



Date: August 23, 2022
To: Commissioner Anson Moran, President
 Commissioner Newsha Ajami, Vice President
 Commissioner Sophie Maxwell
 Commissioner Tim Paulson
Through: Dennis J. Herrera, General Manager *DJH*
From: Charles Perl, Deputy Chief Financial Officer *CP*
Subject: **SFPUC FY 2021-22 Fourth Quarter Budgetary Report through June 30, 2022**

The FY 2021-22 fourth quarter budgetary reports are attached for the three Enterprises and CleanPowerSF, with high-level changes to revenues and expenses summarized in the following table:

FY 2021-22 Operations

| | Beginning Available Fund Balance | Fund Balance Budgeted to be (Used) | Projected Sources | Projected Uses (excluding Capital & General Reserve) | Net Operating Results Surplus / (Shortfall) | Mid-year Adjustments to Fund Balance | Projected Year End Available Fund Balance |
|--------------|----------------------------------|------------------------------------|-------------------|--|---|--------------------------------------|---|
| Water | 254.2 | 22.0 | (20.4) | 12.1 | (8.3) | - | 223.9 |
| Wastewater | 185.7 | 9.6 | (27.3) | 12.6 | (14.7) | (8.6) | 152.8 |
| Power | 80.6 | 7.1 | 18.5 | 17.3 | 35.9 | - | 109.4 |
| CleanPowerSF | 73.4 | 2.9 | (1.8) | 4.5 | 2.7 | (7.0) | 66.2 |

Summary:

- Positive year-end operating results projected for Power and CleanPowerSF, and operating shortfalls projected for Water and Wastewater.
- **Water and Wastewater:** Overall year end revenues are down from budget due to impact of water conservation efforts and delayed economic recovery.

Retail sales are similar to quarter 3, but Wholesale sales are higher than projected compared with last quarter as customers respond differently to economic recovery and conservation. In addition, Water’s year end results include \$2.0M in additional rental income for one of the quarry tenants, \$1.1M in revenue for Recreation and Park Department’s purchase of Francisco Reservoir and a \$6.75M restitution settlement from PG&E.

London N. Breed
 Mayor

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 General Manager



In both enterprises, revenue shortfalls include COVID-19 emergency customer assistance programs, partially offset by grants from the state COVID-19 utility debt forgiveness program. Wastewater's revenue includes \$9.2M in state relief that was recognized in quarter 4.

As a result of these factors, both Water and Wastewater's overall revenue shortfall has significantly improved since the last quarter.

Fund balance is projected to be reduced by \$8.6M in the Wastewater enterprise due to legal settlements relating to floodwater claims from the 2014 storms. Such settlements can be paid directly from unappropriated fund balance per Appropriation Ordinance No. 165-20 (section 10.10).

- **CleanPowerSF:** The budget was revised upwards by \$35M during quarter 2 and by a further \$7M during quarter 4 to include approved rate increases, and the increased cost of power purchases driven by higher energy market costs.

The overall year-end sales projection came in just under budget, taking into account grants from the state COVID-19 utility debt forgiveness program.

- **Power:** Year-end projected revenues are significantly higher than budget due to:
 - Retail: Due to PG&E rate changes, the enterprise rate increased approximately 7% in January and an additional 10% in March which led to revenue increases, largely attributed to SFO. In addition, the projection includes grants from the state COVID-19 utility debt forgiveness program.
 - Wholesale: A significant one-time revenue increase was recognized in quarter 4 due to much higher than anticipated CAISO revenue driven by higher power prices.

Savings in power purchase expenditures are all driven by one time items including reclassification of prior year collateral calls, unspent dollars carried forward from the prior year and underspending relating to power provided to other departments.

- Across all enterprises, expenditures are projected to come in below budget due to vacant positions, projected year end savings in non-personnel expenses, and overhead.
- All enterprises are projected to meet financial policy minimums and coverage ratios at year end.

The quarter 4 report is a projection with final year end results published in the Comprehensive Financial Report. If you have questions, please contact me at Cperl@sfgwater.org.

CC:

Masood Ordikhani, Acting AGM, External Affairs, SFPUC
Barbara Hale, AGM, Power Enterprise, SFPUC

Alan Johanson, Acting AGM, Infrastructure, SFPUC
Greg Norby, AGM, Wastewater Enterprise, SFPUC
Steve Ritchie, AGM, Water Enterprise, SFPUC
Ashley Groffenberger, 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 2021-22 4th Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600
 (\$ Millions)

| | FY 2020-21 Actuals | FY 2021-22 | | | |
|---|-----------------------|---|--|--|---|
| | | Original Budget | Revised Budget (includes carryforwards) | Projection (includes carryforwards) | Variance (Projection vs Revised Budget) |
| Sources | | | | | |
| Retail Water Sales | 285.9 | 327.4 | 327.5 | 310.7 | (16.8) A |
| Wholesale Water Sales | 275.2 | 270.6 | 270.6 | 260.9 | (9.8) B |
| Interest Income | 2.4 | 4.5 | 4.5 | 1.6 | (2.8) C |
| Rental Income | 12.7 | 12.9 | 12.9 | 14.3 | 1.4 D |
| Miscellaneous Income | 20.4 | 20.9 | 21.5 | 29.1 | 7.6 E |
| Departmental Transfer Adjustment | (44.2) | (45.8) | (45.8) | (45.8) | - |
| Federal Bond Interest Subsidy | 21.8 | 21.6 | 21.6 | 21.6 | - |
| Appropriated/Budgeted Use of Fund Balance | 95.1 | 22.0 | 72.8 | 72.8 | - |
| Total Sources | 669.3 | 634.0 | 685.5 | 665.1 | (20.4) |
| Operating Uses | | | | | |
| Personnel | 98.7 | 110.0 | 110.0 | 103.2 | 6.8 F |
| Non-Personnel Services | 17.2 | 24.6 | 34.6 | 31.6 | 3.0 G |
| Materials and Supplies | 12.4 | 16.0 | 20.3 | 20.3 | - |
| Equipment | 3.2 | 3.1 | 9.6 | 9.6 | - |
| Light, Heat, and Power | 9.8 | 10.4 | 11.4 | 11.4 | - |
| Overhead (SFPUC Bureaus) | 48.4 | 59.8 | 69.0 | 67.5 | 1.5 H |
| Services of Other Departments | 14.4 | 14.7 | 16.4 | 16.4 | - |
| Debt Service | 299.3 | 307.7 | 307.7 | 306.9 | 0.8 I |
| Total Operating Uses | 503.3 | 546.4 | 579.2 | 567.1 | 12.1 |
| Net Operating Results | 166.0 | | | 98.0 | (8.3) |
| Adjustments to Operating Fund Balance | | | | | |
| | FY 2020-21 Actuals | Current Year Transfers from Operating | Total Available Funds | Projection (current & future years spending) | Project Closeouts |
| Capital Projects | 45.2 | 55.7 | 237.9 | 237.9 | - |
| Facilities Maintenance/Programmatic | 22.9 | 32.0 | 50.0 | 50.0 | - |
| Total Adjustments to Operating Fund Balance | \$ 68.1 | \$ 87.7 | \$ 287.9 | \$ 287.9 | \$ - |
| Available Fund Balance as of Fiscal Year-End | \$ 254.2 | | | | \$ 223.9 |
| Available Fund Balance, % of Operating Uses (J) 25-68% | 112.0% | | | | 72.2% |
| Debt Service Coverage (Year-End Budgetary Basis) | | | | | |
| Indenture Basis (includes Available Fund Balance) (K) ≥ 1.35 | 1.99 | 1.95 | | | 1.82 |
| Current Basis (L) ≥ 1.10 | 1.22 | 1.20 | | | 1.19 |

Appendix A

WATER ENTERPRISE OPERATING FUNDS FY 2021-22 4th Quarter - Budgetary Basis, Funds 25940, 25950, 25960, 26570, 26600 (\$ Millions)

Revenue Variances

- A. Retail water sales were 52.4 MGD, a 6.8% decrease from budgeted volumes of 56.2 MGD, and a 2.2% decrease from prior year actuals of 53.6 MGD. This includes a 5% drought surcharge effective April 2022. Adjusted to account for \$707K in COVID-19 emergency discounts, as well as net \$5.9M in grants from state COVID-19 utility debt forgiveness program for arrears and discounts.
- B. Wholesale water sales were 128.4 MGD, a 3.5% decrease from budgeted volumes of 133.0 MGD, and a 4.9% decrease from prior year actuals of 134.9 MGD. Revenues also include \$2.1M in unbudgeted payments from customers not meeting minimum purchase requirements.
- C. Interest income fell below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- D. Rental income increased from budget primarily due to \$2.0M in transfer fees for one of the quarry tenants.
- E. Miscellaneous income increased from budget due to \$1.1M in revenue for Recreation and Park Department's purchase of Francisco Reservoir. Also includes \$6.75M restitution settlement from PG&E.

Expenditure Variances

- F. Savings due to vacant positions.
- G. Savings reflect lower spending associated with customer rebate and incentive programs and the impact of staffing and resource shortages due to Covid-19.
- H. Savings reflect lower spending associated with bureau allocation.
- I. Savings reflects \$810k in excess reserve funds applied to debt service payments.

Other Notes

- J. 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%.
- K. 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.
- L. 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 2021-22 4th Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210
 (\$ Millions)

| | FY 2021-22 | | | | Variance (Projection vs Revised Budget) | |
|---|-----------------------|---|--|--|---|---|
| | FY 2020-21 Actuals | Original Budget | Revised Budget (includes carryforwards) | Projection (current year spending) | | |
| Sources | | | | | | |
| Sewer Service Charges | 326.2 | 388.1 | 388.2 | 362.1 | (26.1) | A |
| Interest Income | 6.0 | 5.8 | 5.8 | 1.8 | (4.0) | B |
| Miscellaneous Income | 5.0 | 3.6 | 3.6 | 6.4 | 2.7 | C |
| Federal Bond Interest Subsidy | 3.5 | 3.5 | 3.5 | 3.5 | - | |
| Appropriated/Budgeted Use of Fund Balance | 28.6 | 9.6 | 40.9 | 40.9 | - | D |
| Total Sources | 369.4 | 410.7 | 442.0 | 414.7 | (27.3) | |
| Operating Uses | | | | | | |
| Personnel | 70.8 | 82.1 | 82.1 | 72.6 | 9.5 | E |
| Non-Personnel Services | 18.1 | 26.3 | 28.4 | 27.4 | 1.0 | F |
| City Grant Programs | 0.1 | 0.3 | 0.6 | 0.6 | - | |
| Materials and Supplies | 8.7 | 12.0 | 14.6 | 13.6 | 1.0 | G |
| Equipment | 0.9 | 3.2 | 6.6 | 6.6 | - | |
| Light, Heat, and Power | 10.1 | 12.3 | 12.7 | 12.7 | - | |
| Overhead (SFPUC Bureaus) | 29.5 | 36.4 | 43.6 | 42.5 | 1.1 | H |
| Services of Other Departments | 27.0 | 25.4 | 27.8 | 27.8 | - | |
| Debt Service | 86.5 | 95.2 | 95.2 | 95.2 | - | |
| Total Operating Uses | 251.7 | 293.1 | 311.5 | 298.9 | 12.6 | |
| Net Operating Results | 117.7 | | | 115.8 | \$ (14.7) | |
| Adjustments to Operating Fund Balance | | | | | | |
| | FY 2020-21 Actuals | Current Year Transfers from Operating | Total Available Funds | Projection (current & future years spending) | Project Closeouts | |
| Capital Projects | 34.3 | 110.3 | 119.7 | 119.7 | - | |
| Facilities Maintenance/Programmatic | 6.5 | 8.6 | 12.9 | 12.9 | - | |
| Legal Settlements | - | - | 8.6 | 8.6 | - | I |
| General Reserve | - | - | - | - | - | |
| Total Adjustments to Operating Fund Balance | \$ 40.9 | \$ 118.8 | \$ 141.1 | \$ 141.1 | \$ - | |
| Available Fund Balance as of Fiscal Year-End | \$ 185.7 | | | | \$ 152.8 | |
| Available Fund Balance, % of Operating Uses (J) 25-68% | 108.1% | | | | 70.5% | |
| Debt Service Coverage (Year-End Budgetary Basis) | | | | | | |
| Indenture Basis (includes Available Fund Balance) (K) ≥ 1.35 | 4.39 | 4.17 | | | 3.77 | |
| Current Basis (L) ≥ 1.10 | 2.13 | 2.28 | | | 2.19 | |

Appendix B

WASTEWATER ENTERPRISE OPERATING FUNDS FY 2021-22 4th Quarter - Budgetary Basis, Funds 20160, 20550, 20170, 20210 (\$ Millions)

Revenue Variances

- A. Wastewater retail billable volumes were 42.3 MGD, a 5.0% decrease from budget of 44.5 MGD and a 1.7% decrease from prior year actuals of 43.0 MGD. This includes a 5% drought surcharge effective April 2022, and adjusted to account for COVID-19 emergency discounts, as well as \$9.2M in grants from state COVID-19 utility debt forgiveness program for arrears and discounts.
- B. Interest income fell below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- C. Miscellaneous income increased from budget, primarily due to increased revenue from various permitting fees and non-utility services to other City departments.
- D. Additional fund balance of \$8.6M was appropriated to cover claims relating to the December 2014 rainstorms per Appropriation Ordinance No. 165-20 (section 10.10).

Expenditure Variances

- E. Salary savings reflect vacant positions.
- F. Savings reflect lower spending on biosolids hauling and digester cleaning.
- G. Savings mainly due to the impact of staff shortages, resulting in a reduction of maintenance and procurement of supplies.
- H. Savings reflect salary savings associated with bureau allocation.
- I. \$8.6M was appropriated to cover claims relating to the December 2014 rainstorms per Appropriation Ordinance No. 165-20 (section 10.10).

Other Notes

- J. 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%.
- K. 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.
- L. 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 2021-22 4th Quarter - Budgetary Basis - 24970, 24980, 24990 & 25030
 (\$ Millions)

| | FY 2021-22 | | | | |
|---|-----------------------|---|--|--|---|
| | FY 2020-21 Actuals | Original Budget | Revised Budget (includes carryforwards) | Projection (current year spending) | Variance (Projection vs Revised Budget) |
| Sources | | | | | |
| Electric Sales - Retail | 109.1 | 134.7 | 140.8 | 145.6 | 4.7 A |
| Electric Sales - Wholesale | 15.1 | 17.5 | 17.5 | 32.2 | 14.7 B |
| Water Sales - Transfer from Water Department | 44.2 | 45.8 | 45.8 | 45.8 | - |
| Natural Gas & Steam - City Work Orders | 13.0 | 12.9 | 18.6 | 16.9 | (1.7) C |
| Interest Income | 1.5 | 4.8 | 4.8 | 1.4 | (3.4) D |
| Federal Interest Subsidy - Power Bonds | 0.5 | 0.5 | 0.5 | 0.4 | - |
| Miscellaneous Income | 9.8 | 5.6 | 5.9 | 10.1 | 4.2 E |
| Appropriated/Budgeted Use of Fund Balance | 29.3 | 7.1 | 45.4 | 45.4 | - |
| Total Sources | 222.5 | 228.9 | 279.2 | 297.8 | 18.5 |
| Operating Uses | | | | | |
| Personnel | 46.6 | 51.4 | 50.9 | 50.2 | 0.7 F |
| Non-Personnel Services | 60.3 | 39.4 | 52.6 | 52.6 | - |
| Power Purchases, Transmission Distribution & Related Charge | 42.8 | 69.4 | 77.6 | 63.5 | 14.1 G |
| Natural Gas & Steam | 13.0 | 12.9 | 18.6 | 16.9 | 1.7 H |
| Materials and Supplies | 3.5 | 3.5 | 3.7 | 3.7 | - |
| Equipment | 3.9 | 1.2 | 5.1 | 5.1 | - |
| Overhead (SFPUC Bureaus) | 17.8 | 21.8 | 25.4 | 24.9 | 0.5 I |
| Services of Other Departments | 4.3 | 9.2 | 12.2 | 11.8 | 0.4 J |
| Debt Service | 3.7 | 3.9 | 3.9 | 3.9 | - |
| Total Operating Uses | 195.9 | 212.7 | 249.9 | 232.5 | 17.3 |
| Net Operating Results | 26.6 | | | 65.2 | 35.9 |
| Adjustments to Operating Fund Balance | | | | | |
| | FY 2020-21 Actuals | Current Year Transfers from Operating | Total Available Funds | Projection (current & future years spending) | Project Closeouts |
| Facilities Maintenance/Programmatic | 12.7 | 14.5 | 20.8 | 20.8 | - |
| Capital projects | 27.0 | 1.7 | 96.6 | 96.6 | - |
| General Reserve | - | - | - | - | - |
| Total Adjustments to Operating Fund Balance | 39.7 | 16.1 | 117.4 | 117.4 | - |
| Available Fund Balance as of Fiscal Year-End | 80.6 | | | | 109.4 |
| Available Fund Balance, % of Operating Uses (K) 25-68% | 39.3% | | | | 54.8% |
| Debt Service Coverage... Year-End Budgetary Basis | | | | | |
| Indenture Basis (includes Available Fund Balance) (L) ≥ 1.35 | 9.89 | 30.57 | | | 32.90 |

Revenue Variances

- A.** Retail sales above budget due to higher than expected increases to Enterprise rates based on average PG&E increases of 7% in January and 10% in March. Includes \$1.2M in grants from state COVID-19 utility debt forgiveness program.
- B.** Wholesale sales above budget, mainly due to higher than budgeted power prices. Includes \$1.5M unbudgeted capacity sales to CleanPowerSF.
- C.** Savings due to lower usage in natural gas & steam.
- D.** Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.
- E.** Miscellaneous revenues projected to increase from budget due to water sales to Lawrence Livermore National Labs resuming after being on hold for several years and removed from the budget.

Expenditure Variances

- F.** Savings due to vacant positions.
- G.** Surplus is mainly due to a reclassification of collateral payments made to Hetchy Power's CAISO scheduling coordinator, APX, that had been classified as power purchase expenses earlier in the fiscal year
- H.** Savings due to lower usage in natural gas & steam.
- I.** Savings reflect lower spending associated with bureau allocation.
- J.** Savings reflect lower spending from other City departments.

Appendix D
CleanPowerSF
FY 2021-22 4th Quarter - Budgetary Basis - 24750, 24761, 24765 & 24870
(\$ Millions)

| | FY 2021-22 | | | | |
|--|-----------------------|--|--|---|---|
| | FY 2020-21 Actuals | Original Budget | Revised Budget (includes carryforwards & supplemental) | Projection (includes carryforwards) | Variance (Projection vs Revised Budget) |
| Operating Sources | | | | | |
| Electric Sales - Green Product | 199.8 | 213.3 | 248.4 | 236.4 | (12.0) |
| Electric Sales - SuperGreen Product | 10.9 | 10.9 | 10.9 | 17.1 | 6.2 |
| Wholesale Sales | - | - | - | 4.5 | 4.5 |
| Subtotal - Electric Revenues | 210.7 | 224.1 | 259.3 | 258.0 | (1.3) A |
| Interest Income | 0.6 | 0.9 | 0.9 | 0.4 | (0.5) B |
| Appropriated/Budgeted Use of Fund Balance | 10.5 | 2.9 | 13.4 | 13.4 | - C |
| Total Sources | 221.8 | 227.9 | 273.7 | 271.8 | (1.8) |
| Operating Uses | | | | | |
| Personnel | 3.7 | 8.0 | 8.0 | 4.2 | 3.8 D |
| Overhead | 2.3 | 2.7 | 3.1 | 3.1 | - |
| Non Personnel Services | 9.9 | 12.1 | 13.3 | 12.8 | 0.5 E |
| Materials & Supplies | 0.0 | 0.2 | 0.2 | 0.1 | 0.2 F |
| Power Purchases, Transmission Distribution & Related Charges | 189.5 | 197.9 | 241.3 | 241.3 | - G |
| Services of Other Departments | 3.7 | 3.7 | 3.7 | 3.7 | - |
| Debt Service | 1.8 | - | - | - | - |
| Total Operating Uses | 210.9 | 224.5 | 269.6 | 265.1 | 4.5 |
| Net Operating Results | 10.9 | | | 6.7 | 2.7 |
| Adjustments to Operating Fund Balance | | | | | |
| | FY 2020-21 Actuals | Current Year Transfers from Operating | Total Available Funds | Projection (current & future years spending) | Project Closeouts |
| Programmatic | 0.1 | 1.0 | 1.6 | 1.6 | - |
| Capital Projects | - | 2.4 | 4.2 | 4.2 | - |
| General Reserve | - | - | - | - | - |
| Total Adjustments to Operating Fund Balance | 0.1 | 3.4 | 5.8 | 5.8 | - |
| Available Fund Balance as of Fiscal Year-End | 73.4 | | | | 66.2 H |
| Available Fund Balance, % of Operating Uses (I) % | 35.1% | | | | 24.8% |

Revenue Variances

A. Revenue budget reflects a \$35.2M supplemental appropriation to cover higher than anticipated costs to purchase energy due to volatile and expensive power market. On March 2022 rates were set lower than anticipated in order to be competitive with PG&E's final adopted rates. The lower retail sales revenue is offset by \$4.5M in RA sales. The projection also includes \$2.4M in grants from state COVID-19 utility debt forgiveness program.

B. Interest income projected to fall below budget due to lower-than-budgeted interest rates on City's pooled funds portfolio.

C. Budget reflects a \$7M appropriation from fund balance to cover higher than anticipated energy costs due to the volatile and expensive power market.

Expenditure Variances

D. Salary savings due to vacant positions.

E. Savings reflect budgeted contractual services performed internally.

F. Savings reflect a reduction in materials and supplies due to the current remote workforce.

G. Costs, inclusive of PPA credits owed to CleanPowerSF, are expected to be close to budget. Budget includes \$42.2M in appropriation (\$35.2M in December 2021 and \$7M in May 2022) to cover higher than anticipated energy costs due to the volatile and expensive power market.

Other Notes

H. Available fund balance at fiscal year end is calculated within this report by taking beginning fund balance, less any fund balance budgeted to be used as a source, and adding the projected variances as well as project closeouts. As the CleanPowerSF Trust Fund is a continuing fund, amounts budgeted therein will automatically roll forward to the following year and will not be closed out to fund balance. As such, variances related to revenues, purchase of power, and general reserves will not close out to fund balance at the end of the year without manual intervention. However, as those funds are not considered restricted and CleanPowerSF may choose to close them out to fund balance, we are presenting them here as part of fund balance.

I. Calculated as Ending Available Fund Balance as a percent of Operating Uses plus Facilities Maintenance/Programmatic Uses. SFPUC's Fund Balance Reserve Policy requires this to be at least 50% within three years of policy adoption (April of 2022).