Annual Budget

Desert Community Energy — FY 2024/25

DESERT COMMUNITY ENERGY

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PALM DESERT

Annual Budget

Desert Community Energy — FY 2024/25

From the Executive Director

TO THE HONORABLE MEMBERS OF DESERT COMMUNITY ENERGY

The City of Palm Springs and the City of Palm Desert

JUNE 17, 2024

AS WE CREATE A MORE RESILIENT COACHELLA VALLEY, it could be argued that few programs have had as great an impact as Desert Community Energy has in our community. Now entering its fifth year of serving the City of Palm Springs, we are addressing, and exceeding, the State's climate action goals by providing carbon-free energy, supporting the economy by procuring local clean energy resources, and providing an affordable alternative to Southern California Edison (SCE).

DCE has made significant progress on these goals since it was launched in April 2020 amid a global pandemic. We now serve nearly 85 percent of the City's electric customers. Thanks to DCE 's Carbon Free energy product, in which all DCE customers are enrolled by default by decision of the Palm Springs City Council, Palm Springs has substantially reduced its greenhouse gas (GHG) emissions. This is equivalent to DCE annually reducing GHG emissions in Palm Springs by more than 85,000 metric tons. That's analogous to replacing nearly 19,000 gas-powered vehicles with bikes.

DCE has also supported the local green economy by procuring more than 33 MW of operating wind resources located in the Whitewater Wash and the Desert Sands 25 MW battery storage project in North Palm Springs now in development as part of DCE's Mid-term Reliability procurement. This project will optimize power provision in an amount to power approximately 10,700 Palm Springs households, while creating approximately 100 jobs during construction and two to three full-time jobs at its scheduled 2027 in-service date.

Based on Board direction, DCE continues to offer its customers a Desert Saver option, which is priced below SCE's comparative product and remains the lowest-cost electricity option for Palm Springs residents.

The Fiscal Year 2024–25 Budget, presented here for your review and approval, reflects our many accomplishments and sets the stage for DCE's continued growth. The target set in DCE's Financial Reserve Policy, approved by the Board at the June 2023 meeting, requires us to have 180 days of operating capital based on our current Board approved DCE operating budget by the end of DCE's sixth year of operation. Instead, we now anticipate achieving that goal by the end of 2024 – more than a year ahead of schedule.

The budget also demonstrates DCE's cost-conscious approach. DCE customers will save more than $400,000 annually in energy costs following the Palm Springs City Council's approval of a guaranty of DCE's payment obligations to The Energy Authority, DCE's power procurement consultant and service provider. The savings can be used for rate stabilization, energy-related programs and incentives for customers and other uses in accordance with DCE's Financial Reserve Policy and Board direction.

In the coming fiscal year, DCE is looking to procure additional renewable and battery storage projects to meet State regulatory requirements and to provide the energy that Palm Springs needs to achieve its climate action and economic growth goals. As DCE builds its reserves, we will begin expanding community benefit programs, modelled after successful programs at other Community Choice Aggregators and community owned utilities.

As always, I thank DCE's conscientious and professional staff for their efforts to achieve DCE's accomplishments to date and the objectives outlined in the budget. I'm honored to work with a dedicated team singularly focused on DCE's continued success and key role in creating a more sustainable Coachella Valley.

I look forward to working with you over the next year to further DCE's positive impact on the communities it serves.

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 2028.

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 promote 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, as provided by statute. 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 fiscal year 2024–25 budget, covering the period from July 1, 2024, through June 30, 2025, pertains to DCE's fifth full year of operation for its electricity customers in the City of Palm Springs. DCE staff have been preparing the forthcoming budget over the previous three months. The June 2024 Board meeting provides an opportunity for budget questions, comments and adjustments, 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 fiscal year 2023–24 using ten months of actuals through April 2024 and financial modeling estimates provided by The Energy Authority (TEA) for May and June 2024. Future business uncertainties remain, however, including the western United States' fluctuating hydro conditions, climate change impacts, load variability, power market price volatility, scarcity of resource adequacy products at commercially reasonable prices, 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 October 1, 2023, January 1, 2024, March 1, 2024, and June 1, 2024, and further SCE rate revisions and regulatory actions will inevitably occur. In response to these recent SCE changes, DCE adjusted its retail rates effective October 1, 2023, January 1, 2024, and March 7, 2024, and a subsequent adjustment is scheduled to be effective June 1, 2024, although not included in the budgeted figures due to timing. These DCE rate adjustments were developed and implemented pursuant to DCE's Rate Stabilization Schedule (RSS) and conform to Board policies and guidelines; all future rate adjustments will be evaluated for potential impact to DCE's 2024–25 budget.

It is important to note the proposed budget is a planning document, and staff will continue to coordinate with TEA to update power supply costs, retail sales receipts, climate impacts, regulatory mandates, rate adjustments and other factors throughout the year as actual revenues/expenses occur and any necessary budget adjustments will be brought to the Board as necessary.

BUDGET ASSUMPTIONS

DCE's 2024–25 budget assumptions include:

1. Full accrual accounting practices are implemented in line with US GAAP for enterprise-type funds, and net position will 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 are based on adjusted TEA's May 15, 2024, financial model (FiMo) while DCE staff supplemented this with DCE non-energy operating cost forecasts.
4. The FiMo revenue projections for informational fiscal years 2025–26 and 2026–27 were adjusted to maintain accrued margin levels near Board-approved target maximums.
5. An opt-out rate of about 17 percent (those customers remaining with SCE bundled service) and an opt-down rate of about 10 percent (those DCE customers that choose Desert Saver as opposed to the 100% Carbon Free default product).
6. Board-approved rate-setting objectives are met. The residential Desert Saver customer bill, on average, is to be about 0–1.0% less than SCE's bundled base customer average 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."

7. Continued Carbon Free rate subsidy suspension to customers enrolled in low-income assistance programs; these customers, representing about 18% of DCE's total customer base, are enrolled in the Desert Saver product.
8. 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.
9. 2024–25 rates are utilizing assumptions provided in SCE's 2025 General Rate Case which will not be finalized until the fall of 2024.
10. Non-energy 2024–25 operating costs will be estimated with escalation between 3–10% on a budget-line level to reflect budgetary conservatism in an inflation-prone market. For fiscal years 2025–26 and 2026–27 notional estimates, a 3.5% annual escalation rate was applied.
11. Cost allocation and rate setting is based on cost recovery, fairness, and equity.
12. DCE meets regulatory, legislative, and operating requirements.
13. DCE continues collaborating with CalCCA, other CCAs, and public power groups.
14. DCE maintains necessary and adequate internal staffing and continues the contract support relationship with the Coachella Valley Association of Governments (CVAG).
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, 2024, and provide DCE's budget projections for fiscal year 2024–25. Additional forecast outcomes for fiscal years 2025–26 and 2026–27 are based on current market and business expectations.

Table 1 presents a comparison between the estimated actual results for the end of fiscal year 2023–24 compared to DCE's originally adopted fiscal year 2023–24 budget. This comparison is based on 10 months of actual 2023–24 energy data, plus a projection of the last two months. DCE/CVAG Staff and Operations Support 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.

2023–24 actual estimated revenues are in line with budgeted amounts even though DCE's actual retail loads were about 5.0% below budgeted forecast. This is partly because Other Revenues were higher than budgeted due to items such as increased interest income and the sale of certain energy portfolio positions during the year. Even with the reduced loads, power supply costs were 2.6% above forecast costs demonstrating an increase in the cost of power procurement during 2023–24; however, as discussed below, power supply costs are budgeted to decrease in 2024–25.

Budgeted 2024–25 revenues are expected to increase approximately 8.3% versus fiscal year 2023–24 estimated actuals. This reflects projected rate adjustments in line with SCE to recover wholesale energy supply costs and other operational costs. Also attributed to the budgeted increase in revenues is investment income accounted in Other Revenues which is scheduled to grow along with DCE's cash reserves and investments. The overall increase in revenue will allow DCE to continue building reserves to meet financial covenants and loan agreements as well as meet the objectives of DCE's Board-approved Financial Reserves Policy.

Projected 2024–25 Total Power and Operating Costs are expected to decrease approximately 5.8% versus 2023–24 estimated actuals, reflecting a more stable power market augmented by DCE's wholesale supply hedging activities.

Regarding 2024–25 Non Power Operating Costs, they are projected to be similar to the 2023–24 Budget yet roughly 21.0% higher than 2023–24 estimated actuals. This is partly a result of conservate budgeting practices as expenditures typically actualize less than budgeted amounts. However, there are also other factors anticipated to increase these costs in 2024–25 including continued inflationary increases to base costs, an increased amount of expenditures budgeted for DCE programs to promote energy efficiency and increased consultant and staff costs to run these programs, one-time and recurring investments in a new Enterprise Resource Planning (ERP) system as procured by CVAG and discussed further below, increased legal costs to assist DCE in navigating through statewide Resource Adequacy requirements as well as ensuring DCE customers are fairly represented in dealings with SCE and increased membership dues as DCE anticipates joining other CCAs to jointly procure long term power purchase agreements.

	2023–24 Budget	2023–24 Projected Actuals	2023–24 Actuals as % of Budget	2024–25 Budget	2024–25 Budget v. 23–24 Actuals	2024–25 Budget as % of 23–24
Revenues						
Net Retail Sales	$ 71,203,715	$ 70,917,312	99.6%	$ 76,265,451	$ 5,348,139	107.5%
Other Revenues	$ 258,661	$ 533,412	206.2%	$ 1,096,850	$ 563,438	205.6%
Revenues	$ 71,462,376	$ 71,450,724	100.0%	$ 77,362,301	$ 5,911,577	108.3%
Interest Expense	$ (5,000)	$ -	0.0%	$ -	$ -	0.0%
Total Revenues	$ 71,457,376	$ 71,450,724	100.0%	$ 77,362,301	$ 5,911,577	108.3%
Power Supply Costs						
Wholesale Power Supply	$ 47,822,596	$ 49,054,146	102.6%	$ 45,413,664	$ (3,640,482)	92.6%
Non Power Operating Costs						
DCE/CVAG Staff, Operations Support	$ 893,966	$ 676,232	75.6%	$ 985,603	$ 309,371	145.7%
Contract and Other Labor	$ 256,800	$ 324,559	126.4%	$ 469,216	$ 144,657	144.6%
Wholesale Support Services	$ 1,854,011	$ 1,702,292	91.8%	$ 1,458,792	$ (243,500)	85.7%
Retail Business Support Activities	$ 35,850	$ 14,583	40.7%	$ 29,080	$ 14,498	199.4%
Other Customer Programs	$ 150,000	$ -	0.0%	$ 150,000	$ 150,000	N/A
Other Operating Costs	$ 193,350	$ 160,708	83.1%	$ 390,645	$ 229,937	243.1%
Total Non Power Operating Costs	$ 3,383,977	$ 2,878,374	85.1%	$ 3,483,336	$ 604,962	121.0%
Total Power and Operating Costs	$ 51,206,573	$ 51,932,520	101.4%	$ 48,897,000	$ (3,035,520)	94.2%
Retail Load (MWh, net of losses)	395,488	375,747	95.0%	401,815	26,068	106.9%

Table 1: DCE Prior Year Budget to Actuals and fiscal year 2024–25 Proposed Budget

DCE is staffed by CVAG under an existing staffing agreement. Effective during fiscal year 2024–25, budgeted salaries and merit increases are projected between 1.25% and 7% with an average of 4.5% along with a 2.9% Cost of Living Adjustment. In addition, CVAG is acquiring a new Enterprise Resource Planning (ERP) system which will enable DCE to fully integrate its contracting, accounts payable/receivable, chart of accounts, and financial reporting systems which will result in streamlined processes and new efficiencies. The initial investment in the ERP system includes several one-time costs, such as ERP selection and implementation consultants, as well as backfill for certain staff overseeing the project. DCE's unique relationship with CVAG allows DCE cost savings as opposed to procuring such a system on its own.

Since its inception, DCE has depended on several external consultants and will continue to rely on the expertise of TEA, Don Dame Consulting, Calpine, and other consultants. Furthermore, in line with original organizational strategies, as more internal expertise is acquired, DCE staff will continue to assimilate more of the direct work effort and reduce the use of consultants where possible and when practical. 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 members. This led prior budgets to reference cost allocations meant to accommodate the three active members compared with DCE general operations. As the City of Palm Springs remains the only active member, with no planned launch date for Palm Desert, no between-member cost allocations are being utilized.

HIGH-LEVEL BUDGET OVERVIEW

Chart 1 provides a high-level budget overview for fiscal year 2024–25:

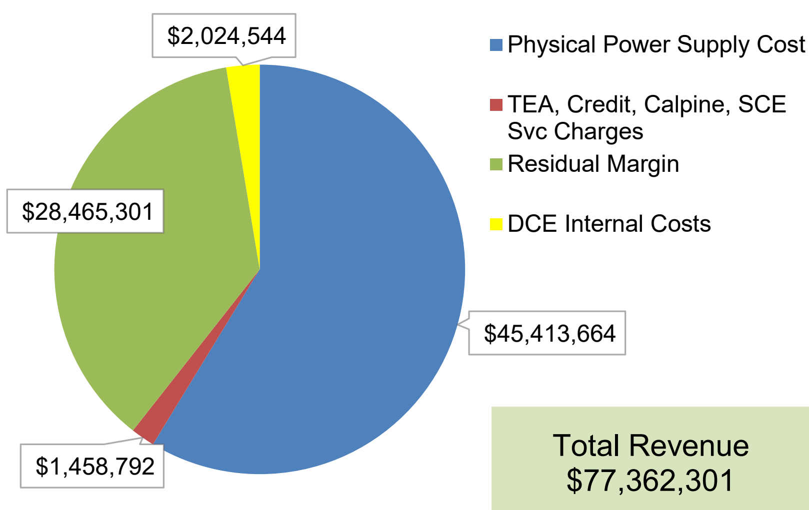

Chart 1: Fiscal year 2024–25 Accrual Budget

The blue area represents total physical power supply costs of approximately $45.4 million, which comprise about 93% of DCE's total operating costs. The red area represents DCE's wholesale vendor services charges from TEA, Calpine and SCE attributable to CCA. The yellow slice shows the budget portion of DCE's non power operating costs attributable to CCA operations (including CVAG services and facilities utilization) of approximately $2.0 million. The green slice shows projected accrual net margins that may be available for reserves (see Chart 2).

BUDGET SUMMARY DETAIL

Table 2 shows the fiscal year 2024–25 budget summary:

Line						MWh Load:		401,815
1	**Revenues**		**FY2024–25**		**Avg $/Month**		**Avg $/MWh**	
2	Retail Sales + Other Revenue	$	77,362,301	$	6,446,858	$	192.53	
3	Total DCE Revenue	$	77,362,301	$	6,446,858	$	192.53	
4								
5	**Power Costs**							
6	DCE Wholesale Power Supply	$	45,413,664	$	3,784,472	$	113.02	
7								
8	**DCE Operating Costs**							
9	DCE Position Support	$	800,316	$	66,693	$	1.99	
10	Contract and Other Labor	$	469,216	$	39,101	$	1.17	
11	CVAG Related Facilities Support	$	185,286	$	15,441	$	0.46	
12	Wholesale Support Svcs (TEA, Calpine, SCE chgs)	$	1,458,792	$	121,566	$	3.63	
13	Retail Business Support Activities	$	29,080	$	2,423	$	0.07	
14	Other Customer Programs	$	150,000	$	12,500	$	0.37	
15	Other Operating Costs	$	390,645	$	32,554	$	0.97	
16	Total Non Power Operating Costs	$	3,483,336	$	290,278	$	8.67	
17								
18	**Total Power and Operating Costs**	$	48,897,000	$	4,074,750	$	121.69	
19	Effective DCE / CCA Shares this FY							
20	Estimated FY Net Rev Available for Reserves & Other	$	28,465,301	w/o beginning cash or Cr bal adjust				

Table 2: Fiscal year 2024–25 Budget Summary Detail

Table 2, Line 3 shows Total DCE Revenue projected at nearly $77.4 million. DCE Wholesale Power Supply costs on line 6 are projected at about $45.4 million while Total Non Power Operating Costs on Line 16 are roughly $3.5 million. Line 18 shows 2024–25 Total Power and Operating Costs of $48.9 million. By taking the Total DCE Revenue of $77.4 million and subtracting from it the Total Power and Operating Costs of $48.9 million, Line 20 demonstrates an increase of approximately $28.5 million to DCE’s net position in 2024–25.

It is important to note the fiscal year 2024–25 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 $15 million range at the end of fiscal year 2023–24.

PROJECTED CUMULATIVE RESERVES

Chart 2 shows DCE's estimated accrued margins attained during fiscal year 2023–24 and projected for fiscal years 2024–25, 2025–26, and 2026–27.

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. Looking at DCE’s current operating results, the situation has greatly improved.

DCE was able to maintain a positive accrued margin starting in fiscal year 2022–23 and continued to build on that reserve during the entirety of 2023–24, expecting to end the year with approximately $27 million. This trend continues into 2024–25 as DCE is projected to further accumulate and sustain positive cash reserves which may reach reserve policy target levels over the next twelve months with a projected accrued cash reserve balance of approximately $56 million currently identified at fiscal year-end. This will support DCE's financial health and stability and mark an important milestone on DCE's journey to attaining and maintaining an investment-grade credit rating. In any given fiscal year projection, reserve targets may be demonstrated to exceed thresholds due to revenue seasonality peaking in the summer before tapering back down around winter. DCE staff will further refine these figures throughout the upcoming fiscal years and in future budgets or budget amendments to ensure that Board targeted maximum reserves are closely maintained as DCE enters this new phase in its financial maturity.

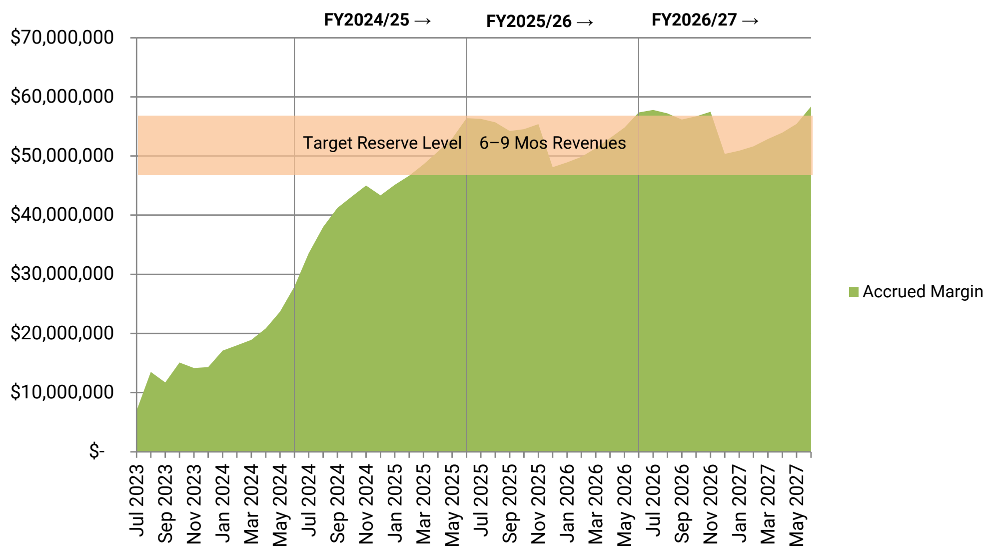

Chart 2: Residual Margin and Reserves

The projected costs and revenues for DCE are outlined in the above and attached budget tables. The proposed budget incorporates many assumptions and inputs regarding CCA program participation, rate setting, retail loads, and wholesale supply cost among others previously discussed.

Recent and prospective regulatory actions include the potential imposition of a substantial increase to DCE's (and other CCAs') Financial Security Requirement (FSR). DCE also has cost exposure related to potential Resource Adequacy (RA) regulatory actions. Both variables could increase costs during fiscal year 2024-25 and beyond and DCE staff will continue to monitor and take any necessary budget revisions to the Board.

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 that 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.

	FY23/24 Budget	FY23/24 Proj. Actuals	FY2024/25 Budget	Projected FY25/26	Projected FY26/27
Load Particulars					
DCE Retail Load (MWh, net of opt-outs + losses)	395,488	375,747	401,815	401,942	401,652
DCE Wholesale Load (MWh, retail load + losses)	417,785	396,931	424,469	424,602	424,297
Estimated Distribution Losses (%)	5.6%	5.6%	5.6%	5.6%	5.6%
Losses (MWh)	22,297	21,184	22,654	22,661	22,644
Revenue Particulars					
Gross Revenue	$ 73,405,892	$ 73,110,630	$ 78,624,176	$ 60,058,310	$ 59,862,743
Less Uncollectable Accounts	$ (2,202,177)	$ (2,193,319)	$ (2,358,725)	$ (2,376,249)	$ (2,464,882)
Net DCE Total Retail Revenue	$ 71,203,715	$ 70,917,312	$ 76,265,451	$ 57,682,061	$ 57,397,861
Average Monthly Revenue ($/MWh)	$ 180.04	$ 188.74	$ 189.80	$ 143.51	$ 142.90
Other Revenue	$ 258,661	$ 533,412	$ 1,096,850	$ 987,165	$ 937,806
Other Revenue	$ -	$ 30,768	$ -	$ -	$ -
Investment Income	$ 258,661	$ 502,644	$ 1,096,850	$ 987,165	$ 937,806
Total Revenues	$ 71,462,376	$ 71,450,724	$ 77,362,301	$ 58,669,225	$ 58,335,667
Total DCE Power Cost (w/o DCE Direct)					
Wholesale Power Supply (Physical Components)	$ 47,822,596	$ 49,054,146	$ 45,413,664	$ 55,060,761	$ 54,563,694
TEA Services	$ 732,000	$ 747,570	$ 770,792	$ 797,769	$ 825,691
TEA Credit Support	$ 465,011	$ 246,152	$ -	$ -	$ -
TEA / Other Inv. Adjustments	$ 15,000	$ 96,119	$ 70,000	$ 72,450	$ 74,986
Calpine Data Management	$ 540,000	$ 541,746	$ 546,000	$ 565,110	$ 584,889
SCE Billing Services	$ 102,000	$ 70,704	$ 72,000	$ 74,520	$ 77,128
Total Wholesale Cost, Accrual (FiMo)	$ 49,676,607	$ 50,756,439	$ 46,872,456	$ 56,570,610	$ 56,126,388
Average Wholesale Cost $/MWh	$ 125.61	$ 135.08	$ 116.65	$ 140.74	$ 139.74
River City Bank Credit Facility					
Interest Expense	$ 5,000	$ -	$ -	$ -	$ -
Net RCB Credit Accrual	$ 5,000	$ -	$ -	$ -	$ -
Estimated Operating Expenses					
DCE Staff Costs from CVAG	$ 742,328	$ 568,536	$ 800,316	$ 828,328	$ 857,319
Total Salaries	$ 519,535	$ 411,897	$ 571,349	$ 591,347	$ 612,044
Total Benefits	$ 222,793	$ 156,640	$ 228,967	$ 236,981	$ 245,275
Contracts / Contract Labor (not incl. elsewhere)	$ 256,800	$ 324,559	$ 469,216	$ 485,638	$ 502,636
4425 · Legal Services	$ 103,500	$ 171,210	$ 120,000	$ 124,200	$ 128,547
4431 · Professional Services[1]	$ 21,500	$ 123,513	$ 163,841	$ 169,575	$ 175,510
4432 · Consultants[2]	$ 131,800	$ 29,835	$ 185,375	$ 191,863	$ 198,578
CVAG Overhead Support	$ 151,638	$ 107,696	$ 185,286	$ 191,772	$ 198,484
Office Operations	$ 37,572	$ 26,705	$ 38,106	$ 39,440	$ 40,820
Meeting Attendance Stipends[3]	$ 2,216	$ -	$ -	$ -	$ -
Employee Travel or Training	$ 4,284	$ 5,515	$ 6,587	$ 6,818	$ 7,056
Facility Expenses	$ 52,424	$ 33,613	$ 43,263	$ 44,778	$ 46,345
Professional Services	$ 25,598	$ 5,277	$ 9,579	$ 9,914	$ 10,261
Project/Program	$ 29,544	$ 29,712	$ 79,785	$ 82,577	$ 85,468
Interest Expense	$ -	$ 6,874	$ 7,966	$ 8,245	$ 8,533
Retail Business Support Activities	$ 35,850	$ 14,583	$ 29,080	$ 30,098	$ 31,152
4200 · Accounting / Bank Services	$ 5,550	$ 1,755	$ 1,800	$ 1,863	$ 1,928
4353 · Insurance	$ 9,300	$ 8,589	$ 8,880	$ 9,191	$ 9,513
4452 · Marketing	$ 21,000	$ 4,239	$ 18,400	$ 19,044	$ 19,711
DCE Programs	$ 150,000	$ -	$ 150,000	$ 155,250	$ 160,684
4455 · Customer Programs	$ 150,000	$ -	$ 150,000	$ 155,250	$ 160,684
Office Supplies and Other Expenses	$ 193,350	$ 160,708	$ 390,645	$ 404,318	$ 418,469
4423 · Office Supplies	$ -	$ 2,925	$ 3,200	$ 3,312	$ 3,428
4433 · Outreach Services	$ 48,000	$ 30,259	$ 46,270	$ 47,889	$ 49,566
4435 · Technology Costs (IT)	$ 4,200	$ 5,726	$ 6,300	$ 6,521	$ 6,749
4440 · Postage	$ 12,000	$ 14,846	$ 16,000	$ 16,560	$ 17,140
4441 · Printing	$ 18,000	$ 10,893	$ 13,750	$ 14,231	$ 14,729
4500 · Registrations/Memberships	$ 111,150	$ 95,069	$ 305,125	$ 315,804	$ 326,858
4610 · Interest Expense	$ -	$ 990	$ -	$ -	$ -
Total DCE Internal Operations Charges	$ 1,529,966	$ 1,176,081	$ 2,024,544	$ 2,095,403	$ 2,168,742
DCE Internal $/MWh	$ 3.87	$ 3.13	$ 5.04	$ 5.21	$ 5.40
Total Non Power Opr Exp (DCE + All Services)	$ 3,383,977	$ 2,878,374	$ 3,483,336	$ 3,605,253	$ 3,731,436
Operating Expenses $/MWh	$ 8.56	$ 7.66	$ 8.67	$ 8.97	$ 9.29
Expected Accrual Results					
Revenues	$ 71,457,376	$ 71,450,724	$ 77,362,301	$ 58,669,225	$ 58,335,667
Power and Operations Costs	$ 51,206,573	$ 51,932,520	$ 48,897,000	$ 58,666,014	$ 58,295,130
Net Margin Avail After Expenses - Accrual	$ 20,250,803	$ 19,518,204	$ 28,465,301	$ 3,212	$ 40,537
Annual Cumulative Accrual Revenues	$ 252,411,667	$ 253,224,393	$ 330,586,693	$ 389,255,919	$ 447,591,586
Annual Cumulative Accrual Power/Ops Cost	$ 216,181,044	$ 214,943,188	$ 263,840,188	$ 322,506,201	$ 380,801,332
Cumulative Net Position - Accrual	$ 36,230,623	$ 38,281,205	$ 66,746,505	$ 66,749,717	$ 66,790,254

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 allocaiton of CVAG Executive Committee meeting attendance stipends as DCE receieves a proportional share of CVAG overhead.

Table 3: Fiscal year 2023–24 Total Budget and Projected Year-End Actuals; 2024–25 Proposed Budget; and Projected 2025–26 and 2026–27 Budget Totals.

	FY2024/25	Jul 2024	Aug 2024	Sep 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025	Mar 2025	Apr 2025	May 2025	Jun 2025
Load Particulars													
DCE Retail Load (MWh, net of opt-outs + losses)	401,815	55,999	56,430	43,418	32,041	21,682	23,431	23,806	20,240	22,490	25,369	31,754	45,155
DCE Wholesale Load (MWh, retail load + losses)	424,469	59,156	59,611	45,866	33,848	22,904	24,752	25,148	21,381	23,758	26,800	33,545	47,700
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)	22,654	3,157	3,181	2,448	1,806	1,222	1,321	1,342	1,141	1,268	1,430	1,790	2,546
Revenue Particulars													
Gross Revenue	$ 78,624,176	$ 12,143,656	$ 12,364,542	$ 9,605,141	$ 5,689,651	$ 3,822,482	$ 4,158,757	$ 4,114,442	$ 3,442,305	$ 3,784,402	$ 4,320,496	$ 5,500,085	$ 9,678,217
Less Uncollectable Accounts	$ (2,358,725)	$ (364,310)	$ (370,936)	$ (288,154)	$ (170,690)	$ (114,674)	$ (124,763)	$ (123,433)	$ (103,269)	$ (113,532)	$ (129,615)	$ (165,003)	$ (290,347)
Net DCE Total Retail Revenue	$ 76,265,451	$ 11,779,346	$ 11,993,606	$ 9,316,987	$ 5,518,961	$ 3,707,807	$ 4,033,994	$ 3,991,009	$ 3,339,036	$ 3,670,870	$ 4,190,881	$ 5,335,083	$ 9,387,871
Average Monthly Revenue ($/MWh)	$ 189.80	$ 210.35	$ 212.54	$ 214.59	$ 172.25	$ 171.01	$ 172.16	$ 167.65	$ 164.97	$ 163.22	$ 165.19	$ 168.01	$ 207.91
Other Revenue	$ 1,096,850	$ 69,250	$ 78,199	$ 84,574	$ 88,460	$ 92,120	$ 86,366	$ 89,874	$ 92,943	$ 96,678	$ 100,950	$ 105,324	$ 112,112
Investment Income	$ 1,096,850	$ 69,250	$ 78,199	$ 84,574	$ 88,460	$ 92,120	$ 86,366	$ 89,874	$ 92,943	$ 96,678	$ 100,950	$ 105,324	$ 112,112
Accrual Monthly Revenues	$ 77,362,301	$ 11,848,596	$ 12,071,805	$ 9,401,561	$ 5,607,422	$ 3,799,927	$ 4,120,361	$ 4,080,882	$ 3,431,979	$ 3,767,548	$ 4,291,831	$ 5,440,406	$ 9,499,983
Total DCE Power Cost (w/o DCE Direct)													
Wholesale Power Supply (Physical Components)	$ 45,413,664	$ 5,956,164	$ 7,344,716	$ 5,921,765	$ 3,370,003	$ 1,697,809	$ 5,398,994	$ 2,021,095	$ 1,612,824	$ 1,585,935	$ 1,839,441	$ 2,970,198	$ 5,694,720
TEA Services	$ 770,792	$ 63,399	$ 63,399	$ 63,399	$ 63,399	$ 63,399	$ 68,399	$ 63,399	$ 63,399	$ 63,399	$ 63,399	$ 63,399	$ 68,399
TEA / Other Inv. Adjustments	$ 70,000	$ -	$ -	$ -	$ -	$ -	$ 35,000	$ -	$ -	$ -	$ -	$ -	$ 35,000
Calpine Data Management	$ 546,000	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500	$ 45,500
SCE Billing Services	$ 72,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000
Total Wholesale Cost, Accrual (FiMo)	$ 46,872,456	$ 6,071,064	$ 7,459,615	$ 6,036,664	$ 3,484,902	$ 1,812,708	$ 5,553,893	$ 2,135,994	$ 1,727,723	$ 1,700,834	$ 1,954,341	$ 3,085,097	$ 5,849,620
Average Wholesale Cost $/MWh	$ 116.65	$ 108.41	$ 132.19	$ 139.04	$ 108.76	$ 83.60	$ 237.03	$ 89.72	$ 85.36	$ 75.63	$ 77.04	$ 97.15	$ 129.55
Estimated Operating Expenses													
DCE Staff Costs from CVAG	$ 800,316	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693	$ 66,693
Total Salaries	$ 571,349	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612	$ 47,612
Total Benefits	$ 228,967	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081	$ 19,081
Contracts / Contract Labor (not incl. elsewhere)	$ 469,216	$ 20,871	$ 19,250	$ 50,963	$ 21,320	$ 20,818	$ 81,998	$ 31,750	$ 31,750	$ 58,498	$ 31,750	$ 19,250	$ 80,998
4425 · Legal Services	$ 120,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
4431 · Professional Services[1]	$ 163,841	$ 7,662	$ 6,417	$ 13,130	$ 8,487	$ 7,985	$ 43,165	$ 6,417	$ 6,417	$ 8,165	$ 6,417	$ 6,417	$ 43,165
4432 · Consultants[2]	$ 185,375	$ 3,208	$ 2,833	$ 27,833	$ 2,833	$ 2,833	$ 28,833	$ 15,333	$ 15,333	$ 40,333	$ 15,333	$ 2,833	$ 27,833
CVAG Overhead Support	$ 185,286	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441	$ 15,441
Office Operations	$ 38,106	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176
Employee Travel or Training	$ 6,587	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549	$ 549
Facility Expenses	$ 43,263	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605	$ 3,605
Professional Services	$ 9,579	$ 798	$ 798	$ 798	$ 798	$ 798	$ 798	$ 798	$ 798	$ 798	$ 798	$ 798	$ 798
Project/Program	$ 79,785	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649	$ 6,649
Interest Expense	$ 7,966	$ 664	$ 664	$ 664	$ 664	$ 664	$ 664	$ 664	$ 664	$ 664	$ 664	$ 664	$ 664
Retail Business Support Activities	$ 29,080	$ 990	$ 1,240	$ 990	$ 990	$ 990	$ 10,290	$ 1,140	$ 990	$ 990	$ 990	$ 990	$ 8,490
4200 · Accounting / Bank Services	$ 1,800	$ -	$ -	$ -	$ -	$ -	$ 1,800	$ -	$ -	$ -	$ -	$ -	$ -
4353 · Insurance	$ 8,880	$ 740	$ 740	$ 740	$ 740	$ 740	$ 740	$ 740	$ 740	$ 740	$ 740	$ 740	$ 740
4452 · Marketing	$ 18,400	$ 250	$ 500	$ 250	$ 250	$ 250	$ 7,750	$ 400	$ 250	$ 250	$ 250	$ 250	$ 7,750
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	$ 390,645	$ 46,606	$ 21,731	$ 21,606	$ 47,156	$ 21,606	$ 38,206	$ 46,606	$ 21,606	$ 21,606	$ 46,606	$ 21,606	$ 35,706
4423 · Office Supplies	$ 3,200	$ -	$ -	$ -	$ -	$ -	$ 1,600	$ -	$ -	$ -	$ -	$ -	$ 1,600
4433 · Outreach Services	$ 46,270	$ 3,810	$ 3,810	$ 3,810	$ 4,360	$ 3,810	$ 3,810	$ 3,810	$ 3,810	$ 3,810	$ 3,810	$ 3,810	$ 3,810
4435 · Technology Costs (IT)	$ 6,300	$ 525	$ 525	$ 525	$ 525	$ 525	$ 525	$ 525	$ 525	$ 525	$ 525	$ 525	$ 525
4440 · Postage	$ 16,000	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 2,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250	$ 1,250
4441 · Printing	$ 13,750	$ 1,021	$ 1,021	$ 1,021	$ 1,021	$ 1,021	$ 2,521	$ 1,021	$ 1,021	$ 1,021	$ 1,021	$ 1,021	$ 1,021
4500 · Registrations/Memberships	$ 305,125	$ 40,000	$ 15,125	$ 15,000	$ 40,000	$ 15,000	$ 27,500	$ 40,000	$ 15,000	$ 15,000	$ 40,000	$ 15,000	$ 27,500
Total DCE Internal Operations Charges	$ 2,024,544	$ 163,100	$ 136,854	$ 168,192	$ 164,099	$ 138,047	$ 225,127	$ 174,129	$ 148,979	$ 175,727	$ 173,979	$ 136,479	$ 219,827
DCE Internal $/MWh	$ 5.04	$ 2.91	$ 2.43	$ 3.87	$ 5.12	$ 6.37	$ 9.61	$ 7.31	$ 7.36	$ 7.81	$ 6.86	$ 4.30	$ 4.87
Total Non Power Opr Exp (DCE + All Services)	$ 3,483,336	$ 278,000	$ 251,754	$ 283,092	$ 278,999	$ 252,947	$ 380,027	$ 289,029	$ 263,879	$ 290,627	$ 288,879	$ 251,379	$ 374,727
Operating Expenses $/MWh	$ 8.67	$ 4.96	$ 4.46	$ 6.52	$ 8.71	$ 11.67	$ 16.22	$ 12.14	$ 13.04	$ 12.92	$ 11.39	$ 7.92	$ 8.30
Expected Accrual Results													
Revenues	$ 77,362,301	$ 11,848,596	$ 12,071,805	$ 9,401,561	$ 5,607,422	$ 3,799,927	$ 4,120,361	$ 4,080,882	$ 3,431,979	$ 3,767,548	$ 4,291,831	$ 5,440,406	$ 9,499,983
Power and Operations Costs	$ 48,897,000	$ 6,234,164	$ 7,596,470	$ 6,204,857	$ 3,649,002	$ 1,950,756	$ 5,779,021	$ 2,310,123	$ 1,876,702	$ 1,876,562	$ 2,128,320	$ 3,221,577	$ 6,069,447
Net Margin Avail After Expenses - Accrual	$ 28,465,301	$ 5,614,432	$ 4,475,335	$ 3,196,704	$ 1,958,420	$ 1,849,172	$ (1,658,660)	$ 1,770,759	$ 1,555,276	$ 1,890,986	$ 2,163,511	$ 2,218,829	$ 3,430,536
Annual Cumulative Accrual Revenues	$ 330,586,693	$ 265,072,988	$ 277,144,793	$ 286,546,354	$ 292,153,776	$ 295,953,704	$ 300,074,064	$ 304,154,947	$ 307,586,926	$ 311,354,473	$ 315,646,304	$ 321,086,710	$ 330,586,693
Annual Cumulative Accrual Power/Ops Cost	$ 263,840,188	$ 221,177,352	$ 228,773,821	$ 234,978,678	$ 238,627,680	$ 240,578,436	$ 246,357,456	$ 248,667,579	$ 250,544,282	$ 252,420,844	$ 254,549,164	$ 257,770,741	$ 263,840,188
Cumulative Net Position - Accrual	$ 66,746,505	$ 43,895,637	$ 48,370,972	$ 51,567,676	$ 53,526,096	$ 55,375,268	$ 53,716,608	$ 55,487,367	$ 57,042,644	$ 58,933,630	$ 61,097,140	$ 63,315,970	$ 66,746,505

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.

Table 4: DCE Internal Budget Costs: 2024–25 Proposed Budget by Month

DESERT
COMMUNITY
ENERGY

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Palm Desert, CA 92260
760 346-1127