San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission

M 525 Golden Gate Avenue, 13th Floor
San Francisco, CA 94102
T 415.934.5707
F 415.554.1877

Date: May 4, 2020

To: Commissioner Ann Moller Caen, President
Commissioner Francesca Vietor, Vice President
Commissioner Anson Moran
Commissioner Sophie Maxwell
Commissioner Tim Paulson

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

From: Eric Sandler CFO and AGM Business Services ES

Subject: SFPUC Third Quarter Budgetary Report through March 31, 2020

The FY 2019-20 third quarter budgetary reports are attached for the three Enterprises and CleanPowerSF, with high-level changes to revenues and expenses summarized in the following table:

	Beginning Available Fund Balance	Fund Balance Budgeted to be (Used)	Revenue Surplus / (Shortfall	Expenditure Surplus / (Shortfall)	Net Revenues Surplus / (Shortfall)	Projected Year End Available Fund Balance
Water	$ 231.1	$ (17.2)	$ 2.3	$ 24.4	$ 26.6	$ 240.5
Wastewater	$ 210.5	$ (3.5)	$ (7.0)	$ 19.1	$ 12.2	$ 219.2
Power	$ 52.9	$ (7.7)	$ (21.5)	$ 24.1	$ 2.6	$ 47.8
CleanPowerSF	$ 8.3	$ -	$ 24.0	$ 5.2	$ 29.1	$ 63.7

The impact of COVID-19 and the shelter-in-place order on the SFPUC has been significant, with revenue impacts felt across each of the enterprises and CleanPowerSF. Contingency plans have been put in place to mitigate these effects, which are reflected in the third quarter results above. Each division has been affected differently by the circumstances, each with its own market, customer base and cost drivers. For instance, CleanPowerSF has been able to offset reductions in demand through reduced purchase of power, whereas other enterprises have cost drivers that are less flexible. However, due to a combination of overperformance earlier in the year and mitigation measures put in place, each enterprise is ending the year with a positive net operating result and and meeting its fund balance and debt coverage policies. In particular, Power's fund balance ratio is projected to be 31.4%, and Water's debt service coverage current basis is projected to be 1.28, both well above minimums.

Variance Report Summary:

- Positive operating results projected for each enterprise, and each is projected to meet Commission policy targets at year-end.
- Water and Wastewater sales are down from budget primarily due to the current shelter in place restrictions, but are offset by better than expected interest and miscellaneous income, as well as savings in debt service, salaries and contingency reductions.
- Power revenues are $21.6M below budget primarily from retail, wholesale and municipal energy usage below forecast; current shelter in place restrictions, and delay in transfer customer loads coming online. Revenue losses are offset by lower district transmission cost recovery partially related to the current shelter in place restrictions. Better than expected interest income, savings of $4.9M for purchase of power and transmission and distribution costs, as well as salary and contingency reductions in the capital and operating budgets offset these revenue losses.
- CleanPowerSF final enrollment is completed, and revenues are projected to be ahead of budget for the year despite the losses resulting from COVID-19 and the shelter-in-place order. Salary savings, reduced purchase of power and contingency cuts in the operating budget put the enterprise even further into a positive net operating position at year-end.

Despite positive net operating results during the current year, the agency will face significant challenges as a result of COVID-19. Understanding, managing and mitigating the impacts of the continued pandemic response and economic dislocation on the people and businesses within our service area will be critical to continued financial health through the next budget cycle and financial sustainability in the longer-term. The agency has organized to address these challenges.

Impact of COVID-19 and Financial Resiliency Project

A health emergency was declared by the Mayor on February 26, 2020 with a subsequent shelter-in-place (SIP) health order issued on March 17, 2020. To understand and mitigate the potential impacts of these measures on the SFPUC, the agency launched the COVID-19 Financial Resiliency Project. The project is sponsored by the CFO and is comprised of staff from the Budget, Financial Planning and Strategy divisions as well as Enterprise and program representatives. The team briefs SFPUC's Executive Team on a regular basis with the latest information on sales volume and revenue data, and project progress.

The objectives of the Project are:

1. *Common understanding of impacts:* Develop a real-time, data-based, collective understanding across SFPUC leadership of the current and potential future financial impacts of the COVID-19 pandemic on SFPUC businesses.

2. *Aligned approach for financial decision-making:* Provide clarity and alignment on critical financial decisions over the next 24 months (e.g. restructuring budgets, accessing stimulus funding, etc.).

3. *Mitigate impacts and support long-term recovery:* Develop policies/interventions to support employees, customers and the community through the pandemic and subsequent economic recovery period. Ensure long-term affordability of utility services.

4. *Effective communication to enhance implementation:* Develop frank, understandable, relatable and actionable communication to enable an engaged staff and stakeholders, and effective, agile implementation.

The effects of the health emergency and this order on SFPUC's finances have not yet been fully determined, and the year end projections included in this report are based on observed volumetric trends from utility meter data. The year end sales and revenue projections assume the observed volumetric trends resulting from the SIP order and associated economic disruption persist through the remainder of the fiscal year. It also assumes that delinquency levels continue to remain at low historical levels through the end of the fiscal year.

Below is a chart that shows the SFPUC Enterprise/Program specific volumetric utility trends observed to date during the SIP order, compared to the estimated budgeted sales volumes for the same time period. Though some of this variability may be attributable to seasonal weather-related changes in demand, the sharp observed drop in commercial demand and the more modest increase in residental demand clearly reflect the impacts of SIP order restrictions.

Enterprise / Program	Estimated Volumetric Decrease During Shelter In Place Order (%)
Water	-10%
Wastewater	-10%
Hetchy Power	-20%
CleanPowerSF	-8%

The estimated revenue reductions associated with these volumetric declines through the end of the fiscal year are outlined in the table below and total $34.3 million. Note that these reductions are reflected in this budget status report, but are offset by expenditure savings and mitigation measures as outlined in the next section.

Enterprise / Program	FY 2019-20 Projected Revenue Impact of COVID-19 ($millions)
Water	-$9.0
Wastewater	-$12.6
Hetchy Power	-$7.9
CleanPowerSF	-$4.8

Current Year Rebalancing

The Resiliency Team undertook a Current Year budget balancing and contingency planning process, with each enterprise being asked to provide savings proposals to offset the estimated COVID-19 revenue impacts.

Each enterprise as well as the bureaus were instructed to prioritize spending that maintains service levels, is needed for health & safety including COVID-19 response, and moves capital projects to "shovel-ready" anticipating the future availability of federal/state economic stimulus funding.

The final contingency plan reflected in this budget status report totals approximately $40 million in reductions to the current year budget, and represents a balanced approach comprising approximately 50% capital and 50% operating expenditure cuts, with no anticipated impact on service levels. These measures allow the SFPUC to offset the impacts of COVID-19 in the current year and maintain robust levels of fund balance that can be used to mitigate longer term financial disruptions.

FY 2020-21 and FY 2021-22 Budget Cycle Update:

The Resiliency Team is now working on producing revised revenue projection scenarios for the upcoming FY2020-21 and 2021-22 budget. Uncertainties that will impact these projections in the near term include the severity of the health emergency, the length of the current SIP order, the nature of future transmission containment efforts, the nature and length the ensuing recession, and the economic impact on our customers affecting their utility usage and ability to pay.

The citywide budget cycle has been delayed by three months, with the Mayor's revised budget instructions expected in May and the budget due to the Board of Supervisors (BOS) on August 1st. . There will be an interim budget in place for the 3 months July, August and September, which is intended to be a continuation of the FY 2019-20 budget, with no new programs. That interim budget is expected to be approved by the BOS in June with the remaining 9 months of FY 2020-21 approved in September 2020.

This Commission approved the SFPUC's operating and capital budget for FY 2020-21 and FY 2021-22 on February 11, 2020. Staff is developing revised revenue projections and rebalancing proposed spending and is planning to present changes to the approved budget in late June or early July. Staff will work with each enterprise to identify spending that may be deferred or is no longer needed in order to rebalance the budget.

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

CC: Michael Carlin, Deputy General Manager, SFPUC
Juliet Ellis, AGM, External Affairs, SFPUC
Barbara Hale, AGM, Power Enterprise, SFPUC
Kathryn How, AGM, Infrastructure, SFPUC
Greg Norby, AGM, Wastewater Enterprise, SFPUC
Steve Ritchie, AGM, Water Enterprise, SFPUC
Kelly Kirkpatrick, 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

Appendix A

WATER ENTERPRISE OPERATING FUNDS
FY 2019-20 3rd Quarter - Budgetary Basis, 5W AAA
($ Millions)

	FY 2018-19 Actuals	FY 2019-20 Original Budget	FY 2019-20 Revised Budget (includes carryforwards)	FY 2019-20 Projection (includes carryforwards)	FY 2019-20 Variance (Projection - Revised Budget)	
Sources						
Retail Water Sales	270.1	299.1	299.3	289.5	(9.8)	**A**
Wholesale Water Sales	255.8	264.9	264.9	270.4	5.5	**B**
Interest Income	4.6	2.2	2.2	7.4	5.2	**C**
Rental Income	12.7	13.0	13.0	13.0	-	
Miscellaneous Income	21.2	19.0	14.7	16.1	1.4	**D**
Departmental Transfer Adjustment	(33.6)	(34.5)	(34.5)	(34.5)	-	
Federal Bond Interest Subsidy	23.9	23.8	23.8	23.8	-	
Appropriated/Budgeted Use of Fund Balance	2.4	17.2	56.1	56.1	-	
Total Sources	**557.1**	**604.7**	**639.5**	**641.8**	**2.3**	
Operating Uses						
Personnel	94.0	102.8	100.8	97.9	2.9	**E**
Non-Personnel Services	17.7	18.3	25.9	25.9	-	
Materials and Supplies	13.9	15.1	15.9	15.9	-	
Equipment	3.5	4.1	8.7	8.7	-	
Light, Heat, and Power	9.5	10.2	10.2	10.2	-	
Overhead (SFPUC Bureaus)	38.7	49.3	54.4	53.2	1.2	**F**
Services of Other Departments	13.6	13.5	14.6	14.6	-	
Total Operating Uses	**190.9**	**213.4**	**230.4**	**226.3**	**4.1**	
Debt Service	283.7	306.3	306.3	291.1	15.1	**G**
Capital Projects	51.8	51.8	198.8	193.8	5.1	**H**
Facilities Maintenance/Programmatic	30.6	33.2	55.1	55.1	-	
General Reserve	-	-	-	-	-	
Total Uses - Operating, Debt Service, Capital & Other	**$ 557.1**	**$ 604.7**	**$ 790.6**	**$ 766.3**	**$ 24.4**	
Net Operating Results (excludes Capital Projects)	**51.9**				**$ 26.6**	
Available Fund Balance as of Fiscal Year-End	**$ 231.1**				**$ 240.5**	
Available Fund Balance, % of Operating Uses (I) 25-68%	**104.3%**				**85.5%**	
Debt Service Coverage (Year-End Budgetary Basis)						
Indenture Basis (includes Available Fund Balance) **(J)** ≥ 1.35	**2.04**	**1.88**			**1.93**	
Current Basis **(K)** ≥ 1.10	**1.19**	**1.19**			**1.28**	

Appendix A

WATER ENTERPRISE OPERATING FUNDS
FY 2019-20 3rd Quarter - Budgetary Basis, 5W AAA
($ Millions)

Revenue Variances

A. Retail water sales projected to be 58.7 MGD, a 2.1% decrease from budget of 60.0 MGD and a 1.2% decrease from prior year actuals of 59.5 MGD, driven by decreased non-residential sales. Assumes a 6% increase in residential and 45% decrease in non-residential sales due to impact of COVID-19 shelter in place order, with trends assumed to continue for remainder of fiscal year.

B. Wholesale water sales projected to be 130.7 MGD, a 0.6% increase from budget of 129.9 MGD and a 4.6% increase from prior year actuals of 125.0 MGD. Assumes a 6% decrease in sales due to impact of shelter in place order through remainder of fiscal year. $3M in prior year minimum purchase revenue and higher-than-average usage during dry winter offset this projected loss.

C. Interest income projected to increase from budget due to interest rate of 2.2% YTD vs. budgeted 1.6%, as well as higher-than-budgeted cash balances.

D. Miscellaneous income projected to increase from budget, primarily due to damage claims, misc fees, and sale of land. Assumes no revenue from water service instalations for remainder of fiscal year due to COVID shelter-in-place order.

Expenditure Variances

E. Salary savings due to vacant positions.
F. Savings are related to salary savings associated with bureau allocation.
G. Debt Service savings due to issuance of 2019 Series ABC Water Revenue Refunding Bonds.
H. Savings in capital projects are due to project closeout.

Other Notes

I. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.

J. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to to be a minimum of 1.35 times.

K. Calculated as ratio between (a) Total Sources plus any appropriated fund balance, plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic, excluding all revenues and expenses related to the 525 Golden Gate COPs, and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix B

WASTEWATER ENTERPRISE OPERATING FUNDS
FY 2019-20 3rd Quarter - Budgetary Basis, 5C AAA
($ Millions)

	FY 2018-19 Actuals	FY 2019-20 Original Budget	FY 2019-20 Revised Budget (includes carryforwards)	FY 2019-20 Projection (includes carryforwards)	FY 2019-20 Variance (Projection - Revised Budget)		
Sources							
Sewer Service Charges	322.0	350.5	350.5	337.9	(12.6)	**A**	
Interest Income	4.2	2.0	2.0	6.2	4.2	**B**	
Miscellaneous Income	4.1	3.7	3.2	4.6	1.4	**C**	
Federal Bond Interest Subsidy	4.0	4.0	4.0	4.0	-		
Appropriated/Budgeted Use of Fund Balance	-	3.5	18.0	18.0	-		
Total Sources	**334.2**	**363.7**	**377.7**	**370.8**	**(7.0)**		
Operating Uses							
Personnel	66.1	75.8	75.5	72.4	3.1	**D**	**4.1%**
Non-Personnel Services	20.2	18.5	22.6	22.6	-		
City Grant Programs	0.0	0.3	0.3	0.3	-		
Materials and Supplies	9.7	11.2	12.2	12.2	-		
Equipment	0.8	1.8	3.8	3.8	-		
Light, Heat, and Power	10.9	11.7	11.7	11.7	-		
Overhead (SFPUC Bureaus)	25.7	29.9	33.7	33.0	0.8	**E**	**2.2%**
Services of Other Departments	23.7	23.6	24.4	24.4	-		
Total Operating Uses	**157.2**	**172.7**	**184.2**	**180.4**	**3.8**		
Debt Service	63.2	70.7	70.7	66.3	4.4	**F**	
Capital Projects	57.0	113.0	90.2	80.0	10.2	**G**	**11.3%**
Facilities Maintenance/Programmatic	6.5	7.3	10.4	9.6	0.8	**H**	**7.5%**
Total Uses - Operating, Debt Service, Capital & Other	**$ 283.8**	**$ 363.7**	**$ 355.4**	**$ 336.2**	**$ 19.1**		**5.4%**
Net Operating Results	**107.4**				**$ 12.2**		
Available Fund Balance as of Fiscal Year-End	**$ 210.5**				**219.2**		
Available Fund Balance, % of Operating Uses (I) 25-68%	**128.6%**				**115.4%**		
Debt Service Coverage (Year-End Budgetary Basis)							
Indenture Basis (includes Available Fund Balance) **(J)** ≥ 1.35	**4.20**	**5.88**			**5.96**		
Current Basis **(K)** ≥ 1.10	**2.49**	**2.86**			**2.89**		

Appendix B

WASTEWATER ENTERPRISE OPERATING FUNDS
FY 2019-20 3rd Quarter - Budgetary Basis, 5C AAA
($ Millions)

Revenue Variances

A. Wastewater billable volumes projected to be 48.2 MGD, a 2.6% decrease from budget of 49.5 MGD and a 2.8% decrease from prior year actuals of 49.6 MGD. Assumes a 6% increase in residential and 45% decrease in non-residential volumes due to impact of COVID-19 shelter in place order, with trends assumed to continue through remainder of fiscal year.

B. Interest income projected to increase from budget due to interest rate of 2.2% YTD vs. budgeted 1.6%, as well as higher-than-budgeted cash balances.

C. Misc income projected to increase from budget due to increase in misc fees and claims.

Expenditure Variances

D. Salary savings resulting from vacant positions.
E. Savings related to salary savings associated with bureau allocation.
F. Savings due to lower than projected debt service from the postponement of the issuance of the 2019 Wastewater Revenue Notes.

G. Savings in capital projects due to project closeout
H. Savings in programmatic projects due to close out of non-critical projects

Other Notes

I. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.

J. Calculated as ratio between (a) Total Sources plus Beginning Available Fund Balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.

K. Calculated as ratio between (a) Total Sources plus any appropriated fund balance plus Capacity Charges, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs), and (b) Debt Service. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix C

HETCH HETCHY WATER & POWER OPERATING FUNDS
FY 2019-20 3rd Quarter - Budgetary Basis, 5T AAA
($ Millions)

	FY 2018-19 Actuals	FY 2019-20 Original Budget	FY 2019-20 Revised Budget (includes carryforwards)	FY 2019-20 Projection (includes carryforwards)	FY 2019-20 Variance (Projection - Revised Budget)	
Sources						
Electric Sales - City Work Orders - General Fund Depts.	24.6	27.8	27.8	24.9	(2.8)	**A**
Electric Sales - City Work Orders - Enterprise Depts.	73.2	78.5	78.5	76.3	(2.2)	**B**
Electric Sales - Wholesale (Districts, CAISO, CleanPowerSF, WSPP, Riverbank)	16.5	21.6	21.6	15.0	(6.7)	**C**
Electric Sales - Non-City Depts. (SFUSD, Community College)	18.8	20.4	20.4	17.7	(2.7)	**D**
Electric Sales - Retail	8.7	14.3	14.3	8.5	(5.8)	**E**
Electric Sales - Treasure Island	3.2	3.6	3.6	2.2	(1.4)	**F**
Subtotal - Electric Revenues	**144.8**	**166.2**	**166.2**	**144.6**	**(21.6)**	
Water Sales - Transfer from Water Department	33.6	34.6	34.6	34.6	-	
Water Sales - Groveland, Lawrence Livermore Labs	0.3	2.9	2.9	0.2	(2.8)	**G**
Subtotal - Water Revenues	**33.9**	**37.5**	**37.5**	**34.8**	**(2.8)**	
Natural Gas & Steam - City Work Orders	12.1	10.9	13.0	11.5	(1.5)	**H**
Interest Income	4.7	0.6	0.6	4.5	3.9	**I**
Federal Interest Subsidy - Power Bonds	0.6	0.5	0.5	0.5	-	
Miscellaneous Income	7.3	4.6	1.5	2.1	0.6	**J**
Appropriated/Budgeted Use of Fund Balance	28.2	7.7	23.8	23.8	-	
Total Sources	**235.8**	**228.1**	**243.2**	**221.8**	**(21.5)**	**#####**
Operating Uses						
Personnel	41.9	48.3	46.1	44.3	1.7	**K**
Non-Personnel Services	33.9	27.3	34.9	33.4	1.6	**L**
Power Purchases and Transmission Distribution & Related Ch	53.8	50.8	51.7	50.8	0.9	**M**
Materials and Supplies	3.1	3.2	3.2	3.2	-	
Equipment	1.5	1.3	2.8	2.8	-	
Overhead (SFPUC Bureaus)	17.1	16.6	18.2	17.7	0.5	**N**
Services of Other Departments	7.8	8.3	9.8	9.0	0.9	**O**
Natural Gas & Steam	12.1	10.9	13.2	11.5	1.7	**P**
Total Operating Uses	**171.1**	**166.6**	**180.0**	**172.7**	**7.3**	
Debt Service	4.8	6.0	6.0	4.7	1.3	**Q**
Capital Projects	187.8	38.5	180.1	168.6	11.6	**R**
Facilities Maintenance/Programmatic	30.6	13.0	17.8	17.8	-	
Contingency/Purchase of Power	-	4.0	4.0	-	4.0	**S**
Total Uses - Operating, Debt Service, Capital & Other	**$ 394.3**	**228.1**	**$ 387.9**	**$ 363.8**	**$ 24.1**	
Net Operating Results	**$ 29.2**			**$ 2.7**	**$ 2.6**	
Available Fund Balance as of Fiscal Year-End	**$ 52.9**				**47.8**	
Available Fund Balance, % of Operating Uses (T) 25-68%	**32.8%**				**31.4%**	
Debt Service Coverage… Year-End Budgetary Basis						
Indenture Basis (includes Available Fund Balance) **(U)** ≥ 1.35	**27.64**	**37.33**			**23.48**	
Current Basis **(V)** ≥ 1.10	**15.49**	**8.45**			**12.14**	

Revenue Variances

A. Sales lower than budget mainly due to load reduction from COVID-19 shelter in place and partly due to streetlight volume decreases from LED conversion.

B. Sales lower than budget mainly due to load reduction from COVID-19 shelter in place and partly due to SFO load 1.4% lower than budget during the first half of the year. Decreases are partially offset by a higher than expected PG&E rate increase.

C. Sales below budget mainly driven by $4.2M lower irrigation district transmission cost recovery and $5.7M lower market sales, partly offset by $2.8M energy sales to MID during Warnerville substation shutdown.

D. Lower sales mainly due to lower than expected customer loads as well as additional $1.9M decrease related COVID-19 shelter in place.

E. Lower sales mainly driven by delays in transferring customer accounts, and delayed load from redevelopment customers.

F. Treasure Island utility sales decreased from budget due to lower gas and electric usage by TIDA customers.

G. Water sales below budget due to Lawrence Livermore National Labs no longer purchasing water.

H. Gas and steam sales slightly below budget due to lower usage than originally projected.

I. Interest income projected to increase from budget due to interest rate of 2.2% YTD vs. budgeted 1.6%, as well as higher cash balances than budgeted.

J. Misc income projected to increase from budget primarily due to Rim Fire insurance payments.

Expenditure Variances

K. Salary savings due to vacant positions.

L. Savings in professional services due to deferral of engineering consultant contracts as well as business plan implementation

M. Mainly driven by reduced transmission and distribution costs due to lower than anticipated retail loads primarily from COVID-19 shelter in place, partially offset by greater energy purchases due to system shutdown and higher than expected purchase price.

N. Savings are related to salary savings associated with bureau allocation.

O. Savings in City Attorney workorder consistent with historical savings.

P. Savings due to lower usage of of gas and steam.

Q. Debt service savings due to delayed power bond sale.

R. Savings due to project closeout and deferral of non-critical projects.

S. Contingency reserve for dry year/power price volatility for purchase of power unspent.

Other Notes

T. Calculated as Ending Available Fund Balance (including additions to General Reserve) as a percent of Power Operating Uses plus Power Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be within a range of 25-68%.

U. Calculated as the ratio between (a) Total Sources plus Beginning Available Fund Balance, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs, Treasure Island, Gas & Steam, and Transbay Cable revenues), and (b) Senior Lien Debt Service in the amount of $2.6M. The Indenture requires this ratio to be a minimum of 1.25 times, and SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.35 times.

V. Calculated as ratio between (a) Operating Sources plus Fund Balance as a Source, less Operating Uses less Facilities Maintenance/Programmatic (excluding all revenues and expenses related to the 525 Golden Gate COPs, Treasure Island, Gas & Steam, and Transbay Cable revenues), and (b) Senior Lien Debt Service in the amount of $2.6M. SFPUC's Debt Service Coverage Policy requires this ratio to be a minimum of 1.10 times.

Appendix D

CleanPowerSF
FY 2019-20 3rd Quarter - Budgetary Basis, 5Q
($ Millions)

	FY 2018-19 Actuals	FY 2019-20 Original Budget	FY 2019-20 Revised Budget (includes carryforwards)	FY 2019-20 Projection (includes carryforwards)	FY 2019-20 Variance (Projection -Revised Budget)	
Operating Sources						
Electric Sales - Green Product	159.6	207.3	216.4	233.3	16.9	**A**
Electric Sales - SuperGreen Product	7.5	4.7	4.7	11.7	6.9	**B**
Wholesale Sales	2.9	-	-	-	-	
Subtotal - Electric Revenues	**170.0**	**212.1**	**221.1**	**245.0**	**23.8**	
Interest Income	0.5	0.8	0.8	1.0	0.2	**C**
Appropriated/Budgeted Use of Fund Balance		-	20.9	20.9	-	
Total Sources	**170.5**	**212.9**	**242.8**	**266.8**	**24.0**	
Operating Uses						
Personnel	1.9	6.6	6.6	3.1	3.5	**D**
Overhead	2.0	2.1	2.2	2.1	0.1	**E**
Non Personnel Services	7.7	12.5	14.0	13.7	0.3	**F**
Materials & Supplies	0.1	0.2	0.2	0.1	0.1	**G**
Power Purchases	122.6	164.6	183.9	180.7	3.1	**H**
Services of Other Departments	2.6	3.1	3.1	3.1	-	
Total Operating Uses	**137.0**	**189.2**	**210.0**	**202.9**	**7.1**	
Debt Service	2.0	-	-	2.0	(2.0)	**I**
Programmatic	0.1	0.3	0.3	0.3	-	
General Reserve	-	23.5	23.5	-	23.5	**J**
Total Uses - Operating, Debt Service, Capital & Other	**$ 139.1**	**$ 212.9**	**$ 233.8**	**$ 205.2**	**$ 28.7**	
Net FY 2019-20 Operating Results	**$ 31.4**				**$ 29.1**	
Available Fund Balance as of Fiscal Year-End (K)	**$ 8.3**				**63.7**	

Revenue Variances

A. Electric sales are greater than budget due to higher sales volume and rates than budgeted.

B. Electric sales are greater than budget due to higher sales volume and rates than budgeted.

C. Interest income projected to increase from budget due to interest rate of 2.2% YTD vs. budgeted 1.6%.

Expenditure Variances

D. Salary savings due to vacant positions.

E. Savings are related to salary savings associated with bureau allocation

F. Savings in travel & training due to shelter in place as well as budgeted contract work being performed internally.

G. Savings are due to 544 Golden Gate improvements deferred to future years.

H. Savings are due to conservative assumptions in revised budget request

I. Repayment of Loan to HHPower was not included in the budget due to initial uncertainty around CleanPowerSF, but due to strong financial performance, $2M is expected to be paid this fiscal year.

J. General Reserve was intentionally budgeted and planned to go unspent to build reserves.

Other Notes

K. Ending fund balance includes prior year General Reserve that was initially carried forward, but deobligated during FY20.