VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 16

TO:	Board of Directors
FROM:	Mitch Sears, Interim General Manager Edward Burnham, Director of Finance & Internal Operations
SUBJECT:	2022 Operating Budget for Calendar Year
DATE:	February 10, 2022

RECOMMENDATION

1. Approve 2022 Operating Budget Scenario 1 with $89.8M of operating revenues and $72.3M of operating expenses for a net income of $17.5M.

OVERVIEW

This update is the final of multiple discussions leading to Board adoption of the calendar year 2022 budget (2022 Budget) ending December 31, 2022. The purpose of this staff report is to: (1) provide the current fiscal Year 2021-22 update on actuals (6-Months) ending December 31, 2021, and (2) an overview of key factors influencing the draft 2022 Budget and present analysis of three budget scenarios for Board consideration.

As detailed in the body of this report, the current FY 2021-22 is estimated to have a net loss of $2.7M for a total of $2.5M favorable to the adopted Budget. The three 2022 budget scenarios outlined in the analysis section of this report result in a positive net income range between $18.2M and $16.7M allowing VCE to build back reserves to a targeted 80 to 90 days.

VCE's short-term outlook (2022 and 2023) indicates continued volatility in power market prices and PCIA with associated financial challenges, which requires action on rate-setting to ensure cost recovery and restablishment of reserves. The longer-term outlook (2024+) indicates increased stability and cost certainty due to long-term PPA's coming on-line and a cost-based rate structure allowing VCE to rebuild reserves and achieve positive margins.

BACKGROUND

As discussed in past staff reports, VCE has seen high volatility in the energy sector and overall economy, primarily driven by the uncertainty during the COVID-19 pandemic and possible long-term recession. In addition, the increases in 2021 Power Charge Indifference Adjustment (PCIA), resource adequacy, and power market costs have required VCE to draw against reserves to stabilize customer rates and maintain its rate policy to be competitive with PG&E generation rates. As part of the budget adoption and monitoring process, VCE has taken key actions leading up to the CY2022 budget adoption. These actions are listed below and detailed in the November 10, 2021 Board Item 16 found here.

- June 2020 - FY 2020-21 Budget adoption with fiscal mitigation policy adjustments
- October 2020 - FY 2020-21 Mid-year budget update to monitor Pandemic Impacts
- May 2021 – FY 2021-22 Budget update with load update.
- June 2021 **–** FY 2021-22 Budget adoption with extended fiscal mitigation policy
- October 2021 – Budget update with power costs and financial model corrections.

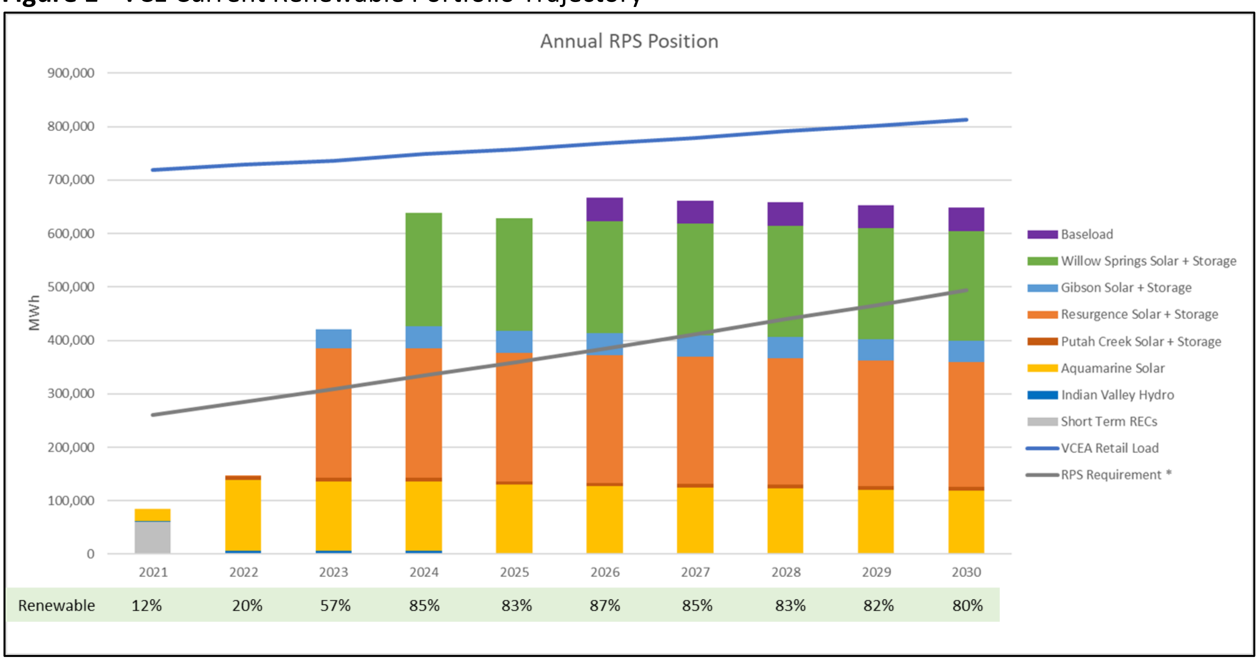
Additional recent actions taken by Board include the following:

- October 2021 – Board adopted rate increase to preserve cash reserves (Board Item 4).
- November 2021 – Discussion of Customer Rate Options (Board Item 15)
- November 2021 – Adopted change from fiscal year to calendar year (Board Item 12).

Long-term Fixed Price Power Purchase Agreements

Renewable power and storage resource deliveries resulting from VCE's contracted long-term power purchase agreements (PPAs) began in 2021 and will significantly increase over 2022 and 2023. As shown in Figure 1 below, the PPAs are fixed-price contracts and are projected to cover over 80% of VCE's annual load by 2024 to reduce VCE costs compared to current RPS and RA market costs and significantly reduce volatility as VCE moves forward. As discussed with the Board leading up to the FY 2021-22 budget adoption in June, the undesirable but necessary RPS policy adjustments and utilization of cash reserves have helped VCE stabilize customer rates and partially bridge the gap until the long-term PPAs begin full delivery in the 2021-24 timeframe.

Figure 1 - VCE Current Renewable Portfolio Trajectory



CPUC ERRA Proceeding (PG&E Rate setting - PCIA and Bundled Rates)

Previous CPUC – Nov/Dec 2021

Previous budget discussions (Oct – December), have been based on PG&E's November update for its 2022 Power Charge Indifference Adjustment (PCIA) and Generation Rates. In a typical year the November PG&E ERRA filing is the final update included in the CPUC proposed decision for bundled rate setting (PCIA and generation rates) which are implemented by the IOU's in January. However, in an unusual mid-December action, the California Public Utilities Commission (CPUC) required PG&E to submit options to spread its 2022 rate increase of over 30% over more than the standard 12-month period. PG&E filed these options in late December, resulting in a range of a 27% rate increase over 24-months to a 33% increase over the standard 12-month period. In addition, the PCIA decrease for 2022 was revised from a-75% to a -59% based on the incorporation of actual vs. projected value of PG&E's energy portfolio for October and November 2021.

Current CPUC Proposed Decision (PD) – January 2022
On January 27, 2022 the CPUC issued the proposed decision (PD) for 2022 bundled rates inclusive of setting PCIA and generation rates for PG&E. The PD did not include the option to spread PG&E's rate increases over more than the normal 12 month period. The updated analysis and staff recommendation shown below are based on VCE's updated rate policy to set rates to cover costs and build reserves and the best available information from the CPUC as of the writing of this report. Based on information from VCE and CalCCA's Analysts, VCE has incorporated the following assumptions in its updated financial forecasts for 2022, including the assumption that 2022 PG&E rates/PCIA will be implemented on March 1, 2022:

Summary of CPUC ERRA Forecasts for 12 months beginning March 1, 2022 (January 2022)

- PCIA: 57% reduction over 2021 PCIA
- PG&E Bundled rates (PCIA & Generation): 33% increase

ANALYSIS
This report updates the information provided to the Board in September 2021 and provides the basis for the budget scenarios outlined in Analysis Section 3 below. The sections below provide updates on: (1) the FY 2021-22 (6 Month) Operating Budget, (2) an overview of key factors influencing the operating budgets, and (3) an analysis of three budget scenarios for Board consideration.

1. Operating Budget Update – FY 2021-22 (6 Month)
As presented to the Board in September, VCE has faced financial challenges associated with power market and regulatory volatility, requiring VCE to draw on reserves to stabilize customer rates and remain competitive with PG&E rates.

FY 2021-22 (6 Month) – The unaudited financials for the six months of July-2021 to December-2021 are currently forecasted to be net favorable to Budget by $2.5M for a forecasted loss of $2.7M. The key factors that resulted in the $2.5M net difference include:

- Customer Rate Increase of 2% - The Board approved an accelerated rate adjustment of approximately 2% on the average customer bill in mid-October for $400K.
- Power Prices. Average forward market power prices have increased 57% since May 2021. The increased market price compared to contracted power purchase agreements and hedged power contract prices resulted in an offset for additional load requirements during peak season.

- Programs Costs, Regulatory Analyst role (Part-time), and contingency were budgeted for the entire fiscal year and not ultilized during the first six months.

The following table summarizes the FY 2021-22 (6 Month) actuals vs. approved Budget.

Table 1 – FY2021-22 Actuals vs. Budget

FY 2021-22	APPROVED BUDGET FY 2021 (6 MO)	Actual YTD December 31, 2021 (6 MO)	Variance
Revenue	$ 24,737	$ 29,677	$ 4,940
Power Cost	$ 27,446	$ 30,133	$ (2,687)
Other Expenses	$ 2,509	$ 2,276	$ 233
Net Income	$ (5,218)	$ (2,732)	$ 2,486

The FY 2021-22 (6 Month) Operating Budget interim audit is ongoing, and the final adjustments, if any, will be included in the annual report.

2. Key factors – Operating Budgets

The VCE financial outlook for CY 2022 and CY 2023 has changed significantly since the Board approved the current fiscal year budget in June 2021. PG&E's bundled rates are expected to increase by 33%, while PCIA will decrease by 57% in 2022. The 2022 rates will offset higher power costs, rebuild reserves, and allow VCE to implement customer programs as VCE transitions into its long-term fixed-price renewable PPA's scheduled to come on-line in 2022, 2023 and 2024. Additionally, the PCIA rates are expected to increase in 2023. Staff have factored in a 25% PCIA increase in VCE's forcast with some stabilization beginning in 2024. The budget scenarios shown in Tables 2 through 4 in Section 3 below incorporate these factors in the short and longer-term forecasts.

Key baseline factors that influenced the development of the budget options presented in Section 3 below include:

- Power Prices. Average forward market power prices have increased by approximately 57% since the April-2021 preliminary draft budget. This impacts the Budget directly since VCE buys forward energy price hedges to manage energy price risk. Based on the Board approved procurement policy, SMUD is in the process of completing hedge purchases for 2022. Speculation in the energy markets on the potential for a repeat of the heat storm event of summer 2020 pushed forward market power prices significantly higher in 2021. Beyond 2022, a significant portion of these short-term energy costs and the associated price volatility will be mitigated by the commencement of VCE's long-term PPA agreements.
- PG&E Rate Adjustments – PG&E's current filings/CPUC January proposed decision are expected to result in a forecasted 33% rate increase and a PCIA reduction of 57% based on over and under collections by PG&E in 2021.
- Financial Power Cost Model - Total difference between adopted and corrected forecasts

is approximately $13M over the three FYs 2022 to 2024, resulting from a modeling error that overestimated the financial benefits of VCE's long-term renewable power purchase contracts.

- PCIA. A net 46% increase in the PCIA from 2020/21 continues to have significant revenue erosion of approximately $21M for the 6-months of the current calendar through July.
- Fiscal Year and Budget adoption timing. As described and adopted by the Board on November 10, 2021, the budget adoption process was shifted to a align with the calendar year to avoid overlap with the annual load forecast updates and the beginning of the hedging process for the following calendar year.

These factors, in combination with VCE's fixed-rate longer-term PPA's, indicate some moderation in financial volatility for VCE going forward. Staff will continue to monitor and update the Board should conditions change. The 2022 Budget scenarios shown below are inclusive of the above factors.

3. FY 2022 Draft Budget Scenarios

Staff has updated VCE's financial model with these base assumptions for 2022. Based on previous discussions with the Board and CAC, Staff has run three scenarios to help inform the Board's consideration of rate options for 2022, including:

1. Scenario 1 – Staff Reccomnedation (Low Income/At-Risk* Credit): 2.5% rate credit for CARE/FERA customers; all other revenues directed to reserves. (~85 days cash reserves by end of 2022)
2. Scenario 2 (Base Case): no modifications; all revenues directed to reserves. (~90 days cash reserves by end of 2022)
3. Scenario 3 (Low Income/At-Risk* + Credit): 3.5% rate credit for CARE/FERA customers plus 1% rate credit for other customers; all other revenues directed to reserves. (~80 days cash reserves by end of 2022)

*Includes CARE/FERA and Medical Baseline customers

Table 5 below shows the results of these three scenarios. Consistent with the adopted rate policy, Staff is recommending that VCE set rates for 2022 at a level that will fully fund the 2022 budget, build back reserves that have been used over the past 18 months to stabilize customer rates, and provide a level of financial relief to VCE's low-income customers. Based on the updated information, Staff is recommending that VCE establish a target of 80-90 days cash reserve by the end of 2022. This would provide two key benefits: (1) increased financial stability while taking a significant step toward establishing an investment-grade credit rating, and (2) preparing for future PCIA and power market volatility.

Additional Considerations

Other Operating Expenses – Preliminary Budget Other operating expenses (not including power costs) are nearly flat compared to the 2022 budget, reflecting only a 4% increase – lower than 2021 CPI at 7%. The primary factors of increased costs in this category of expenses include:

- Customer programs costs related to launch of AgFIT and other programs.
- Additional interest expenses related to the use of credit lines resulting from the delay of the ERRA proceeding.
- 5% annual salary and contractor inflation rate based on 2021 7% inflation rate.
- 5% administrative contingency rate (increased from 2.5%) for unanticipated expenses related to increase activity.

Power Costs - Other Considerations

VCE has maintained a power cost forecast as received in October for a total of ~$67M for 2022 resulting in a 2%- purchased power contingency for $1.3M. Due to additional evaluations of the power cost model resulting from the model errors, current forecasted costs on a base case are forecasted at ~$65.6M to $64.5M. Staff recommends maintaining our power costs at the base level we received in November to provide additional power cost contingency. The sensitivity of the power costs model forecasts has ranged from $61.6M to $72.2M.

Under these modeled scenarios, VCE is forecasted to reach the current reserve policy minimum and recommended targets, preserve options for customer discount and additional program funding for future periods, and position VCE for an investment-grade rating by 2024.

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2022 Budget Scenario 1 – Staff Recommendation:

Budget Scenario 1 incorporates 2.5% rate credit for CARE/FERA and Medical Baseline customers and directs all other revenues to reserves. This option includes a target of ~85 days cash reserves by the end of 2022.

Table 2 – 2022 Budget Scenario 1 (Low Income/At-Risk Credit)
Staff Recommendation

VALLEY CLEAN ENERGY DRAFT BUDGET SUMMARY 2022 - BUDGET SCENARIO 1	APPROVED BUDGET FY 2021 (6 MO)	ACTUAL YTD Dec. 31 2022 FY 2021 (6 MO)	DRAFT BUDGET CY 2022
OPERATING REVENUE	**$ 24,737**	**$ 29,677**	**$ 89,750**
OPERATING EXPENSES:			
Cost of Electricity	27,618	30,133	66,990
Contract Services	1,369	1,297	2,640
Outreach & Marketing	117	79	247
Programs	68	-	174
Staffing	580	537	1,300
General, Administration and other	382	349	840
TOTAL OPERATING EXPENSES	**30,132**	**32,395**	**72,192**
TOTAL OPERATING INCOME	**(5,395)**	**(2,718)**	**17,558**
NONOPERATING REVENUES (EXPENSES)			
Interest income	28	9	17
Interest expense	(23)	(23)	(107)
TOTAL NONOPERATING REV/(EXPENSES)	**5**	**(14)**	**(90)**
NET MARGIN	**$ (5,390)**	**$ (2,732)**	**$ 17,468**
NET MARGIN %	**-21.8%**	**-9.2%**	**19.5%**

2022 Budget Scenario 2:

Budget Scenario 2 no rate credit modifications, and all revenues are directed to reserves. This option includes a target of 90 days cash reserves by the end of 2022.

Table 3 – 2022 Budget Scenario 2 (Base Case)

VALLEY CLEAN ENERGY DRAFT BUDGET SUMMARY 2022 - BUDGET SCENARIO 2	APPROVED BUDGET FY 2021 (6 MO)	ACTUAL YTD Dec. 31 2022 FY 2021 (6 MO)	DRAFT BUDGET CY 2022
OPERATING REVENUE	**$ 24,737**	**$ 29,136**	**$ 90,500**
OPERATING EXPENSES:			
Cost of Electricity	27,618	29,746	66,990
Contract Services	1,369	1,300	2,640
Outreach & Marketing	117	85	247
Programs	68	23	174
Staffing	580	601	1,300
General, Administration and other	382	336	840
TOTAL OPERATING EXPENSES	**30,132**	**32,090**	**72,192**
TOTAL OPERATING INCOME	**(5,395)**	**(2,954)**	**18,308**
NONOPERATING REVENUES (EXPENSES)			
Interest income	28	16	17
Interest expense	(23)	(23)	(107)
TOTAL NONOPERATING REV/(EXPENSES)	**5**	**(7)**	**(90)**
NET MARGIN	**$ (5,390)**	**$ (2,961)**	**$ 18,218**
NET MARGIN %	**-21.8%**	**-10.2%**	**20.1%**

2022 Budget Scenario 3

Budget Scenario 3 incorporates a 3.5% rate credit for CARE/FERA and Medical Baseline customers plus 1% rate credit for other customers. All additional revenues are directed to reserves resulting in ~80 days by the end of 2022.

Table 4 – 2022 Budget Scenario 3 (Scenario 3 (Low Income/At-Risk + Credit)

VALLEY CLEAN ENERGY DRAFT BUDGET SUMMARY 2022 - BUDGET SCENARIO 3	APPROVED BUDGET FY 2021 (6 MO)	ACTUAL YTD Dec. 31 2022 FY 2021 (6 MO)	DRAFT BUDGET CY 2022
OPERATING REVENUE	**$ 24,737**	**$ 29,136**	**$ 89,000**
OPERATING EXPENSES:			
Cost of Electricity	27,618	29,746	66,990
Contract Services	1,369	1,300	2,640
Outreach & Marketing	117	85	247
Programs	68	23	174
Staffing	580	601	1,300
General, Administration and other	382	336	840
TOTAL OPERATING EXPENSES	**30,132**	**32,090**	**72,192**
TOTAL OPERATING INCOME	**(5,395)**	**(2,954)**	**16,808**
NONOPERATING REVENUES (EXPENSES)			
Interest income	28	16	17
Interest expense	(23)	(23)	(107)
TOTAL NONOPERATING REV/(EXPENSES)	**5**	**(7)**	**(90)**
NET MARGIN	**$ (5,390)**	**$ (2,961)**	**$ 16,718**
NET MARGIN %	**-21.8%**	**-10.2%**	**18.8%**

Table 5 – Budget Scenario Comparison

	Actuals			Actual YTD (6 Month)	Budget Scenarios	Preliminary Forecast*		
Scenario 1	FY2019	FY2020	FY2021	FY2022	CY2022	CY2023	CY2024	CY2025
Revenue	51,035	55,249	54,657	29,677	89,750	69,500	70,750	71,050
Power Cost	38,540	41,538	54,234	30,133	66,990	52,400	47,100	48,400
Other Expenses	3,850	4,346	4,267	2,276	5,292	5,398	5,506	5,616
Net Income	8,646	9,365	(3,844)	(2,732)	17,468	11,702	18,144	17,034
Scenario 2	FY2019	FY2020	FY2021	FY2022	CY2022	CY2023	CY2024	CY2025
Revenue	51,035	55,249	54,657	29,677	90,500	70,250	71,500	71,800
Power Cost	38,540	41,538	54,234	30,133	66,990	52,400	47,100	48,400
Other Expenses	3,850	4,346	4,267	2,276	5,292	5,398	5,506	5,616
Net Income	8,646	9,365	(3,844)	(2,732)	18,218	12,452	18,894	17,784
Scenario 3	FY2019	FY2020	FY2021	FY2022	CY2022	CY2023	CY2024	CY2025
Revenue	51,035	55,249	54,657	29,677	89,000	68,750	70,000	70,300
Power Cost	38,540	41,538	54,234	30,133	66,990	52,400	47,100	48,400
Other Expenses	3,850	4,346	4,267	2,276	5,292	5,398	5,506	5,616
Net Income	8,646	9,365	(3,844)	(2,732)	16,718	10,952	17,394	16,284

* Revenues are highly subject to PG&E filings that impact generation rates and PCIA. Power costs are based of current forward market pricing that impact PPA values (cost reductions) and unhedged load costs.

Note: 2023, 2024, and 2025 forecasted financials are based on the most current available data and assumptions, as displayed in Table 1 - Rates Scenarios. These scenarios rely on future rate adjustments, reserves, or both to mitigate future power cost volatility.

CONCLUSION

Consistent with the adopted rate policy, Staff is recommending that VCE set rates for 2022 at a level that will fully fund the 2022 budget, build back reserves that have been used over the past 18 months to stabilize customer rates, and provide a level of financial relief to VCE's low-income and at risk customers.

ATTACHMENTS

1. 2022 Operational Budget
3. Resolution

VALLEY CLEAN ENERGY - OPERATING BUDGET
CALENDAR YEAR 2022

Description	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	TOTAL
Electric Revenue	$ 3,355,600	$ 2,599,100	$ 5,061,100	$ 4,824,200	$ 7,271,000	$ 11,734,000	$ 13,154,300	$ 12,261,000	$ 10,426,200	$ 7,124,000	$ 5,792,800	$ 6,146,700	$ 89,750,000
Interest Revenues	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 18,000
Purchased Power	$ 5,480,900	$ 4,330,500	$ 4,209,200	$ 3,929,900	$ 4,900,200	$ 6,369,200	$ 8,132,700	$ 7,846,500	$ 7,047,300	$ 5,244,200	$ 4,556,100	$ 4,943,400	$ 66,990,100
Purchased Power Base	$ 4,838,600	$ 3,941,700	$ 3,815,100	$ 3,652,600	$ 6,390,400	$ 6,020,300	$ 8,477,000	$ 7,999,300	$ 6,786,900	$ 4,627,800	$ 4,425,100	$ 4,694,800	$ 65,669,600
Purchased Power Contingency 2%	$ 642,300	$ 388,800	$ 394,100	$ 277,300	$ (1,490,200)	$ 348,900	$ (344,300)	$ (152,800)	$ 260,400	$ 616,400	$ 131,000	$ 248,600	$ 1,320,500
Labor & Benefits	$ 109,900	$ 109,900	$ 109,900	$ 107,900	$ 107,900	$ 107,900	$ 107,900	$ 107,900	$ 107,900	$ 107,900	$ 107,900	$ 107,900	$ 1,300,800
Salaries & Wages/Benefits	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 90,800	$ 1,089,600
Contract Labor (SMUD Staff Aug)	$ 4,900	$ 4,900	$ 4,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 40,800
Human Resources & Payroll	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 14,200	$ 170,400
Office Supplies & Other Expenses	$ 16,400	$ 16,400	$ 16,400	$ 16,400	$ 16,400	$ 21,000	$ 16,400	$ 16,400	$ 16,400	$ 16,400	$ 16,400	$ 16,400	$ 201,400
Technology Costs	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 7,500	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 2,900	$ 39,400
Office Supplies	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 2,400
Travel	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 6,000
CalCCA Dues	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 10,600	$ 127,200
CC Power	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 24,000
Memberships	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 200	$ 2,400
Contractual Services	$ 209,600	$ 206,400	$ 209,500	$ 209,100	$ 201,800	$ 203,200	$ 219,200	$ 215,000	$ 228,100	$ 286,000	$ 232,300	$ 223,100	$ 2,643,300
Other Contract Services	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 25,200
Don Dame	$ 800	$ 800	$ 800	$ 800	$ 800	$ 800	$ 900	$ 900	$ 900	$ 900	$ 900	$ 900	$ 10,200
SMUD - Credit Support	$ 43,500	$ 40,200	$ 43,300	$ 42,900	$ 35,500	$ 36,900	$ 37,800	$ 48,000	$ 61,100	$ 70,400	$ 65,100	$ 55,900	$ 580,600
SMUD - Wholesale Energy Services	$ 48,800	$ 48,800	$ 48,800	$ 48,800	$ 48,800	$ 48,800	$ 50,100	$ 50,100	$ 50,100	$ 50,100	$ 50,100	$ 50,100	$ 593,400
SMUD - Call Center	$ 65,800	$ 65,900	$ 65,900	$ 65,900	$ 66,000	$ 66,000	$ 67,100	$ 67,200	$ 67,200	$ 67,300	$ 67,400	$ 67,400	$ 799,100
SMUD - Operating Services	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 60,600
Commercial Legal Support	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Legal General Counsel	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 12,900	$ 154,800
Regulatory Counsel	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 16,600	$ 199,200
Joint CCA Regulatory counsel	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 2,700	$ 32,400
Legislative - (Lobbyist)	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 5,100	$ 60,600
Accounting Services	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 2,200	$ 26,400
Financial Consultant	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 25,200
Audit Fees	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 14,500	$ -	$ -	$ 48,500	$ -	$ -	$ 75,600
Marketing	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 20,500	$ 246,000
Marketing Collateral	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 240,000
Community Engagement Activities & Sponsorships	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 500	$ 6,000
Programs	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 174,000
Program Costs	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 14,500	$ 174,000
Rents & Leases	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 21,600
Hunt Boyer Mansion	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 21,600
Other A&G	$ 28,000	$ 28,000	$ 35,400	$ 28,000	$ 28,000	$ 28,000	$ 32,300	$ 32,300	$ 32,300	$ 32,300	$ 32,300	$ 32,300	$ 369,200
Development - New Members	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 25,200
Strategic Plan Implementation	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 2,100	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 51,000
PG&E Data Fees	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 23,000	$ 276,000
Insurance	$ 700	$ 700	$ 700	$ 700	$ 700	$ 700	$ 700	$ 700	$ 700	$ 700	$ 700	$ 700	$ 8,400
Banking Fees	$ 100	$ 100	$ 7,500	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 100	$ 8,600
Miscellaneous Operating Expenses	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 600	$ 7,200
Contingency	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 20,000	$ 240,000
TOTAL OPERATING EXPENSES	$ 5,902,200	$ 4,748,600	$ 4,637,800	$ 4,348,700	$ 5,311,700	$ 6,786,700	$ 8,565,900	$ 8,275,500	$ 7,489,400	$ 5,744,200	$ 5,002,400	$ 5,380,500	$ 72,193,600
Interest on RCB loan	$ 3,400	$ 3,000	$ 3,200	$ 3,000	$ 3,000	$ 2,800	$ 2,800	$ 2,700	$ 2,500	$ 2,500	$ 2,400	$ 2,300	$ 33,600
Interest Expense - Bridge Loan	$ -	$ -	$ -	$ 10,400	$ 10,400	$ 10,400	$ 10,400	$ 10,400	$ 8,300	$ 6,300	$ 4,200	$ 2,100	$ 72,900
NET INCOME	$ (2,548,500)	$ (2,151,000)	$ 421,600	$ 463,600	$ 1,947,400	$ 4,935,600	$ 4,576,700	$ 3,973,900	$ 2,927,500	$ 1,372,500	$ 785,300	$ 763,300	$ 17,467,900

RESOLUTION NO. 2022-____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE VALLEY CLEAN ENERGY ALLIANCE ADOPTING THE OPERATING BUDGET FOR YEAR 2022

WHEREAS, the Valley Clean Energy Alliance ("VCE") is a joint powers agency established under the Joint Exercise of Powers Act of the State of California (Government Code Section 6500 et seq.) ("Act"), and pursuant to a Joint Exercise of Powers Agreement Relating to and Creating the Valley Clean Energy Alliance between the County of Yolo ("County"), the City of Davis ("Davis"), the City of Woodland and the City of Winters ("Cities") (the "JPA Agreement"), to collectively study, promote, develop, conduct, operate, and manage energy programs;

WHEREAS, the VCE 2022 Operating Budget Scenario 1 for the calendar year 2022 includes Operating Revenues totaling $89.8M and purchased power and other operating expenses totaling $72.3M for a net income of $17.5M;

NOW, THEREFORE, the Board of Directors of the Valley Clean Energy Alliance hereby adopts the 2022 Budget Scenario 1 for the calendar year of 2022.

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the ____ day of ________________, 2022, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Jesse Loren, VCE Chair

____
Alisa M. Lembke, VCEA Board Secretary