

# RPU FINANCIAL RESULTS

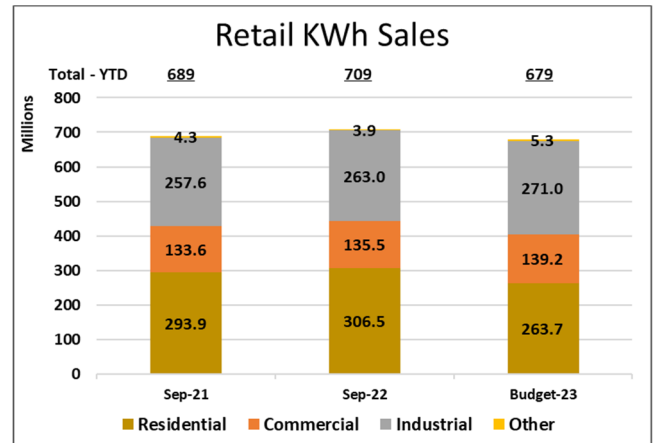
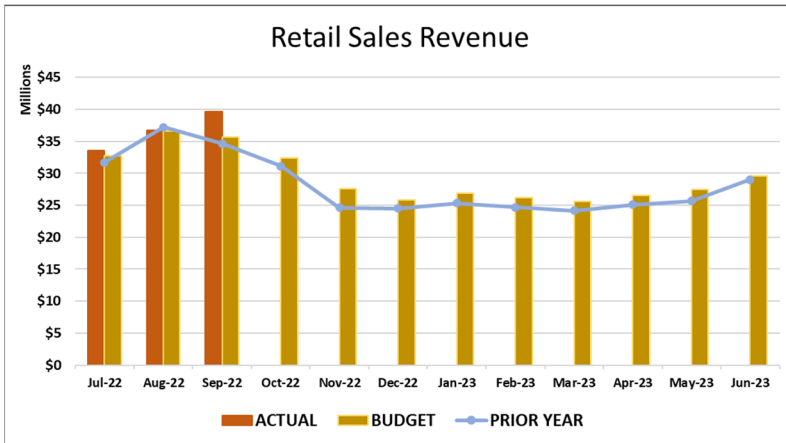
Unaudited FY 2022/23 through September 30, 2022

## ELECTRIC

### COVID-19 IMPACTS

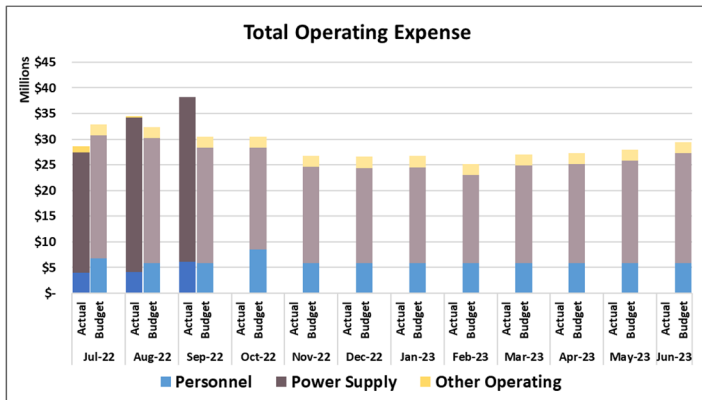
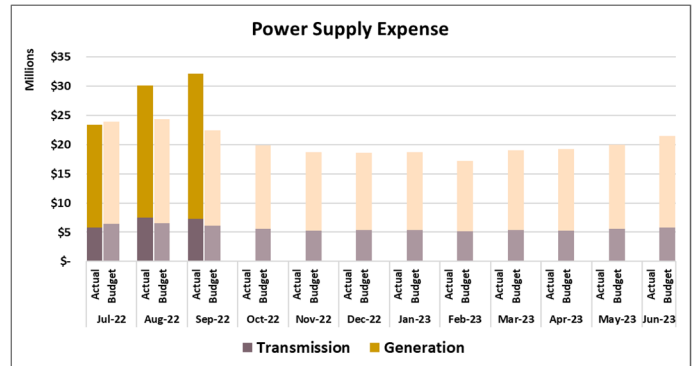
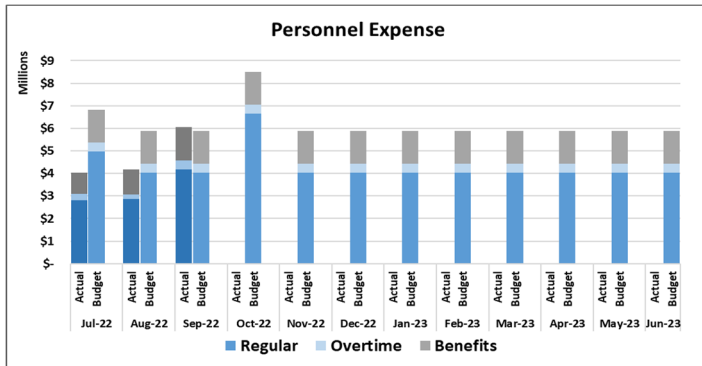
Due to the continued COVID-19 pandemic, RPU recognizes that there will be impacts to the financial results of the Electric Utility, which staff will continue to monitor.

## REVENUES



Year-to-date retail sales of \$110.0M are \$4.9M (4.7%) higher than budget due to higher than anticipated consumption. Current year actual retail sales are \$6.4M (6.2%) higher than prior year due to an increase in consumption compared to the prior year and rate plan increases. Retail kWh sales reflect 4.4% higher than budget due to higher than anticipated consumption and 2.9% higher than prior year.

## OPERATING EXPENDITURES



**Personnel Expense:** Year-to-date personnel costs of \$14.3M are \$4.3M (23.1%) lower than budget due to various vacancies and attrition.

**Power Supply Expense:** Year-to-date power supply costs of \$85.6M are \$15.0M (21.3%) higher than budget due to higher than expected energy costs.

**Other Operating Expense:** Year-to-date other operating expenses of \$1.4M are \$5.1M (78.2%) below budget due to timing of expenses and savings in other general operating expenses.

# CAPITAL IMPROVEMENT PROGRAM

CAPITAL/EQUIPMENT FUNDING (In Millions)	Sep-22	Sep-21
Capital Contributions	\$ 0.7	\$ 0.9
Bond Proceeds	-	3.9
Rates/Reserves	3.4	0.2
<b>TOTAL</b>	<b>\$ 4.1</b>	<b>\$ 5.0</b>

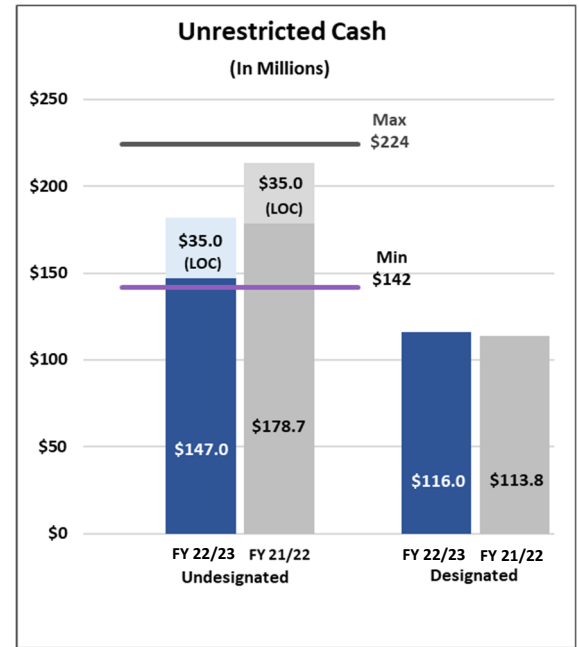
Current year capital expenses (projects and equipment) of \$4.1M are lower than prior year by \$0.9M reflecting decreases of \$3.9M in bond proceeds and \$0.2M in capital contributions, offset by an increase of \$3.2M in rates and reserve funding. Ongoing work in significant capital projects to date includes recurring and system automation 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 \$147.0M is \$31.7M lower than prior year primarily due to higher than expected energy costs, a loss on investments from the prior fiscal year, and the use of reserves to fund capital projects since March 2022. The undesignated reserve is within the minimum and maximum levels at 9/30/22.

COMPONENTS OF CASH (In Millions)	9/30/2022	9/30/2021
<b>Undesignated</b>	<b>\$ 147.0</b>	<b>\$ 178.7</b>
<b>Designated</b>		
Electric Reliability	\$ 84.8	\$ 84.2
Additional Decommissioning Liability	16.7	14.4
Customer Deposits	5.6	5.2
Capital Repair/Replacement	2.5	4.6
Mission Square Improvement	1.5	1.1
Dark Fiber	4.9	4.3
<b>Total Designated</b>	<b>\$ 116.0</b>	<b>\$ 113.8</b>
<b>Legally Restricted *</b>	<b>\$ 131.9</b>	<b>\$ 133.1</b>
<b>Available Line of Credit (LOC)</b>	<b>\$ 35.0</b>	<b>\$ 35.0</b>

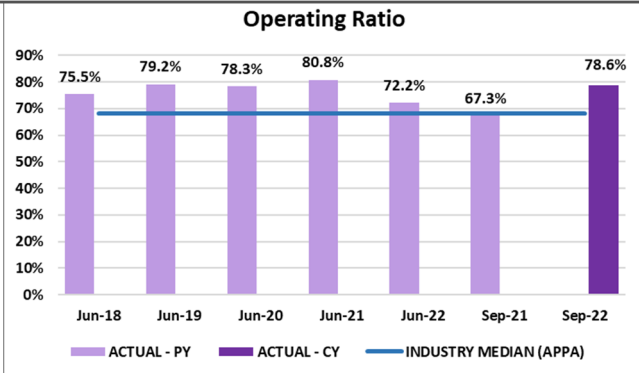
\* Includes \$0 of Bond Construction Cash at 9/30/2022.



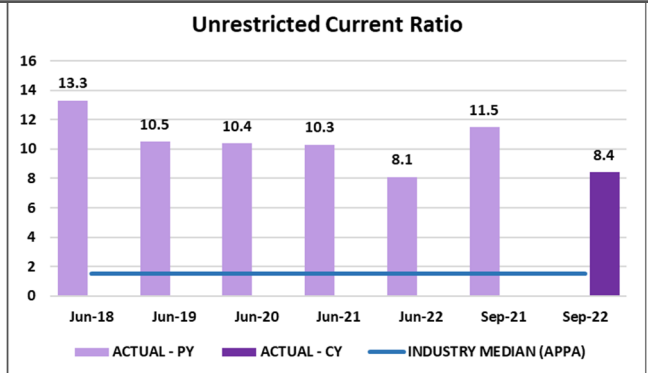
## FINANCIAL RATIOS

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 2022 fiscal year-end ratios may be used to estimate the trends for the current fiscal year when reviewed together with prior year ratios.

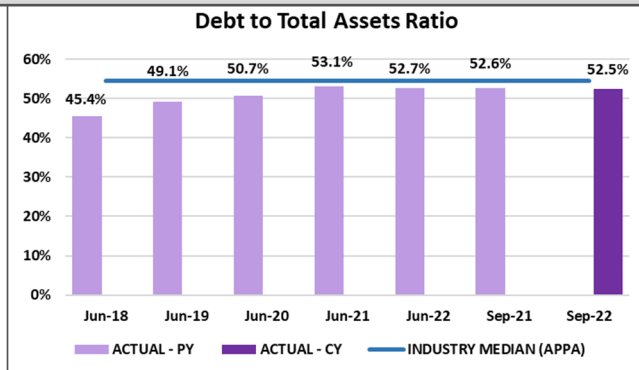
The Operating Ratio reflects the Utility's Operating and Maintenance costs to operating revenues. A lower ratio indicates positive results.



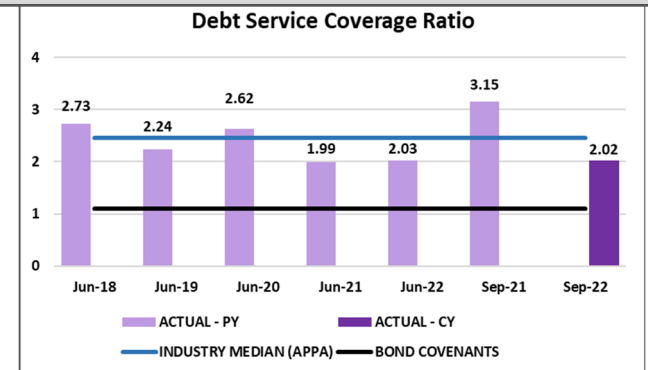
The Unrestricted Current Ratio indicates the Utility's ability to meet short-term liabilities. A higher ratio indicates positive results.



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

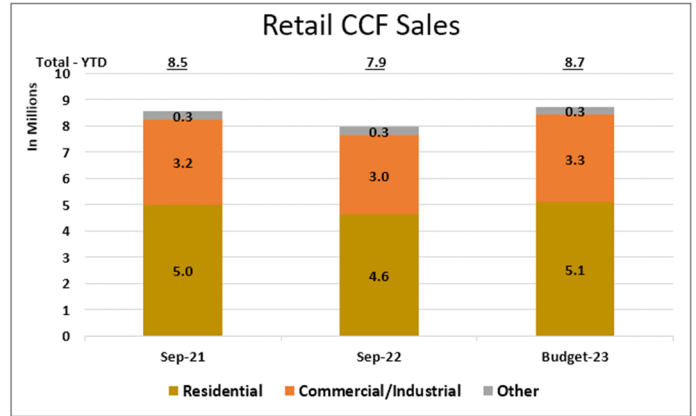
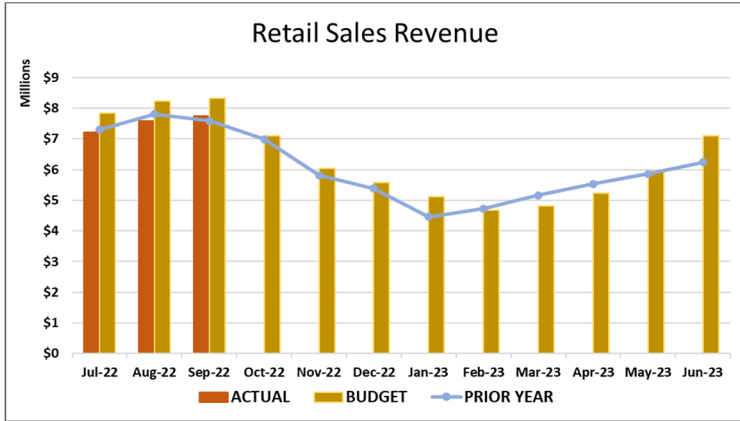
Unaudited FY 2022/23 through September 30, 2022

## WATER

### COVID-19 IMPACTS

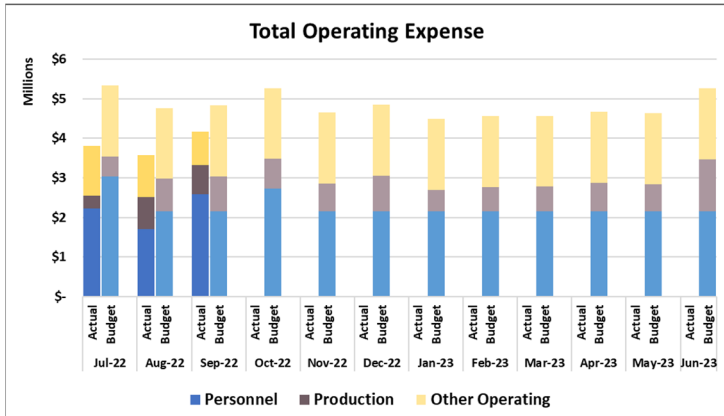
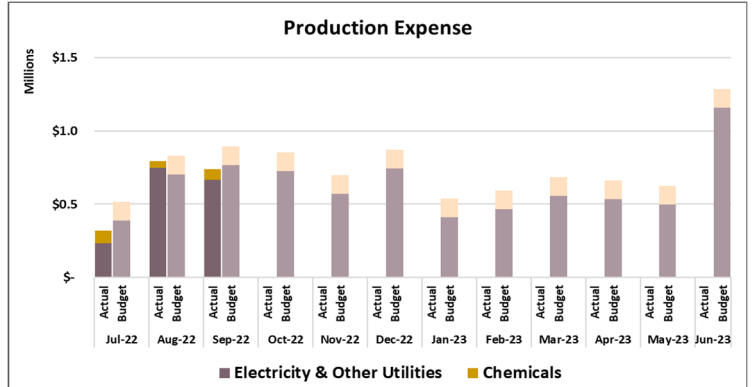
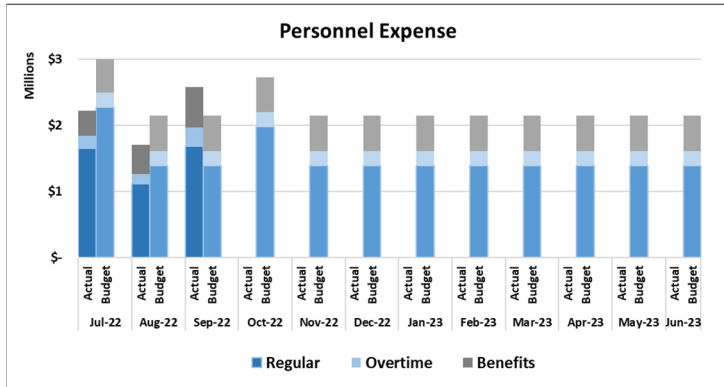
Due to the continued COVID-19 pandemic, RPU recognizes that there will be impacts to the financial results of the Water Utility, which staff will continue to monitor.

### REVENUES



Year-to-date retail sales of \$22.6M are \$1.8M (7.4%) lower than budget and are \$0.1M (0.4%) lower than prior year primarily due to lower consumption. Current year retail CCF sales are 9.2% lower than budget due to lower than anticipated consumption and 8.1% lower than prior year due to lower consumption compared to prior year.

### OPERATING EXPENDITURES



**Personnel Expense:** Year-to-date personnel costs of \$6.5M are \$0.8M (11%) below budget due to various vacancies and attrition.

**Production Expense:** Year-to-date production costs of \$1.9M are \$0.4M (17.3%) below budget due to lower than anticipated chemical and electricity costs for water production.

**Other Operating Expense:** Other operating expenses of \$3.2M are \$2.2M (40.6%) below budget primarily due to timing of expenditures and savings in other general operating expenses.

## CAPITAL FUNDING

CAPITAL/EQUIPMENT FUNDING (In Millions)	Sep-22	Sep-21
Capital Contributions	\$ 0.7	\$ 0.5
Bond Proceeds	1.4	2.6
Rates/Reserves	1.2	1.2
<b>TOTAL</b>	<b>\$ 3.3</b>	<b>\$ 4.3</b>

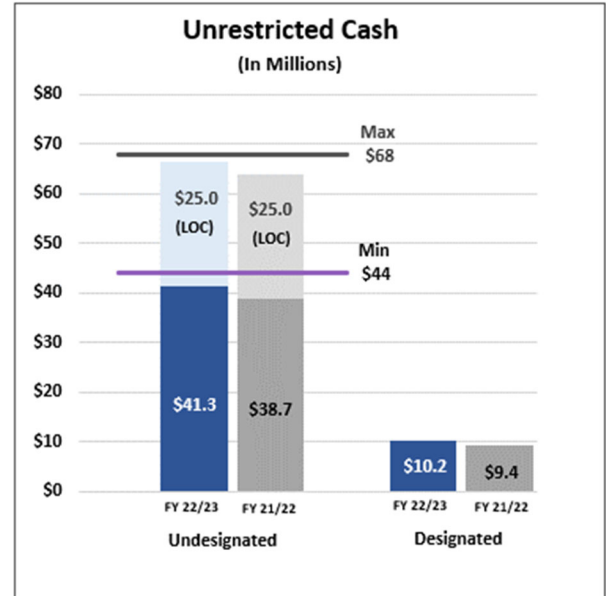
Current year capital expenses (projects and equipment) of \$3.3M are lower than prior year by \$1M, reflecting decreases of \$1.2 in bond proceeds, offset by \$0.2M in capital contributions. Ongoing work in significant capital projects to date is in distribution pipelines, distribution facilities and transmission 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 \$41.3M is \$2.6M higher than prior year primarily due to positive operating results and the California Water and Wastewater Arrearages Payment Program, offset by an investment loss. Water Fund's undesignated reserve balance combined with the available line of credit (LOC) is within the minimum and maximum levels at 9/30/22.

COMPONENTS OF CASH (In Millions)	9/30/2022	9/30/2021
<b>Undesignated</b>	<b>\$ 41.3</b>	<b>\$ 38.7</b>
<b>Designated</b>		
Property	\$ 5.8	\$ 5.2
Recycled Water	1.2	1.2
Customer Deposits	0.8	0.7
Capital Repair/Replacement	2.4	2.3
<b>Total Designated</b>	<b>\$ 10.2</b>	<b>\$ 9.4</b>
<b>Legally Restricted *</b>	<b>\$ 18.3</b>	<b>\$ 31.7</b>
<b>Available Line of Credit (LOC)</b>	<b>\$ 25.0</b>	<b>\$ 25.0</b>

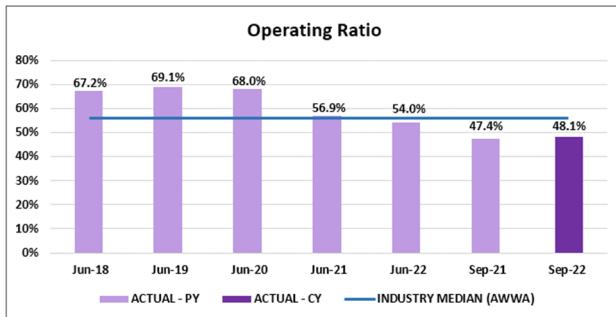
\* Includes \$3.2M of Estimated Bond Construction Cash at 9/30/2022.



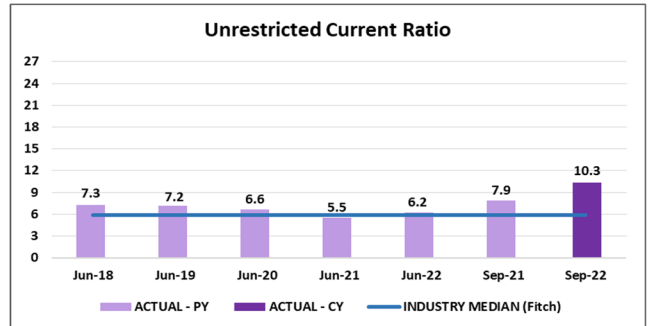
## FINANCIAL RATIO

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 2022 fiscal year-end ratios may be used to estimate the trends for the current fiscal year when reviewed together with prior year ratios.

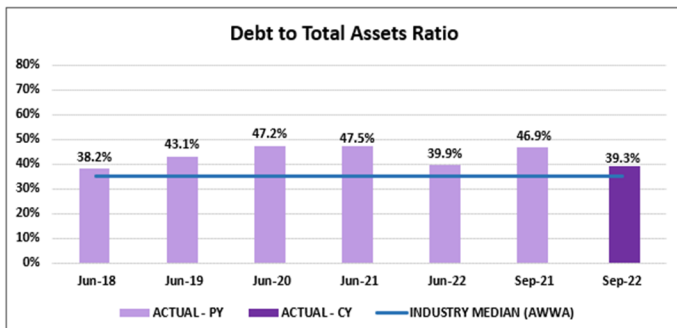
The Operating Ratio reflects the Utility's Operating and Maintenance costs to operating revenues. A lower ratio indicates positive results.



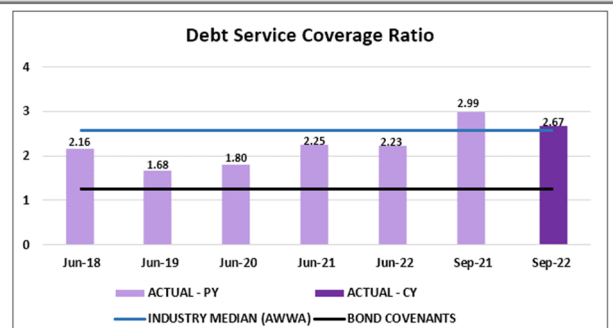
The Unrestricted Current Ratio indicates the Utility's ability to meet short-term liabilities. A higher ratio indicates positive results.



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.



# Accounts Receivable & Delinquencies

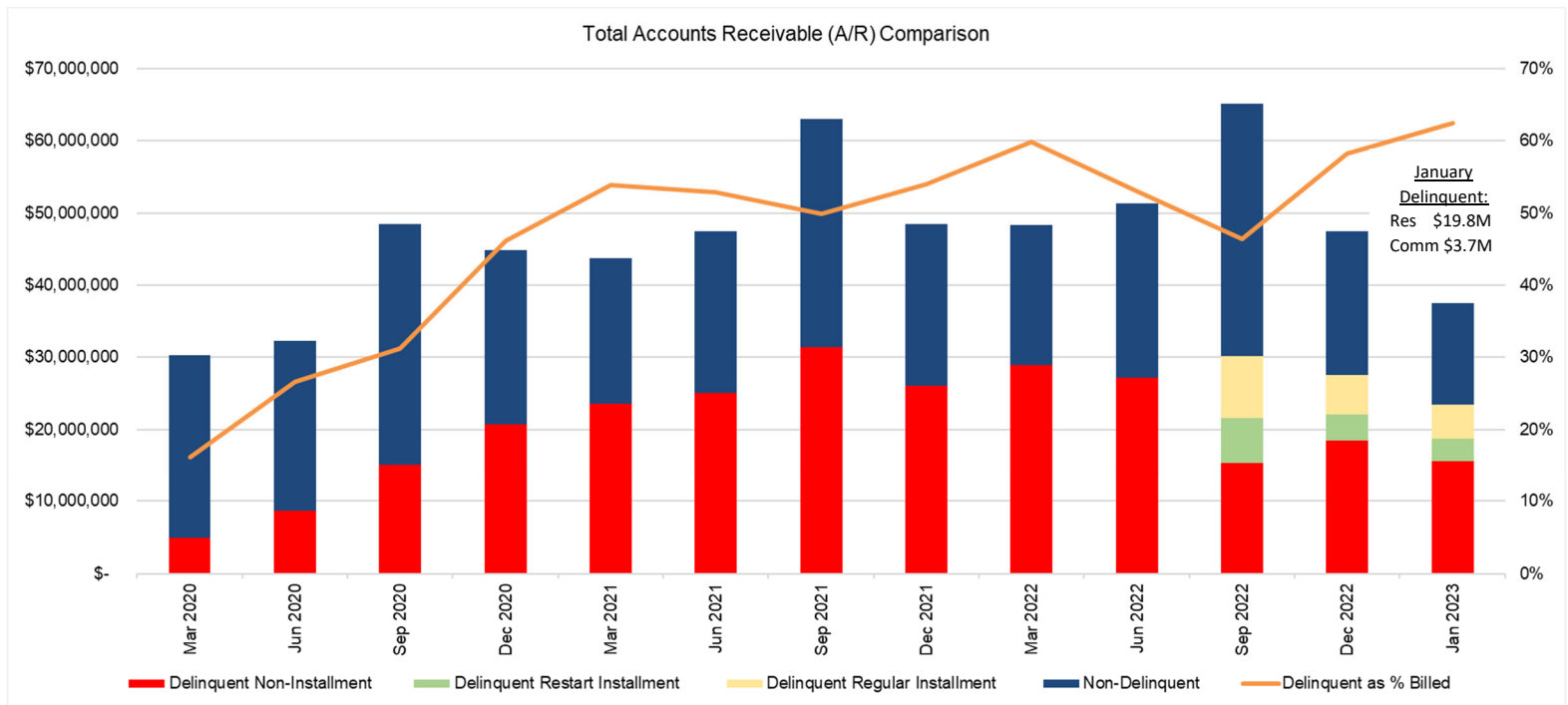
As of January 31, 2023

## 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 January 31, 2023. Accounts receivable for all services including electric, water, sewer, and refuse have increased by 42% or \$7.3 million from \$30.3 million in March 2020 to \$37.6 million on January 31, 2023. During the same period, delinquent accounts receivable has increased 377% or \$18.6 million from \$4.9 million in March 2020 to \$23.5 million on January 31, 2023. The City received and applied \$15.3 million to customer accounts from state funding offering financial assistance for past-due electric, water and wastewater customer debts incurred from March 4, 2020 to June 15, 2021. In December 2021, the City applied credits to customer accounts for the California Arrearages Payment Program for electric utility arrearages in the amount of \$11.1 million and the California Water and Wastewater Arrearages Payment Program for drinking water utility arrearages in the amount of \$1.9 million. In May 2022, the City applied credits to customer accounts for the California Water and Wastewater Arrearages Payment Program for wastewater utility arrearages in the amount of \$2.3 million. In January 2023, the City applied \$18.6M in credits to electric customers accounts as part of the General Fund Transfer Settlement.



- Notes: 1. Delinquent Account Balance includes active & inactive accounts.  
 2. Updated through January 31, 2023 for electric, water, sewer, and refuse.

## Collections

As of January 2023, inactive account collection totals included residential in the amount of \$6,034,078 or 83% and commercial in the amount of \$1,214,722 or 17%. As a comparison, pre-COVID inactive account collection totals included residential in the amount of \$463,220 or 96% and commercial \$21,468 or 4%. As of February 2023, City Council approved a contract with a new collection agency. Future reports will reflect collection updates.