



Staff Report Item 18

TO: East Bay Community Energy Board of Directors

FROM: Nick Chaset, Chief Executive Officer

SUBJECT: 2018/2019 East Bay Community Energy Mid-Year Budget Review
(Informational Item)

DATE: January 16, 2019

Recommendation

Accept East Bay Community Energy's mid-year review of its 2018/2019 Budget.

Background

At EBCE's June 2018 Board of Directors meeting, the Board approved EBCE's 2018/2019 budget and requested that staff prepare a mid-year review of EBCE's budget reflecting six months of actual revenues and expenditures. One of the primary reasons for this review was due to the fact that the 2018/2019 budget - EBCE's first - was based entirely on forecast values without the benefit of actual costs or revenues. The purpose of this agenda item is to review EBCE's income statement and balance sheet for the 2018/2019 fiscal year.

Attached to this agenda item is a presentation that presents the approved 2018/2019 Budget, EBCE's current projected income statement for the 2018/2019 fiscal year and EBCE's current projected balance sheet for the 2018/2019 fiscal year.



Mid-Year Budget and Finance Check-In

PRESENTED BY: Nick Chaset

DATE: January 16, 2019



BUDGET SUMMARY FY 2019

	APPROVED	ACTUAL	
REVENUE AND OTHER SOURCES	BUDGET	OPERATING	DIFFERENCE
	TOTAL	TOTAL	
Electricity Sales	318,091,347	379,610,682	61,519,335
Investment Income	-	-	-
Total Revenue and Other Sources	318,091,347	379,610,682	61,519,335
EXPENDITURES AND OTHER USES			
CURRENT EXPENDITURES			
Cost of energy and Scheduling	236,104,029	297,301,404	61,197,375
Data Management/Billing/Customer Service	4,855,406	4,937,499	82,093
PG&E Service Fees	963,311	1,476,182	512,871
Personnel	5,499,424	3,956,665	(1,542,759)
Marketing, Outreach, Communications	1,871,500	1,670,908	(200,592)
Other Professional Services	3,508,500	2,381,175	(1,127,325)
Local Development	2,000,000	2,000,000	-
General & Administrative	1,708,545	1,145,905	(562,640)
Total Current Expenditures	256,510,714	314,869,737	58,359,023
DEBT SERVICE			
Barclay's Interest	1,685,491	2,051,338	365,847
County Interest	213,852	213,852	-
Total Debt Service	1,899,342	2,265,189	365,847
	-		
Total Expenditures, Other Uses and Debt Service	258,410,056	317,134,926	58,724,870
Net Increase (Decrease) in Available Fund Balance	59,681,291	62,475,756	2,794,465

- Fiscal Year: July 1, 2018 – June 30, 2019
- Budget as approved in May 2018
- Operating as actuals from July 1, 2018 – Dec 31, 2018 and forecasted from Jan 1, 2019 – June 30, 2019

REVENUES

REVENUE AND OTHER SOURCES	APPROVED	APPROVED		ACTUALS	FORECASTED				
	BUDGET	BUDGET	BUDGET	OPERATING	OPERATING	OPERATING	DIFFERENCE	DIFFERENCE	DIFFERENCE
	MIDYEAR	YEAR END	TOTAL	MID YEAR	YEAR END	TOTAL	MIDYEAR	YEAR END	
Electricity Sales	109,505,716	208,585,632	318,091,347	182,242,043	197,368,640	379,610,682	72,736,327	(11,216,992)	61,519,335
Investment Income	-	-	-	-	-	-	-	-	-
Total Revenue and Other Sources	109,505,716	208,585,632	318,091,347	182,242,043	197,368,640	379,610,682	72,736,327	(11,216,992)	61,519,335

- MIDYEAR = July 1, 2018 through Dec 31, 2019
- YEAR END = Jan 1, 2019 through June 30, 2019
- Electricity Sales
 - Primary difference is in first half of year and due to timing of cash flow in budget
 - Budget uses cash flow basis instead of accrual, as used on OPERATING actuals
 - Lower revenues forecasted in winter months Feb - Apr

ENERGY OPERATIONS

ENERGY OPERATIONS	APPROVED	APPROVED		ACTUALS	FORECASTED				
	BUDGET	BUDGET	BUDGET	OPERATING	OPERATING	OPERATING	DIFFERENCE	DIFFERENCE	DIFFERENCE
	MIDYEAR	YEAR END	TOTAL	MIDYEAR	YEAR END	TOTAL	MIDYEAR	YEAR END	TOTAL
Cost of Energy and Scheduling	82,956,866	153,147,162	236,104,029	129,399,844	167,901,560	297,301,404	46,442,977	14,754,398	61,197,375
Data Management/Billing/ Customer Service	1,420,178	3,435,229	4,855,406	1,528,192	3,409,307	4,937,499	108,015	(25,922)	82,093
PG&E Service Fees	269,316	693,994	963,311	345,265	1,130,917	1,476,182	75,949	436,922	512,871
Total Energy Operating Costs	84,646,360	157,276,385	241,922,745	131,273,301	172,441,784	303,715,085	46,626,941	15,165,398	61,792,339

- Cost of Energy and Scheduling:
 - Similar with revenues, primary difference is in first half of year and due to timing of cash flow in budget
 - Similar with revenues, Budget uses cash flow basis instead of accrual, as used on OPERATING actuals
- Data Management:
 - Increase in costs associate with third product launch and opt-ups
- PG&E Service Fees:
 - \$0.14 per meter per month previously excluded from Budget

OVERHEAD OPERATIONS

OVERHEAD OPERATIONS	APPROVED	APPROVED		ACTUALS	FORECASTED				
	BUDGET	BUDGET	BUDGET	OPERATING	OPERATING	OPERATING	DIFFERENCE	DIFFERENCE	DIFFERENCE
	MIDYEAR	YEAR END	TOTAL	MIDYEAR	YEAR END	TOTAL	MIDYEAR	YEAR END	
Personnel	2,109,742	3,389,682	5,499,424	1,578,811	2,377,854	3,956,665	(530,930)	(1,011,828)	(1,542,759)
Marketing, Outreach, Communications	1,516,500	355,000	1,871,500	1,074,798	596,110	1,670,908	(441,702)	241,110	(200,592)
Other Professional Services	1,873,000	1,635,500	3,508,500	677,175	1,704,000	2,381,175	(1,195,825)	68,500	(1,127,325)
Local Development	1,000,000	1,000,000	2,000,000	-	2,000,000	2,000,000	(1,000,000)	1,000,000	-
General & Administrative	763,620	944,925	1,708,545	440,005	705,900	1,145,905	(323,615)	(239,025)	(562,640)
Total Overhead Operating Costs	7,262,861	7,325,107	14,587,968	3,770,789	7,383,864	11,154,652	(3,492,073)	58,757	(3,433,316)

- NET: 23.5% Reduction in Expected Costs
- Personnel:
 - Hiring deferrals and head-count reduction
 - Net cost of hired employees was reduced due to lower fringe benefits
- Marketing:
 - End of year costs mostly front-loaded by notification costs with expected savings in second half
- Professional Services:
 - Deferral of outside consultant services to second half of year
- Local Development:
 - Local Development activities have been delayed as EBCE hires staff to lead these efforts. Some additional review of Local Development budget is merited but should occur after final 2019 rates and PCIA are approved by CPUC (should occur in January/February)
- G&A

Reduced rent expenses due to deferral of relocation and overall overhead costs have been well managed

EBCE DEBT

	Principal	Interest	Total
Barclay's	14,300,000	730,869	15,030,869
County	4,636,656	213,852	4,850,508
Total	18,936,656	944,721	19,881,377

- Barclay's
 - Interest is based upon full debt repayment in June
 - Payment in February reduces interest by \$245,000
 - Interest expense includes commitment fees
- County Loan
 - Interest is based upon accrued interest through June, 2018, plus 3.69% through February, 2019
 - Repayment of County Loan is scheduled for February, 2019

BALANCE SHEET

EAST BAY COMMUNITY ENERGY AUTHORITY	
STATEMENT OF NET POSITION	
AS OF NOVEMBER 30, 2018	
ASSETS	
Current assets	
Cash and cash equivalents	\$ 49,969,045
Accounts receivable, net of allowance	22,654,866
Accrued revenue	18,978,070
Other receivables	6,945
Prepaid expenses	5,175,007
Deposits	1,390,440
Restricted cash	3,500,000
Total current assets	101,674,373
Noncurrent assets	
Capital assets, net of depreciation	32,330
Deposits	6,158,176
Total noncurrent assets	6,190,506
Total assets	107,864,879
LIABILITIES	
Current liabilities	
Accounts payable	786,028
Accrued cost of electricity	32,081,387
Accrued interest payable	200,973
Accrued payroll and benefits	175,563
Other accrued liabilities	572,308
User taxes and surcharges due to other governments	2,011,086
Loans payable to Alameda County	4,636,656
Total current liabilities	40,464,001
Noncurrent liabilities	
Note payable to bank	14,300,000
Total noncurrent liabilities	14,300,000
Total liabilities	54,764,001
NET POSITION	
Investment in capital assets	32,330
Unrestricted	53,068,548
Total net position	\$ 53,100,878

- December accruals not yet closed
- Accrued cost of electricity does not include contracted REC's and CO2 commitments
 - Expect additional \$13 million in costs
- Main consideration is debt repayment by fiscal year end