MEMORANDUM

DATE: February 28, 2017

TO: Anson Moran, Commission President
    Ike Kwon, Commission Vice President
    Ann Moller Caen, Commissioner
    Francesca Vietor, Commissioner
    Vince Courtney, Commissioner

THROUGH: Harlan L. Kelly, Jr., General Manager

FROM: Eric L. Sandler, CFO and AGM, Business Services

SUBJECT: SFPUC Second Quarter Budgetary Report FY 2017, through 12/31/16

Summary: Attached are the FY 2017 second quarter budgetary reports for the three Enterprises and CleanPowerSF, through 12/31/16. Water and Wastewater revenues are projected higher than budget and Power is projected below budget. The table below summarizes high-level changes to revenues and expenses, with net surpluses projected for the three Enterprises' and CleanPowerSF. Detail on the revenues and expenditures are provided in the brief narratives on the following pages and the attached reports.

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>Beginning Available Fund Balance</th>
<th>Fund Balance Budgeted to be (Used)</th>
<th>Revenue Surplus / (Shortfall)</th>
<th>Expenditure Savings / (Shortfall)</th>
<th>Surplus / (Shortfall)</th>
<th>General Reserve</th>
<th>Projected Year End Available Fund Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>$143.6</td>
<td>$10.7</td>
<td>$19.8</td>
<td>$21.4</td>
<td>$41.2</td>
<td>$0.2</td>
<td>$174.3</td>
</tr>
<tr>
<td>Wastewater</td>
<td>$118.1</td>
<td>$2</td>
<td>$1.5</td>
<td>$1.5</td>
<td>$23.9</td>
<td>$143.5</td>
<td></td>
</tr>
<tr>
<td>Hetch Hetchy</td>
<td>$64.0</td>
<td>$11.6</td>
<td>$5.1</td>
<td>$8.4</td>
<td>$3.3</td>
<td>$-</td>
<td>$55.7</td>
</tr>
<tr>
<td>CleanPowerSF</td>
<td>$5.6</td>
<td>$-</td>
<td>$0.5</td>
<td>$1.2</td>
<td>$0.7</td>
<td>$4.2</td>
<td>$10.5</td>
</tr>
</tbody>
</table>

Edwin M. Lee
Mayor
Anson Moran
President
Ike Kwon
Vice President
Ann Moller Caen
Commissioner
Francesca Vietor
Commissioner
Vince Courtney
Commissioner
Harlan L. Kelly, Jr.
General Manager
**Water Enterprise**

- Higher Water Sales Revenue: Projected water sales revenue is $20.8M higher than budget; Retail and wholesale water sales revenues were higher than budget by $2.1M (0.9%) and $18.7M (8.6%) respectively.

- Water sales volumes are projected at 176.8 MGD which is higher than budget by 10.7 MGD (6.4%). Of this total, projected retail water sales volumes are 56.7 MGD which is higher than budget by 0.2 MGD (0.3%) and wholesale water sales volumes are 117.5 MGD which is 10.5 MGD (9.8%) higher than budget.

- Projected one-time cost savings includes $20.9M in debt service savings resulting from the October 2016 bond refunding and $0.5M salary and fringe benefit savings.

- General reserve of $0.2M intentionally budgeted and planned to go unspent.

**Wastewater Enterprise**

- Higher Wastewater Sales Revenue: Projected wastewater sales revenue is higher than budget by $1.3M (0.5%). Wastewater revenues are a function of water sales multiplied by a flow factor which determines a customers’ indoor water usage and wastewater flow.

- Wastewater discharge volumes are projected at 48.9 MGD, 0.4 MGD or 0.8% higher than budget.

- General reserve of $23.9M intentionally budgeted and planned to go unspent.

**Hetch Hetchy Water & Power, including the Power Enterprise**

- Lower Power Sales Revenue: Projected net power sales revenue is below budget by $4.8M (3.6%). Power sales from City departments are $1.5M lower due to reduction in consumption; power sales to the Western Systems Power Pool (WSPP) is $2.9M higher than budget due to higher generation; power sales to the Irrigation Districts is $0.5M lower than budget primarily due to terminating excess power sales to Turlock Irrigation District, and power sales to Hunter’s Point are $0.6M lower than budget due to fewer customers than planned.

- Projected one-time cost savings includes $1.6M in salary and fringe benefit savings, $0.6 savings in gas & steam purchases, $2.0M savings in purchase of power due to wet year, $0.2M savings in debt service and $4.0M in a contingency reserve for power purchases.
CleanPowerSF

- Electric sales are projected at $33.0M or $0.6M lower than budget due to Super Green Product enrollment lower than forecast.

- Projected one-time costs savings of $1.2M are due to slower than anticipated staffing ramp up and open market power purchases lower than planned.

- Operating Reserve includes Calpine’s $3.0M Reserve Account.

If you have questions, please contact me at (415) 934-5707 at your earliest convenience.

CC:
Michael Carlin, Deputy General Manager, SFPUC
Juliet Ellis, AGM, External Affairs, SFPUC
Barbara Hale, AGM, Power Enterprise, SFPUC
Kathryn How, AGM, Infrastructure, SFPUC
Tommy Moala, AGM, Wastewater Enterprise, SFPUC
Steve Ritchie, AGM, Water Enterprise, SFPUC
Melissa Whitehouse, Budget Director, Mayor’s Office
Ben Rosenfield, Controller

Attachments:
Appendix A Water Enterprise
Appendix B Wastewater Enterprise
Appendix C Hetch Hetchy Water & Power, including the Power Enterprise
Appendix D CleanPowerSF
### WATER ENTERPRISE OPERATING FUNDS
#### FY 2016-17 2nd Quarter - Budgetary Basis, 5W AAA
($ Millions)

<table>
<thead>
<tr>
<th>FY 2015-16 Actuals</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Projection</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Fund Balance as a Source</td>
<td>$176.1</td>
<td>$10.7</td>
<td>$119.9</td>
<td>$252.8</td>
</tr>
</tbody>
</table>

**Sources**

- Retail Water Sales: 204.0
- Retail Water Sales - In-City Departments: 6.9
- Wholesale Water Sales Revenue: 203.3
- Interest Income: 1.6
- Rental Income: 11.5
- Miscellaneous Revenues: 14.4
- Departmental Transfer Adjustment: (36.6)

**Operating Sources**

- Federal Bond Interest Subsidy Sources: 24.2
- Total Sources: 429.2

**Operating Uses**

- Personnel: 85.4
- Non-Personnel Services: 14.3
- Materials and Supplies: 11.7
- Equipment: 2.6
- Light, Heat and Power: 8.3
- Overhead (SFPUC Bureaus & City): 41.7
- Services of Other Departments: 11.7

**Total Operating Uses**

- Total: 175.7

**Debt Service**

- Total: 221.7

**Total Uses - Operating, Debt Service, Capital & Other**

- Total: 461.7

**Net FY 2016-17 Results**

- Available Fund Balance as of Fiscal Year-End: $143.6

**Available Fund Balance Reserves as a % of … (H)**

- Total Operating Sources: 32.5%
- Total Operating Uses: 81.7%
- Total Uses (excluding General Reserve): 31.1%

**Debt Service Coverage… Year-End Budgetary Basis**

- Indenture Basis (includes Available Fund Balance) (I): 1.75
- Current Basis (J): 1.11
Appendix A
WATER ENTERPRISE OPERATING FUNDS
FY 2016-17 2nd Quarter - Budgetary Basis, 5W AAA
($ Millions)

Revenue Variances
A. Retail water sales projected to be 56.7 MGD, a 0.3% increase from budget of 56.5 MGD and a 1.5% increase from prior year actuals of 55.8 MGD.
B. City department water sales projected to be 2.62 MGD, a 0.7% decrease from budget of 2.64 MGD and a 2.5% increase from prior year actuals of 2.56 MGD.
C. Wholesale water sales projected to be 117.5 MGD, a 9.8% increase from budget of 107 MGD and a 5.7% increase from prior year budget of 111.4 MGD. Projections account for source switching by Alameda County Water District to accommodate Mountain Tunnel inspection.
D. Rental income is projected to decrease from budget due to the termination of leases, including the Pacific Rod & Gun Club and Sunol Valley Golf Club, as well as revisions to grazing leases and a lease to Mission Valley Rock.

Expenditure Variances
E. Salaries and benefit savings due to vacant positions; Enterprise and HRS continue working on filling vacant positions.
F. Variance reflects $24.4M in savings from Series 2016AB refunding, partially offset by additional $3.5M debt service in 2016C issuance.
G. General reserve was intentionally budgeted and planned to go unspent to build up fund balance reserves.

Other Notes
H. GFOA recommended best practice is at least 5-15% of revenues or 1-2 months of expenditures.
I. Calculated as ratio between (a) Operating Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times.
J. Calculated as ratio between (a) Operating Sources plus Fund Balance as a Source plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, and (b) Debt Service.
## Appendix B

### WASTEWATER ENTERPRISE OPERATING FUNDS

FY 2016-17 2nd Quarter - Budgetary Basis, 5C AAA

($ Millions)

<table>
<thead>
<tr>
<th>FY 2015-16</th>
<th>Original Budget</th>
<th>Revised Budget</th>
<th>Projection</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuals</td>
<td>$ 122.3</td>
<td>$ -</td>
<td>$ 57.7</td>
<td>$ 175.8</td>
</tr>
</tbody>
</table>

### Available Fund Balance as a Source

<table>
<thead>
<tr>
<th>Sources</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewer Service Charge</td>
<td>248.2</td>
<td>264.0</td>
</tr>
<tr>
<td>Sewer Service Charges City Departments</td>
<td>4.6</td>
<td>4.6</td>
</tr>
<tr>
<td>Interest Income</td>
<td>0.9</td>
<td>1.3</td>
</tr>
<tr>
<td>Other Miscellaneous Income</td>
<td>4.0</td>
<td>3.8</td>
</tr>
<tr>
<td><strong>Total Operating Sources</strong></td>
<td>257.7</td>
<td>273.7</td>
</tr>
<tr>
<td>Federal Interest Subsidy as a Source</td>
<td>4.0</td>
<td>4.0</td>
</tr>
<tr>
<td><strong>Total Operating Uses</strong></td>
<td>148.5</td>
<td>157.2</td>
</tr>
</tbody>
</table>

### Operating Uses

<table>
<thead>
<tr>
<th>Use</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel</td>
<td>64.2</td>
<td>67.1</td>
</tr>
<tr>
<td>Non-Personnel Services</td>
<td>14.3</td>
<td>16.9</td>
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<tr>
<td>City Grant Programs</td>
<td>0.1</td>
<td>0.3</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>9.3</td>
<td>10.2</td>
</tr>
<tr>
<td>Equipment</td>
<td>1.2</td>
<td>0.9</td>
</tr>
<tr>
<td>Light, Heat, and Power</td>
<td>9.9</td>
<td>10.0</td>
</tr>
<tr>
<td>Overhead (SFPUC Bureaus)</td>
<td>26.1</td>
<td>28.1</td>
</tr>
<tr>
<td>Services of Other Departments</td>
<td>23.5</td>
<td>23.7</td>
</tr>
<tr>
<td><strong>Total Operating Uses</strong></td>
<td>148.5</td>
<td>157.2</td>
</tr>
<tr>
<td>Debt Service</td>
<td>63.5</td>
<td>52.3</td>
</tr>
<tr>
<td>Capital Projects</td>
<td>41.0</td>
<td>36.8</td>
</tr>
<tr>
<td>Facilities Maintenance/Programmatic</td>
<td>7.3</td>
<td>7.5</td>
</tr>
<tr>
<td>General Reserve</td>
<td>5.6</td>
<td>23.9</td>
</tr>
<tr>
<td><strong>Total Uses - Operating, Debt Service, Capital &amp; Other</strong></td>
<td>$265.9</td>
<td>$277.7</td>
</tr>
</tbody>
</table>

### Net FY 2016-17 Results

<table>
<thead>
<tr>
<th>Available Fund Balance as of Fiscal Year-End</th>
<th>$ 118.1</th>
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</thead>
</table>

### Available Fund Balance Reserves as a % of ...

<table>
<thead>
<tr>
<th>Source</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Operating Sources</td>
<td>48.0%</td>
<td>51.9%</td>
</tr>
<tr>
<td>Total Operating Uses</td>
<td>83.3%</td>
<td>90.3%</td>
</tr>
<tr>
<td>Total Uses (excluding General Reserve)</td>
<td>48.3%</td>
<td>56.8%</td>
</tr>
</tbody>
</table>

### Debt Service Coverage... Year-End Budgetary Basis

<table>
<thead>
<tr>
<th>Basis</th>
<th>FY 2015-16</th>
<th>FY 2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indenture Basis (includes Available Fund Balance)</td>
<td>3.61</td>
<td>4.56</td>
</tr>
<tr>
<td>Current Basis</td>
<td>1.69</td>
<td>2.30</td>
</tr>
</tbody>
</table>

| Variance of Debt Service Coverage | $ 25.4 |

| Variance of Available Fund Balance Reserves | $ 143.5 |
Appendix B

WASTEWATER ENTERPRISE OPERATING FUNDS
FY 2016-17 2nd Quarter - Budgetary Basis, 5C AAA
($ Millions)

Revenue Variances
A. Sewer discharge volumes projected to be 47.7 MGD, a 0.6% increase from budget of 47.4 MGD and a
0.5% increase from prior year actuals of 47.4 MGD.
B. City department sewer discharge volumes projected to be 1.15 MGD, a 1% increase from budget of
1.14 MGD and a 4.3% decrease from prior year actuals of 1.2 MGD.
C. Miscellaneous revenue projected to increase slightly from budget, primarily due to unbudgeted biofuel
revenues.

Expenditure Variances
D. General Reserve was intentionally budgeted to go unspent to supplement fund balance reserves.

Other Notes
E. GFOA Recommended Best Practice is at least 5-15% of revenues or 1-2 months of expenditures.
F. Calculated as ratio between (a) Operating Sources plus Beginning Available Fund Balance plus Capacity
Charges, less Operating Uses less Facilities Maintenance/Programmatic, and (b) Debt Service. The
Indenture requires this ratio to be a minimum of 1.25 times.
G. Calculated as ratio between (a) Operating Sources plus Fund Balance as a Source plus Capacity
Charges, less Operating Uses less Facilities Maintenance/Programmatic, and (b) Debt Service.
<table>
<thead>
<tr>
<th>Available Fund Balance as a Source</th>
<th>FY 2015-16 Actuals</th>
<th>Adopted Budget</th>
<th>Revised Budget</th>
<th>Projections</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$38.1</td>
<td>$12.8</td>
<td>$138.8</td>
<td>$191.2</td>
<td>$52.4</td>
</tr>
</tbody>
</table>

### Sources

- **Electric Sales - City Work Orders - General Fund Depts.**
  - FY 2015-16: $18.5
  - Adopted: $20.2
  - Revised: $20.2
  - Projections: $20.2

- **Electric Sales - City Work Orders - Enterprise Depts.**
  - FY 2015-16: $65.8
  - Adopted: $68.4
  - Revised: $68.4
  - Projections: $70.0 (1.5% A)

- **Electric Sales - Modesto & Turlock Irrigation Districts**
  - FY 2015-16: $0.4
  - Adopted: $6.9
  - Revised: $6.9
  - Projections: $9.7 (2.9% C)

- **Electric Sales - Direct, Non-City Depts., SFUSD, Community College**
  - FY 2015-16: $17.8
  - Adopted: $19.6
  - Revised: $19.6
  - Projections: $19.3 (0.3% D)

- **Electric Sales - Retail (Hunter's Point)**
  - FY 2015-16: $0.1
  - Adopted: $0.8
  - Revised: $0.8
  - Projections: $0.3 (0.6% E)

- **Electric Sales - Treasure Island**
  - FY 2015-16: $2.9
  - Adopted: $3.1
  - Revised: $3.1
  - Projections: $2.8 (0.3% F)

**Subtotal - Electric Revenues**

- FY 2015-16: $121.8
- Adopted: $133.0
- Revised: $133.0
- Projections: $128.2 (4.8% A)

- **Water Sales - Transfer from Water Department**
  - FY 2015-16: $36.6
  - Adopted: $34.6
  - Revised: $34.6
  - Projections: $34.6

- **Water Sales - Groveland, Lawrence Livermore Labs**
  - FY 2015-16: $2.0
  - Adopted: $2.1
  - Revised: $2.1
  - Projections: $1.2 (0.9% G)

**Subtotal - Water Revenues**

- FY 2015-16: $38.6
- Adopted: $36.7
- Revised: $36.7
- Projections: $35.8 (0.9% G)

- **Natural Gas & Steam - City Work Orders**
  - FY 2015-16: $7.5
  - Adopted: $11.3
  - Revised: $11.3
  - Projections: $10.7 (0.5% H)

- **Interest Income**
  - FY 2015-16: $1.2
  - Adopted: $1.2
  - Revised: $1.2
  - Projections: $1.2

- **Federal Interest Subsidy - Power Bonds**
  - FY 2015-16: $0.7
  - Adopted: $0.7
  - Revised: $0.7
  - Projections: $0.6 (0.1% I)

- **Other Miscellaneous Income (property rental, Transbay Cable proceeds)**
  - FY 2015-16: $6.3
  - Adopted: $6.3
  - Revised: $4.2
  - Projections: $5.4

**Total Operating Sources**

- FY 2015-16: $176.6
- Adopted: $189.2
- Revised: $187.0
- Projections: $181.9 (5.1% I)

### Operating Uses

- **Personnel**
  - FY 2015-16: $37.7
  - Adopted: $40.9
  - Revised: $39.9
  - Projections: $38.3

- **Non-Personnel Services**
  - FY 2015-16: $19.6
  - Adopted: $22.8
  - Revised: $24.7

- **Power Purchases**
  - FY 2015-16: $5.6
  - Adopted: $8.4
  - Revised: $8.4

- **Transmission Distribution & Related Charges**
  - FY 2015-16: $19.4
  - Adopted: $34.6
  - Revised: $34.6

- **Materials and Supplies**
  - FY 2015-16: $2.9
  - Adopted: $2.6
  - Revised: $2.9

- **Equipment**
  - FY 2015-16: $0.9
  - Adopted: $0.5
  - Revised: $1.6

- **Overhead (SFPUC Bureaus) & COWCAP**
  - FY 2015-16: $14.2
  - Adopted: $15.4
  - Revised: $17.4

- **Services of Other Departments**
  - FY 2015-16: $7.4
  - Adopted: $7.4
  - Revised: $7.8

- **Natural Gas & Steam**
  - FY 2015-16: $7.5
  - Adopted: $11.3
  - Revised: $11.3

**Total Operating Uses**

- FY 2015-16: $115.2
- Adopted: $143.8
- Revised: $148.4
- Projections: $144.2

**Debt Service**

- FY 2015-16: $0.5
- Adopted: $2.5
- Revised: $2.5

**Capital Projects**

- FY 2015-16: $17.4
- Adopted: $36.8
- Revised: $152.1

**Facilities Maintenance/Programmatic**

- FY 2015-16: $17.6
- Adopted: $14.8
- Revised: $18.8

**Contingency/Purchase of Power**

- FY 2015-16: $-4.0
- Adopted: $4.0
- Revised: $-4.0

**Total Uses**

- FY 2015-16: $150.7
- Adopted: $202.0
- Revised: $325.8
- Projections: $317.4

**Net FY 2016-17 Results**

- FY 2015-16: $3.3

**Available Fund Balance as of Fiscal Year-End**

- FY 2015-16: $64.0
- FY 2016-17: $55.7

**Available Fund Balance Reserves as a % of … (P)**

- Total Operating Sources (Excluding Bond Proceeds): 36.2% (A) 29.2% (B) 30.6%
- Total Operating Uses: 55.5% (A) 38.4% (B) 38.6%
- Total Uses (Excluding General Reserve): 42.5% (A) 27.9% (B) 17.6%

**Debt Service Coverage… Year-End Budgetary Basis**

- Indenture Basis (includes Available Fund Balance) (Q): N/A
- Current Basis (R): 77.5%
Appendix C
HETCH HETCHY WATER & POWER OPERATING FUNDS
FY 2016-17 2nd Quarter - Budgetary Basis, 5T AAA
($ Millions)

Revenue Variances
A. Projections reflect lower than expected electricity consumption from some high volume customers (Airport, Convention Center, and Water Enterprise).
B. Lower sales as Turlock Irrigation District (TID) chose not to purchase Class 1 power for FY 2016-17. Additionally, Power Enterprise no longer provides excess Hetchy sales to TID.
C. Market sales are higher than budget due to higher Hetchy generation than projected and power not sold to TID.
D. Projections reflect lower than expected electricity consumption from select General Fund departments (Art Commission and Real Estate), and lower retail settlements.
E. Retail (Hunter’s Point) sales projections lower than budget due to fewer customers moving into new development than expected.
F. Treasure Island utility sales projected to decrease slightly from budget due to lower gas and electric usage by TIDA customers.
G. Water sales projected to decrease from budget primarily due to three months during which Lawrence Livermore National Labs purchased no water for quality-related reasons. Water quality issues have since been resolved.
H. Natural Gas & Steam is projected to decrease from budget, but has an offsetting decrease in expenses (see Note M).
I. Budget variance due to federal sequestration, which reduces the bond interest subsidy rate.
J. Miscellaneous revenue projected to increase from budget, primarily due to $1.5M in unbudgeted Rim Fire insurance payments.

Expenditure Variances
K. The projected salaries and fringe benefit surplus is due to the number of vacant positions; Hetchy and HRS continue working on filling vacant positions.
L. Surplus results from lower power purchases due to a wet year.
M. Natural Gas and Steam has an offsetting revenue (see Note H).
N. Budget includes $175K contingency for earnings shortfall in Series 2016A&B capitalized interest fund and additional $16.3K for trustee and arbitrage computation fees.
O. Reflects a $4.0 million contingency reserves including dry year/power price volatility for purchase of power.

Other Notes
P. GFOA Recommended Best Practice is at least 5-15% of revenues or 1-2 months of expenditures.
Q. The Series 2015 Power Bonds represent the first series of senior lien revenue bonds of the Power Enterprise. Pursuant to Power's Master Trust Indenture, Senior Lien Debt Service coverage excludes debt service on subordinate obligations, such as the Power Enterprise's existing CREBs, NCREBs, and QECBs. Because interest on the Series 2015 Bonds is capitalized, the Power Enterprise will not be obligated to make debt service payments on the Series 2015 Bonds until FY 2017-18. Consequently, the Power Enterprise does not have a basis to calculate and report the Indenture-based debt service coverage ratio in FY 2016-17.
R. Calculated as ratio between (a) Operating Sources (excluding Treasure Island, Gas & Steam, and Transbay Cable revenue) plus Fund Balance as a Source, less Operating Uses (excluding Gas & Steam expenses) less Facilities Maintenance/Programmatic, and (b) Subordinate Lien Debt Service consisting of 2008 CREBs, 2011 QECBs, 2012 NCREBs and 2015 NCREBs.
## Appendix D

**CleanPowerSF**  
*FY 2016-17 2nd Quarter - Budgetary Basis, 5Q*  
($ Millions)

### Available Fund Balance as a Source

<table>
<thead>
<tr>
<th>FY 2015-16 Actuals</th>
<th>Adopted Budget</th>
<th>Revised Budget</th>
<th>Projections</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 5.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Operating Sources

**Electric Sales - Green Product**
- FY 2015-16 Actuals: 3.7
- Adopted Budget: 33.4
- Revised Budget: 33.4
- Projections: 33.0
- Variance: (0.4)

**Electric Sales - SuperGreen Product**
- FY 2015-16 Actuals: -
- Adopted Budget: 0.4
- Revised Budget: 0.4
- Projections: 0.1
- Variance: (0.2)

**Subtotal - Electric Revenues**
- FY 2015-16 Actuals: 3.7
- Adopted Budget: 33.7
- Revised Budget: 33.7
- Projections: 33.1
- Variance: (0.6)

**Interest Income**
- FY 2015-16 Actuals: 0.0
- Adopted Budget: -
- Revised Budget: -
- Projections: 0.1
- Variance: 0.1

**Total Operating Sources**
- FY 2015-16 Actuals: 3.7
- Adopted Budget: 33.7
- Revised Budget: 33.7
- Projections: 33.2
- Variance: (0.5)

### Operating Uses

**Personnel**
- FY 2015-16 Actuals: -
- Adopted Budget: 1.8
- Revised Budget: 1.8
- Projections: 1.3
- Variance: 0.5

**Overhead**
- FY 2015-16 Actuals: -
- Adopted Budget: 1.1
- Revised Budget: 1.1
- Projections: 1.1
- Variance: -

**Non Personnel Services**
- FY 2015-16 Actuals: -
- Adopted Budget: 2.5
- Revised Budget: 1.8
- Projections: 1.8
- Variance: -

**Power Purchases**
- FY 2015-16 Actuals: 2.3
- Adopted Budget: 22.5
- Revised Budget: 23.0
- Projections: 22.3
- Variance: 0.7

**Materials and Supplies**
- FY 2015-16 Actuals: -
- Adopted Budget: 0.0
- Revised Budget: 0.0
- Projections: 0.0
- Variance: -

**Overhead (SFPUC Bureaus)**
- FY 2015-16 Actuals: -
- Adopted Budget: 0.2
- Revised Budget: 0.5
- Projections: 0.5
- Variance: -

**Services of Other Departments**
- FY 2015-16 Actuals: -
- Adopted Budget: 0.6
- Revised Budget: 1.0
- Projections: 1.0
- Variance: -

**Total Operating Uses**
- FY 2015-16 Actuals: 2.3
- Adopted Budget: 28.7
- Revised Budget: 29.2
- Projections: 28.0
- Variance: 1.2

**Debt Service**
- FY 2015-16 Actuals: -
- Adopted Budget: 0.8
- Revised Budget: 0.8
- Projections: 0.8
- Variance: -

**General Reserve**
- FY 2015-16 Actuals: -
- Adopted Budget: 4.2
- Revised Budget: 4.2
- Projections: 4.2
- Variance: -

**Total Uses**
- FY 2015-16 Actuals: $ 2.3
- Adopted Budget: $ 33.7
- Revised Budget: $ 34.2
- Projections: $ 28.8
- Variance: $ 5.4

### Net FY 2016-17 Results

- FY 2016-17 Results: $ 4.9

### Available Fund Balance as of Fiscal Year-End

- Available Fund Balance as of Fiscal Year-End: $ 10.5

*Operating Reserve includes $3.0M for Calpine Reserve Account*

### Sources

- **A.** Average rate and usage lower than forecast for commercial customers.
- **B.** SuperGreen Product enrollment lower than forecast (but growing).

### Uses

- **C.** Projected savings due to a lag in hiring at the start of the year.
- **D.** Power purchased on the open market less than anticipated.
Observations

• Water and Wastewater higher revenues, Power and CleanPowerSF lower revenues
  • $20.8M or 4.6% – water sales revenues
  • $1.3M or 0.5% – sewer service charges
  • $4.8M or 3.6% – power sales revenues
  • $0.6M or 1.8% – CleanPowerSF revenues

• Financial results meet policy targets for coverage and reserves
Increased water sales revenues and uses cost savings…

Sources
$19.8M or 4.2% higher revenues due to increased water sales
• $2.1M or 0.9% retail
• $18.7M or 8.6% wholesale
• $1.0M or 3.6% miscellaneous revenues

Uses
$21.6M or 4.5% savings from reduced expenses/general reserve
• $0.5M salaries and benefit savings
• $20.9M one-time debt service savings
• $0.2M savings from not using planned reserve
Increased wastewater revenues and uses cost savings...

**Sources**
- $1.5M or 0.5% higher revenues due to billed volumes
  - $1.3M or 0.5% sewer revenues
  - $0.2M or 4.3% miscellaneous revenues

**Uses**
- $23.9M or 8.6% savings from general reserve
  - $23.9M savings from not using planned reserve
Reduced power sales revenues offset by cost savings...

**Sources**

$5.1M or 2.7% lower than budget primarily due to lower wholesale sales

**Uses**

$8.4M or 4.2% savings from reduced expenses

- $1.6M salaries and benefit savings
- $2.0M from reduced power purchases
- $0.6M from sale of gas and steam
- $0.2M from debt service savings
- $4.0M from not using purchase of power contingency
FY 2017 CleanPowerSF Budgetary Variances

Sales revenues on target, uses cost savings…

Sources
$0.5M or 1.5% lower revenues due to electric sales
  • $0.6M or 1.8% lower electric sales revenues
  • $0.1M higher interest revenues

Uses
$5.4M or 16.0% savings from reduced expenses/general reserve
  • $0.5M salaries and benefit savings
  • $0.7M power purchases savings
  • $4.2M savings from not using planned reserve
### Key Reserve Ratios

**Fund Balance Reserves meet all**

- 15% of Annual Revenues
  - Water ✓
  - Wastewater ✓
  - Hetchy ✓

- 15% of Annual Expenses
  - Water ✓
  - Wastewater ✓
  - Hetchy ✓

- 1.25 Debt Service Coverage Ratio
  - Water ✓
  - Wastewater ✓
  - Hetchy ✓

**Debt Service Coverage, exceeds 1.25 times requirement**

- Indenture Basis—includes current year results and fund balance