Desert Community Energy

FY2023/24 Annual Budget

Contents

DESERT COMMUNITY ENERGY

CITY OF PALM SPRINGS CALIFORNIA INCORPORATED 1938

PALM DESERT

From the Executive Director

To the honorable members of Desert Community Energy: City of Palm Springs and City of Palm Desert

June 27, 2023

When I'm asked about Desert Community Energy and its impact on the community, one of the first words that comes to mind is "choice." DCE gives those who pay for electricity in Palm Springs, for the very first time, a choice in who procures their electricity and a choice in what type of electricity they want powering their home or business. I think about the choices that were made by your colleagues at the Coachella Valley Association of Governments to explore these options and to bring such a bold, forward-thinking program to the Coachella Valley. And the choice by your Board predecessors to launch service in the City of Palm Springs in 2020, even amid a worldwide pandemic that was changing every aspect of daily life.

These choices, and the choices that you as Board members make in the months and years ahead, have almost immeasurable impacts on ensuring we have a sustainable future. You would be hard pressed to find a single choice that has made such a big difference in the Coachella Valley. DCE is now entering its fourth year of serving the City of Palm Springs. We're serving nearly 85 percent of the City's electric customers and data shows that it is helping the City achieve greenhouse gas emission reductions at a faster-than-expected pace. Think about this: In the first full year of operations alone, DCE's rollout had the same greenhouse gas reduction equivalent as replacing almost 23,000 gasoline-fueled cars in the city with bikes, all while giving customers a choice in their electricity service.

The budget itself, presented here for your review and approval, reflects the choices that the Board has made and lays the groundwork for achieving cost-conscious and customer-conscious milestones and objectives moving forward.

The budget also builds on what we've accomplished to date. By serving the City of Palm Springs residents and businesses with 100% Carbon Free electricity, we've been critical to Palm Springs exceeding the State of California's ambitious 2020 goals to reduce GHG emissions and help fight climate change. In the last year alone, we demonstrated financial stability by paying off all short-term debts and the line of credit. And we're looking ahead by approving a 15-year agreement for Cape Generating Station 1 LLC Geothermal Project as part of DCE's Mid-term Reliability Procurement. At the same time, we know we can't operate in a vacuum. DCE this year adopted its first legislative platform, and our presence on the statewide advocacy stage, including with the California Public Utilities Commission, continues to grow. We also are working to establish innovative new programs, including a customer recognition program for Palm Springs' business community that we hope to launch this coming fiscal year.

Most importantly, we're mindful of the customers' bottom lines. DCE's Desert Saver product remains the lowest-cost electricity option for Palm Springs. You will find that most of our social media and community outreach focuses on how to save money. We've also partnered with OhmConnect to offer a smart plug and thermostat program to help residents be aware of their energy use and find ways to be more efficient.

It takes a hardworking and professional staff to achieve these milestones and the objectives that are outlined in the budget. I'm incredibly proud of their dedication to implementing programs that the Board adopts and prioritizes. Our commitment to excellence is also reflected in our commitment to transparency, including this year's revamped budget to provide both the Board and the public with a more engaging and user-friendly document.

As we look ahead, I look forward to working with you to increase DCE's impact on a more sustainable Coachella Valley.

Tom Kirk
Executive Director
Desert Community Energy

About Desert Community Energy

Desert Community Energy (DCE) is a California joint powers authority (JPA) formed to offer a Community Choice Aggregation (CCA) program in the desert region of Riverside County. DCE was established in October 2017 to meet member agencies' environmental and economic goals including competitive electric rates, greenhouse gas reductions, local control, and local economic benefits. The original JPA was formed among the cities of Palm Springs, Cathedral City, and Palm Desert. However, the City of Cathedral City withdrew from DCE effective July 1, 2021. While DCE formed in 2017, it only began serving load on April 1, 2020, for one of its member agencies, the City of Palm Springs. The next possible launch date for the City of Palm Desert is 2025.

DCE is governed by a Board of Directors (Board), consisting of one director appointed by each of the members of the JPA. Directors are elected officials or senior staff of the appointing member. Each JPA member may also appoint an alternate to serve in the absence of its Director. All Board meetings are conducted in accordance with the provisions of the Ralph M. Brown Act.

The Board has established policies that ensure the financial health of the agency including an Energy Risk Management Policy and Financial Reserve Policy. The Board follows a fiscally conservative course with a near-term emphasis on building financial reserves. DCE targets, during the initial years of operation, to fund financial reserves with the following objectives:

- Establish long-term business sustainability.
- Build collateral for power procurement activities.
- Establish an investment grade credit rating.
- Develop a source of funds for investment in generation and other local programs.
- Stabilize rates and dampen year-to-year variability in procurement costs.

Pursuant to an Implementation and Management Services Agreement first approved in 2017 and extended for a further five years in 2022, DCE has contracted with Coachella Valley Association of Governments (CVAG) to provide administrative and staffing services. Staff support includes meeting coordination, support to the board, oversight of consultants, and coordination of CCA implementation. Additionally, CVAG staff provide administrative support and accounting services including preparation of the budget, oversight of the annual audit, and management of the various DCE funds. Of the CVAG employees providing support for the CCA program, each only spend part of their time on the CCA program. DCE reimburses CVAG for all staff time incurred as well as non-employee costs incurred by CVAG while performing the services, such as supplies, legal services, consultant services and equipment.

As noted above, DCE began serving load in April 2020 for one of its member agencies, the City of Palm Springs. Through DCE, customers within the service area can take advantage of opportunities granted by Assembly Bill 117, the Community Choice Aggregation Law. DCE implements sustainable energy initiatives that reduce energy demand, increase energy efficiency, and advance the use of clean, efficient, and renewable resources available in the region. DCE's primary objectives in implementing programs are to provide overall rates that are lower or competitive with those offered by Southern California Edison (SCE) for similar power supplies, to supply an energy portfolio that prioritizes the reduction of greenhouse gas emissions and the use of local renewable resources, including existing facilities, to the maximum extent technically and economically feasible, and to establish local control. The prospective benefits to local consumers include the ability to reduce energy costs; improve the local and regional economy; stabilize electric rates; increase local electric generation reliability; influence which technologies are used to meet local electricity needs (including a planned increased use of renewable energy); and to ensure effective planning and development of sufficient resources and energy infrastructure to serve DCE residents and businesses.

The California Public Utilities Code provides the relevant legal authority for DCE to serve as a CCA and invests the California Public Utilities Commission (CPUC) with regulatory oversight of DCE. DCE's Implementation Plan was certified by the CPUC in March 2018. DCE is also registered with SCE and works closely with SCE on CCA program implementation.

In addition to staffing provided by CVAG as discussed above, DCE is supported by a solid team of contractors with expertise in the energy industry and CCA operations. This team helps DCE navigate the volatile energy markets and increasingly complicated regulatory environment that have marked the period since DCE's 2020 launch and are expected to continue.

Budget Overview

By the end of June of each year, DCE staff prepares a detailed forthcoming fiscal year budget for Board review and approval. DCE's FY2023/24 budget, covering the period from July 1, 2023, through June 30, 2024, pertains to DCE's fourth full year of operation for its electricity customers in the City of Palm Springs. The budget process was previewed at the DCE Board's May 2023 meeting. The June 2023 Board meeting provides an opportunity for further budget questions and comments and for the Board to consider budget approval as prescribed by the DCE Joint Powers Agreement.

The proposed budget includes the current expected business outcome for FY2022/23 using ten months of actuals through April 2023 and estimates for May and June 2023. Future business uncertainties remain, however, including longer-term residual economic impacts from the COVID-19 pandemic, the Western United States' generally favorable hydro conditions, climate change impacts, load variability, power market price volatility, and integration/performance of power purchase agreements. In addition to these factors, Southern California Edison's (SCE) retail rates and the Power Charge Indifference Adjustment (PCIA, or exit fee) were adjusted effective January 1, 2023, March 1, 2023, and June 1, 2023, and further rate revisions and regulatory actions will likely occur. In response to these recent SCE changes, DCE adjusted its retail rates effective January 1, 2023, and a subsequent adjustment becomes effective July 1, 2023. These DCE rate adjustments were developed and implemented pursuant to DCE's Rate Stabilization Schedule (RSS) and conform to Board policies and guidelines.

It is important to note the proposed budget is a planning document, and staff will continue to coordinate with The Energy Authority (TEA) to update power supply costs, retail sales receipts, climate impacts, regulatory mandates, and other factors throughout the year as actual revenues/expenses occur.

Budget Assumptions

DCE’s FY2023/24 budget assumptions include:

1. Full accrual accounting practices are implemented in line with US GAAP for enterprise-type funds so costs/revenues often differ from cash on hand.
2. Palm Springs is the only city where DCE is actively serving CCA customers.
3. Projected loads, resources, revenues, and costs will utilize TEA's June 7, 2023, financial model output (FiMo), and derived revenues will include DCE's July 1, 2023, rate adjustment. DCE financial staff provide DCE internal cost forecasts.
4. An opt-out rate of about 16 percent (those customers remaining with SCE bundled service) and an opt-down rate of about 11 percent (those DCE customers that choose Desert Saver as opposed to the 100% Carbon Free default product).
5. Board-approved rate-setting objectives. The residential Desert Saver customer bill, on average, is to be about 0–1.0% less than SCE's bundled base customer bill and meets full California Renewables Portfolio Standard compliance. DCE's 100% Carbon Free residential product is priced, on average, not to exceed a 14% total bill premium when compared with SCE's bundled base product for customers enrolled in DCE's largest residential rate class, "Domestic."
6. Continued rate Carbon Free subsidy suspension to customers enrolled in low-income assistance programs; these customers, representing about 16% of DCE's total customer base, are enrolled in the Desert Saver product.
7. Rates are sufficient to recover wholesale supply costs, yield a positive net margin, build cash reserves, and meet applicable loan terms, conditions, and financial covenants.
8. TEA will continue to provide credit support functions to DCE during FY2023/24 with a goal to reevaluate this function throughout the upcoming fiscal year and moving into the FY2024/25 budget.
9. Non-energy FY2023/24 operating costs will be estimated with escalation between 3–15% on a budget-line level to reflect budgetary conservatism in an inflation-prone market. For FY2024/25 and FY2025/26 notional estimates, a 4.5% annual escalation rate was applied.
10. Cost allocation and rate setting is based on cost recovery, fairness, and equity.
11. DCE meets regulatory, legislative, and operating requirements.
12. DCE continues collaborating with CalCCA, other CCAs, and public power groups.
13. DCE maintains necessary and adequate internal staffing and continues the contract support relationship with the Coachella Valley Association of Governments (CVAG).
14. DCE will monitor and adjust forecast retail loads, revenues, and costs based on actual experience and revise expectations accordingly throughout the forthcoming year.
15. DCE follows adopted Board policies and objectives.

Prior Year Budget to Actuals and New Proposed Budget

The tables that follow summarize DCE's expenses and revenues for the current fiscal year ending June 30, 2023, and provide DCE's budget projections for FY2023/22024. Additional forecast outcomes for FY2024/25 and FY2025/26 are also provided based on current market and business expectations.

DCE Prior Year Budget to Actuals and FY2023/24 Proposed Budget						
Revenues	**FY2022/23 Budget**	**FY2022/23 Actuals/Est to 6/30/23**	**FY2022/23 Act. v. FY2022/23 Budget %**	**FY2023/24 Budget**	**FY2023/24 Budget v. FY2022/23 Actuals**	**FY2023/24 Budget as % FY2022/23**
Retails Sales Revenue	$ 64,592,308	$ 61,408,279	95.1%	$ 71,203,715	$ 9,795,436	116.0%
Other Revenues	$ 507,200	$ 487,667	96.1%	$ 258,661	$ (229,006)	53.0%
Revenues	$ 65,099,508	$ 61,895,946	95.1%	$ 71,462,376	$ 9,566,430	115.5%
Interest Expense	$ (70,380)	$ (46,655)	66.3%	$ (5,000)	$ 41,655	10.7%
Total Revenues (net of Interest Expense)	$ 65,029,128	$ 61,849,291	95.1%	$ 71,457,376	$ 9,608,085	115.5%
Power Supply Costs						
Wholesale Power Supply	$ 44,730,744	$ 45,537,948	101.8%	$ 47,822,596	$ 2,284,648	105.0%
Non Power Operating Costs						
DCE/CVAG Staff and Operations Support	$ 756,237	$ 655,579	86.7%	$ 893,966	$ 238,387	136.4%
Contract and Other Labor	$ 129,257	$ 190,454	147.3%	$ 256,800	$ 66,346	134.8%
Wholesale Support Svcs (TEA, Calpine, SCE, etc.)	$ 1,693,006	$ 1,781,581	105.2%	$ 1,854,011	$ 72,430	104.1%
Retail Business Support Activities (Burke Rix, e.g.)	$ 50,866	$ 41,871	82.3%	$ 35,850	$ (6,021)	85.6%
Other Customer Programs	$ 125,000	$ -	0.0%	$ 150,000	$ 150,000	0.0%
Office Supplies, Dues, Membership Expenses	$ 285,579	$ 174,880	61.2%	$ 193,350	$ 18,470	110.6%
Total Non Power Operating Costs	$ 3,039,945	$ 2,844,366	93.6%	$ 3,383,977	$ 539,612	119.0%
Total Power and Operating Costs	$ 47,770,688	$ 48,382,314	101.3%	$ 51,206,573	$ 2,824,259	105.8%
Retail Load (MWh, net of losses)	434,872	398,428	91.6%	395,488	(2,940)	99.3%

Table 1: DCE Prior Year Budget to Actuals and FY2023/24 Proposed Budget

Table 1 presents a comparison between the estimated actual results for the end of FY2022/23 compared to DCE's originally adopted FY2022/23 budget. This comparison is based on 10 months of actual FY2022/23 cost data, plus a projection of the last two months as provided by TEA. For DCE/CVAG Staff and Operations Support, the data was provided by DCE staff and includes ten months of actual expenditures with estimated amounts for the remaining two months of the fiscal year. These estimated amounts may therefore differ somewhat from year-end actual results.

Customer loads were below forecast for the FY2022/23 budget period and DCE has been calibrating its model accordingly. FY2022/23 revenues are below budget projections by 4.9%, primarily reflecting DCE's actual retail loads coming in about 8.4% below budget forecast. Even with the reduced loads, power supply costs were almost 2% above forecast costs.

Given DCE's improving financial reserves position, a nominal amount was budgeted for Interest Expense as compared to FY2022/23 which saw DCE utilize the River City Bank revolving credit facility for working capital needs. Projected FY2023/24 revenues are expected to increase approximately 16% versus FY2022/23 actuals reflecting rate adjustments necessary to track supply costs, SCE rate changes, and to build reserves in line with DCE's Financial Reserves Policy.

Projected FY2023/24 Total Power and Operating Costs are expected to increase approximately 5.8% versus FY2022/23, reflecting ongoing power market price pressure, the full impact of which is tempered by DCE's wholesale supply hedging activities.

With regard to year-over-year cost escalation, aggregated non-power supply operating costs are up about 19% for the coming budget year. This is a result of many factors including inflation and also an increased budgeted amount for DCE programs such as supporting lower-income customers on weatherization as well as increased consultant and staff costs for these programs.

DCE is staffed by CVAG under an existing staffing agreement, and beginning July 1, 2023, CVAG will implement a Classification and Total Compensation adjustment which affects some of the CVAG positions providing staffing for DCE. In addition, CVAG is acquiring a new Enterprise Resource Planning (ERP) system, which DCE will be able to benefit from and utilize as well.

Because DCE operates in an increasingly complex market and regulatory environment, staff and consulting expertise are continuously required to manage business operations adequately. These extra efforts are primarily reflected in DCE/CVAG Staff and Operations Support and Contract and Other Labor depicted in Lines 10 and 11 of Table 2.

Since its inception, DCE has depended on several external consultants and will continue to rely on the expertise of TEA, Don Dame, Calpine, and other consultants. However, in line with original organization strategies, as more internal expertise is acquired, DCE staff will assimilate more of the work effort and reduce the use of consultants accordingly. Additional staff effort is required to address increasing operating and regulatory complexities engendered by climate change and the transition from carbon-based electricity production.

Thus, DCE's regulatory, customer service, business policy, and programming needs continue to grow, and responding to those needs, at least in part with internal staff, will provide organizational benefits. Ongoing synergies are also expected to be achieved via the utilization of CVAG's expertise and capabilities.

When DCE was established, there were plans for three active CCAs. This led prior budgets to reference cost allocations meant to accommodate the three active CCAs compared to DCE general operations. As the City of Palm Springs remains the only active CCA with no planned launch date for any other CCAs, no cost allocations are being utilized.

High-Level Budget Overview

The following pie chart provides a high-level budget overview for FY2023/24:

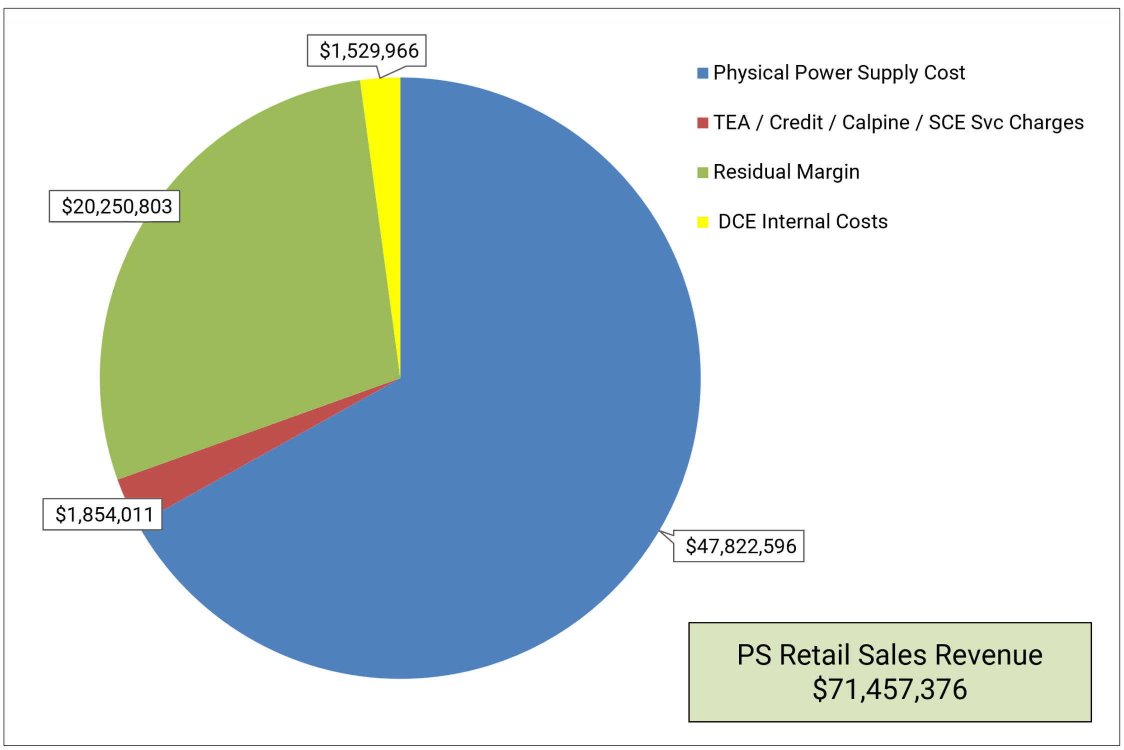

Chart 1: FY2023/24 Accrual Budget.

The blue area represents total physical power supply costs of approximately $47.8 million, which comprise about 94% of DCE's total operating costs. The red area represents DCE's wholesale vendor services charges from TEA, Calpine and SCE attributable to Palm Springs CCA. The yellow slice shows the budget portion of DCE's internal charges attributable to Palm Springs' CCA operations (including CVAG services and facilities utilization) of approximately $1.5 million. The green slice shows projected accrual net margins which may be available for reserves (see Chart 2).

Budget Summary Detail

Table 2 shows the FY2023/24 budget summary:

Line			MWh Load:	395,488
1	**Revenues ***	**FY2023/24**	**Avg $/Month**	**Avg $/MW/h**
2	Retail Sales + Other Revenue	$ 71,462,376	$ 5,955,198	$ 180.69
3	Net Credit Fees	$ (5,000)	$ (417)	$ (0.01)
4	**Total DCE Revenue**	**$ 71,457,376**	**$ 5,954,781**	$ 180.68
5				
6	**Power Costs ***	**FY2023/24**	**Avg $/Month**	**Avg $/MW/h**
7	**DCE Wholesale Power Supply**	**$ 47,822,596**	**$ 3,985,216**	**$ 120.92**
8				
9	**DCE Operating Costs**	**FY2023/24**	**Avg $/Month**	**Avg $/MW/h**
10	DCE Position Support	$ 742,328	$ 61,861	**$ 1.88**
11	Contract and Other Labor	$ 256,800	$ 21,400	**$ 0.65**
12	CVAG Related facilities support	$ 151,638	$ 12,637	**$ 0.38**
13	Wholesale Support Svcs (TEA, Calpine, SCE chgs, etc)	$ 1,854,011	$ 154,501	**$ 4.69**
14	Retail Business Support Activities	$ 35,850	$ 2,988	**$ 0.09**
15	CARE / FERA Outreach	$ 150,000	$ 12,500	**$ 0.38**
16	Outreach Services, Dues, Memberships Expenses	$ 193,350	$ 16,113	**$ 0.49**
17	**Total non-power Operating Costs**	**$ 3,383,977**	**$ 281,998**	**$ 8.56**
18				
19	**Total Power and Operating Costs**	**$ 51,206,573**	**$ 4,267,214**	**$ 129.48**
20	Effective DCE / CCA Shares this FY			
21	**Estimated FY Net Rev Available for Reserves & Other**	**$ 20,250,803**	(w/o beginning cash or Cr bal adjust.)	

* Accrual

Table 2: FY2023/24 Budget Summary Detail

Table 2, Lines 2–7 show revenues and costs associated with PS CCA, as taken from the TEA financial model (FiMo). Lines 10–18 show projected DCE non-power supply operating costs and are developed using DCE financial input, staffing, and related projections. These costs include TEA and Calpine services, TEA credit fee, SCE billing charges, and programs that benefit DCE customers.

FY2023/24 total power and operating costs of $51,206,753 are approximately 5.8% above FY2022/23 actuals, reflecting generally higher power market conditions, residual COVID-19 load shifts, climate impacts, and international energy market turmoil. Total FY2023/24 projected revenue of $71,457,376 reflects recent and scheduled rate adjustments necessary to recover costs, respond to SCE rate actions, and contribute to Board adopted reserve accumulation goals.

It is important to note the FY2023/24 budget results are accrual based, and actual revenues and available cash reserves fluctuate accordingly and differ from cash-on-hand. Actual revenue receipts can lag sales by as much as two months and are estimated to be in the $12 million range at the end of the current fiscal year. Line 21 in Table 2 shows an estimated FY2023/24 net amount available for reserves around $20 million; however, after adjusting for revenue lag amount, actual cash on hand at the end of FY2023/24 is estimated to be closer to $22–24 million, including end of FY2022/23 cash reserve balance.

Projected Cumulative Reserves

Chart 2 shows DCE's estimated accrued margins attained during the prior fiscal year and projected for FY2023/24, FY2024/25, and FY2025/26.

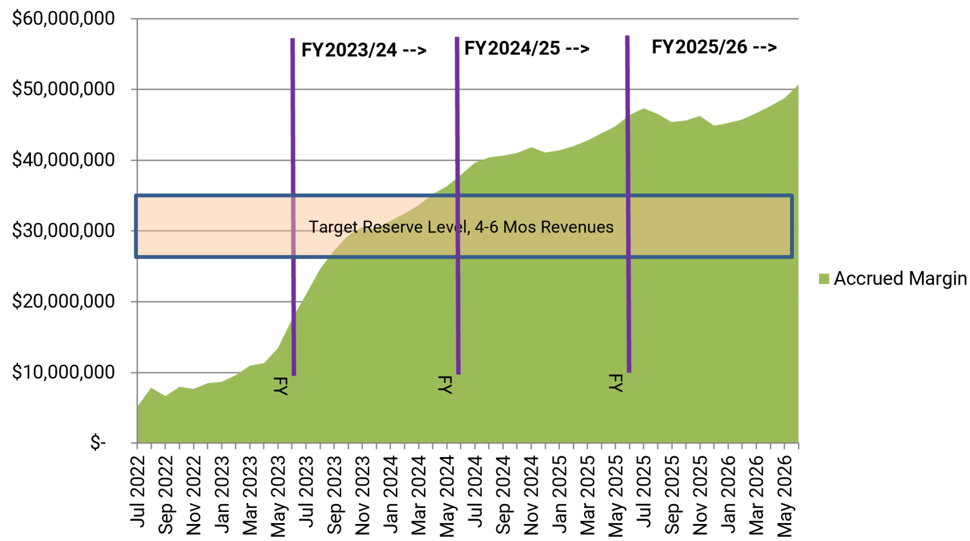

Chart 2: Residual Margin and Reserves

During DCE's early operational history, it experienced negative margins, primarily due to increasing power supply costs and revenue lag, which were tempered by utilizing credit arrangements with River City Bank as guaranteed by the City of Palm Springs, and invoicing support from TEA.

Commencing toward the end of FY2022/23 and continuing into FY2023/24, DCE is projected to begin accumulating positive cash reserves which may reach reserve policy target levels over the next twelve months, adding to DCE's financial health and stability and reaching an important benchmark for its journey to attain an investment quality credit rating.

DCE staff held conversations with TEA regarding the credit support function TEA currently provides on behalf of DCE. While DCE is projected to accumulate additional reserves by the end of FY2023/24, it is unlikely for DCE to be in a financial position to begin entering directly into credit agreements prior to FY2024/25, at the earliest; therefore, to maintain a conservative approach, DCE staff is assuming ongoing credit support from TEA during FY2023/24.

Fiscal Analysis

The costs and revenues for DCE are outlined in the above and attached budget tables. The proposed budget incorporates multiple assumptions regarding CCA program participation, retail loads, wholesale supply cost, and residual economic impacts from the COVID-19 pandemic.

Recent and prospective regulatory actions include the potential imposition of a substantial increase to DCE's (and other CCAs') Financial Security Requirement (FSR), which could be in the $5 million range. DCE staff is currently assessing the most prudent manner to provide these additional depository funds, and the DCE budget may be impacted accordingly. DCE also has cost exposure related to potential Resource Adequacy (RA) regulatory actions, which could increase material costs during FY2023/24 and beyond.

Additionally, SCE will likely submit additional rate changes over the period covered by this budget. DCE staff will actively monitor and report to the Board events which may materially alter expected budget results and, as warranted, bring back to the Board any proposed budget revisions deemed prudent and necessary to maintain DCE Board policies and objectives.

Proposed Budget

Table 3 includes DCE's internal costs and expenses, which are displayed in greater detail in Table 4. Also, note the budget is constructed using projected revenues and costs as accrued and that reserve accumulation and actual cash on hand may differ substantially given revenue receipts which can lag actual power sales by up to two months.

	FY2022/23 Budget	FY2022/23 Projected Actuals	FY2023/24 Total	Projected FY2024/25 Total	Projected FY2025/26 Total
Load Particulars					
DCE Retail Load (MWh) net of opt-outs and losses	434,872	398,428	395,488	395,488	395,488
DCE Wholesale Load (MWh, retail load+ losses)	458,529	420,890	417,785	417,785	417,785
Estimated Distribution Losses (%)	5.4%	5.6%	5.6%	5.6%	5.6%
Losses (MWh)	23,657	22,463	22,297	22,297	22,297
Revenue Particulars					
Gross Revenue	$ 66,590,008	$ 63,307,504	$ 73,405,892	$ 62,055,783	$ 57,986,801
Less Uncollectable Accounts	$ (1,997,700)	$ (1,899,225)	$ (2,202,177)	$ (1,861,674)	$ (1,739,604)
Net DCE Total Retail Revenue	$ 64,592,308	$ 61,408,279	$ 71,203,715	$ 60,194,110	$ 56,247,197
Average Monthly Revenue ($/MWh)	$ 148.53	$ 154.13	$ 180.04	$ 152.20	$ 142.22
Other Revenue	$ 507,200	$ 487,667	$ 258,661	$ 232,795	$ 209,516
Other Revenue	$ 500,000	$ 460,346	$ -	$ -	$ -
Investment Income	$ 7,200	$ 27,321	$ 258,661	$ 232,795	$ 209,516
Accrual Monthly Revenues	$ 65,099,508	$ 61,895,946	$ 71,462,376	$ 60,426,905	$ 56,456,712
Total DCE Power Cost (w/o DCE Direct)					
Wholesale Power Supply (All Physical Components)	$ 44,730,744	$ 45,537,948	$ 47,822,596	$ 48,511,749	$ 48,598,288
TEA Services	$ 660,013	$ 684,954	$ 732,000	$ 764,940	$ 799,362
TEA Credit Support	$ 528,909	$ 442,868	$ 465,011	$ 485,937	$ 507,804
TEA / Other Inv. Adjustments	$ -	$ 43,856	$ 15,000	$ 15,675	$ 16,380
Calpine Data Management	$ 441,158	$ 534,468	$ 540,000	$ 452,516	$ 452,516
SCE Billing Services	$ 62,925	$ 75,435	$ 102,000	$ 65,843	$ 66,501
Total Wholesale Cost, Accrual (FiMo)	$ 46,423,749	$ 47,319,530	$ 49,676,607	$ 50,296,659	$ 50,440,851
Average Wholesale Cost $/MWh	$ 106.75	$ 118.77	$ 125.61	$ 127.18	$ 127.54
River City Bank Credit Facility	**FY2022/23 Budget**	**FY2022/23 Total**	**FY2023/24 Total**	**FY2024/25 Total**	**FY2025/26 Total**
Interest Expense	$ 70,380	$ 46,655	$ 5,000	$ 5,225	$ 5,460
Net RCB Credit Accrual	$ (70,380)	$ (46,655)	$ (5,000)	$ (5,225)	$ (5,460)
Estimated Operating Expenses	**FY2022/23 Budget**	**FY2022/23 Total**	**FY2023/24 Total**	**FY2024/25 Total**	**FY2025/26 Total**
DCE Staff Costs from CVAG	$ 652,248	$ 552,531	$ 742,328	$ 775,733	$ 810,641
Total Salaries	$ 494,708	$ 412,965	$ 519,535	$ 542,914	$ 567,345
Total Benefits	$ 157,541	$ 139,566	$ 222,793	$ 232,819	$ 243,296
Contracts and Contract Labor (not incl. elsewhere)	$ 129,257	$ 190,454	$ 256,800	$ 268,356	$ 280,432
4425 · Legal Services	$ 88,566	$ 89,908	$ 103,500	$ 108,158	$ 113,025
4431 · Professional Services[1]	$ 11,128	$ 53,495	$ 21,500	$ 22,468	$ 23,479
4432 · Consultants[2]	$ 29,563	$ 47,052	$ 131,800	$ 137,731	$ 143,929
CVAG Overhead Support	$ 103,989	$ 103,048	$ 151,638	$ 158,462	$ 165,592
Office Operations	$ 38,559	$ 27,835	$ 37,572	$ 39,263	$ 41,030
Meeting Attendance Stipends[3]	$ 2,408	$ 2,322	$ 2,216	$ 2,316	$ 2,420
Employee Travel or Training	$ 6,906	$ 2,785	$ 4,284	$ 4,477	$ 4,678
Facility Expenses	$ 38,629	$ 37,532	$ 52,424	$ 54,783	$ 57,248
Professional Services	$ 17,486	$ 21,512	$ 25,598	$ 26,750	$ 27,954
Capital Outlay	$ -	$ 11,062	$ 29,544	$ 30,873	$ 32,263
Retail Business Support Activities	$ 50,866	$ 41,871	$ 35,850	$ 37,463	$ 39,149
4200 · Accounting / Bank Services	$ 40,813	$ 24,676	$ 5,550	$ 5,800	$ 6,061
4353 · Insurance	$ 10,053	$ 8,840	$ 9,300	$ 9,719	$ 10,156
4452 · Marketing	$ -	$ 8,355	$ 21,000	$ 21,945	$ 22,933
DCE Programs	$ 125,000	$ -	$ 150,000	$ 156,750	$ 163,804
4455 · Customer Programs	$ 125,000	$ -	$ 150,000	$ 156,750	$ 163,804
Office Supplies and Other Expenses	$ 285,579	$ 174,880	$ 193,350	$ 202,051	$ 211,143
4423 · Office Supplies	$ -	$ 1,200	$ -	$ -	$ -
4433 · Outreach Services	$ 133,250	$ 50,722	$ 48,000	$ 50,160	$ 52,417
4435 · Technology Costs (IT)	$ 2,002	$ 4,207	$ 4,200	$ 4,389	$ 4,587
4440 · Postage	$ 19,076	$ 14,183	$ 12,000	$ 12,540	$ 13,104
4441 · Printing	$ 22,092	$ 17,295	$ 18,000	$ 18,810	$ 19,656
4450 · Sponsorships	$ -	$ 1,603	$ -	$ -	$ -
4500 · Registrations/Memberships	$ 109,159	$ 85,671	$ 111,150	$ 116,152	$ 121,379
Total DCE Internal Operations Charges	$ 1,346,939	$ 1,062,784	$ 1,529,966	$ 1,598,814	$ 1,670,761
DCE Internal, $ / MWh	$ 3.10	$ 2.67	$ 3.87	$ 4.04	$ 4.22
Total Non Power Opr Exp (DCE + All Services)	$ 3,039,945	$ 2,844,366	$ 3,383,977	$ 3,383,725	$ 3,513,325
Operating Expenses $/MWh	$ 6.99	$ 7.14	$ 8.56	$ 8.56	$ 8.88
Expected Accrual Results					
Revenues	$ 65,029,128	$ 61,849,291	$ 71,457,376	$ 60,421,680	$ 56,451,252
Power and Operations Costs	$ 47,770,688	$ 48,382,314	$ 51,206,573	$ 51,895,474	$ 52,111,613
Net Margin Avail After Expenses - Accrual	$ 17,258,439	$ 13,466,977	$ 20,250,803	$ 8,526,206	$ 4,339,640
Annual Cumulative Accrual Revenues	$ 152,482,922	$ 180,954,291	$ 252,411,667	$ 312,833,347	$ 369,284,599
Annual Cumulative Accrual Power and Operations Cost	$ 130,138,018	$ 164,974,471	$ 216,181,044	$ 268,076,518	$ 320,188,130
Cumulative Net Position - Accrual	$ 22,344,904	$ 15,979,820	$ 36,230,623	$ 44,756,829	$ 49,096,469

[1] Does not include the professional services expenses of SCE which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.
[2] Does not include the consultant expenses of TEA, Calpine and CVAG which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.
[3] Represents overhead allocation of CVAG Executive Committee meeting attendance stipends as DCE receives a proportional share of CVAG overhead.

Table 3: FY2022/23 Total Budget and Projected Year-End Actuals; FY2023/24 Proposed Budget by Month; and Projected FY2024/25 and FY2025/26 Budget Totals.

Internal Budget Costs

	FY2023/24 Total	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024	May 2024	Jun 2024
Load Particulars													
DCE Retail Load (MWh) net of opt-outs and losses	395,488	53,737	55,848	42,917	31,265	21,228	22,824	23,467	20,034	22,406	25,178	31,734	44,849
DCE Wholesale Load (MWh, retail load+ losses)	417,785	56,766	58,996	45,336	33,028	22,425	24,111	24,791	21,163	23,670	26,598	33,524	47,378
Estimated Distribution Losses (%)	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%	5.6%
Losses (MWh)	22,297	3,030	3,149	2,420	1,763	1,197	1,287	1,323	1,129	1,263	1,419	1,789	2,529
Revenue Particulars													
Gross Revenue	$ 73,405,892	$ 11,813,178	$ 12,447,712	$ 9,709,532	$ 5,536,512	$ 3,729,519	$ 4,033,520	$ 3,440,583	$ 2,912,055	$ 3,238,489	$ 3,668,035	$ 4,655,681	$ 8,221,076
Less Uncollectable Accounts	$ (2,202,177)	$ (354,395)	$ (373,431)	$ (291,286)	$ (166,095)	$ (111,886)	$ (121,006)	$ (103,217)	$ (87,362)	$ (97,155)	$ (110,041)	$ (139,670)	$ (246,632)
Net DCE Total Retail Revenue	$ 71,203,715	$ 11,458,783	$ 12,074,280	$ 9,418,246	$ 5,370,416	$ 3,617,633	$ 3,912,515	$ 3,337,365	$ 2,824,693	$ 3,141,334	$ 3,557,994	$ 4,516,011	$ 7,974,444
Average Monthly Revenue ($/MWh)	$ 180.04	$ 213.24	$ 216.20	$ 219.45	$ 171.77	$ 170.42	$ 171.42	$ 142.21	$ 141.00	$ 140.20	$ 141.31	$ 142.31	$ 177.81
Other Revenue	$ 258,661	$ 9,514	$ 13,760	$ 17,623	$ 20,118	$ 22,675	$ 24,731	$ 24,148	$ 24,465	$ 24,927	$ 24,203	$ 25,525	$ 26,972
Other Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment Income	$ 258,661	$ 9,514	$ 13,760	$ 17,623	$ 20,118	$ 22,675	$ 24,731	$ 24,148	$ 24,465	$ 24,927	$ 24,203	$ 25,525	$ 26,972
Accrual Monthly Revenues	$ 71,462,376	$ 11,468,297	$ 12,088,040	$ 9,435,870	$ 5,390,535	$ 3,640,308	$ 3,937,246	$ 3,361,513	$ 2,849,158	$ 3,166,261	$ 3,582,197	$ 4,541,536	$ 8,001,416
Total DCE Power Cost (w/o DCE Direct)													
Wholesale Power Supply (All Physical Components)	$ 47,822,596	$ 7,613,079	$ 8,324,811	$ 6,491,782	$ 3,030,795	$ 2,299,394	$ 3,982,004	$ 1,912,211	$ 1,571,610	$ 1,726,383	$ 1,740,619	$ 3,227,986	$ 5,901,922
TEA Services	$ 732,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000	$ 61,000
TEA Credit Support	$ 465,011	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751	$ 38,751
TEA / Other Inv. Adjustments	$ 15,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,000	$ -	$ -	$ -	$ -	$ -
Calpine Data Management	$ 540,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000	$ 45,000
SCE Billing Services	$ 102,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 36,000
Total Wholesale Cost, Accrual (FiMo)	$ 49,676,607	$ 7,763,830	$ 8,475,562	$ 6,642,533	$ 3,181,546	$ 2,450,145	$ 4,132,755	$ 2,077,962	$ 1,722,361	$ 1,877,134	$ 1,891,370	$ 3,378,737	$ 6,082,673
Average Wholesale Cost $/MWh	$ 125.61	$ 144.48	$ 151.76	$ 154.78	$ 101.76	$ 115.42	$ 181.07	$ 88.55	$ 85.97	$ 83.78	$ 75.12	$ 106.47	$ 135.63
River City Bank Credit Facility	**FY2023/24 Total**	**Jul 2023**	**Aug 2023**	**Sep 2023**	**Oct 2023**	**Nov 2023**	**Dec 2023**	**Jan 2024**	**Feb 2024**	**Mar 2024**	**Apr 2024**	**May 2024**	**Jun 2024**
Interest Expense	$ 5,000	$ -	$ 5,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net RCB Credit Accrual	$ (5,000)	$ -	$ (5,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Estimated Operating Expenses	**FY2023/24 Total**	**Jul 2023**	**Aug 2023**	**Sep 2023**	**Oct 2023**	**Nov 2023**	**Dec 2023**	**Jan 2024**	**Feb 2024**	**Mar 2024**	**Apr 2024**	**May 2024**	**Jun 2024**
DCE Staff Costs from CVAG	$ 742,328	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861	$ 61,861
Total Salaries	$ 519,535	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295	$ 43,295
Total Benefits	$ 222,793	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566	$ 18,566
Contracts and Contract Labor (not incl. elsewhere)	$ 256,800	$ 11,600	$ 12,500	$ 14,000	$ 14,000	$ 10,500	$ 10,500	$ 10,700	$ 10,500	$ 10,500	$ 10,500	$ 10,500	$ 131,000
4425 · Legal Services	$ 103,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 21,000
4431 · Professional Services[1]	$ 21,500	$ 1,500	$ 3,000	$ 4,500	$ 4,500	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
4432 · Consultants[2]	$ 131,800	$ 2,600	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,200	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 109,000
CVAG Overhead Support	$ 151,638	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637	$ 12,637
Office Operations	$ 37,572	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131	$ 3,131
Meeting Attendance Stipends[3]	$ 2,216	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185	$ 185
Employee Travel or Training	$ 4,284	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357	$ 357
Facility Expenses	$ 52,424	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369	$ 4,369
Professional Services	$ 25,598	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133	$ 2,133
Capital Outlay	$ 29,544	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462	$ 2,462
Retail Business Support Activities	$ 35,850	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 1,800	$ 7,050	$ 800	$ 800	$ 800	$ 800	$ 800	$ 15,800
4200 · Accounting / Bank Services	$ 5,550	$ 25	$ 25	$ 25	$ 25	$ 25	$ 5,275	$ 25	$ 25	$ 25	$ 25	$ 25	$ 25
4353 · Insurance	$ 9,300	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775	$ 775
4452 · Marketing	$ 21,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ -	$ -	$ -	$ -	$ -	$ 15,000
DCE Programs	$ 150,000	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500
4455 · Customer Programs	$ 150,000	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500	$ 12,500
Office Supplies and Other Expenses	$ 193,350	$ 27,350	$ 6,000	$ 5,850	$ 27,350	$ 5,850	$ 5,850	$ 29,350	$ 7,850	$ 7,850	$ 29,350	$ 7,850	$ 32,850
4423 · Office Supplies	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4433 · Outreach Services	$ 48,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 3,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
4435 · Technology Costs (IT)	$ 4,200	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350	$ 350
4440 · Postage	$ 12,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000	$ 1,000
4441 · Printing	$ 18,000	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500	$ 1,500
4450 · Sponsorships	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
4500 · Registrations/Memberships	$ 111,150	$ 21,500	$ 150	$ -	$ 21,500	$ -	$ -	$ 21,500	$ -	$ -	$ 21,500	$ -	$ 25,000
Total DCE Internal Operations Charges	$ 1,529,966	$ 127,747	$ 107,297	$ 108,647	$ 130,147	$ 105,147	$ 110,397	$ 127,847	$ 106,147	$ 106,147	$ 127,647	$ 106,147	$ 266,647
DCE Internal, $ / MWh	$ 3.87	$ 2.38	$ 1.92	$ 2.53	$ 4.16	$ 4.95	$ 4.84	$ 5.45	$ 5.30	$ 4.74	$ 5.07	$ 3.34	$ 5.95
Total Non Power Opr Exp (DCE + All Services)	$ 3,383,977	$ 278,498	$ 258,048	$ 259,398	$ 280,898	$ 255,898	$ 261,148	$ 293,598	$ 256,898	$ 256,898	$ 278,398	$ 256,898	$ 447,398
Operating Expenses $/MWh	$ 8.56	$ 5.18	$ 4.62	$ 6.04	$ 8.98	$ 12.05	$ 11.44	$ 12.51	$ 12.82	$ 11.47	$ 11.06	$ 8.10	$ 9.98
Expected Accrual Results													
Revenues	$ 71,457,376	$ 11,468,297	$ 12,083,040	$ 9,435,870	$ 5,390,535	$ 3,640,308	$ 3,937,246	$ 3,361,513	$ 2,849,158	$ 3,166,261	$ 3,582,197	$ 4,541,536	$ 8,001,416
Power and Operations Costs	$ 51,206,573	$ 7,891,577	$ 8,582,859	$ 6,751,180	$ 3,311,693	$ 2,555,292	$ 4,243,152	$ 2,205,810	$ 1,828,508	$ 1,983,281	$ 2,019,017	$ 3,484,884	$ 6,349,320
Net Margin Avail After Expenses - Accrual	$ 20,250,803	$ 3,576,720	$ 3,500,181	$ 2,684,690	$ 2,078,841	$ 1,085,016	$ (305,906)	$ 1,155,703	$ 1,020,650	$ 1,182,980	$ 1,563,180	$ 1,056,652	$ 1,652,096
Annual Cumulative Accrual Revenues	$ 252,411,667	$192,422,588	$204,505,628	$213,941,497	$219,332,032	$222,972,340	$226,909,586	$230,271,099	$233,120,257	$236,286,518	$239,868,715	$244,410,251	$252,411,667
Annual Cumulative Accrual Power and Operations Cost	$ 216,181,044	$172,866,047	$181,448,907	$188,200,086	$191,511,780	$194,067,072	$198,310,224	$200,516,034	$202,344,542	$204,327,823	$206,346,840	$209,831,724	$216,181,044
Cumulative Net Position - Accrual	$ 36,230,623	$ 19,556,540	$ 23,056,721	$ 25,741,411	$ 27,820,252	$ 28,905,268	$ 28,599,362	$ 29,755,065	$ 30,775,715	$ 31,958,695	$ 33,521,875	$ 34,578,527	$ 36,230,623

[1] Does not include the professional services expenses of SCE which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.

[2] Does not include the consultant expenses of TEA, Calpine and CVAG which are listed individually in Total DCE Power Cost (w/o DCE Direct) section.

[3] Represents overhead allocation of CVAG Executive Committee meeting attendance stipends as DCE receives a proportional share of CVAG overhead.

Table 4: DCE Internal Budget Costs (FY2022/23 Total Budget and Projected Year-End Actuals; FY2023/24 Proposed Budget by Month; and Projected FY2024/25 and FY2025/26 Budget Totals).

DESERT
COMMUNITY
ENERGY