

# RPU FINANCIAL RESULTS

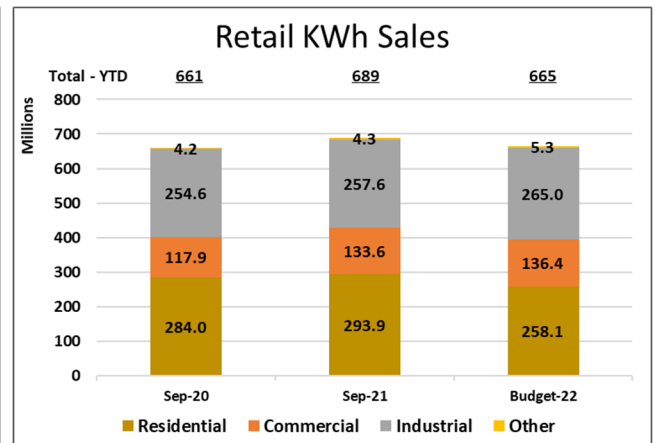
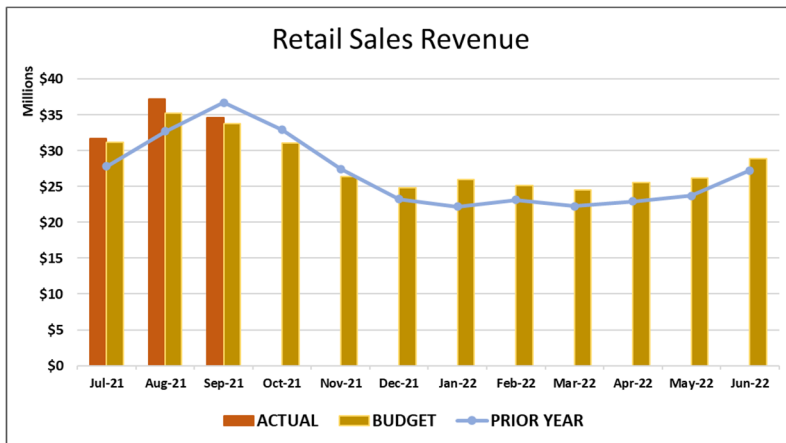
Unaudited FY 2021/22 through September 30, 2021

## ELECTRIC

### COVID-19 IMPACTS

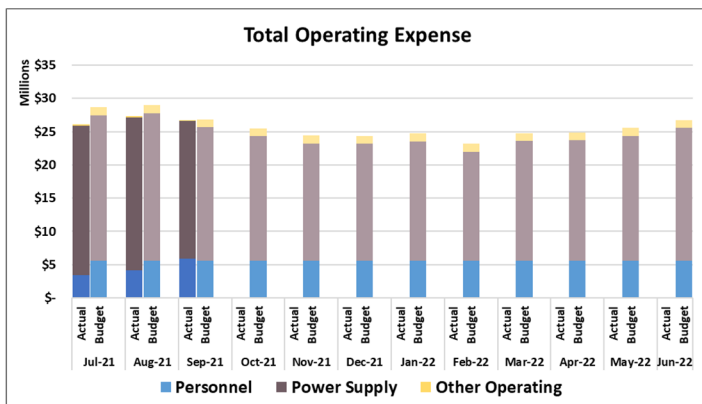
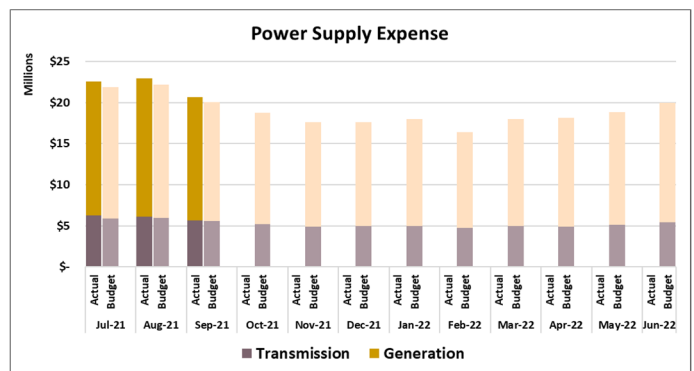
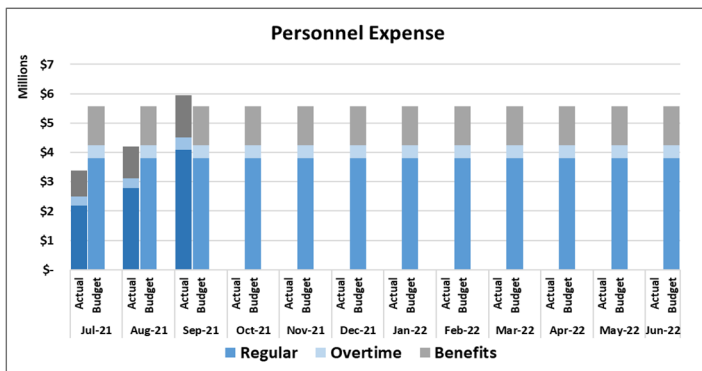
Due to the continued COVID-19 pandemic, RPU recognizes that there will be impacts to the financial results of the Electric Utility, which staff will continue to monitor.

## REVENUES



Year-to-date retail sales of \$103.6M are \$3.4M (3.4%) higher than budget due to higher than anticipated consumption. Current year actual retail sales are \$6.3M (6.5%) higher than prior year, due to an increase in consumption compared to the prior year and rate plan increases. Retail kWh sales reflect 3.7% higher than budget due to higher than anticipated consumption and 4.3% higher than prior year.

## OPERATING EXPENDITURES



**Personnel Expense:** Year-to-date personnel costs of \$13.5M are \$3.2M (19.1%) lower than budget due to various vacancies and attrition.

**Power Supply Expense:** Year-to-date power supply costs of \$66.2M are \$2.0M (3.1%) higher than budget due to higher than expected energy costs.

**Other Operating Expense:** Year-to-date other operating expenses of \$0.5M are \$3.1M (85.9%) below budget due to timing of expenses and savings in other general operating expenses.

## CAPITAL IMPROVEMENT PROGRAM

CAPITAL/EQUIPMENT FUNDING (In Millions)	Sep-21	Sep-20
Capital Contributions	\$ 0.9	\$ 0.8
Bond Proceeds	3.9	4.6
Rates/Reserves	0.2	2.7
<b>TOTAL</b>	<b>\$ 5.0</b>	<b>\$ 8.1</b>

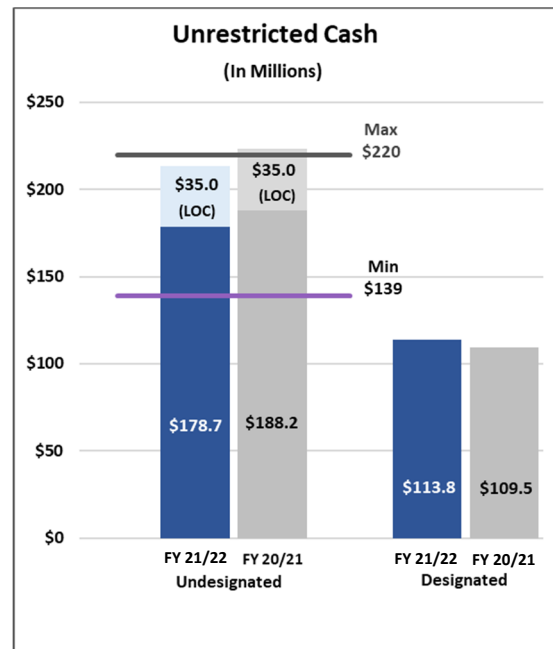
Current year capital expenses (projects and equipment) of \$5.0M are lower than prior year by \$3.1M reflecting decreases of \$0.7M in bond proceeds and \$2.5M in rates and reserve funding, offset by an increase of \$0.1M in capital contributions. Ongoing work in significant capital projects to date includes substation and recurring project expenditures.

## CASH RESERVES

Reserves can be restricted by applicable laws and regulations or designated for specific purposes. Reserves that have not been restricted or designated are available to pay bills and provide cushion in the event of an emergency. The target levels for the undesignated reserve are established by City Council through reserve requirements for fiscal stability and are determined annually at 6/30 in conjunction with year-end financial results. The undesignated reserve of \$178.7M is \$9.5M lower than prior year primarily due to COVID-19 impacts and is within the minimum and maximum levels at 9/30/21.

COMPONENTS OF CASH (In Millions)	9/30/2021	9/30/2020
<b>Undesignated</b>	<b>\$ 178.7</b>	<b>\$ 188.2</b>
<b>Designated</b>		
Electric Reliability	\$ 84.2	\$ 81.4
Additional Decommissioning Liability	14.4	12.3
Customer Deposits	5.2	4.8
Capital Repair/Replacement	4.6	5.6
Mission Square Improvement	1.1	1.8
Dark Fiber	4.3	3.6
<b>Total Designated</b>	<b>\$ 113.8</b>	<b>\$ 109.5</b>
<b>Legally Restricted *</b>	<b>\$ 133.1</b>	<b>\$ 161.0</b>
<b>Available Line of Credit (LOC)</b>	<b>\$ 35.0</b>	<b>\$ 35.0</b>

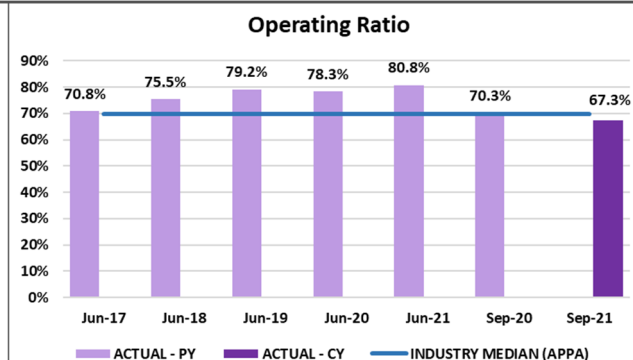
\* Includes \$3.6M of Bond Construction Cash at 9/30/2021.



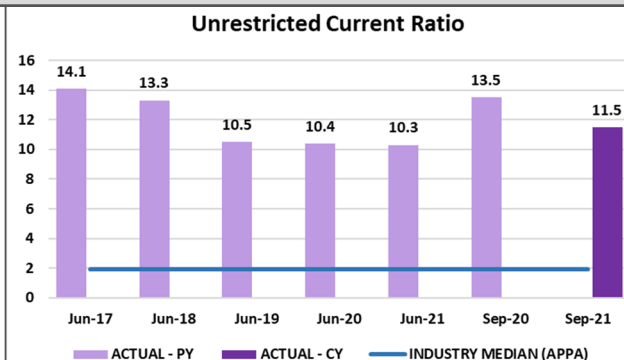
## FINANCIAL RATIOS

The ratios for the last 5 fiscal years are provided for reference. Each ratio reflects a full year of activities and may not be as comparable for quarterly result comparison. The June 2021 fiscal year-end ratios may be used to estimate the trends for the current fiscal year when reviewed together with prior year ratios.

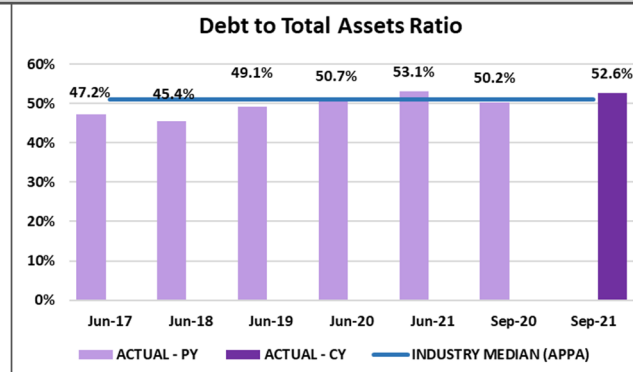
The Operating Ratio reflects the Utility's Operating and Maintenance costs to operating revenues. A lower ratio indicates positive results.



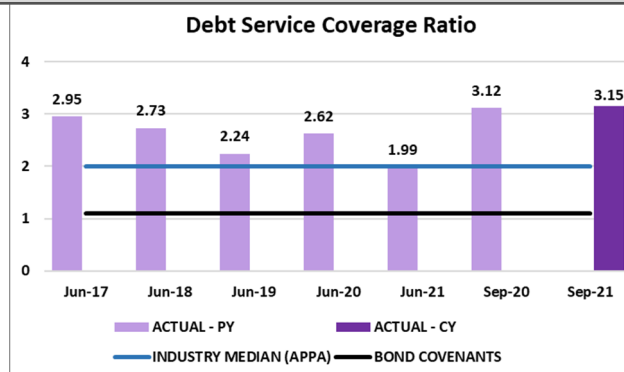
The Unrestricted Current Ratio indicates the Utility's ability to meet short-term liabilities. A higher ratio indicates positive results.



The Debt Ratio indicates what proportion of debt the Utility has in relation to Utility assets. This ratio is favorable when it is lower.



The Debt Service Coverage Ratio measures the ability to produce enough cash to cover debt service. A higher ratio is more favorable.



# RPU FINANCIAL RESULTS

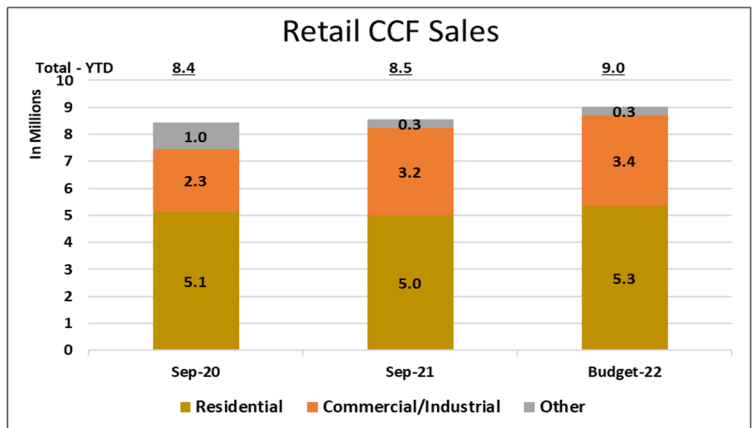
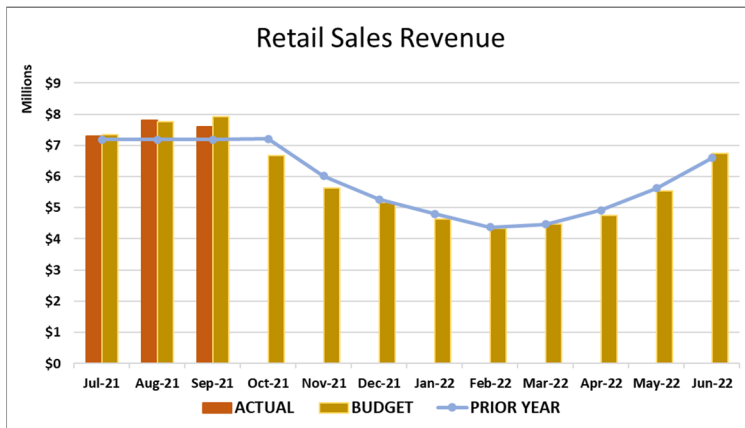
Unaudited FY 2021/22 through September 30, 2021

## WATER

### COVID-19 IMPACTS

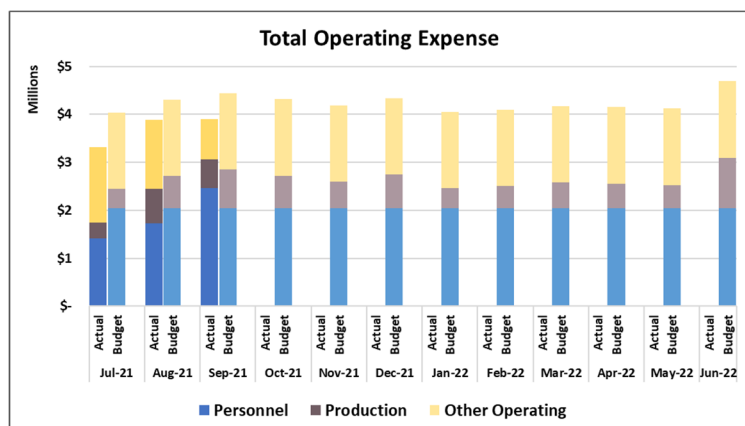
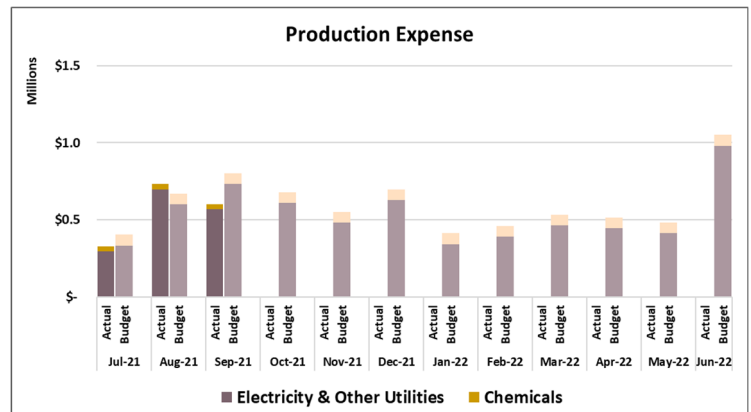
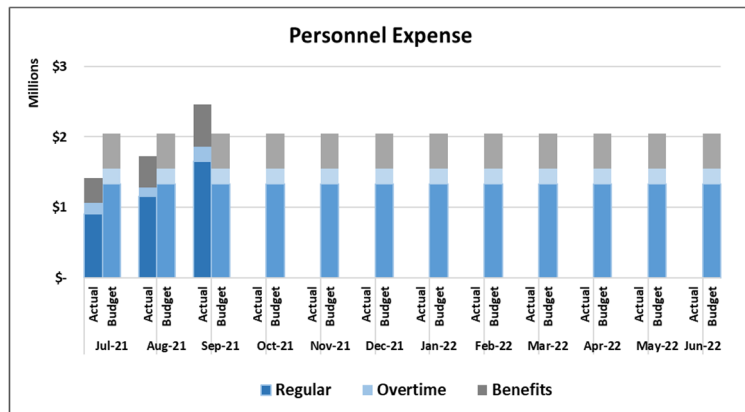
Due to the continued COVID-19 pandemic, RPU recognizes that there will be impacts to the financial results of the Water Utility, which staff will continue to monitor.

### REVENUES



Year-to-date retail sales of \$22.7M are \$0.3M (1.4%) lower than budget due to the lower than projected consumption. Current year retail sales are \$1.2M (5.3%) higher than prior year due to higher consumption compared to prior year and rate plan increases. Year-to-date retail CCF sales are 5.0% lower than budget due to lower than anticipated consumption and slightly higher than prior year.

### OPERATING EXPENDITURES



**Personnel Expense:** Year-to-date personnel costs of \$5.6M are \$0.5M (8.7%) below budget due to various vacancies and attrition.

**Production Expense:** Year-to-date production costs of \$1.7M are consistent with budget.

**Other Operating Expense:** Other operating expenses of \$3.8M are \$0.9M (19.7%) below budget primarily due to timing of expenditures and savings in other general operating expenses.

## CAPITAL FUNDING

CAPITAL/EQUIPMENT FUNDING (In Millions)	Sep-21	Sep-20
Capital Contributions	\$ 0.5	\$ 0.2
Bond Proceeds	2.6	1.1
Rates/Reserves	1.2	1.4
<b>TOTAL</b>	<b>\$ 4.3</b>	<b>\$ 2.7</b>

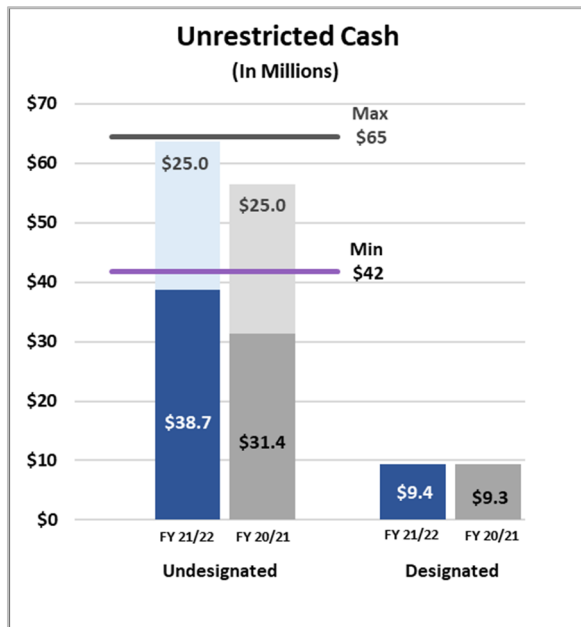
Current year capital expenses (projects and equipment) of \$4.3M are higher than prior year by \$1.6M, reflecting increases of \$1.5M in bond proceeds and \$0.3M in capital contributions, offset by a decrease of \$0.2M in rates and reserve funding. Ongoing work in significant capital projects to date is in distribution pipelines.

## CASH RESERVES

Reserves can be restricted by applicable laws and regulations or designated for specific purposes. Reserves that have not been restricted or designated are available to pay bills and provide cushion in the event of an emergency. The target levels for the undesignated reserve are established by City Council through reserve requirements for fiscal stability and are determined annually at 6/30 in conjunction with year-end financial results. The undesignated reserve of \$38.7M is \$7.3M higher than prior year primarily due to positive operating results. Water Fund's undesignated reserve balance combined with the available line of credit (LOC) is in compliance with RPU Cash Reserve Policy at 9/30/2021, which is above target minimum and is consistent with projections provided during the current budget and rate plan proposal processes.

COMPONENTS OF CASH (In Millions)	9/30/2021	9/30/2020
<b>Undesignated</b>	<b>\$ 38.7</b>	<b>\$ 31.4</b>
<b>Designated</b>		
Property	\$ 5.2	\$ 5.2
Recycled Water	1.2	1.1
Customer Deposits	0.7	0.7
Capital Repair/Replacement	2.3	2.3
<b>Total Designated</b>	<b>\$ 9.4</b>	<b>\$ 9.3</b>
<b>Legally Restricted *</b>	<b>\$ 31.7</b>	<b>\$ 41.8</b>
<b>Available Line of Credit (LOC)</b>	<b>\$ 25.0</b>	<b>\$ 25.0</b>

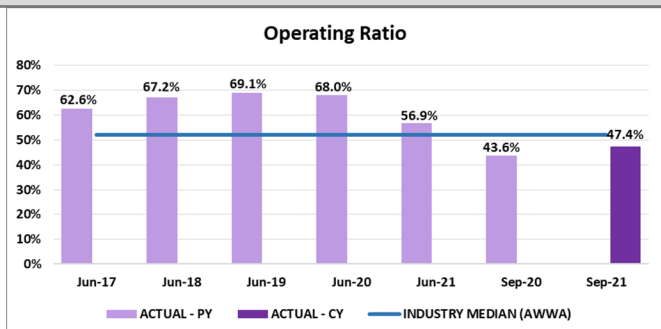
\* Includes \$17M of Estimated Bond Construction Cash at 9/30/2021.



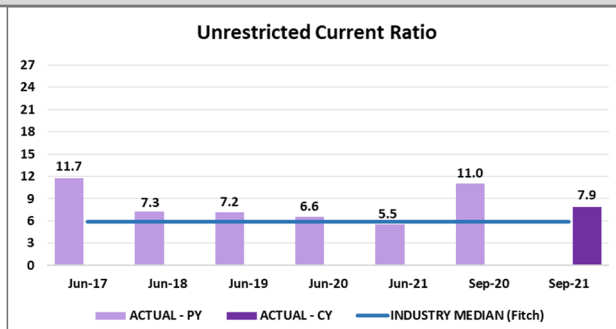
## FINANCIAL RATIO

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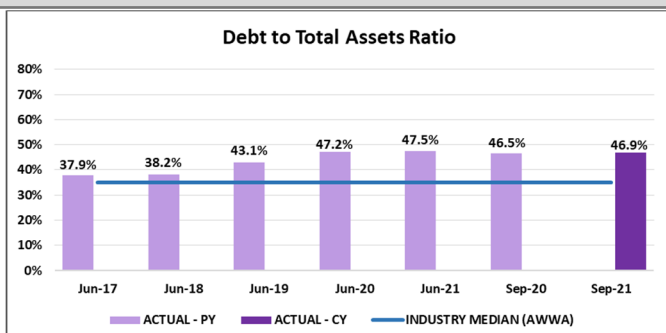
The Operating Ratio reflects the Utility's Operating and Maintenance costs to operating revenues. A lower ratio indicates positive results.



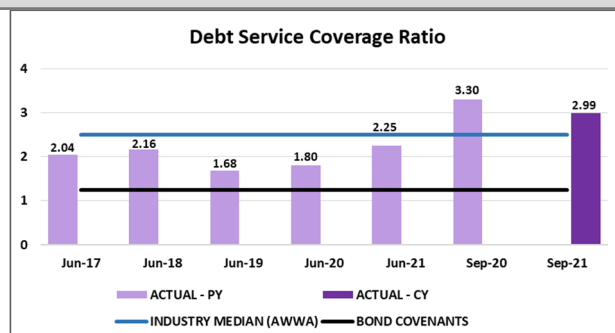
The Unrestricted Current Ratio indicates the Utility's ability to meet short-term liabilities. A higher ratio indicates positive results.



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# Accounts Receivable & Delinquencies

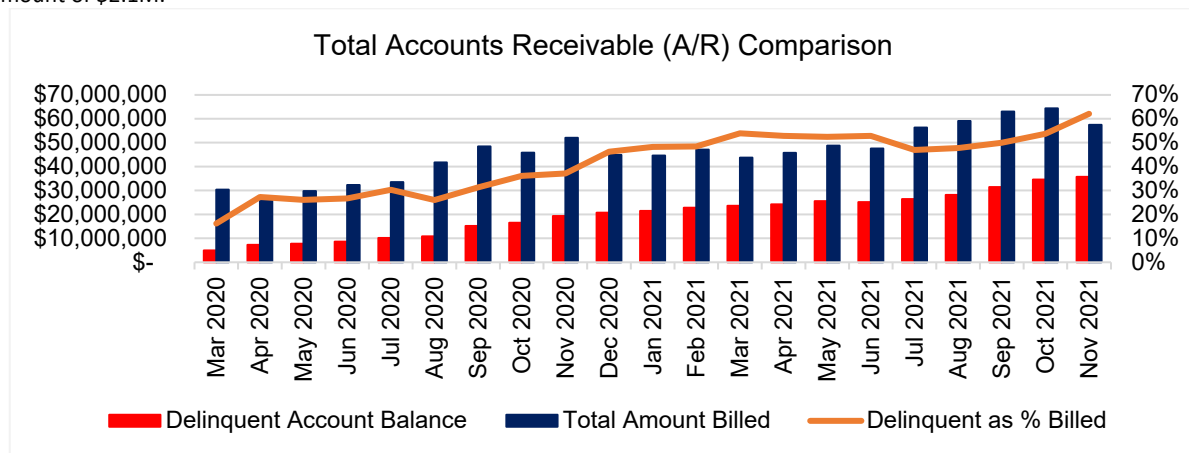
**Preliminary as of November 30, 2021**

## COVID-19 IMPACTS

Since the COVID-19 Local Emergency Declaration, the City has experienced significant increases in utility customer accounts receivable. This includes increases in delinquent account balances and the number of utility accounts that have become delinquent.

## Accounts Receivable

The charts below include account information through November 30, 2021. Accounts receivable for all services including electric, water, sewer, and refuse have increased by 89% or \$27.1 million from \$30.3 million in March 2020 to \$57.5 on November 30, 2021. During the same period, delinquent accounts receivable has increased 625% or \$30.8 million from \$4.9 million in March 2020 to \$35.7 million on November 30, 2021. The City has applied for \$13.2M in new state programs offering financial assistance for past-due electric and water customer debts incurred from March 4, 2020 to June 15, 2021. This includes the California Arrearages Payment Program for electric utility arrearages in the amount of \$11.1M and the California Water and Wastewater Arrearages Payment Program for water utility arrearages in the amount of \$2.1M.



Notes: 1. Delinquent Account Balance includes active & inactive accounts.  
2. Updated through November 30, 2021 for electric, water, sewer, and refuse.

## Delinquencies

The charts demonstrate the number of active customers and the average total unpaid utility account balance based on the oldest unpaid utility bill.



Note: Updated through November 30, 2021 for electric, water, sewer, and refuse.