

Desert Community Energy
Unaudited Statement of Net Position Prev Year Comparison

As of September 30, 2024

	<u>Sep 30, 24</u>	<u>Sep 30, 23</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
1100 · Unrestricted Funds				
1103 · CAMP Account	13,986,610	-	13,986,610	100.0%
1104 · LAIF Account	6,307,410	-	6,307,410	100.0%
1105 · Operating Account -8099	199,293	199,749	(456)	(0.23%)
1109 · DDM Marketplace Sweep - 0991	2,106,054	8,418,769	(6,312,714)	(74.98%)
1115 · Lockbox -4446	3,030,038	7,649,027	(4,618,989)	(60.39%)
Total 1100 · Unrestricted Funds	<u>25,629,406</u>	<u>16,267,545</u>	<u>9,361,861</u>	<u>57.55%</u>
1145 · Fair Value Adjustment	13,000	-	13,000	100.0%
1199 · Restricted Funds				
1110 · Money Market -5470	405,748	405,695	53	0.01%
1120 · FSR Letter of Credit Collateral	147,000	147,000	-	0.0%
Total 1199 · Restricted Funds	<u>552,748</u>	<u>552,695</u>	<u>53</u>	<u>0.01%</u>
Total Checking/Savings	<u>26,195,153</u>	<u>16,820,239</u>	<u>9,374,914</u>	<u>55.74%</u>
Accounts Receivable				
1221 · Accounts Receivable	16,539,288	16,638,245	(98,957)	(0.6%)
1223 · Accrued Accounts Receivable	4,583,719	3,807,141	776,578	20.4%
1250 · Interest Receivable	70,352	-	70,352	100.0%
Total Accounts Receivable	<u>21,193,358</u>	<u>20,445,386</u>	<u>747,972</u>	<u>3.66%</u>
Other Current Assets				
1225 · Allowance for Doubtful Accounts	(1,866,979)	(3,991,126)	2,124,147	53.22%
1240 · Prepaid Expenses	6,033	6,442	(409)	(6.35%)
Total Other Current Assets	<u>(1,860,946)</u>	<u>(3,984,684)</u>	<u>2,123,738</u>	<u>53.3%</u>
Total Current Assets	<u>45,527,566</u>	<u>33,280,941</u>	<u>12,246,625</u>	<u>36.8%</u>
Other Assets				
1170 · Deposits/Bonds	710,584	310,584	400,000	128.79%
Total Other Assets	<u>710,584</u>	<u>310,584</u>	<u>400,000</u>	<u>128.79%</u>
TOTAL ASSETS	<u><u>46,238,150</u></u>	<u><u>33,591,525</u></u>	<u><u>12,646,625</u></u>	<u><u>37.65%</u></u>
LIABILITIES & Net Position				
Liabilities				
Current Liabilities				
Accounts Payable				
2110 · Accounts Payable	7,364,027	7,982,426	(618,399)	(7.75%)
2112 · Accrued Accounts Payable	4,093,372	810,343	3,283,029	405.14%
2120 · Due to Other Governments	655,430	1,223,200	(567,770)	(46.42%)
Total Accounts Payable	<u>12,112,829</u>	<u>10,015,969</u>	<u>2,096,860</u>	<u>20.94%</u>
Other Current Liabilities				
2115 · NEM Escrow Account	69,371	-	69,371	100.0%
2230 · Taxes payable				
2231 · Utility Users Tax (UUT)	212,875	175,975	36,901	20.97%
2232 · Electric Energy Surcharge	6,329	4,905	1,424	29.04%
Total 2230 · Taxes payable	<u>219,205</u>	<u>180,879</u>	<u>38,325</u>	<u>21.19%</u>
Total Other Current Liabilities	<u>288,575</u>	<u>180,879</u>	<u>107,696</u>	<u>59.54%</u>
Total Current Liabilities	<u>12,401,405</u>	<u>10,196,849</u>	<u>2,204,556</u>	<u>21.62%</u>
Long Term Liabilities				
2260 · Vendor Security Deposits				
2262 · PPA Development Security	225,000	225,000	-	0.0%
2263 · Contract Development Deposit	180,000	180,000	-	0.0%
Total 2260 · Vendor Security Deposits	<u>405,000</u>	<u>405,000</u>	<u>-</u>	<u>0.0%</u>
Total Long Term Liabilities	<u>405,000</u>	<u>405,000</u>	<u>-</u>	<u>0.0%</u>
Total Liabilities	<u>12,806,405</u>	<u>10,601,849</u>	<u>2,204,556</u>	<u>20.79%</u>
Net Position				
31000 · Restricted Net Position	147,000	147,000	-	0.0%
32000 · Unrestricted Net Position	35,039,779	19,167,378	15,872,401	82.81%
Net Revenue	(1,755,034)	3,675,299	(5,430,333)	(147.75%)
Total Net Position	<u>33,431,745</u>	<u>22,989,677</u>	<u>10,442,069</u>	<u>45.42%</u>
TOTAL LIABILITIES & NET POSITION	<u><u>46,238,150</u></u>	<u><u>33,591,525</u></u>	<u><u>12,646,625</u></u>	<u><u>37.65%</u></u>

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1

Investment accounts with the California Asset Management Program (CAMP) and Local Agency Investment Fund (LAIF) were opened in line with DCE Policy 23-03 Investment Policy.

2

Closed accounts were written off at the end of fiscal year 2024 and an updated methodology was implemented inline with DCE Policy 23-02 Delinquent Account, Collections and Bad Debt.

3

Vendor has not been able to invoice for or deliver Renewable Energy Certificates (RECs) due to WREGIS system outage.

4

The net loss demonstrated in the first quarter is partly due to the timing of energy purchases compared to when the costs were budgeted and will offset in a future quarter. Additionally, some costs actualized higher than budgeted. Another contributing factor is that DCE had less usage than budgeted in the first quarter as well its implementation of a rate decrease.

Desert Community Energy
Unaudited Changes to Net Position Prev Year Comparison
July through September 2024

	<u>Jul - Sep 24</u>	<u>Jul - Sep 23</u>	<u>\$ Change</u>	<u>% Change</u>
Ordinary Revenue/Expense				
Revenue				
5010 · Electricity Sales	29,631,335.40	29,144,524.42	486,810.98	1.67%
5100 · Other Revenue	238,574	375,610	(137,036)	(36.48%)
Total Revenue	<u>29,869,910</u>	<u>29,520,135</u>	<u>349,775</u>	<u>1.19%</u>
Expense				
4100 · Cost of Electricity				
4105 · Electricity Purchase	17,275,370	18,699,780	(1,424,410)	(7.62%)
4110 · Resource Adequacy Settlement	5,229,399 ¹	3,790,295	1,439,105	37.97%
4115 · Low Carbon Settlement	2,721,870 ²	(6,267)	2,728,137	43,530.95%
4120 · Renewable Energy Cr. Settlement	1,913,549	-	1,913,549	100.0%
4125 · Market Charges	1,709,478	1,122,401	587,077	52.31%
4175 · CPUC YARA Penalty	1,750,159	650,105	1,100,054	169.21%
Total 4100 · Cost of Electricity	<u>30,599,825</u>	<u>24,256,313</u>	<u>6,343,511</u>	<u>26.15%</u>
4200 · Accounting / Bank Services	526	35	491	1,410.03%
4353 · Insurance	2,011	2,147	(136)	(6.34%)
4425 · Legal Services	11,816	45,450	(33,635)	(74.0%)
4431 · Professional Services	129,490	28,522	100,968	354.0%
4432 · Consultants	586,875	654,583	(67,708)	(10.34%)
4433 · Outreach Services	2,514	7,709	(5,195)	(67.39%)
4435 · Technology Costs (IT)	1,564	1,312	252	19.22%
4440 · Postage	4,247	4,669	(422)	(9.04%)
4441 · Printing	2,864	4,467	(1,603)	(35.89%)
4452 · Marketing	3,503	743	2,761	371.8%
4455 · Customer Programs	1,628	-	1,628	100.0%
4500 · Registrations/Memberships	21,895	23,861	(1,966)	(8.24%)
4750 · Bad Debt Expense	568,229	874,338	(306,109)	(35.01%)
Total Expense	<u>31,936,986</u>	<u>25,904,149</u>	<u>6,032,837</u>	<u>23.29%</u>
Net Ordinary Revenue	<u>(2,067,076)</u>	<u>3,615,986</u>	<u>(5,683,062)</u>	<u>(157.17%)</u>
Other Revenue/Expense				
Other Revenue				
5900 · Investment Revenue	275,214	59,313	215,902	364.01%
5925 · Gain/(Loss) in Investments	36,828	-	36,828	100.0%
Total Other Revenue	<u>312,042</u>	<u>59,313</u>	<u>252,730</u>	<u>426.1%</u>
Net Other Revenue	<u>312,042</u>	<u>59,313</u>	<u>252,730</u>	<u>426.1%</u>
Net Revenue	<u>(1,755,034) ³</u>	<u>3,675,299</u>	<u>(5,430,333)</u>	<u>(147.75%)</u>

1

Costs for resource adequacy products have increased in fiscal year 2024-2025 in addition to DCE procuring more products in an effort to achieve compliance with CPUC regulations.

2

Costs for renewable products have increased in fiscal year 2024-2025 in addition to DCE procuring more products to be compliant with California renewable portfolio standards.

3

The net loss demonstrated in the first quarter can be partially attributed to the timing of DCE's first quarter coinciding with when energy procurement is most voluminous and costly. These costs are expected to lessen in future quarters. It can also be attributed to the increased cost and amount of resource adequacy and renewable products needed for DCE to operate and maintain complainant in a stringent regulatory environment. DCE staff are monitoring this closely and will present any suggested budget amendments at a future meeting once the second quarter of fiscal year 2024-2025 is closed.

Desert Community Energy
Unaudited Changes to Net Position Budget vs. Actual
July through September 2024

	<u>Jul - Sep 24</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Ordinary Revenue/Expense				
Revenue				
5010 · Electricity Sales	29,631,335	34,113,339	(4,482,004)	86.86%
5100 · Other Revenue	238,574	-	238,574	100.0%
Total Revenue	<u>29,869,910</u>	<u>34,113,339</u>	<u>(4,243,429)</u>	<u>87.56%</u>
Expense				
4100 · Cost of Electricity				
4105 · Electricity Purchase	17,275,370	15,477,481	1,797,889	111.62%
4110 · Resource Adequacy Settlement	5,229,399	3,440,592	1,788,807	151.99%
4115 · Low Carbon Settlement	2,721,870	-	2,721,870	100.0%
4120 · Renewable Energy Cr. Settlement	1,913,549	-	1,913,549	100.0%
4125 · Market Charges	1,709,478	304,572	1,404,906	561.27%
4175 · CPUC YARA Penalty	1,750,159	-	1,750,159	100.0%
Total 4100 · Cost of Electricity	<u>30,599,825</u>	<u>19,222,645</u>	<u>11,377,180</u>	<u>159.19%</u>
4200 · Accounting / Bank Services	526	-	526	100.0%
4353 · Insurance	2,011	2,220	(209)	90.59%
4425 · Legal Services	11,816	30,000	(18,185)	39.39%
4431 · Professional Services	129,490	45,209	84,281	286.43%
4432 · Consultants	586,875	606,974	(20,099)	96.69%
4433 · Outreach Services	2,514	11,430	(8,916)	21.99%
4435 · Technology Costs (IT)	1,564	1,575	(11)	99.33%
4440 · Postage	4,247	3,750	497	113.26%
4441 · Printing	2,864	3,063	(199)	93.49%
4452 · Marketing	3,503	1,000	2,503	350.31%
4455 · Customer Programs	1,628	37,500	(35,872)	4.34%
4500 · Registrations/Memberships	21,895	70,125	(48,230)	31.22%
4750 · Bad Debt Expense	568,229	1,023,399	(455,170)	55.52%
Total Expense	<u>31,936,986</u>	<u>21,058,890</u>	<u>10,878,096</u>	<u>151.66%</u>
Net Ordinary Revenue	<u>(2,067,076)</u>	<u>13,054,449</u>	<u>(15,121,525)</u>	<u>(15.83%)</u>
Other Revenue/Expense				
Other Revenue				
5900 · Investment Revenue	275,214	232,023	43,191	118.62%
5925 · Gain/(Loss) in Investments	36,828	-	36,828	100.0%
Net Other Revenue	<u>312,042</u>	<u>232,023</u>	<u>80,019</u>	<u>134.49%</u>
Net Revenue	<u>(1,755,034)</u>	<u>13,286,472</u>	<u>(15,041,506)</u>	<u>(13.21%)</u>

Desert Community Energy
Unaudited Changes to Net Position Budget vs. Actual
July through September 2024

1

Variance primarily driven by usage being less than budgeted as well as a rate decrease for customers which not originally budgeted.

2

Calendar year 2024 Market Price Benchmarks increased for certain resource adequacy products from \$15.23 budgeted to \$26.26; final figures available in late December 2024 and will also affect calendar year 2025 amounts. Additionally, certain resource adequacy costs budgeted in the second quarter of fiscal year 2024-2025 were actually expended in the first quarter.

3

\$2.6 million of carbon free energy costs budgeted in the second quarter of fiscal year 2024-2025 were actually expended in the first quarter.

4

Accrued costs increased based on calendar year 2024 Market Price Benchmarks increasing for certain renewable products from \$30.30 at budget to \$54.56; final figures available in late December 2024 and will also affect calendar year 2025 amounts. In addition, a contractual sale of renewable energy from DCE's portfolio was inadvertently budgeted as a negative expense of about \$3.8 million which will be realized as revenue to DCE expected in the third quarter of fiscal year 2024-2025.

5

Reduction in bad debt expense partially due to resumption of pre-Covid dunning processes by SCE as DCE's billing agent as well as to closed accounts being written off at the end of fiscal year 2023-2024 and updated methodology inline with DCE Policy 23-02 Delinquent Account, Collections and Bad Debt.

6

The net loss demonstrated in the first quarter is partly due to the timing of energy purchases compared to when the costs were budgeted and will offset in a future quarter. Additionally, some costs actualized higher than budgeted. Another contributing factor is that DCE had less usage than budgeted in the first quarter as well its implementation of a rate decrease. DCE staff are monitoring this closely and will present any suggested budget amendments once the second quarter of fiscal year 2024-2025 is closed.