000	7%	-	426,000
Low Carbon Fuel Standard credit for EV charger operators			150,000	150,000	3%	-	150,000
Total	**4,663,000**	**908,000**	**180,000**	**5,751,000**	**100%**	**2,157,000**	**3,594,000**

Communications Detail

	2021/22	2022/23	Diff $	Diff %
Advertising	668,000	435,000	(233,000)	-35%
Communication Consultants	580,500	1,126,000	545,500	94%
Sponsorships	47,000	100,000	53,000	113%
Website	51,000	144,000	93,000	182%
Communication - Others	96,000	18,000	(78,000)	-81%
Special Events	12,500	25,000	12,500	100%
CBO Grants	50,000	170,000	120,000	240%
Communication & Outreach	1,505,000	2,018,000	513,000	34%
Third Party Funding				
AMP	(160,000)	-	160,000	-100%
Power Share (CPUC Funding)	(506,000)	(366,500)	139,500	-28%
Workforce (Nextera)	-	(25,900)	(25,900)	
Communication Costs net of Funding	839,000	1,625,600	786,600	94%

Program Marketing Support

- Customer Program marketing represents approximately 40% of expected communications expenses
- Power Share (100% reimbursable) and Power Response require customer acquisition investments

Brand Awareness and Reputation Enhancement

- Assists with program marketing (customers), recognition among stakeholders, expansion efforts
- Event, organizational sponsorships, and CBO Grants for hard-to-reach populations (CAC priority)
- Communications Consultants will be reduced if new positions are approved and new staff can be hired in a timely manner

G&A Detail

	2021/22	2022/23	Diff $	% of Total Incr
Office Operating Expenses	40,000	155,000	115,000	5%
Software	510,000	1,104,000	594,000	28%
Prof. Development	132,000	506,000	374,000	18%
HR	28,000	133,000	105,000	5%
Insurance	132,000	183,000	51,000	2%
Phone & Internet	156,000	170,000	14,000	1%
Industry Membership Dues	472,000	492,000	20,000	1%
Depreciation & Amortization	-	684,000	684,000	33%
Others	113,000	250,000	137,000	7%
Total	**1,583,000**	**3,677,000**	**2,094,000**	**100%**

*G&A includes depreciation and amortization expenses ($684k) formerly budgeted as a separate "Depreciation" budget line item, and CPA's share of building operating costs ($105k) that was formerly budgeted under occupancy costs.

Increase in G&A and Communications also reflects the loosening of Covid restrictions

- Travel
- Office related expenses
- CBO and event sponsorship
- Some of these costs are mitigated by CPA continuing to allow remote work

Summary

- Investments in communications and customer programs are expected to improve the customer experience, provide customer/community benefits in the short-term, offer ROI opportunities for CPA over the long term, and enable assistance for low-income customers

- New positions and investments in staffing are intended to attract and retain staff, reduce burn-out, build internal resources and processes to prepare for expected levels of staff turnover, contain expenditures on third party consultants, and improve performance.

- Continued investments in energy/data/risk management staff, software, and systems in FY 2022/23 will help improve management of energy costs, operationalize new energy and storage projects, and improve timeliness, efficiency and accuracy while reducing energy costs over the long term

Questions?

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Framework Financial Stewardship and Cost Control

- Budget authorization to collect revenues and incur expenses
- Managerial prioritization and decision making within budget and policy limits
- Competitive hiring and solicitation processes. Board-approved salary ranges provide a strong framework for managing staffing costs in a sustainable manner
- Contract approval by the board or in accordance with delegated authorities and Non-Energy Contracting Policy
- Reporting and transparency – enhanced quarterly financial reporting implemented in Q4 2020 at Finance Committee's recommendation

GASB No 87 (Leases) Budget Impact

New accounting guidelines replace the current operating and capital lease categories with a single model for lease accounting. New lease accounting requires that CPA:

- Recognize an intangible asset and a lease liability on the balance sheet equal to the present value of remaining building lease payments.
- Record monthly lease payment as “principal and interest”; interest is budgeted and expensed under interest expense and the principal reduces the lease liability. The intangible asset (“Intangible – Building Lease”) is amortized (reduced each month).

Resulting FY 22-23 Budget changes

- Occupancy and depreciation budget line items are being phased out.
- Depreciation and amortization expenses and CPA share of building operating costs to be included G&A.
- Interest expense now includes a portion of the monthly lease payment
- Increase in interest and amortization expenses are offset by elimination of “rent” expense. Net impact on total expenses: $0.00

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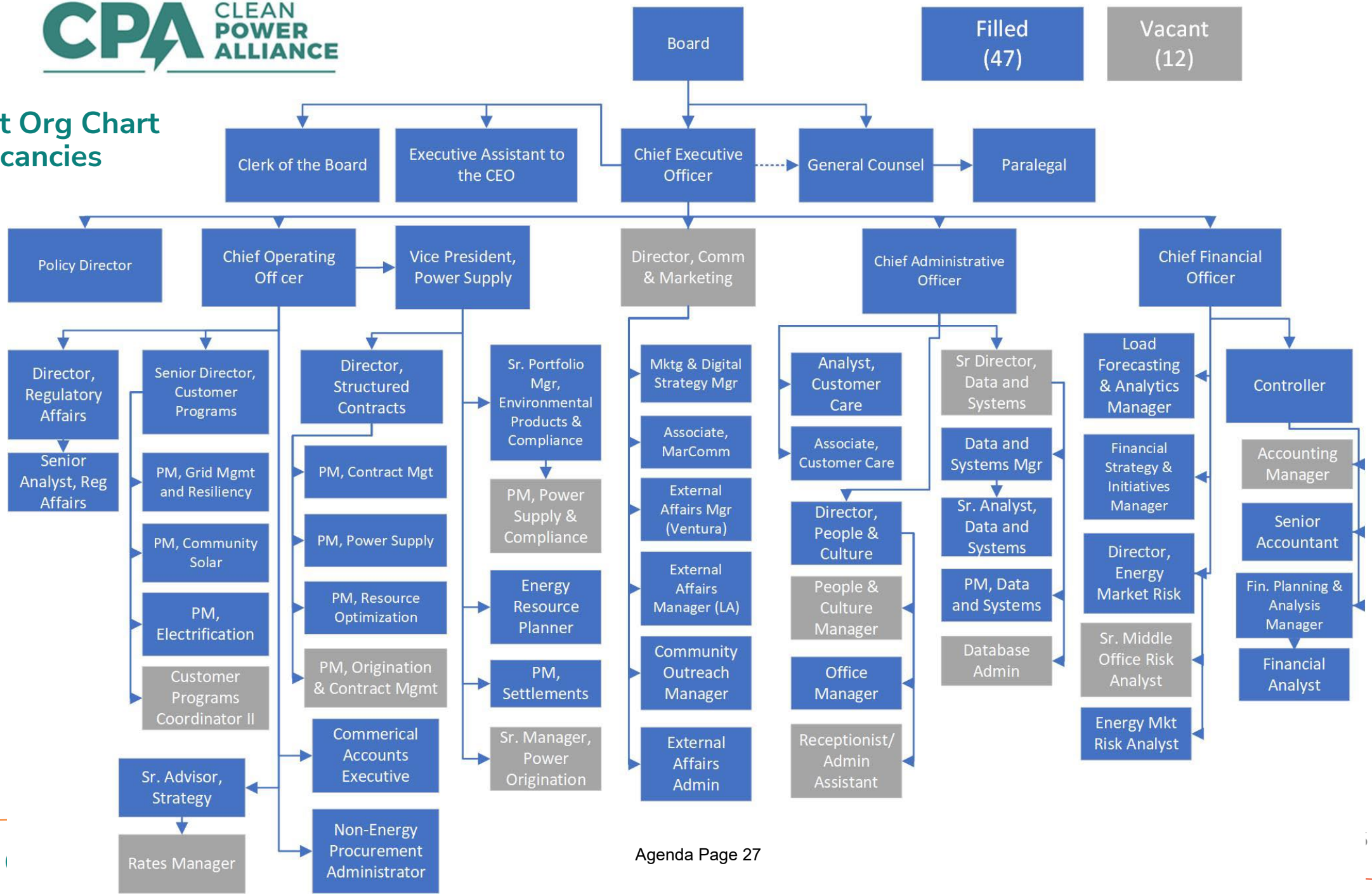
Current Org Chart – w/Vacancies



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Org Chart – w/ Proposed New Positions