# Table of Contents

**FY 2018/19 Operating Budget** ........................................................................................................ 1
  - Budgetary Summary .................................................................................................................... 1
  - Analytical Review ....................................................................................................................... 2
  - Revenue Assumptions ................................................................................................................. 3
  - Revenue by Month ...................................................................................................................... 4
  - Approved and Mid-Year Budget ................................................................................................. 5

**Organization Chart** .................................................................................................................... 6

**Our Boards** ................................................................................................................................. 7
  - 2018 Policy Board .................................................................................................................... 8
  - 2018 Operations Board ............................................................................................................ 9
  - 2018 Community Advisory Council ......................................................................................... 10
# Budgetary Summary

## Monterey Bay Community Power Authority

### FY 2018-19 Mid-Year Budget

<table>
<thead>
<tr>
<th>Period Ending Sep 30</th>
<th>Audited Financial FY 2017/18</th>
<th>% of Rev</th>
<th>Approved Budget FY 2018/19</th>
<th>% of Rev</th>
<th>Mid-Year Budget FY 2018/19</th>
<th>% of Rev</th>
<th>Change $</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE AND OTHER SOURCES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue - Electricity</td>
<td>117,686</td>
<td>60.2%</td>
<td>229,341</td>
<td>76.5%</td>
<td>221,333</td>
<td>75.2%</td>
<td>(8,008)</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Less: Uncollectible Accounts</td>
<td>(588)</td>
<td></td>
<td>(1,296)</td>
<td></td>
<td>(1,107)</td>
<td></td>
<td>190</td>
<td></td>
</tr>
<tr>
<td>Net Revenue - Electricity</td>
<td>117,098</td>
<td>100.0%</td>
<td>228,045</td>
<td>100.0%</td>
<td>220,226</td>
<td>100.0%</td>
<td>(7,819)</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Other Source - Misc Income</td>
<td>14</td>
<td>0.0%</td>
<td>0</td>
<td>0.0%</td>
<td>978</td>
<td>0.4%</td>
<td>978</td>
<td>0.0%</td>
</tr>
<tr>
<td><strong>Total net revenue and other sources</strong></td>
<td>117,112</td>
<td>100.0%</td>
<td>228,045</td>
<td>100.0%</td>
<td>221,204</td>
<td>100.0%</td>
<td>(6,811)</td>
<td>(3.0%)</td>
</tr>
</tbody>
</table>

| **EXPENDITURES AND OTHER USES** | | | | | | | | |
| **CURRENT EXPENDITURES** | | | | | | | | |
| Cost of energy | 70,469 | 60.2% | 174,564 | 76.5% | 165,689 | 75.2% | (8,875) | (5.3%) |
| Data manager | 1,178 | 1.0% | 2,659 | 1.2% | 2,703 | 1.2% | 44 | 1.7% |
| PG&E service fees | 281 | 0.2% | 1,210 | 0.5% | 1,143 | 0.5% | (68) | (5.6%) |
| Staffing | 1,598 | 1.4% | 4,399 | 1.9% | 3,851 | 1.7% | (548) | (12.5%) |
| Professional services | 1,068 | 0.5% | 838 | 0.4% | 482 | 0.2% | (586) | (63.5%) |
| Legal Services | 355 | 0.3% | 200 | 0.1% | 298 | 0.1% | 98 | 49.1% |
| Marketing and Customer Enrollment | 601 | 0.5% | 787 | 0.3% | 945 | 0.4% | 158 | 20.1% |
| General and administration | 543 | 0.5% | 1,100 | 0.5% | 1,033 | 0.5% | (68) | (6.1%) |
| **Total current expenditures** | 76,093 | 65.0% | 185,758 | 81.5% | 176,143 | 80.0% | (9,615) | (5.2%) |

| **OTHER USES** | | | | | | | | |
| Capital outlay | 42 | 0.0% | 98 | 0.0% | 98 | 0.0% | 0 | (0.0%) |
| **Total other uses** | 42 | 0.0% | 98 | 0.0% | 98 | 0.0% | 0 | (0.0%) |

| **DEBT SERVICE** | | | | | | | | |
| Principal and interest | 135 | 0.1% | 44 | 0.0% | 44 | 0.0% | (44) | (100.0%) |
| **Total expenditures, Other Uses and Debt Service** | 76,270 | 65.1% | 185,900 | 81.5% | 176,241 | 80.0% | (9,650) | (5.2%) |

| Fund balance surplus BEFORE Rebate, Program and Reserve | 40,842 | 34.9% | 42,145 | 18.5% | 44,962 | 20.4% | 2,817 | 6.7% |

| **Rebate Expenditures** | | | | | | | | |
| 0.0% | 0.0% | 7,517 | 3.3% | 8,112 | 3.7% | 595 | 7.9% |

| **Program Expenditures** | | | | | | | | |
| 0.0% | 0.0% | 4,561 | 2.0% | 4,405 | 2.0% | (156) | (3.4%) |

| Fund balance surplus AFTER Rebate and Program | 40,842 | 34.9% | 30,067 | 13.2% | 32,446 | 14.7% | 2,379 | 7.6% |

| **Program Balance:** | | | | | | | | |
| Carryover balance | 2,520 | 0.0% | 2,342 | 0.0% | (178) | | |
| Net increase | 4,561 | 2.0% | 4,405 | 2.0% | (156) | (3.4%) |
| Propose to spend | 0.0% | (1,292) | 0.0% | (1,292) | | |
| Ending balance | 5,789 | | 5,454 | | (334) | | |

| **Reserve Balance:** | | | | | | | | |
| Carryover balance | (363) | | | | | | |
| Net increase | 40,842 | 34.9% | 30,067 | 13.2% | 32,446 | 14.7% | 2,379 | 7.6% |

| Ending balance | 40,479 | 34.9% | 68,321 | 13.2% | 72,925 | 14.7% | 4,604 | 7.6% |

| % of operating expenses | 53% | | 37% | | 41% | | |

**Key Statistics:**

- Total Load (kWh): 1,417,000,000
- 3,336,675,000
- 3,119,081,000

- $/kWh - Net Electricity Sales: $0.08 - $0.07 - $0.07
- $/kWh - Cost of Electricity: $0.05 - $0.05 - $0.05

*Note: FY2018/19 fiscal year is the first full year of service to customers, and is generally the cause of the large variances from the prior year.*
**Analytical Review**

**Net Revenue - Electricity**
Sales revenue includes invoices issued to customers during the period and electricity estimated to have been delivered but not yet billed as of the end of the period. Management estimates that 0.5% of the billed amounts will be uncollectible. The main drivers of the lower than expected result (-$8mil) are lower volume used by customers during October to December 2018 and lower average customer meter counts (-16,000 meters). Please refer to "Revenue Assumptions" for more information.

**Other Source - Misc Income**
Misc income includes interest income earned from River City Bank (+$950k).

**Cost of Energy**
The cost of power and related delivery costs have been recognized as "cost of energy". MBCP purchases renewable energy as bundled product consisting of the energy and the associated Renewable Energy Certificates (REC) to comply with external mandates and self-imposed benchmarks. An expense is recognized at the point that the cost of the REC is due and payable to the supplier. The lower than expected result (-$8.9mil) is primarily due to (1) lower than expected volume used by customers during October to December 2018, (2) savings achieved through MBCP hedging strategy, better than anticipated market prices, and improved load forecasting, (3) timing difference between projected and actual REC deliveries, and (4) earning more congestion revenue rights (CCR) revenues than expected.

**Data Manager**
MBCP’s contracts with GridX for data management services, billing services, and call center operations. Data manager expense is higher than expected (+$44k) due to the 3-month implementation delay for the 223,000 non-NEM residential accounts from Bill-Ready to Rate-Ready billing model. The Rate-Ready billing model is approximately $0.25/account cheaper than the Bill-Ready billing model.

**PG&E Service Fees**
The reduced fees of $68k is due to the lower average customer meter counts (-16,000 meters).

**Staffing**
The lower staffing expenses of $548k is due to the timing of new hires.

**Professional Services**
The lower professional services expenses are mainly due to the account reclassifications to Marketing and Customer Enrollment (-$168k) and Cost of Energy (-$300k).

**Legal Services**
Outside legal cost for regulatory needs have been greater than planned (+$22k). From October 2018 to February 2019, MBCP general counsel services were outsourced (part-time basis) vs. in-house full time employee as planned (+$55k). The in-house full time employee compensation from March to September 2019 has been budgeted under Staffing expenses item.

**Marketing and Customer Enrollment**
The higher marketing expenses are mainly due to the account reclassifications from Professional Services (+$168k).

**General & Administration**
This category includes occupancy costs, industry membership dues, and other general and administrative costs. MBCP has been able to maintain a favorable variance for this budget item from October to December 2018.

**Principal & Interest**
No anticipation to draw down the MBCP Revolving Line of Credit ($10mil) for the remaining of the fiscal year.

**Rebate / Program / Reserve**
Based on the approved Base Case scenario for FY 2018-19, funding for programs is set at 2% of total revenues ($4.4mil). Surplus revenue will be allocated at 80% to reserves ($32.4mil) and 20% to rebates ($8.1mil).
Revenue Assumptions

- Service Accounts were updated to factor in move-ins, move-outs, rate changes and opt-outs (2.6%).
- October 2018 through December 2018 are actual.
- January 2019 through June 2019 revenue is based on PG&E generation and PCIA rates.
- July 2019 through September 2019 revenue is based on conservative forecast of PG&E generation and PCIA rates (28% increase in PCIA and 7% increase in PG&E rates).
- Uncollectible is assumed at 0.5%.
- Total consumption will be 3,119,000 MWh
Revenue by Month

Mid-Year Revenues by Month
20% increase in PCIA beginning May 2019
13% decrease in PG&E rates beginning May 2019

Mid-Year Revenue = $221 MILLION
PCIA = $93.5 MILLION (29.8% of Total)
Approved and Mid-Year Budget

MBCP Approved and Mid-Year Budget ($ millions)

Mid-Year FY2018/19 Fund Balance Surplus BEFORE Rebate, Program and Reserve = $45 MILLION

- Program
- Rebate
- Reserve
Organization Chart

MBCP Organization Chart

Total full-time staff: 24
Total part-time staff: 3
Our Boards

MBCP is governed by two Boards, a Policy Board and an Operations Board. Each Board is comprised of 12 members with 12 alternates representing the participating communities. Policy Board Members are elected officials from MBCP member communities; and Operations Board Members are appointed executives leading the members cities and counties.

MBCP Policy Board formed an advisory Board comprised of 12 members appointed from member communities.
2019 Policy Board

**Chair**
Bruce McPherson  
County of Santa Cruz

**Vice Chair**
Steve McShane  
City of Salinas

**Member**
Alan Haffa  
City of Monterey

**Member**
Jane Parker  
County of Monterey

**Member**
Jaime De La Cruz  
County of San Benito

**Member**
John Freeman  
City of San Juan Bautista

**Member**
Heidi Harmon  
City of San Luis Obispo

**Member**
Sandy Brown  
City of Santa Cruz

**Member**
Ian Oglesby  
City of Seaside

**Member**
Jack Dilles  
City of Scotts Valley

**Member**
Anna Velazquez  
City of Soledad

**Member**
Trina Coffman-Gomez  
City of Watsonville
2019 Operations Board

Chair
Rene Mendez
City of Gonzales

Vice Chair
Ray Corpuz
City of Salinas

Member
Layne Long
City of Marina

Member
Hans Ulsar
City of Monterey

Member
Lew Bauman
County of Monterey

Member
Ray Espinosa
County of San Benito

Member
Vacant
City of San Juan Bautista

Member
Derek Johnson
City of San Luis Obispo

Member
Martin Bernal
City of Santa Cruz

Member
Carlos Palacios
County of Santa Cruz

Member
Jenny Haruyama
City of Scotts Valley

Member
Matt Huffaker
City of Watsonville
2019 Community Advisory Council

Chair
Jeff Byron
County of Monterey

Vice Chair
Natalie LaVan
County of Santa Cruz

Member
Horacio Amezquita
County of Monterey

Member
Norman Groot
County of Monterey

Member
Richard Stedman
County of Monterey

Member
Amy Wolfrum
County of Monterey

Member
Seth Capron
County of San Benito

Member
Ludmila Wist
County of San Benito

Member
Vacant
County of San Luis Obispo

Member
Allen Bueno del Bosque
County of Santa Cruz

Member
Andy Hartmann
County of Santa Cruz

Member
Dennis Osmer
County of Santa Cruz