

Silicon Valley Clean Energy



Adopted Operating Budget Fiscal Year 2017-2018

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INTRODUCTION

Fiscal Year:

10/1/17 thru 9/30/18

Board of Directors Approval:

9/13/17



333 W El Camino Real, Ste. 290 | Sunnyvale, CA 94087 | SVCleanEnergy.org | 1-844-474-SVCE

August 31, 2017

CHIEF EXECUTIVE OFFICER'S MESSAGE:

I am pleased to present the Silicon Valley Clean Energy Authority (SVCE) Fiscal Year 2017-18 Recommended Budget. This balanced budget features SVCE's first full year of operations which includes providing carbon free energy and maintaining rates at 1% below PG&E's rates, creating \$3.4 million of savings for our customers and funding energy-related programs.

The FY 2017-18 Recommended Budget is comprised of an Operating Budget that totals \$239.7 million in revenues offset by \$199.8 million in expenses. The budget was developed on the basis of 231,000 customer accounts, 3.6 million MWh's of energy sales, and 21 Full Time Employees.

Major highlights of the FY 2017-18 Operating Budget include:

- Net margin of \$39.9 million which will be transferred to operating reserves that will enhance credit and provide purchasing power on future power supply and be applied towards stabilization of rates if needed.
- The payback of the \$2.7 million loan from our Member Agencies resulting in the agency being debt free.
- \$4.8 million allocated to energy-related programs including demand management programs for reducing peak demand, electrification programs such as electric vehicle incentives and foundational programs such as greenhouse gas accounting.

While SVCE is currently in stable financial condition, there are risks and challenges that can impact the Agency in the short and long term:

- PCIA - The Power Cost Indifference Adjustment (PCIA) charge is an exit fee assessed by PG&E to cover generation costs acquired prior to customer's change in service provider. This fee has increased every year since its inception and is expected to increase by 16% in 2018, impacting SVCE's margin by \$10 million.
- Economic Cycles - Approximately two-thirds of energy sales are derived from the Commercial and Industrial sector. SVCE is disproportionately impacted by changes in the economy.
- Regulatory - Uncertainty in regulatory decisions by the California Public Utilities Commission (CPUC) that could adversely affect the costs that customers have to pay to take service from SVCE, such as exit fees paid by customers and bonding requirements.



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The FY 2017-18 Recommended Operating Budget supports the Agency's Mission Statement to "Reduce dependence on fossil fuels by providing carbon free, affordable and

reliable electricity and innovative programs for the SVCE community." The foundation of the FY 2017-18 Recommended Budget is the Agency's Strategic Plan.

I am confident that SVCE has the ability to focus on its strengths and work through the many challenges. Continued success will only be achieved through collaboration, creativity, and commitment.

Sincerely,

A handwritten signature in blue ink that reads "Tom Habashi". The signature is fluid and cursive, with a long horizontal line extending from the end of the name.

Tom Habashi
Chief Executive Officer

MISSION AND GOALS



MISSION STATEMENT:

Reduce dependence on fossil fuels by providing carbon free, affordable and reliable electricity and innovative programs for the SVCE community.

Workplace

Human capital is a successful organization's greatest asset, and at SVCE we strive to build a highly talented and dedicated team that will ensure the success and prosperity of our organization. Valuing this team and nurturing its talent will require a start-up culture that supports creativity, open communication, and the free flow of ideas to spur innovation. We will provide an infrastructure within SVCE that supports and cultivates our employees through professional and personal development, recognizes and rewards their contributions to achieving our mission, and offers opportunities that position our people, as well as SVCE, for success. In attracting and maintaining skilled employees, SVCE will continue to provide a rewarding workplace experience.

Goal 1: Build a high-performing team with 90% employee engagement and less than 10% employee turnover per year**Strategy 1.1:** Build an environment that encourages creativity and innovation

- 1.1.1) Support professional development by paying for memberships, conferences and other continuing education opportunities
- 1.1.2) Encourage staff to attend conferences and networking events

Strategy 1.2: Support employee health and wellness

- 1.2.1) Promote healthy habits
- 1.2.2) Provide flexible schedules to accommodate family needs

Strategy 1.3: Build an inclusive and fulfilling company culture

- 1.3.1) Monthly, arrange opportunities for staff to socialize in or outside of the office
- 1.3.2) Annually, sponsor family events (e.g. holiday celebration, summer picnic, etc.)
- 1.3.3) Promote team building through volunteer work
- 1.3.4) Maintain an open-door policy for CEO and directors

Strategy 1.4: Provide effective and safe feedback processes

- 1.4.1) Research and develop an annual feedback process to be implemented in 2018, promoting an open and safe performance assessment
- 1.4.2) Conduct an annual survey to measure employee engagement

Strategy 1.5: Provide opportunities for cross-team interaction and collaboration

- 1.5.1) Establish a monthly all-hands meeting

Strategy 1.6: Reward staff to keep them engaged

- 1.6.1) Annually, update compensation schedule to account for cost of living adjustment
- 1.6.2) Continue to provide competitive benefits
- 1.6.3) Ensure that staff has the tools necessary to effectively do the job

CUSTOMER AND COMMUNITY

SVCE will use various channels and platforms to cultivate relationships with and bring customer value to all segments of the communities we serve. These channels include leveraging existing outlets established by our member agencies, partnering with commercial customers to enhance their community presence, and re-engaging with those who have opted out. Partnerships with commercial customers are particularly important to building SVCE's brand in a region known for innovation. Communicating our competitive rates and superior product in clear and accessible ways will strengthen customer loyalty and enhance our financial standing, enabling us to better serve our communities.

Aligning customer programs to the SVCE mission is paramount to the design and execution of these programs. Decarbonization is front and center in developing strategic programs to lower greenhouse gases and curbing climate change.

Goal 2: Maintain competitive rates to acquire and retain customers

Strategy 2.1: Provide carbon free electricity to additional customers in the SVCE service area and increase market share

- 2.1.1) Communicate competitive rates to all customers
- 2.1.2) Annually, communicate rates and power content mix of the SVCE electric supply in a joint rate comparison mailer with PG&E
- 2.1.3) On an on-going basis, engage with selected Direct Access customers and large bundled customers who have opted out, to review options and benefits of service from SVCE

Goal 3: Achieve 50% customer awareness by 2019

Strategy 3.1: Update baseline customer awareness measure and build a trusted brand

- 3.1.1) Conduct customer survey in Q1 of 2018 and biannually thereafter

Strategy 3.2: Build awareness and trust through continuous interaction with the SVCE community

- 3.2.1) Hold annual community meetings, one per member agency, highlighting the value that SVCE brings to its customers

- 3.2.2) Annually, place booth/table at six regional events that emphasize energy efficiency, sustainability, and efficient use of natural resources
- 3.2.3) Sponsor community and industry events that promote resource efficiency, alternative transportation, and clean energy
- 3.2.4) Create a Speakers Bureau to present to community groups, environmental organizations, trade allies, large commercial customers, and neighborhood associations at their respective meetings

Strategy 3.3: Engage the media to inform the community of SVCE product offerings

- 3.3.1) Submit quarterly news features to all local papers
- 3.3.2) Quarterly, pitch one story for earned media

Strategy 3.4: Leverage the SVCE member agencies' sustainability and communication staff to disseminate information to the communities in the SVCE service area

- 3.4.1) Organize and conduct monthly calls of the Communications Working Group for SVCE member agency sustainability and communication staff
- 3.4.2) Provide updates at council meetings once a quarter via Board of Directors or other SVCE representative
- 3.4.3) Organize quarterly meetings between commercial and industrial customers and various interest groups to promote renewable resources, decarbonization, and advanced technologies for energy storage

Strategy 3.5: Leverage partnerships with other Community Choice Aggregators (CCAs) to increase general CCA "brand recognition" among consumers

- 3.5.1) Promote the undertaking of joint marketing campaigns with Peninsula Clean Energy and other regional CCAs
- 3.5.2) Co-brand publicly visible energy service infrastructure

Goal 4: Achieve 95% customer satisfaction by 2020

Strategy 4.1: Establish measurement methodology and baseline

- 4.1.1) Develop methodology by Q4 of 2017
- 4.1.2) Establish baseline in 2018

Strategy 4.2: Create a customer-centric culture

- 4.2.1) Ensure that customer contact center reps are trained and deliver pleasant and effective customer experiences
- 4.2.2) Randomly monitor and listen to calls, live or recorded, each quarter
- 4.2.3) Monitor customer service statistics to ensure adherence to Service Level Agreements
- 4.2.4) Offer a post-transaction survey to customers

Strategy 4.3: Recognize GreenPrime customers' added contribution to SVCE's mission

- 4.3.1) Biannually, conduct an event to recognize large commercial customers participating in the GreenPrime program
- 4.3.2) Quarterly, promote customer stories featuring residents and businesses who have upgraded to GreenPrime

Goal 5: Work with the community to achieve energy and transportation GHG reductions of 30% from the 2015 baseline, by 2021

Strategy 5.1: Utilize local GHG data and key 'clean electric' operating measures to guide SVCE program activities

- 5.1.1) Document 2015 baseline GHG inventory data related to energy and transportation for the SVCE service territory, by January 2018
- 5.1.2) Identify and document common Climate Action Plan (CAP) goals and measurement methods relevant to SVCE, and quantify penetration of related 'clean electric' infrastructure by Q1 2018
- 5.1.3) Establish and document an initial set of SVCE 'clean electric' operating metrics and targets, where related to an SVCE program by Q1 2018
- 5.1.4) Support local GHG accounting efforts and customer GHG accounting (e.g. Power Content Label, emissions intensity, recognized certifications, etc.)

Strategy 5.2: Establish an SVCE decarbonization program roadmap and related processes

- 5.2.1) Establish high-level evaluation criteria and weighting to assess relative program impact and value by June 2017
- 5.2.2) Identify and document candidate programs that promote decarbonization via improved energy efficiency and/or fuel switching to clean electricity by July 2017
- 5.2.3) Generate an initial ranking of candidate programs vs evaluation criteria, and confirm top-ranked 'starter programs' by Q3 2017
- 5.2.4) Establish process and mechanisms for ongoing stakeholder input and review by August 2017

Strategy 5.3: Develop and conduct SVCE programs that promote decarbonization via fuel switching to clean electricity, and improved energy efficiency

5.3.1) Plan and launch initial 'starter programs' as prioritized in Q4 2017

5.3.2) Engage built environment trade allies (e.g. architects, engineers, builders, developers and realtors) and member agency building officials in creating a roadmap addressing and encouraging the advancement of decarbonization technologies and measures (e.g. expediting/subsidizing building permits, adding codes and ordinances beyond existing building codes, etc.)

FINANCE AND FISCAL RESPONSIBILITY

A respected financial ranking requires disciplined fiscal strategies and financially sound policies. SVCE is committed to managing its financial resources responsibly and setting a standard of transparency and accountability, ensuring efficiency and strong stewardship of the agency's financial resources. At SVCE, our commitment to fiscal and operational excellence will ensure that all processes and operations are clearly defined and efficiently designed to align people, systems, and policies to maximize productivity and improve efficiency. Adhering to these policies and actively examining and assessing risk will earn us a high credit rating and a healthy position in delivering customer value.

Goal 6: Achieve an A or higher credit rating by 2020

Strategy 6.1: Develop and maintain comprehensive policies for the governance of SVCE financials

6.1.1) Develop SVCE dashboards that include key financial metrics by September 2017

6.1.2) Develop an annual budget and update mid-fiscal year

6.1.3) Annually, develop 10-year financial forecasts to predict rate adjustments

6.1.4) Frequently monitor discretionary expenses (non-power supply) to ensure that they remain within 5% of budget

Strategy 6.2: Establish a Rate Stabilization Fund (RSF) to hedge unexpected variation in power supply costs

6.2.1) Hold retail rates at 1% below PG&E's rates for 2017-18 and sweep net operating margins into the RSF

6.2.2) Establish a range of 25-75% of operating expenses for the RSF balance and a target of 50%

6.2.3) Retire lines of credit by December 2017; pay back loan from member agencies by the end of FY 2017-18

- 6.2.4) Maintain a debt-to-equity ratio of 0.5 or less and debt service coverage ratio of 2.0 or higher

Goal 7: Target rates at 1-3%, or more, below the surrounding investor owned utility

Strategy 7.1: Ensure ongoing price competitiveness

- 7.1.1) By Fall 2018, conduct a study comparing power supply cost of SVCE to PG&E and other regional CCAs
- 7.1.2) Annually, identify major shifts in key cost components and recommend an approach to minimize risks associated with those shifts

REGULATORY & LEGISLATIVE

Depending on the stance adopted by policymakers, the regulatory and legislative environments can either nourish the success of the Community Choice Energy business model or threaten its successful operation. SVCE will actively engage with the regulatory and legislative communities in order protect the interests of our customers, enhance our ability to mitigate greenhouse gas emissions, and help build a regulatory framework that supports innovation and customer choice in an equitable and cost-effective manner while preserving reliability and universal access.

Goal 8: Engage regulators and legislators to promote least-cost carbon neutrality while maintaining electric grid reliability

Strategy 8.1: Use strategic lobbying to foster a regulatory and legislative environment that supports SVCE's existence and GHG mitigation efforts

- 8.1.1) Coordinate with CalCCA lobbyists to maximize legislators' awareness of CCA issues
- 8.1.2) Leverage the voices of SVCE's Board of Directors and other community leaders within SVCE's territory by arranging for them to contact and meet with their legislators to discuss CCA issues
- 8.1.3) Ensure that climate and CCA stewardship are part of the conversation during local elections for municipal and state legislative positions

Strategy 8.2: Help build CalCCA into a stable, resilient institution and a respected political brand that can advocate for SVCE values regionally

- 8.2.1) Take an active role in the conversation about what CalCCA should look like as an institution in its "mature" state, and help build a roadmap for how to get there

- 8.2.2) Support CalCCA staff in facilitating and hosting CalCCA conference calls, meetings and other forms of communication
- 8.2.3) Contribute to the development of protocols and procedures to govern CalCCA activity
- 8.2.4) Develop orientation materials to be distributed to staff of new CalCCA member CCAs that pass on knowledge from existing members
- 8.2.5) Author comments, testimony, articles for the media, and other documents to be released under the CalCCA name as necessary until CalCCA has its own staff
- 8.2.6) Facilitate Board participation in CalCCA advocacy activities in order to maximize advocacy efficiency and effectiveness

Strategy 8.3: Foster support for CCAs and least-cost carbon neutrality among key community stakeholder organizations

- 8.3.1) Quarterly, attend or cohost a community meeting or event to engage individual community leaders and groups
- 8.3.2) Reach out to members of local organizations to encourage them to assist in SVCE's advocacy efforts by calling and emailing legislators

Strategy 8.4: Conduct comparative research to quantify the impact of the CCA model and the benefits CCA members receive under CCA operation

- 8.4.1) Annually, use data collected during SVCE operations to provide quantitative evidence of the qualitative benefits of CCA membership (e.g. rate stability, carbon savings, community engagement, etc.)
- 8.4.2) Publish results in peer-reviewed journals or industry publications where they can be seen and shared
- 8.4.3) Share results with other CCAs and encourage them to do the same in order to identify best practices and opportunities for improvement

POWER SUPPLY

Navigating the world of power markets and state-mandated power mix requirements while fulfilling our commitment to sourcing 100% carbon free electricity requires a constant search for the right resources. SVCE is committed to providing carbon free electricity through a balanced approach and competitive acquisition, while supporting regionalization and expanding the California Independent System Operator (CAISO) to improve access to more carbon free resources.

Goal 9: Annually, acquire sufficient renewable type 1 resources (PCC1) to meet 100% of the state's annual mandates for renewable resources

regardless of the allowance that the state makes for type 2 or type 3 renewables

Strategy 9.1: Stagger acquisitions to accommodate regulatory and supply price risks

9.1.1) Hedge PCC1 at 100% for 2017, reduce the hedge by 10% every year for the next 5 years

9.1.2) Starting in 2018, acquire the equivalent of a minimum of 10% of the state renewable mandate through long-term project participation agreements

Strategy 9.2: Diversify the use of technologies to meet PCC1 resource needs

9.2.1) Ensure that supply acquisitions would limit any single technology to no more than 50% of the renewable resources needed to meet state mandates

9.2.2) Annually, invest up to 2% of expected supply resource cost in storage capacity

Goal 10: Acquire sufficient carbon free credits to ensure that SVCE's demand will be sourced from 100% carbon free resources

Strategy 10.1: Strike a balance between hydro and other unbundled renewable resources to meet the remainder of SVCE demand following the acquisition of type 1 renewable resources

10.1.1) Annually, conduct an analysis to determine the most effective and economical way to acquire sufficient renewable and carbon free credits to support the 100% carbon free resource goal

10.1.2) Consider acquiring additional unbundled renewable credits to exceed 100% of SVCE's needs to contribute to the region's decarbonization efforts

Strategy 10.2: Promote regionalization to enhance the value of out-of-state renewable resources and speed the timeline for achieving carbon neutrality

10.2.1) Support the CAISO's effort to establish a western-wide balancing authority and promote the development of renewable resources throughout the western interconnected grid

10.2.2) Conduct a study to compare the value of investing in-state versus out-of-state for renewable resources by March 2018

INFORMATION TECHNOLOGY

At SVCE, we take customer information, privacy, and security seriously. Our systems and processes follow best practices and industry standards. Performance

metrics are in place to ensure resiliency and high system availability on standard and mobile platforms. Periodic upgrades to IT resources will ensure continued adherence to these high standards.

Goal 11: SVCE's Information Technology infrastructure must be secure, reliable, and disaster resilient to provide 24/7/365 online access

Strategy 11.1: Make essential information easily available anytime-anywhere

- 11.1.1) Implement qualitative and quantitative metrics to gauge the overall performance of our information technology
- 11.1.2) Provide 24/7/365 continuous support, 100% system reliability and 0% data breaches by third parties
- 11.1.3) Maintain up-to-date system capabilities via timely software version upgrades
- 11.1.4) Ensure that all applications and services work on mobile devices

Strategy 11.2: Maintain secure, integrated access in the cloud and/or SVCE servers

- 11.2.1) By September 2017, complete a strength, weakness, opportunities, and threats (SWOT) analysis to identify and analyze the internal and external factors that have an impact on the IT infrastructure
- 11.2.2) By August 2017, inventory all hardware and software used by SVCE to include program name, manufacturer and version number
- 11.2.3) By October 2017, identify and map SVCE's network routes, including cable, routers and switches

Strategy 11.3: Enhance intelligence about our customers.

- 11.3.1) By early 2018, complete best practices review of customer information database and include benchmarking with other CCAs
- 11.3.2) By mid-2018, develop objectives and a prioritized set of requirements for enhancements to the existing customer information database
- 11.3.3) Utilize data from the customer information database to initiate programs that best fits the needs of our customers



ABOUT US



AGENCY OVERVIEW

Between December 2015 and March 2016, the Santa Clara County Board of Supervisors and City Councils in eleven local cities voted to establish and fund Silicon Valley Clean Energy (SVCE), a new non-profit public agency. SVCE launched a Community Choice Energy (CCE) program for residential and business electricity customers across the following jurisdictions:



Campbell | Cupertino | Gilroy | Los Altos | Los Altos Hills



Los Gatos | Monte Sereno | Morgan Hill | Mountain View

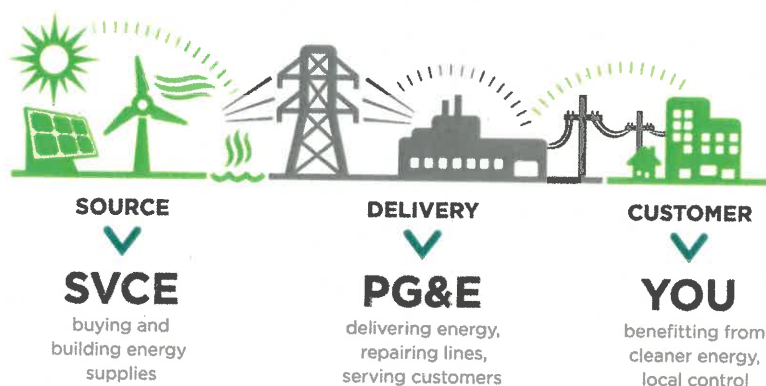


Santa Clara County | Saratoga | Sunnyvale

To govern the agency's activities, the County and each participating city have appointed a representative and an alternate to serve on SVCE's Board of Directors

Community Choice Energy (CCE) is an opportunity to change the electricity market and provide residents and businesses with a new choice. A CCE functions as a new electricity provider, and would be entirely locally operated and administered. The agency would buy power on the open market, encouraging the kind of competition that can result in more renewable energy sources contributing to the energy grid at

lower rates. California state policy allows local governments to form a public CCE agency to pool electricity demand within and across their communities. The CCE agency then competitively purchases clean energy on behalf of participating residents and businesses. Under CCE, PG&E continues to provide essential services as a partner, delivering the electricity over existing infrastructure, maintaining the power lines, sending bills, and providing customer service.



Establishment of a Community Choice Energy program makes new clean energy options available to local business and residential customers at competitive rates, and helps participating cities meet their local climate action goals by reducing greenhouse gas (GHG) emissions from electricity generation. SVCE electricity generation rates are established and updated by SVCE staff, and approved by the Board of Directors in a public rate-setting process.

Operational CCEs are completely funded through program (rate payer) revenues, and are not subsidized by taxpayer dollars. While there is no guarantee that CCE rates will always be lower than PG&E rates, CCEs have certain cost advantages in that they are small and agile non-profit public agencies, with low overhead and no shareholder dividend or income tax requirements.

When a community decides to create or join a CCE, all customers within that jurisdiction are automatically enrolled in the CCE. However, any customer can choose to opt-out and to remain with their investor-owned utility (PG&E in Santa Clara County) for both power resources and delivery. State law requires that customers receive several notifications to opt-out at no charge, both before and just after a CCE program launches.

Below is the current enrollment phasing schedule:



With SVCE, residents and businesses can choose from the following energy options:

GreenStart

- Automatic Enrollment – no need to do anything.
- 50% renewable. 100% carbon-free electricity.
- Savings of 1% from PG&E generation rate.

GreenPrime

- Optional service upgrade at any time.
- 100% renewable. 100% carbon-free electricity.
- Premium of less than 1 cent per kilowatt-hour.

Opt Out

- Opt out and remain with PG&E generation service.

Net Energy Metering

- Automatic enrollment. Net surplus generation at full retain cost.

SVCE buys electricity from renewable and carbon-free energy sources, such as solar, wind and hydropower.



SOURCES OF ENERGY

SOLAR



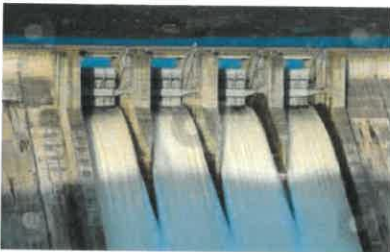
Solar power harvests the energy of the sun through using collector panels to create conditions that can then be turned into a kind of power. Large solar panel fields are often used to gather enough power to charge small substations. Solar panels, which are required to harness this energy can be used for a long time and require little or no maintenance.

WIND



Wind power is becoming more and more common. The new innovations that are allowing wind farms to appear are making them a more common sight. By using large turbines to take available wind as the power to turn, the turbine can then turn a generator to produce electricity.

HYDROELECTRIC



The energy of the moving water can then be captured and called hydroelectric power. Hydroelectric power stations capture the kinetic energy of moving water and give mechanical energy to turbines. The moving turbines then convert mechanical energy into electrical energy through generators. Dams around the world have been built for this purpose only. Hydropower is the largest producer of alternative energy in the world.



HISTORY TIMELINE

MARCH 2016

- Silicon Valley Clean Energy becomes effective on March 31, 2016.

APRIL 2016

- Board of Directors sworn in.
- Approve initial budget.
- City of Sunnyvale provides administrative and fiscal services.
- City of Cupertino provides community engagement and human resources services.

MAY 2016

- County of Santa Clara provides meeting support services.
- Chair and Vice Chair are selected.
- Tom Habashi is hired to be the Chief Executive Officer.

JUNE 2016

- Introduce the initial enrollment phases. Phase I (April 2017) will comprise of 20% of residential customers and all small and medium commercial customers. Phase II (July 2017) will comprise of 35% of residential customers and all large commercial and industrial customers. Phase III (October 2017) will comprise of 45 % of residential customers and all agricultural customers and street lighting.
- Appoint an Executive Committee of the Board of Directors to provide policy, administrative, and operational oversight.

JULY 2016

- Approve the SVCE Implementation Plan and submit to the CPUC.
- Approve Power Supply Portfolio Parameters.

AUGUST 2016

- Approve the SVCE organizational structure, job classifications, and salary schedule.

SEPTEMBER 2016

- Approve banking services with River City Bank.

OCTOBER 2016

- California Public Utilities Commission (PUC) certifies SVCEA Implementation Plan and Statement of Intent.
- Approve service agreement with Pacific Gas & Electric (PG&E). PG&E will deliver the electricity that will be acquired by SVCE and bill the customer for that electricity on SVCE's behalf.
- Approve service agreement with Noble Americas Energy Solutions, LLC for data management and customer call center services.
- SVCE joins the California Community Choice Association (CalCCA).
- Adopt SVCE Personnel Policies and Handbook.

NOVEMBER 2016

- Approve FY 2016-2017 Budget.

DECEMBER 2016

- Approve and amend agreement for community engagement support services.
- Approve agreement for print and mail notices to customers in SVCE service territory.
- Approve agreements for power supply. SVCE expects its electric energy will be produced by the following categories of generation resources:
 - Wind – California, Washington, British Columbia - Renewable Energy
 - Photovoltaic – California – Renewable Energy
 - Geothermal – California – Renewable Energy
 - Cogeneration – Washington – Renewable Energy
 - Landfill Gas to Energy – California – Renewable Energy
 - Hydro-electric - California, Washington, British Columbia – Carbon Free Energy

JANUARY 2017

- Approve SVCE rate schedules affective April 1, 2017 through December 31, 2018.
- Approve Customer Confidentiality Policy.

FEBRUARY 2017

- Elect new Chair and Vice Chair.
- Appoint new Board Executive Committee Members.

MARCH 2017

- Adopt Amended Conflict of Interest Code

- Approve Confirmation Agreements with Sonoma Clean Power and Pacific Gas and Electric Company to acquire resource adequacy capacity for 2017.
- Effective March 21, SVCE is registered at the California Independent System Operator (CAISO). The registration will allow SVCE to transact with the CAISO and reserve capacity allocation on certain transmission lines that are prone to seasonal congestion. This is a prudent mitigation to hedge transmission congestion costs.
- Approve the modification to the SVCE Program rollout to combine the second and third phases into one enrollment phase in July 2017.
- Approve SVCE Financial Policies.
- Approve Amendment to FY 2016/17 Annual Operating Budget.

APRIL 2017

- April 3rd, SVCE debuts becoming the power source for 68,000 customers and 180,000 more in July.
- Elect new Chair and Vice Chair.
- Appoint new Board Executive Committee Members.

MAY 2017

- Approve SVCE Energy Risk Management Policy.
- Approve Capitalization Policy.

JUNE 2017

- Approve SVCE Energy Risk Management Policy.
- Approve Capitalization Policy.
- Approve SVCE Information Technology Policies.
- Approve Vehicle Use Policy.
- Approve Travel and Meeting Expense Reimbursement Policy.
- Approve formation of an Audit and Finance Committee.
- Approve Strategic Plan.



COMMUNITIES SERVED

Silicon Valley Clean Energy services the following communities, all located within the County of Santa Clara:

Campbell

Cupertino

Gilroy

Los Altos

Los Altos Hills

Los Gatos

Monte Sereno

Morgan Hill

Mountain View

Santa Clara County

Unincorporated

Saratoga

Sunnyvale

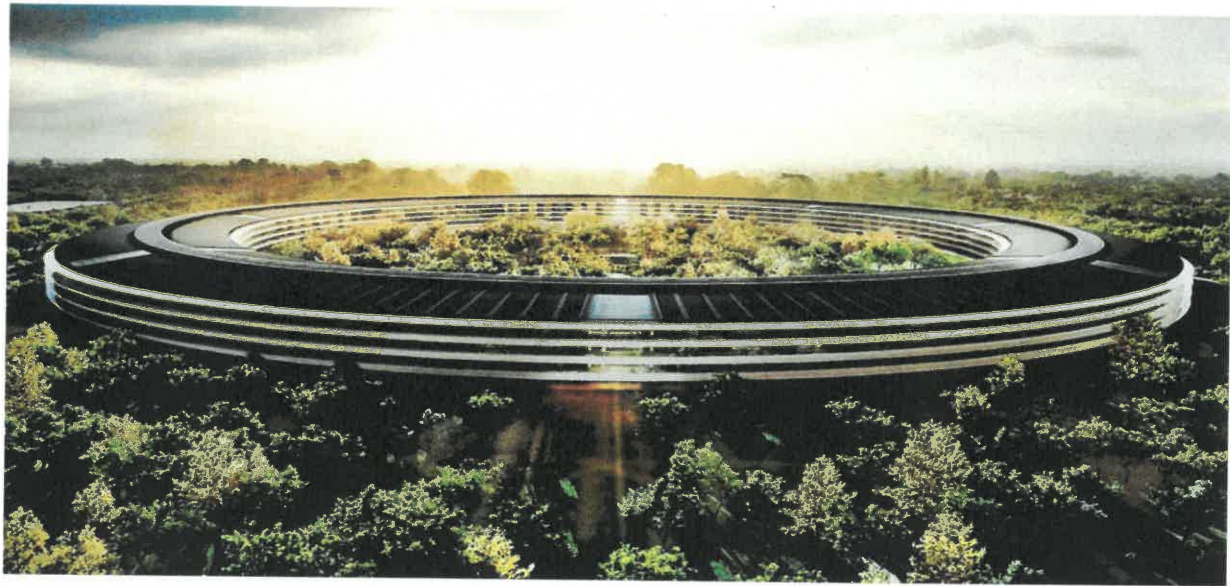


CAMPBELL:



Campbell is a city in Santa Clara County, California, and part of Silicon Valley, in the San Francisco Bay Area. As of the 2010 U.S. Census, Campbell's population is 39,349. Although not a major high-tech city like many of its neighbors, Campbell is the original home of eBay. Campbell is bordered on the east and north by San Jose, on the south by Los Gatos, and on the west by a small portion of Saratoga. The City has a total area of 5.9 square miles.

CUPERTINO:



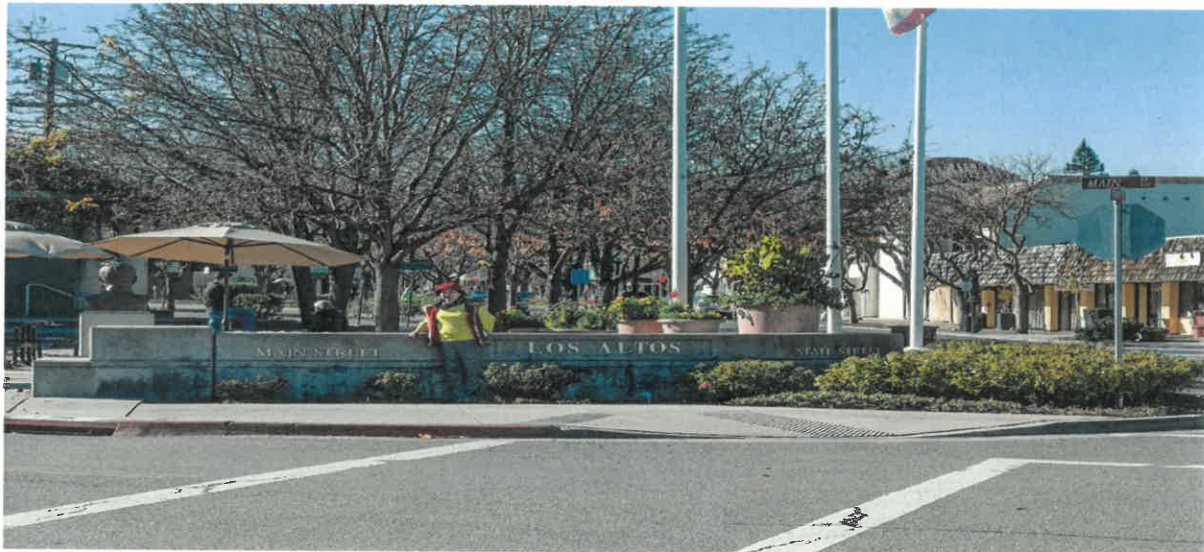
Cupertino is directly west of San Jose on the western edge of the Santa Clara Valley with portions extending into the foothills of the Santa Cruz Mountains. The population was 58,302 as of the 2010 census. Forbes ranked it as one of the most educated small towns, with local public schools ranking highly in the country. It is known as the home of Apple, Inc. corporate headquarters. The city has a total area of 11.3 square miles.

GILROY:



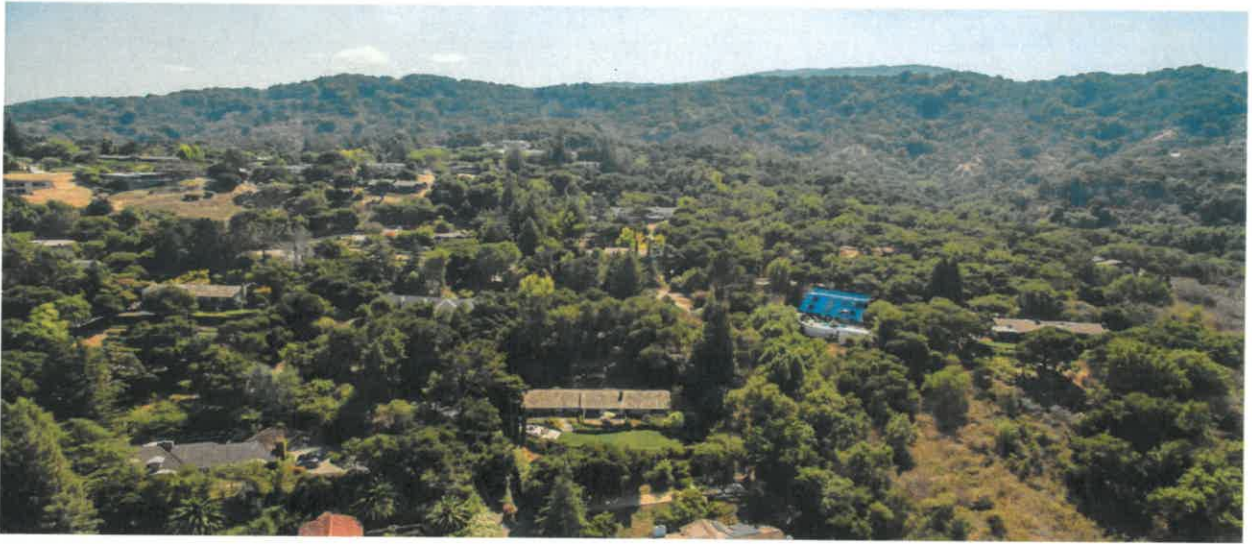
Gilroy is well known for its garlic crop and for the annual Gilroy Garlic Festival. The city's population was 48,821 at the 2010 U.S. Census. It is approximately 16 miles south of San Jose and 19 miles inland from the Pacific Ocean. Gilroy lies on the southern end of the Santa Clara Valley. It is bounded by the Santa Cruz Mountains to the west and the Diablo Range to the east. The city has a total area of 16.2 square miles.

LOS ALTOS:



Los Altos is in northern Santa Clara Valley. The population was 28,976 according to the 2010 census. Originally an agricultural town, it is now an affluent bedroom community for Silicon Valley. The city has a total area of 6,487 square miles.

LOS ALTOS HILLS:



The Town of Los Altos Hills is a premier Silicon Valley residential community located adjacent to the City of Los Altos, 35 miles south of San Francisco, 5 miles south of Stanford University and 17 miles north of downtown San Jose. The population was 7,922 at the 2010 census.

LOS GATOS:



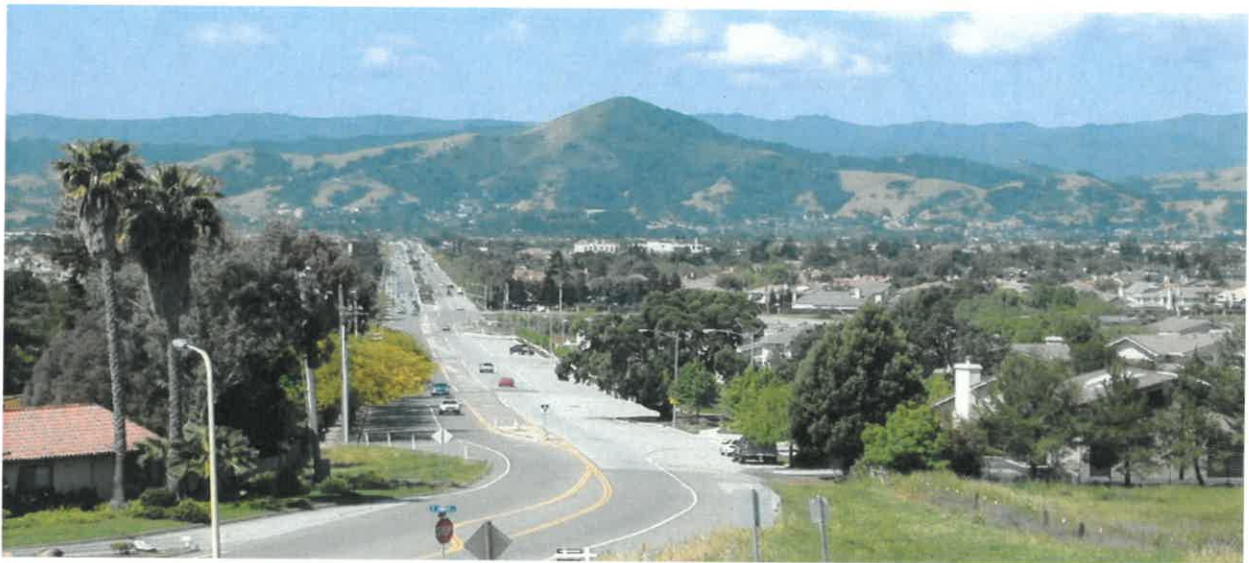
The Town of Los Gatos is located at the southwest corner of Santa Clara Valley in the foothills of the Santa Cruz Mountains. The population is 30,391 according to the 2010 census. Streaming and content creator, Netflix is headquartered in Los Gatos.

MONTE SERENO:



Monte Sereno is located in the foothills of the Santa Cruz Mountains, about 10 miles southwest of San Jose, immediately northwest of Los Gatos, and southeast of Saratoga. The community is entirely residential, with no commercial zoning. The population is 3,341 at the 2010 census.

MORGAN HILL:



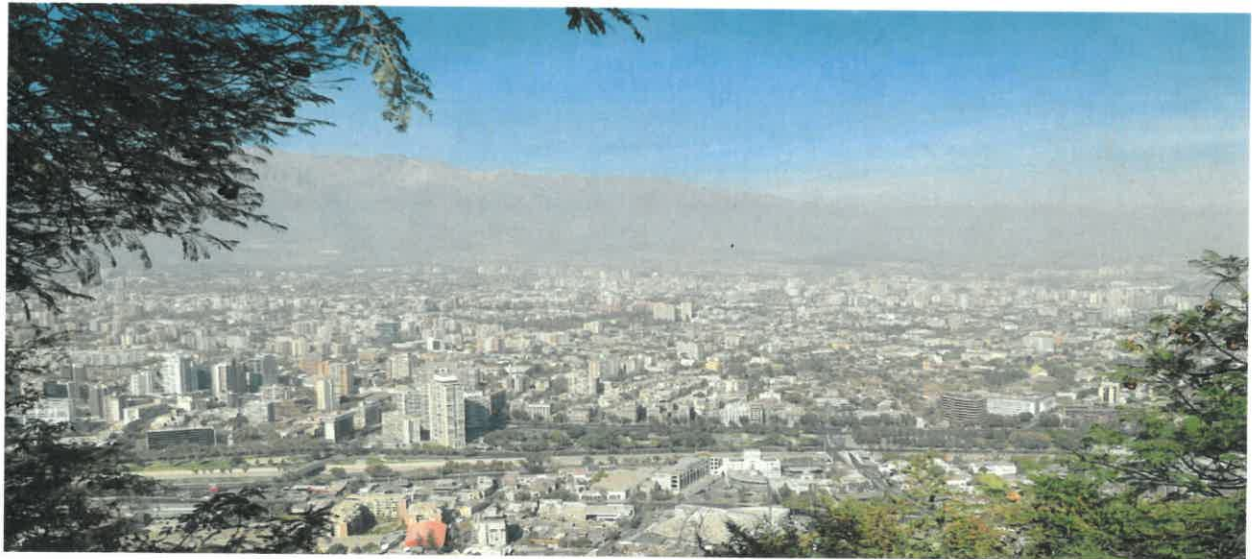
Morgan Hill is approximately 24 miles south of downtown San Jose, 13 miles north of Gilroy, and 15 miles from the Pacific Coast. The city is at the southern tip of Silicon Valley. It is bounded by the Santa Cruz Mountains to the west and the Diablo Range to the east. 2010 census reported that Morgan Hill had a population of 37,882.

MOUNTAIN VIEW:



Mountain View is bounded to the northwest by Palo Alto, to the north by the Bay, to the south and southwest by Los Altos, and to the east by Sunnyvale and Moffett Federal Airfield. The 2010 census reported that Mountain View had a population of 74,066. Many large technology companies are headquartered in Mountain View, including Google/Alphabet, Symantec, Mozilla Foundation, and Intuit.

SANTA CLARA COUNTY:



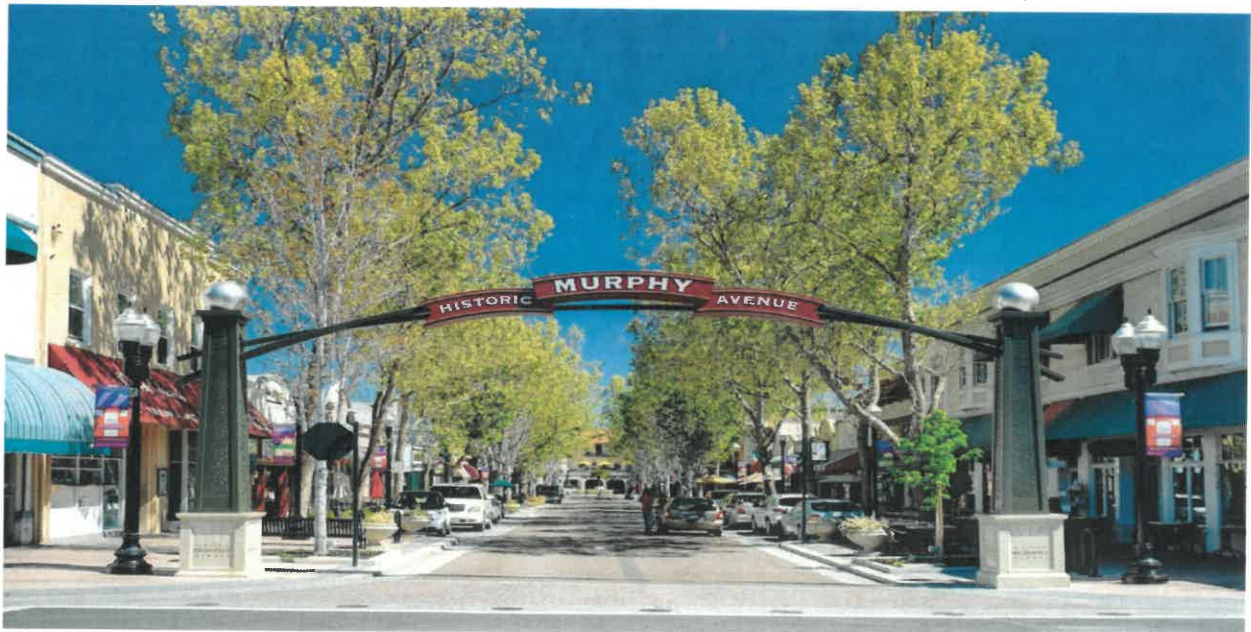
Santa Clara County is located at the southern end of the San Francisco Bay, the highly urbanized Santa Clara Valley is also known as Silicon Valley. It is the most populous county in the San Francisco Bay Area and in Northern California, and is one of the most affluent counties in the U.S.

SARATOGA:



Saratoga is located on the west side of the Santa Clara Valley, bordered by Cupertino and San Jose to the north, Campbell and Los Gatos to the east, and Monte Sereno to the southeast. The 2010 census reported that Saratoga had a population of 29,926. The city serves as a bedroom community for upper middle-class Silicon Valley tech workers.

SUNNYVALE:



Sunnyvale is bordered by portions of San Jose to the north, Moffett Federal Airfield to the northwest, Mountain View to the west, Los Altos to the southwest, Cupertino to the south and Santa Clara to the east. As of the 2010 census, the population was 140,095.



BOARD OF DIRECTORS

The Authority is governed by a Board of Directors comprised of representatives from each of the participating communities. The regular director must be from the governing body of each community. The alternative is appointed by the respective governing body, but can be a member of the body itself, city staff or the public. The Board of Directors meetings are held once a month.



Chair

Rob Rennie
Vice Mayor
Town of Los Gatos



Marico Sayoc
Mayor
Town of Los Gatos
(Alternate)



Vice Chair

Daniel Harney
Councilmember
City of Gilroy



Peter Leroe-Munoz
Councilmember
City of Gilroy
(Alternate)



Liz Gibbons
Mayor
City of Campbell



Rich Waterman
Councilmember
City of Campbell
(Alternate)



Rod Sinks
Councilmember
City of Cupertino



Darcy Paul
Vice Mayor
City of Cupertino
(Alternate)



Jeannie Bruins
Councilmember
City of Los Altos



Jean Mordo
Mayor Pro Tem
City of Los Altos
(Alternate)



Courtenay
Corrigan
Councilmember
Town of Los Altos
Hills



Steve Schmidt

Town of Los Altos
Hills
(Alternate)



Burton Craig
Vice Mayor
City of Monte
Sereno



Rowena Turner
Councilmember
City of Monte
Sereno
(Alternate)



Steve Tate
Mayor
City of Morgan Hill



Anthony Eulo
Program
Administrator
City of Morgan Hill
(Alternate)



Margaret Abe-
Koga
Councilmember
City of Mountain
View



John McAlister
Councilmember
City of Mountain
View
(Alternate)



Howard Miller
Councilmember
City of Saratoga



Emily Lo
Mayor
City of Saratoga
(Alternate)



Jim Griffith
Councilmember
City of Sunnyvale



Nancy Smith
Councilmember
City of Sunnyvale
(Alternate)



Dave Cortese
Supervisor
Santa Clara
County



Cindy Chavez
Supervisor
Santa Clara
County
(Alternate)

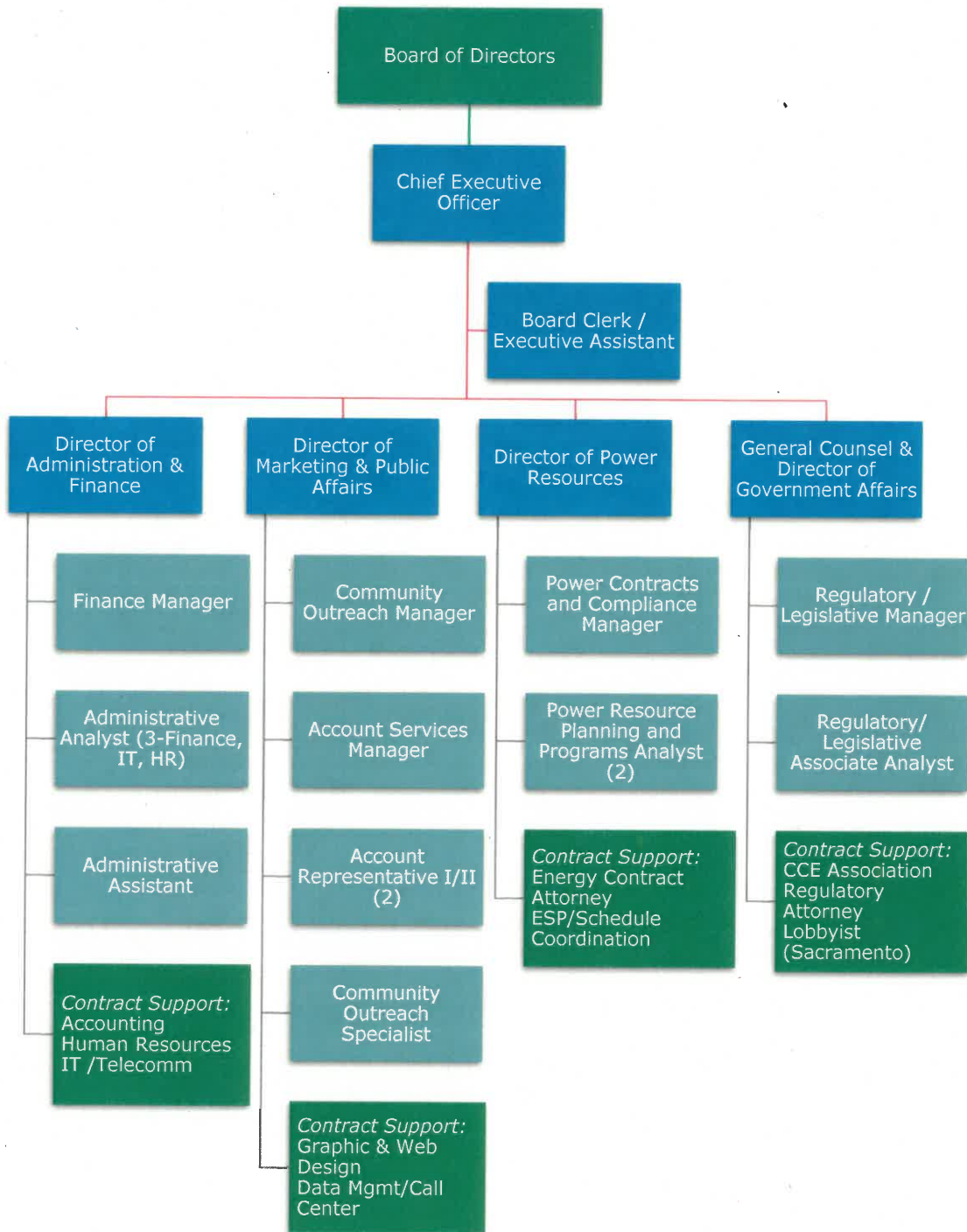


FY 2017/18 BOARD OF DIRECTORS - COMMITTEES

Board Member	Representing	Executive	Risk Oversight	Finance and Audit
Chair Rennie	Los Gatos	X	X	
Vice Chair Harney	Gilroy	X		
Director Abe-Koga	Mountain View	X		
Director Corrigan	Los Altos Hills		X	X
Director Cortese	Unincorporated Santa Clara County			X
Director Craig	Monte Sereno			X
Alt Director Eulo	Morgan Hill		X	
Director Gibbons	Campbell	X		
Director Miller	Saratoga		X	X
Director Sinks	Cupertino	X	X	



ORGANIZATION CHART





FY 2017/18 SUMMARY OF POSITIONS

Title	FY 16/17	FY 17/18
Chief Executive Officer	1	1
Board Clerk/Executive Assistant	1	1
Director of Administration & Finance	1	1
Finance Manager	1	1
Administrative Analyst - Finance	1	1
Administrative Analyst - Information Technology	1	1
Administrative Analyst - Human Resources		1
Administrative Assistant	1	1
Director of Marketing & Public Affairs	1	1
Account Services Manager	1	1
Account Representative I	1	1
Account Representative II	1	1
Community Outreach Manager	1	1
Community Outreach Specialist	1	1
Director of Power Resources	1	1
Power Contracts & Compliance Manager	1	1
Power Resource Planning & Programs Analyst	1	1
Power Resource Planning & Programs Analyst	1	1
General Counsel & Director of Government Affairs	1	1
Manager of Regulatory Affairs		1
Legislative and Regulatory Analyst	1	
Associate Regulatory Analyst		1
TOTAL	19	21



FINANCIAL INFORMATION AND TRENDS

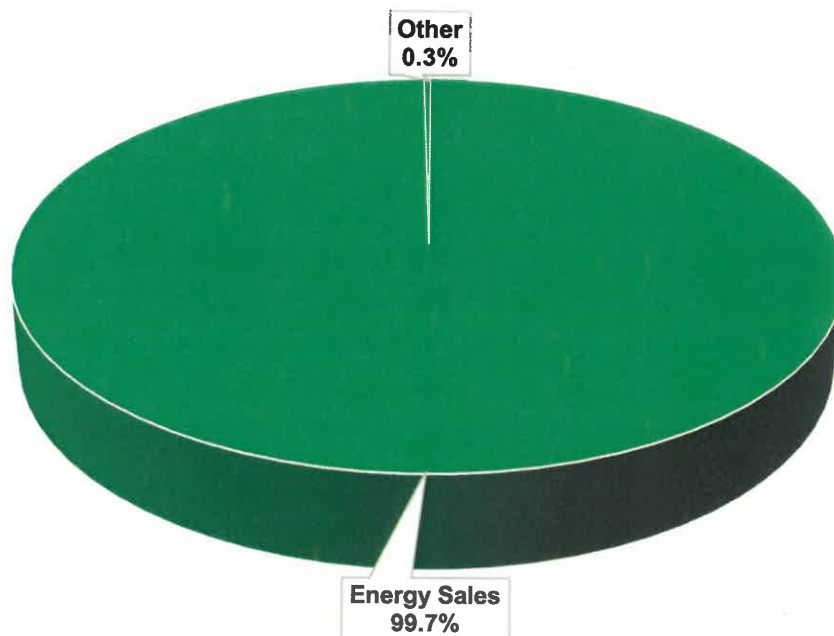


FY 2017/18 ADOPTED BUDGET

(\$ in thousands)

Line	DESCRIPTION	FY 2016-17 AMENDED BUDGET	FY 2017-18 ADOPTED BUDGET
	REVENUES		
1	Energy Sales	103,303	239,015
2	Green Prime Premium	247	443
3	Investment Income	16	200
4	TOTAL REVENUES	\$103,566	\$239,658
	EXPENSES		
5	Power Supply	66,671	181,368
6	Data Management	1,030	3,115
7	PG&E Fees	430	1,218
8	Employment Expenses	1,902	4,187
9	Professional Services	1,730	1,325
10	Marketing & Promotions	235	295
11	Notifications	410	100
12	Lease	245	315
13	General & Administrative	125	251
14	TOTAL EXPENSES	\$72,778	\$192,174
15	TOTAL EXPENSES W/O POWER SUPPLY	\$6,107	\$10,806
	ENERGY PROGRAMS		
16	Various Programs	400	4,780
17	TOTAL ENERGY PROGRAMS	\$400	\$4,780
	CAPITAL INVESTMENT		
18	Facility Equipment	250	50
20	TOTAL CAPITAL INVESTMENT	\$250	\$50
	DEBT SERVICE		
21	Financing	77	-
22	Interest	84	33
23	Principal	-	2,730
24	TOTAL DEBT SERVICE	\$161	\$2,763
	CASH INFLOWS/(OUTFLOWS)		
25	CPUC Deposit	(100)	-
26	TOTAL CASH INFLOWS/(OUTFLOWS)	\$100	\$0
	FUND BALANCE		
27	Net Increase / (Decrease)	29,877	39,890
28	Beginning Balance Oct 1	(991)	28,886
29	ENDING BALANCE AT SEPT 30	\$28,886	\$68,776

REVENUE



Revenue Assumptions:

- Energy sales are budgeted at \$239.7 million. Revenues are based on approximately 228,000 accounts and 3.6 million MWh's in energy sales. Rates remain at 1% below PG&E rates.
- PCIA is expected to increase by 16% in January 2018 resulting in \$10 million reduction in operating revenues.
- PG&E is expected to lower generation rates in 2018 by 1.5%, SVCE is committed to remain 1% below PG&E rates. This will result in another \$4 million reduction in revenue.
- Other revenue is budgeted at \$0.6 million. This includes \$0.4 million for the premium of serving Green Prime customers. Assumption is based on 2% customer participation.
- Investment income of \$0.2 million based on conservative returns of reserves.

Customer Class	Accounts											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
E-1	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132
E-7	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079
A-1	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436
A-6	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052
A-10	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193
E-19-S	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205
E-19-P	8	8	8	8	8	8	8	8	8	8	8	8
E-19-T	1	1	1	1	1	1	1	1	1	1	1	1
E-20-S	13	13	13	13	13	13	13	13	13	13	13	13
E-20-P	10	10	10	10	10	10	10	10	10	10	10	10
E-20-T	6	6	6	6	6	6	6	6	6	6	6	6
TC-1	623	623	623	623	623	623	623	623	623	623	623	623
Ag	877	877	877	877	877	877	877	877	877	877	877	877
SL	97	97	97	97	97	97	97	97	97	97	97	97
Total	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732

Customer Class	MWh Sales											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
E-1	86,459	99,140	111,244	107,978	92,223	83,577	82,040	81,272	90,302	94,145	91,455	98,948
E-7	9,545	11,430	13,481	13,058	10,073	8,535	7,615	7,193	7,570	7,901	8,278	10,103
A-1	28,822	27,130	25,352	25,858	25,631	24,707	26,189	26,555	28,996	30,182	29,467	31,838
A-6	4,185	4,234	4,515	4,379	3,957	3,710	3,624	3,747	4,025	3,946	4,430	4,346
A-10	42,211	39,952	38,178	39,128	40,419	38,415	41,165	41,902	44,053	45,110	44,978	46,018
E-19-S	64,148	59,629	55,846	56,212	56,893	53,710	57,170	56,235	58,849	60,520	59,121	67,804
E-19-P	985	950	894	894	837	1,137	1,212	1,127	1,239	1,199	1,369	1,010
E-19-T	449	436	377	389	408	382	404	375	417	397	427	488
E-20-S	6,669	6,894	6,472	6,282	7,094	7,244	7,528	7,353	7,925	8,185	6,935	6,385
E-20-P	13,872	13,207	12,383	12,851	12,713	12,992	13,671	13,703	13,970	14,578	14,486	14,514
E-20-T	39,287	32,684	30,317	27,689	29,120	30,774	29,840	35,239	36,249	36,986	38,626	40,181
TC-1	196	211	207	209	206	196	196	193	193	195	197	201
Ag	4,550	3,934	3,532	3,974	3,825	3,772	3,688	5,226	5,753	6,063	5,847	6,114
SL	124	131	130	131	134	127	127	132	130	128	134	129
Total	301,503	299,963	302,928	299,031	283,533	269,278	274,470	280,252	299,669	309,535	305,751	328,078

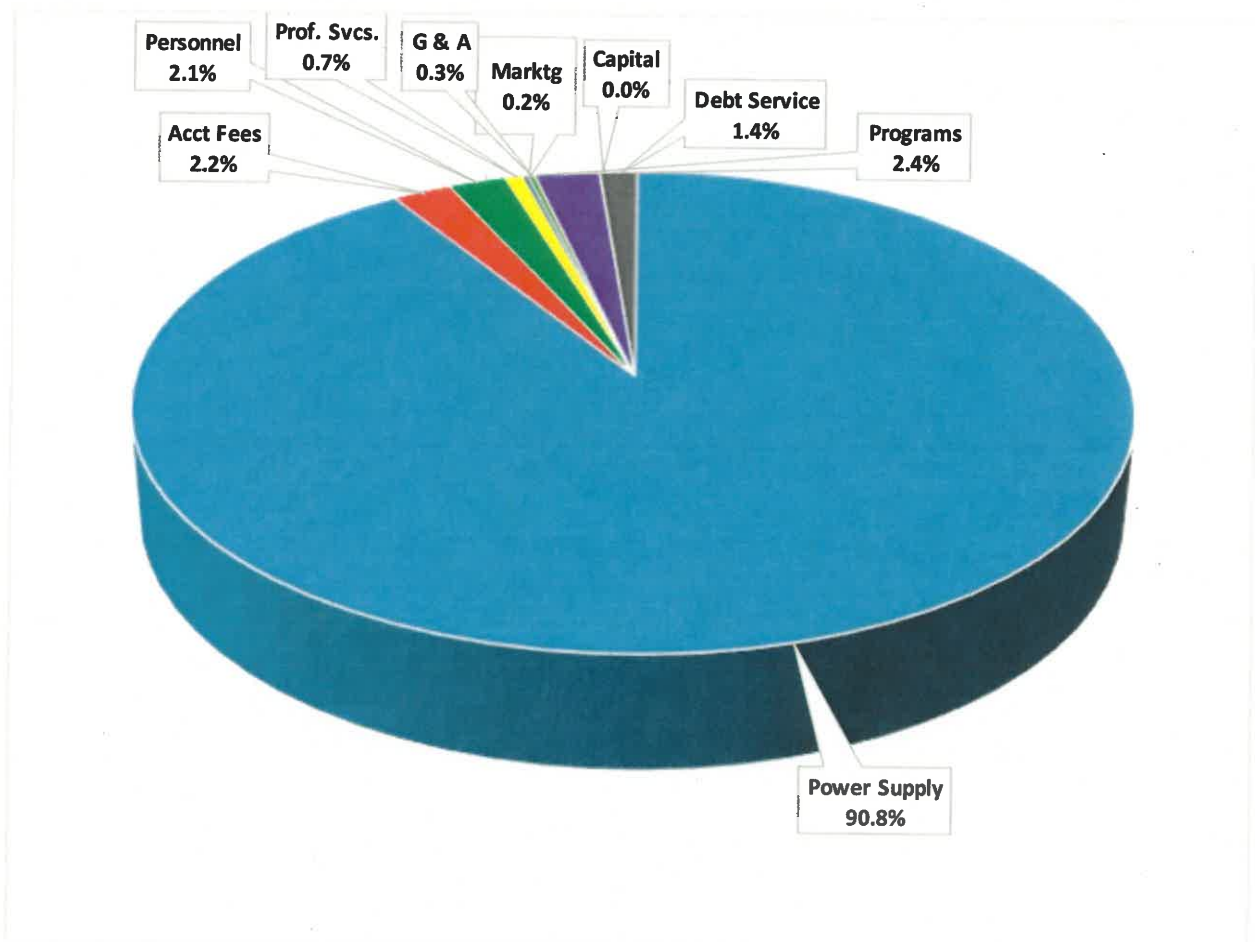
Customer Class	Budget SVCE Rate Table (\$/MWh)											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
E-1	97.40	97.40	97.40	95.94	95.94	95.94	95.94	95.94	95.94	95.94	95.94	95.94
E-7	107.89	79.60	79.60	78.40	78.40	78.40	78.40	106.27	106.27	106.27	106.27	106.27
A-1	108.20	84.80	84.80	83.53	83.53	83.53	83.53	106.57	106.57	106.57	106.57	106.57
A-6	131.83	81.24	81.24	80.02	80.02	80.02	80.02	129.85	129.85	129.85	129.85	129.85
A-10	120.48	79.62	79.62	78.42	78.42	78.42	78.42	118.68	118.68	118.68	118.68	118.68
E-19-S	112.01	70.27	70.27	69.22	69.22	69.22	69.22	110.33	110.33	110.33	110.33	110.33
E-19-P	105.45	64.63	64.63	63.66	63.66	63.66	63.66	103.87	103.87	103.87	103.87	103.87
E-19-T	98.06	61.88	61.88	60.95	60.95	60.95	60.95	96.59	96.59	96.59	96.59	96.59
E-20-S	106.43	66.21	66.21	65.22	65.22	65.22	65.22	104.84	104.84	104.84	104.84	104.84
E-20-P	105.88	64.61	64.61	63.64	63.64	63.64	63.64	104.29	104.29	104.29	104.29	104.29
E-20-T	106.38	60.07	60.07	59.17	59.17	59.17	59.17	104.78	104.78	104.78	104.78	104.78
TC-1	85.91	85.91	85.91	84.62	84.62	84.62	84.62	84.62	84.62	84.62	84.62	84.62
Ag	104.28	67.05	67.05	66.05	66.05	66.05	66.05	102.71	102.71	102.71	102.71	102.71
SL	79.17	79.17	79.17	77.98	77.98	77.98	77.98	77.98	77.98	77.98	77.98	77.98

Revenues												
Customer Class	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
E-1	8,420,817	9,655,870	10,834,785	10,358,915	8,847,472	8,018,021	7,870,563	7,796,834	8,663,149	9,031,794	8,773,743	9,492,600
E-7	1,029,813	909,773	1,073,004	1,023,807	789,726	669,139	597,023	764,380	804,442	839,696	879,758	1,073,657
A-1	3,118,425	2,300,752	2,149,931	2,159,919	2,140,985	2,063,793	2,187,592	2,830,079	3,090,231	3,216,591	3,140,403	3,393,122
A-6	551,683	343,992	366,811	350,449	316,608	296,910	290,007	486,581	522,644	512,399	575,236	564,308
A-10	5,085,692	3,180,816	3,039,567	3,068,440	3,169,736	3,012,547	3,228,208	4,972,710	5,228,021	5,353,464	5,337,849	5,461,210
E-19-S	7,185,147	4,190,172	3,924,290	3,890,781	3,937,905	3,717,631	3,957,089	6,204,315	6,492,674	6,677,070	6,522,720	7,480,728
E-19-P	103,925	61,388	57,753	56,887	53,269	72,377	77,150	117,062	128,682	124,555	142,223	104,873
E-19-T	44,004	26,983	23,330	23,696	24,864	23,270	24,644	36,219	40,249	38,329	41,213	47,130
E-20-S	709,852	456,447	428,527	409,700	462,644	472,427	490,955	770,858	830,845	858,141	727,094	669,359
E-20-P	1,468,783	853,265	800,008	817,797	809,057	826,770	869,977	1,429,150	1,456,929	1,520,353	1,510,817	1,513,690
E-20-T	4,179,189	1,963,455	1,821,260	1,638,417	1,723,079	1,820,952	1,765,702	3,692,372	3,798,152	3,875,434	4,047,194	4,210,167
TC-1	16,860	18,091	17,823	17,661	17,450	16,554	16,607	16,291	16,291	16,502	16,660	16,976
Ag	474,448	263,761	236,811	262,478	252,631	249,138	243,578	536,827	590,939	622,742	600,609	627,974
SL	9,853	10,375	10,306	10,197	10,454	9,917	9,940	10,325	10,136	9,970	10,446	10,076
Total	32,398,490	24,235,140	24,784,206	24,089,145	22,555,880	21,269,447	21,629,034	29,664,004	31,673,384	32,697,040	32,325,966	34,665,870

Surcharges												
Customer Class	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
E-1	2,573,896	2,951,401	3,311,747	3,720,691	3,177,814	2,879,894	2,826,930	2,800,449	3,111,610	3,244,019	3,151,332	3,409,530
E-7	284,155	340,268	401,318	449,964	347,086	294,087	262,393	247,844	260,834	272,265	285,254	348,125
A-1	652,523	614,233	573,968	676,897	670,964	646,772	685,570	695,155	759,056	790,094	771,380	833,456
A-6	94,745	95,865	102,224	114,645	103,575	97,131	94,872	98,094	105,365	103,299	115,967	113,764
A-10	979,714	927,288	886,110	1,049,994	1,084,657	1,030,868	1,104,666	1,124,439	1,182,171	1,210,536	1,207,005	1,234,900
E-19-S	1,252,814	1,164,563	1,090,667	1,268,796	1,284,163	1,212,331	1,290,419	1,269,313	1,328,307	1,366,031	1,334,454	1,530,448
E-19-P	19,247	18,551	17,453	20,171	18,888	25,663	27,356	25,438	27,963	27,066	30,905	22,789
E-19-T	8,764	8,517	7,364	8,776	9,208	8,618	9,127	8,464	9,406	8,957	9,631	11,014
E-20-S	124,917	129,121	121,223	135,998	153,572	156,820	162,970	159,180	171,567	177,203	150,143	138,221
E-20-P	241,235	229,669	215,333	258,244	255,484	261,077	274,721	275,378	280,730	292,951	291,114	291,667
E-20-T	623,094	518,374	480,833	507,467	533,690	564,004	546,892	645,845	664,348	677,865	707,908	736,415
TC-1	4,443	4,767	4,697	5,463	5,398	5,121	5,137	5,039	5,039	5,105	5,154	5,251
Ag	99,461	85,989	77,203	100,506	96,735	95,397	93,268	132,178	145,502	153,332	147,883	154,621
SL	607	640	635	729	748	709	711	739	725	713	747	721
Total	6,959,616	7,089,244	7,290,775	8,318,342	7,741,981	7,278,494	7,385,032	7,487,554	8,052,621	8,329,437	8,208,877	8,830,920

Budget Revenues												
Customer Class	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
E-1	5,846,921	6,704,469	7,523,038	6,638,224	5,669,658	5,138,127	5,043,633	4,996,386	5,551,540	5,787,776	5,622,411	6,083,070
E-7	745,658	569,505	671,686	573,842	442,641	375,052	334,631	516,536	543,608	567,431	594,503	725,532
A-1	2,465,902	1,686,519	1,575,963	1,483,022	1,470,022	1,417,021	1,502,022	2,134,924	2,331,175	2,426,497	2,369,023	2,559,667
A-6	456,938	248,127	264,587	235,804	213,033	199,779	195,134	388,486	417,279	409,099	459,269	450,544
A-10	4,105,977	2,253,529	2,153,457	2,018,446	2,085,079	1,981,679	2,123,542	3,848,271	4,045,850	4,142,928	4,130,844	4,226,311
E-19-S	5,932,333	3,025,609	2,833,623	2,621,985	2,653,742	2,505,300	2,666,670	4,935,002	5,164,368	5,311,039	5,188,267	5,950,280
E-19-P	84,679	42,837	40,301	36,716	34,381	46,714	49,794	91,625	100,719	97,489	111,318	82,084
E-19-T	35,240	18,466	15,966	14,920	15,656	14,652	15,517	27,755	30,843	29,372	31,582	36,116
E-20-S	584,935	327,326	307,304	273,702	309,071	315,607	327,985	611,678	659,278	680,938	576,952	531,139
E-20-P	1,227,547	623,597	584,674	559,553	553,573	565,692	595,256	1,153,772	1,176,199	1,227,402	1,219,703	1,222,023
E-20-T	3,556,095	1,445,081	1,340,427	1,130,949	1,189,389	1,256,948	1,218,810	3,046,527	3,133,805	3,197,569	3,339,286	3,473,753
TC-1	12,417	13,323	13,126	12,198	12,052	11,433	11,470	11,251	11,251	11,397	11,506	11,725
Ag	374,988	177,772	159,608	161,973	155,896	153,741	150,309	404,649	445,437	469,410	452,727	473,354
SL	9,246	9,736	9,671	9,467	9,706	9,208	9,229	9,587	9,411	9,257	9,699	9,355
Total	25,438,874	17,145,896	17,493,431	15,770,802	14,813,899	13,990,953	14,244,003	22,176,449	23,620,763	24,367,603	24,117,089	25,834,950

EXPENDITURES



Expense Assumptions:

- Total expenditure budget is \$199.7 million.
- Power Supply is budgeted at \$181.4 million. Most of the Power Supply is under contract and in compliance with the Risk Management Policy. Power Supply includes energy, capacity and charges by CAISO to related to Grid maintenance and reliability.
- Account Fees is budgeted at \$4.3 million. \$3.1 million for Data Management Fees based on fixed price per meter per month. \$1.2 million for PG&E Fees based for billing services.

- Personnel is budgeted at \$4.2 million. This includes a 3% across the board wage increase. New employees added will be Associate Regulatory Analyst and Administrative-Human Resources Analyst. The Regulatory Analyst was reclassified to Manager of Regulatory Affairs.
- Professional Services is budgeted at \$1.3 million. This includes consultant fees for Scheduling Coordination, Power Supply, Accounting and Auditing Services, IT, and HR Support.
- Programs budget of \$4.8 million is based on 2% of energy sales.
- Debt Service budget of \$2.8 million includes paying the principal back to our Member Agencies.
- Marketing and Promotions budget of \$0.4 million includes required annual notifications.
- General and Administration budget of \$0.5 million includes rent for SVCE facilities.

Power Supply: \$181,368,117
 Data Management: \$3,114,882
 Service Fees: \$1,218,265

Customer Class	Accounts											
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
E-1	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132	192,132
E-7	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079	15,079
A-1	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436	17,436
A-6	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052	1,052
A-10	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193	2,193
E-19-S	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205
E-19-P	8	8	8	8	8	8	8	8	8	8	8	8
E-19-T	1	1	1	1	1	1	1	1	1	1	1	1
E-20-S	13	13	13	13	13	13	13	13	13	13	13	13
E-20-P	10	10	10	10	10	10	10	10	10	10	10	10
E-20-T	6	6	6	6	6	6	6	6	6	6	6	6
TC-1	623	623	623	623	623	623	623	623	623	623	623	623
Ag	877	877	877	877	877	877	877	877	877	877	877	877
SL	97	97	97	97	97	97	97	97	97	97	97	97
Total	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732	230,732

Data Management and Billing Fees													
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Data Management Fee Per Account	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.15	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	\$1.10	
Data Management Budget	\$265,342	\$265,342	\$265,342	\$265,342	\$265,342	\$265,342	\$253,805	\$253,805	\$253,805	\$253,805	\$253,805	\$253,805	\$3,114,882
Billing Services	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	\$0.44	
Billing Services Budget	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$101,522	\$1,218,265

Power Supply						
	Oct	Nov	Dec	Jan	Feb	Mar
Physical Energy						
SENA Shaped	5,532,979	6,018,495	6,057,433	5,439,865	5,165,167	4,896,896
Exelon Shaped	5,501,736	5,984,510	6,023,228	5,914,914	5,151,498	4,883,937
Renewable PPAs	-	-	-	385,000	385,000	385,000
CAISO Credits	(10,922,761)	(10,535,169)	(12,859,168)	(13,317,767)	(10,599,692)	(8,193,708)
Cost of Load	11,731,881	10,349,579	12,675,516	12,919,496	10,308,126	7,998,895
Total Physical Energy	11,843,836	11,817,416	11,897,010	11,341,509	10,410,100	9,971,020
RECS and Carbon Free						
ESP Purchases, PCC1	1,331,827	1,325,021	1,338,120	1,088,402	1,031,992	980,107
ESP Purchases, PCC2	354,439	352,627	356,113	264,830	251,105	238,480
ESP Purchases, PCC3	13,405	13,337	13,469	-	-	-
Bucket 1 Net Short	(129,625)	(128,963)	(130,237)	(19,075)	(18,086)	(17,177)
Bucket 2 Net Short	68,384	68,035	68,707	241,077	228,582	217,090
Bucket 3 Net Short	-	-	-	-	-	-
Other REC Purchases	31,959	31,796	32,110	31,697	30,054	28,543
ESP CF Purchases	297,099	295,581	298,503	314,033	297,757	282,787
CF Net Short	(20,153)	(20,050)	(20,248)	10,061	9,540	9,060
Total RECS and Carbon Free	1,947,337	1,937,384	1,956,537	1,931,026	1,830,944	1,738,890
Other Power Costs						
Resource Adequacy	1,465,561	1,429,987	1,440,207	1,389,279	1,433,882	1,283,295
CAISO Services	651,247	647,919	654,324	645,907	612,431	581,640
Total Other Power Costs	2,116,808	2,077,906	2,094,531	2,035,186	2,046,312	1,864,934
Power Supply Budget	\$15,907,981	\$15,832,706	\$15,948,078	\$15,307,720	\$14,287,355	\$13,574,845

Power Supply							
	Apr	May	Jun	Jul	Aug	Sep	Total
Physical Energy							
SENA Shaped	5,004,572	5,072,557	5,407,692	5,585,360	5,504,314	5,894,035	
Exelon Shaped	4,991,328	5,059,134	5,393,382	5,570,580	5,489,748	5,878,438	
Renewable PPAs	385,000	385,000	385,000	385,000	385,000	385,000	
CAISO Credits	(7,583,835)	(7,538,209)	(10,879,100)	(11,484,713)	(12,028,098)	(13,120,432)	
Cost of Load	7,387,100	7,376,943	10,661,041	11,234,011	11,789,207	12,904,512	
Total Physical Energy	10,184,165	10,355,425	10,968,015	11,290,238	11,140,173	11,941,553	133,160,458
RECS and Carbon Free							
ESP Purchases, PCC1	999,005	1,020,052	1,090,725	1,126,635	1,112,861	1,194,126	
ESP Purchases, PCC2	243,078	248,199	265,396	274,133	270,782	290,555	
ESP Purchases, PCC3	-	-	-	-	-	-	
Bucket 1 Net Short	(17,508)	(17,877)	(19,115)	(19,745)	(19,503)	(20,928)	
Bucket 2 Net Short	221,276	225,937	241,591	249,545	246,494	264,494	
Bucket 3 Net Short	-	-	-	-	-	-	
Other REC Purchases	29,094	29,707	31,765	32,811	32,410	34,776	
ESP CF Purchases	288,239	294,312	314,703	325,064	321,090	344,537	
CF Net Short	9,235	9,429	10,083	10,415	10,287	11,039	
Total RECS and Carbon Free	1,772,419	1,809,760	1,935,147	1,998,857	1,974,421	2,118,599	22,951,321
Other Power Costs							
Resource Adequacy	1,387,174	1,400,836	1,572,425	1,508,381	1,560,080	1,708,614	
CAISO Services	592,855	605,345	647,285	668,596	660,422	708,648	
Total Other Power Costs	1,980,029	2,006,181	2,219,710	2,176,977	2,220,502	2,417,262	25,256,338
Power Supply Budget	\$13,936,612	\$14,171,366	\$15,122,872	\$15,466,072	\$15,335,096	\$16,477,414	181,368,117

Personnel: \$4,187,232:

FTE's		Payroll Taxes					
Title	Salary	FUTA	SUTA	EEI	Medicare	Payroll Taxes	Total
Chief Executive Officer	316,800	420	420	317	4,594	5,750	322,550
Account Representative I	105,029	420	420	105	1,523	2,468	107,497
Account Representative II	126,035	420	420	126	1,828	2,794	128,829
Account Services Manager	152,770	420	420	153	2,215	3,208	155,978
Administrative Analyst	114,577	420	420	115	1,661	2,616	117,193
Administrative Analyst	114,577	420	420	115	1,661	2,616	117,193
Administrative Analyst	114,577	420	420	115	1,661	2,616	117,193
Administrative Assistant	60,683	420	420	61	880	1,781	62,464
Board Clerk/Executive Assistant	111,658	420	420	112	1,619	2,571	114,229
Community Outreach Manager	152,770	420	420	153	2,215	3,208	155,978
Community Outreach Specialist	91,025	420	420	91	1,320	2,251	93,276
Director of Administration & Finance	203,693	420	420	204	2,954	3,997	207,690
Director of Marketing & Public Affairs	203,693	420	420	204	2,954	3,997	207,690
Director of Power Resources	241,885	420	420	242	3,507	4,589	246,474
Finance Manager	165,500	420	420	166	2,400	3,405	168,905
General Counsel & Director of Government Affairs	280,078	420	420	280	4,061	5,181	285,259
Power Contracts & Compliance Manager	190,962	420	420	191	2,769	3,800	194,762
Power Resource Planning & Programs Analyst	140,039	420	420	140	2,031	3,011	143,050
Power Resource Planning & Programs Analyst	140,039	420	420	140	2,031	3,011	143,050
Manager of Regulatory Affairs	165,500	420	420	166	2,400	3,405	168,905
Associate Regulatory Analyst	91,025	420	420	91	1,320	2,251	93,276
TOTAL	3,282,915	8,820	8,820	3,283	47,602	68,525	3,351,440

Contingent Positions	
Fellowship Positions	84,000
Part-Time	60,000
TOTAL	144,000

Benefits			
Health	No. of Employees	\$/Month	Total
	21	1,000	252,000
Retirement	Budget S&W	401a Match	Total
	3,282,915	10%	328,292
Other employer paid health premiums			30,000
Professional Development	No. of Employees	Annual	
	21	\$1,500	31,500
Workers Comp			50,000
TOTAL			691,792

SILICON VALLEY CLEAN ENERGY AUTHORITY

FINANCIAL PLAN FOR FISCAL YEARS 2017/18 THROUGH 2022/23

(\$ in thousands)

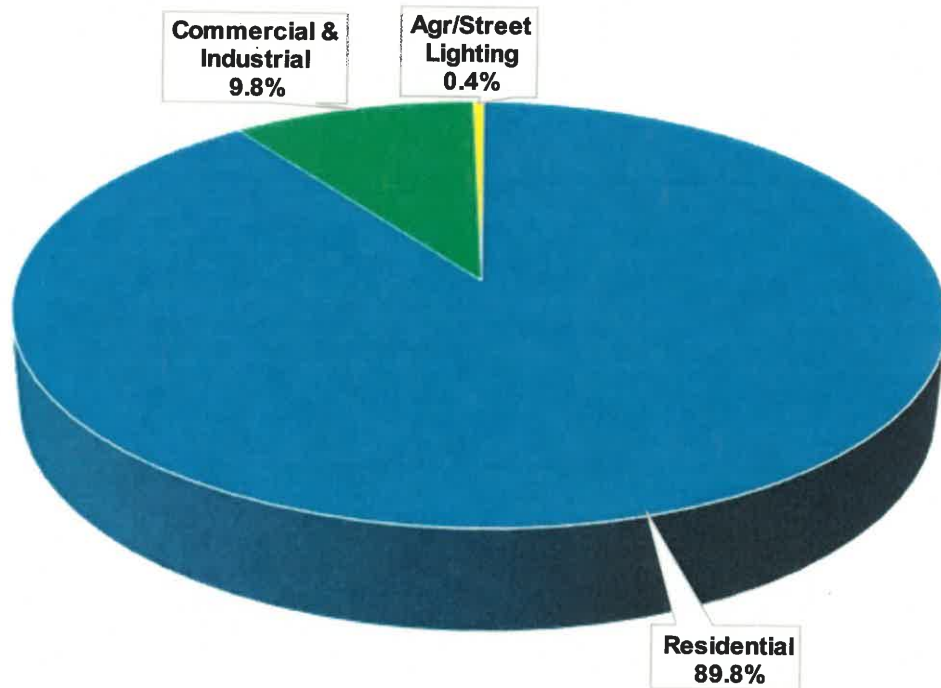
		Budget		Forecast				
Period Ending Sept 30		2016-17B	2017-18B	2018-19E	2019-20E	2020-21E	2021-22E	2022-23E
Line	Revenues							
1	Energy Sales	103,303	239,697	229,137	227,786	228,907	229,997	231,072
2	Y/Y Growth %		132.0%	-4.4%	-0.6%	0.5%	0.5%	0.5%
3	Green Prime	247	440	440	442	444	446	449
4	Y/Y Growth %		78.2%	-0.1%	0.5%	0.5%	0.5%	0.5%
5	Investment Income	16	200	200	200	200	200	200
6	Y/Y Growth %		1150.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	Total Revenues	\$103,566	\$240,337	\$229,777	\$228,428	\$229,552	\$230,644	\$231,721
8	Y/Y Growth %		132.1%	-4.4%	-0.6%	0.5%	0.5%	0.5%
Expenses								
9	Power Supply	66,671	181,120	178,513	186,632	191,617	198,948	206,648
10	% of Revenues	64%	75%	78%	82%	83%	86%	89%
11	Data Management	1,030	3,095	3,024	3,039	3,054	3,070	3,085
12	% of Revenues	1.0%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
13	PG&E Fees	430	1,210	1,210	1,216	1,222	1,228	1,234
14	% of Revenues	0.4%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
15	Employment Expenses	1,902	4,187	4,313	4,442	4,576	4,713	4,854
16	% of Revenues	1.8%	1.7%	1.9%	1.9%	2.0%	2.0%	2.1%
17	Professional Services	1,730	1,325	1,365	1,406	1,448	1,491	1,536
18	% of Revenues	1.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.7%
19	Marketing & Promotions	235	295	304	313	322	332	342
20	% of Revenues	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
21	Notifications	410	100	103	106	109	113	116
22	% of Revenues	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%
23	Lease	245	315	324	334	344	354	365
24	% of Revenues	0.2%	0.1%	0.1%	0.1%	0.1%	0.2%	0.2%
25	General & Administrative	125	251	259	266	274	283	291
26	% of Revenues	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
27	Energy Programs	400	4,794	4,583	4,556	4,578	4,600	4,621
28	% of Revenues	0.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
29	Debt Service	161	2,763	-	-	-	-	-
30	% of Revenues	0.2%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%
31	Capital	250	50	50	50	50	50	50
32	% of Revenues	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
33	Other Cash Outflows	100	-	-	-	-	-	-
34	% of Revenues	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
35	TOTAL EXPENSES	\$73,689	\$199,505	\$194,047	\$202,360	\$207,595	\$215,181	\$223,142
36	% of Revenues	71.2%	83.0%	84.5%	88.6%	90.4%	93.3%	96.3%
37	FUND BALANCE SURPLUS/(DEFICIT)	\$29,877	\$40,833	\$35,730	\$26,068	\$21,957	\$15,463	\$8,579

STATISTICS

Number of accounts:

- Residential Accounts - 207,211
- Commercial and Industrial Accounts - 22,547
- Agriculture and Street Lighting Accounts - 974

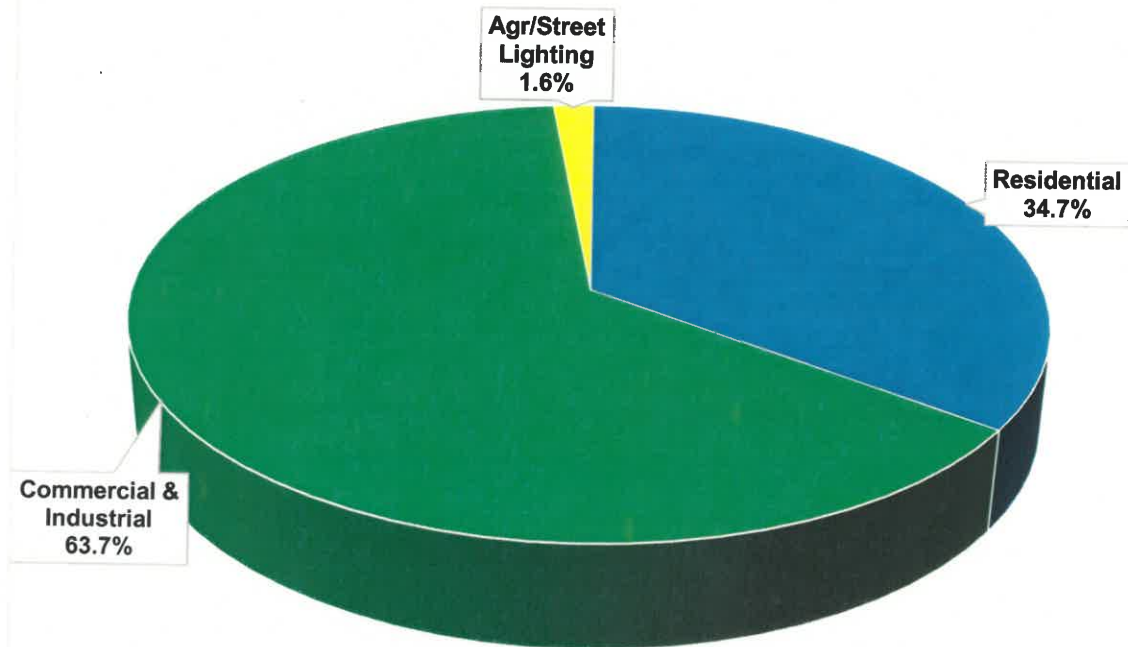
~231,000 CUSTOMER ACCOUNTS



MWh Sales:

- Residential Sales – 1,233,566
- Commercial and Industrial Sales – 2,262,587
- Agriculture and Street Lighting Sales – 57,837

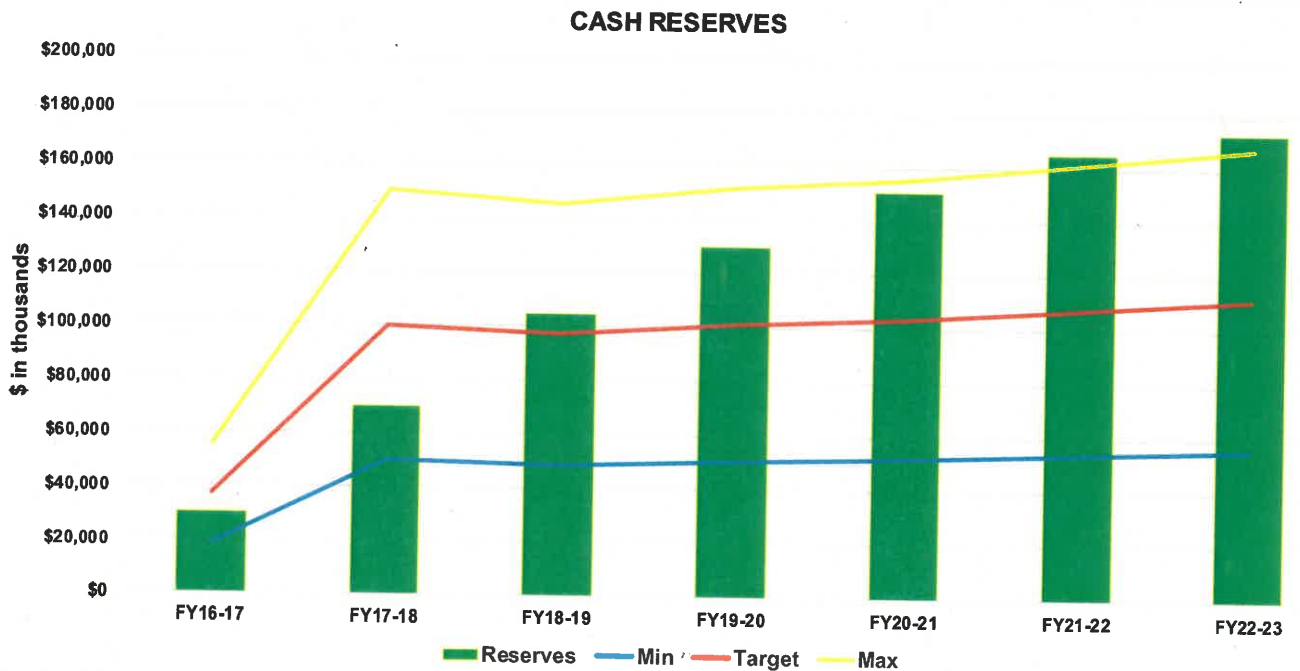
~3.6 Million MWh's of Sales





CASH RESERVES

	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23
Min	18,422	49,942	48,519	50,598	51,906	53,803	55,793
Target	36,845	99,884	97,039	101,195	103,813	107,606	111,587
Max	55,267	149,825	145,558	151,793	155,719	161,409	167,380
Reserves	29,877	69,767	104,673	129,912	151,037	165,664	173,403



Assumes all net margin is injected into Operating Reserves

Min = 25% of Annual Operating Expenses

Max = 75% of Annual Operating Expenses

Target = 50% of Annual Operating Expenses



**FINANCIAL
STRUCTURE, POLICY
AND PROCESS**



FINANCIAL PLANNING AND BASIS OF BUDGETING

Financial Planning

The Authority incorporates long-term financial planning into its budget process in several ways. First, the Authority has established a set of financial policies to provide a basis for promoting and safeguarding the Authority's fiscal health by establishing requirements for budgeting revenues and expenditures, setting minimum or target levels for reserves, as well as guidelines for accounting, investment, purchasing, and debt management. Together, these policies ensure consistent management of the Authority's fiscal resources, establish criteria in which to evaluate the Authority's financial condition, create a sound financial basis for Authority operations, promote public confidence, and increase the Authority's credibility in the eyes of bond rating agencies and potential investors. These policies promote budget stabilization by providing for various reserves that can buffer short-term economic downturns or emergencies. The policies are reviewed periodically and modified only when deemed necessary to maintain or improve the fiscal health of the Authority.

Second, the Authority maintains five-year operating projections for revenues and expenditures that are revised during the year and shared with Council. These projections allow management to see what the longer-term future may look like given a set of assumptions and known information which then influence budget decisions of the current year. The current budget is evaluated in the context of whether decisions made now will be sustainable over the longer term given what may or may not occur down the road. Combined with the financial policies, the evaluation considers whether the Authority's fiscal health will continue over a 5-year period, not just a single year.

Basis of Budgeting

The Authority budget is budgeted on a full accrual basis. This is consistent with the Authority's basis of accounting. To summarize, under this basis, revenues are estimated for the fiscal year if they are susceptible to accrual, e.g. amounts can be determined and will be collected within the current period. Principal and interest on general long-term debt are budgeted as expenditures when due, whereas other expenditures are budgeted for liabilities expected to be incurred during the current period or shortly thereafter to pay current liabilities. Revenue projections are developed recognizing revenues expected to be earned in the period, and expenditure estimates are developed for all expenses anticipated to be incurred during the fiscal year. The Authority's budget is a working document that is utilized throughout the organization. Although the expenditure budget is legally adopted by resolution of the

Authority Board at the total Authority budget level, it is important to note that the administrative level of accountability is at the line-item level within each program and fund. The Authority's financial policies authorize budget adjustments within the adopted budget up to \$10,000 or requiring transfers of more than \$10,000 to be approved by the Chief Executive Officer. No more than 15% of the amount budgeted in any expense category may be transferred to another expense category. Upon prior approval by the Chief Executive Officer, amounts budgeted for salaries in excess of salary requirements may be used to offset temporary help expenses. These are referred to as administrative budget adjustments.

Budget Development: Development of the operating is a process that takes place over six months and is summarized by the budget calendar located in the Budget Reference section of this document. The Authority's financial policies establish a process whereby a budget study session is held with the Authority Budget during the annual budget development process. This meeting was held in August. Board is presented with an overview of the Authority's fiscal condition and proposed work plans for the upcoming year. A study session was held on August 9th to discuss the operating budget the proposed budget was approved on September 13th.

This budget document is arranged by department/function. Each program budget consists of a series of exhibits that are presented at a summary level followed by additional levels of detail. Reference information, are contained within the budget reference materials section of the document along with an index to facilitate locating specific information.

The Authority's budget presentation and format incorporate many of the best features of fund order and program order budgets, and provide a document that is distinctive for its readability as well as its utility as a policy document, an operations guide, a communication tool, and a financial management instrument. It is a working tool that contains a considerable amount of information that is utilized at every level in the Authority organization throughout the year.

Budgetary Control and Accounting

The budget of the authority is a detailed operating plan, which identifies etimated costs and program benefits in relation to estimated revenues. The budget includes:

1. The proposed services to be provided diring the fiscal year and the associated apporpriations to cover the costs of the proposed services, programs anactivities.
2. The esimated revenue available to finance the proposed service levels.

The budget represents a process through which policy decisions are made, implemented and controlled. The Authority is required to adopt an annual operating budget on or before September 30 for the ensuing fiscal year. The procedures followed to establish the budget are as follows:

1. The Chief Executive Officer submits to the Board a proposed operating budget for the following October 1.
2. Public hearings are conducted to obtain rate payer comments.
3. The budget is legally enacted through passage of a minute order.

From the effective date upon which the Board formally approves the Annual Operating Budget, the amounts stated therein, as proposed expenditures become appropriations. The Board may amend the budget by motion during the fiscal year. The legal level budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the object category level within a department.



FY 2017/18 BUDGET CALENDAR

Date	Description
5/10/2017	Strategic Plan discussion with the Board.
6/1/2017	Revenue projections completed. Finance begins work on Department budget worksheets.
6/19/17 – 6/22/17	Budget meetings with departments. Provide budget worksheets and 5/31/17 YTD expenditures.
7/12/17	Energy Programs presented to the Board at the Board Meeting.
7/17/17 – 7/20/17	Department budget meetings with CEO.
7/24/17 – 7/27/17	Finance budget meetings with CEO.
8/1/17	Present FY 17/18 Proposed Budget to CEO.
8/9/17	Present FY 17/18 Proposed Budget to the Board
9/13/17	Board to approve FY 17/18 Proposed Budget.
10/1/17	FY 17/18 Budget in effect.



FINANCIAL POLICIES

FP1 – Accounting

The purpose of this policy is to document SVCEA's method of accounting, audit schedule and standards of internal controls.

- i. The policy defines that an independent firm of Certified Public Accountant (CPAs) shall perform an annual financial audit and an official comprehensive financial report (CAFR) will be issued no later than 6 months following the fiscal year-end.
- ii. Audit contracts shall be competitively bid every five years or sooner if desired by the Board.
- iii. Staff will establish internal controls procedures to protect the assets of SVCEA and ensure accurate financial reporting.
- iv. The Board of Directors may form a five-member advisory committee to serve as the Finance and Audit Committee. The Committee shall provide an oversight function regarding SVCEA's financial reporting and effectiveness over internal controls.
- v. Staff will present quarterly financial updates to the Board.

FP2 – Budget

The purpose of this policy is to establish guidelines for the compilation, implementing, and monitoring of SVCEA's budget.

- i. Staff will present a proposed budget at the Board Meeting in August of each fiscal year.
- ii. Staff is required to present a balanced budget that supports the strategic plan.
- iii. The final budget document will be available for public distribution no later than 60 days from the beginning of the fiscal year.
- iv. The Board will engage in a Mid-Year review of the budget to evaluate any unanticipated revenues or expenses.
- v. As part of the budget process, staff will prepare a five-year forecast.

FP3 – Capital Projects

The purpose of this policy is to establish a process for approving capital projects.

- i. The Capital Project process will be integrated into the budget process and presented to the Board for approval.
- ii. Once approved, if the capital project exceeds project cost budget by 15%, it will require Board approval.
- iii. Staff will present semi-annual reports describing the status of ongoing capital projects.

FP4 – Debt Limitations

The purpose of this policy is to establish a process for consideration of long-term debt.

- i. Long-term debt will not be used to support operating expenses.
- ii. A ceiling of 10% of operating revenues is set against annual debt service expense.

FP5 – Customer Generation Rates

The purpose of this policy is to establish a process for rate setting.

- i. Customer Generation Rates will be set at 1% below Pacific Gas & Electric's generation rates in January 2017 and remain unchanged through 2018, subject to substantial and unexpected volatility in wholesale power pricing.
- ii. Future rate setting will include consideration of recovering full cost of operations, debt service, equity funding of capital investment, funding of reserve accounts, and any other current obligations.
- iii. Rate adequacy review shall be completed every five years at a minimum.

FP6 – Purchasing

The purpose of this policy is to ensure proper review and budgetary monitoring for all procurement activities.

- i. All contract \$100,000 or MORE shall require Board approval.
- ii. The Request of Proposal (RFP) process and a written contract are required for procurements of \$100,000 or MORE for materials, supplies & equipment and construction services. The same applies for professional services of \$150,000 or MORE.
- iii. Guidelines for sole sourcing and contract extensions are also established.

FP7 – Purchasing Card Use

The purpose of the policy is to establish processes for the proper use of purchasing cards.

FP8 – Investment Policy

The primary objectives, in priority order, of the investment activities of SVCE shall be:

- a. With respect to all investments:
 - i. To be in compliance with all Federal, State, and local laws as well as all SVCE policies and procedures.
 - ii. All investments of SVCE shall be undertaken in a manner which seeks the preservation of principal.
 - iii. To remain sufficiently liquid to enable SVCE to meet all operating requirements which might be reasonably anticipated.
 - iv. TO maximize yield consistent with risk limitations identified herein and prudent investment principles
- b. With respect to short-term Cash Management objectives:
 - i. To accelerate receipt of all funds due to SVCE.
 - ii. To accurately monitor and forecast expenditures and revenues, thus enabling SVCE to invest funds to the fullest extent possible.
 - iii. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

2. Standard of Care:

SVCE will manage funds in accordance with the Prudent Investor Standard pursuant to California Government Code 53600.3.1.

3. Delegation of Authority

Consistent with this Policy or Board direction, the following individuals are authorized to sign investment documents and/or execute cash transfers and make investments of SVCE's funds:

- a. Chief Executive Officer
- b. Director of Administration and Finance

4. Ethics and Conflicts of Interest

The authorized employees who are responsible for the investment of SVCE funds shall refrain from personal business activity that could conflict with the proper execution of SVCE's investment program, or which could impair the ability to make impartial investment decisions.

Pursuant to SVCE's Conflict of Interest Code, employees shall disclose any financial interests and investment holdings that could affect the performance of

SVCE's portfolio or the individual's judgement or decisions regarding SVCE's portfolio.

5. Authorized Investments

The following types of investments are permitted;

- a. Deposits at Bank(s); Funds may be invested in non-interest-bearing depository accounts to meet SVCE's operating and collateral needs and grant requirements. Funds not needed for these purposes will be invested in interest bearing depository accounts or certificates of deposit with maturities not to exceed twelve months.
- b. Banks eligible to receive deposits will be federally or state chartered and will conform to Government Code 53635.2.
- c. Local Agency Investment Fund (LAIF); Funds may be invested in the Local Agency Investment Fund. The LAIF was established by the California State Treasurer for the benefit of local agencies.

6. Hedging Program

Staff may examine and recommend to the Board an investment strategy that will hedge against revenue loss due to high PCIA or increased prices of natural gas commodity.

7. Reporting Requirements

The Director of Administration and Finance shall be responsible for preparing a monthly investment report, as required by California Government Code 53607. The investment report shall include:

- a. Type of Investment
- b. Institution of Purchase
- c. Date of purchase and maturity
- d. Interest rate
- e. Target benchmark

8. Annual Review

The Investment Policy will be reviewed annually. Any changes to the Investment Policy will be submitted to the Board of Directors for approval.

ITP1 – Information Systems Use Policy

The purpose of this policy is to outline the acceptable use of information systems and resources at SVCE. Inappropriate use exposes SVCE to risks including malware, compromise of network systems and services, and legal issues. Therefore, this policy has been put into place to protect users and SVCE.

2. Scope

All users of SVCE's computers or network infrastructure.

3. Definitions

"Data" is any and all information stored or transmitted over SVCE Resources. "Information Systems" refers to all Resources that store, transmit or present information related to SVCE business. "Resources" refers to all SVCE-owned hardware and software including, but not limited to:

- a. Computers, laptops, tablets, desk phones
- b. Network storage, network infrastructure, servers
- c. All software applications licensed by SVCE
- d. Accounts such as email account or other accounts used to access SVCE applications
- e. Data plans, subscription services

"Sensitive Information" includes all Data, in its original and duplicate form, which contains personal information, protected health information, customer record information, card holder Data, confidential personal Data, or information that is deemed to be confidential or is otherwise exempt from disclosure under state law. "User" is anyone using SVCE computing Resources including, but not limited to: employees, contractors, limited - term employees, and interns.

4. Policy

- a. Use of SVCE's Information Systems is limited to SVCE business. You may access, use or share SVCE proprietary information only to the extent it is authorized and necessary to fulfill your assigned job duties. Employees are responsible for exercising good judgment regarding the reasonableness of personal use. Individual departments are responsible for creating guidelines concerning personal use of Internet/Intranet/Extranet systems. In the absence of such policies, employees should be guided by departmental policies on personal use, and if there is any uncertainty, employees should consult their supervisor or manager.
- b. Use of SVCE Information Systems to send messages of a threatening, harassing, or obscene nature, or any behavior found to be inconsistent with the SVCE Employee Handbook, is prohibited. Inappropriate use may include, but is not limited to: the display or transmission of sexually explicit images, messages or cartoons, any transmission that contains ethnic slurs, racial epithets, or anything that constitutes harassment or disparagement of others based on their race, national origin, color, sex, sexual orientation, age, disability, religious or political beliefs. Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or

distribution of "pirated" or other software products that are not appropriately licensed for use by SVCE.

- c. All software applications and subscription services are to be secured with a password sufficient to protect SVCE information. Users who are granted access to any part of SVCE's Information Systems are provisioned with an account. Users are to use their assigned account and no other.

Users are prohibited from using another User's account to access any part of an Information System. Users are prohibited from sharing their passwords or passphrases. Authorized staff may reset passwords as required for business purposes. Users who are provisioned with SVCE Resources are not allowed to change permissions, modify hardware, or modify code and configuration on any SVCE Resource, unless directed to do so by authorized personnel.

All Users are responsible for safeguarding Sensitive Information. Users may access, use or share Sensitive Information held by SVCE only to the extent it is authorized and necessary to fulfill their assigned job duties.

Users must immediately notify IT Support if Sensitive Information is inappropriately shared or exposed. Users must immediately report to IT Support any suspicious e-mail or other computer activity.

- d. SVCE owns all Data stored on Agency Resources and reserves the right to access anything the User has viewed or created using those Resources.

Users shall have no expectation of privacy. Authorized SVCE staff may view any and all activities and Data created, stored or transmitted using SVCE Resources. They may access any electronic Data or files at any time without consent from or notification to the User.

SVCE may monitor, record and review any Data or websites a User may have accessed through an SVCE internet connection. SVCE strongly discourages the storage of personal files and messages (pictures, personal email, texts, instant messages, music, spreadsheets, etc.) on SVCE-provided computers. All such Data may be accessed and reviewed at the Agency's discretion and may be deleted without notice.

5. Policy Compliance

- a. Compliance Measurement:

The IT Department will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

- b. Non-Compliance

Any employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.



GLOSSARY



GLOSSARY

ACCURAL BASIS OF ACCOUNTING - A method of accounting that recognizes the financial effect of transactions, events, and activities when they occur, regardless of the timing of related cash flows.

ADOPTION - Formal action by the Board of Directors which sets the spending limits for the fiscal year. The Authority's budget is adopted by the Board of Directors.

APPROPRIATION - Through an appropriation, the Board of Directors legally authorizes the Authority to spend money and to incur obligations for specific purposes. Budgetary/operating fund appropriations lapse at the end of each fiscal year. Non-operating fund appropriations, on the other hand, continue in force until fully expended or until the Authority has accomplished or abandoned the purpose for which the Board of Directors granted the funds.

AUDIT - Prepared by an independent Certified Public Accountant (CPA), the primary objective of an audit is to determine if the Authority's Financial Statements present fairly the Authority's financial position and results of operations in conformity with generally accepted accounting principles. In conjunction with their performance of an audit, it is customary for an independent auditor to issue a Management Letter stating the adequacy of the Authority's internal controls as well as recommending improvements to the Authority's financial management practices.

BALANCED BUDGET - A budget is considered balanced where operating revenues, including budgeted use of reserves, meet or exceed operating expenditures. The City of Campbell adopts a balanced budget annually.

BUDGET - As the Authority's financial operating plan for the fiscal year, the budget displays the estimated expenditures (costs) for providing services and the estimated sources of revenue (income) to pay for them. Once the Board of Directors adopts the budget, the total becomes the maximum spending limit. Campbell's budget operates on a fiscal year (October 1, through September 30) basis.

BUDGET DOCUMENT - The instrument used by the Board of Directors to present a comprehensive financial program to the appropriating body. The Budget contains a budget message to the budget-making authority, together with a summary of the proposed expenditures and the means of financing them. The document consists of exhibits that show, in detail, the information as to the past years' actual revenues, expenditures, and other data used in determining the estimates. In addition to the

budget document, the appropriation resolution is necessary to put the budget into effect.

BUDGET MESSAGE - Included in the opening section of the budget, the Budget Message provides the Board of Directors and the public with a summary of the most important aspects of the budget, comparative data from previous fiscal years, goals and objectives, and the views and recommendations of the Chief Executive Officer.

BUDGET POLICIES - General and specific guidelines adopted by the Board of Directors that govern the financial plan's preparation and administration.

DEBT SERVICE - Payment of the principal and interest on an obligation resulting from the issuance of notes.

ENCUMBRANCES - Commitments against an approved budget for unperformed (executory) contracts for goods or services. They cease to be encumbrances when the obligations are paid or otherwise terminated.

EXPENDITURE - The outflow of funds paid or to be paid for an asset obtained or goods and services obtained. Note: An encumbrance is not an expenditure; an encumbrance is a commitment of funds to be expended. (See Encumbrances.)

FISCAL YEAR - The period designated by the Board of Directors for the beginning and ending of financial transactions. The fiscal year begins October 1 and ends September 30.

FULL-TIME EQUIVALENTS (FTE) - The amount of time a position has been budgeted for in terms of the amount of time a regular, full-time employee normally works in a year. Full-time employees are paid for 2,080 hours in a year equating to 1.0 FTE. The formal definition of the fund is an independent financial and accounting entity with a self-balancing set of accounts in which cities record financial transactions relating to revenues, expenditures, assets and liabilities. Each fund has a budget with exception of the General Fund (which accounts for general purpose actions and has unrestricted revenue sources). Each remaining fund typically has a unique funding source and purpose. Establishing funds enables the City to account for the use of restricted revenue sources and carry on specific activities or pursue specific objectives.

GAAP - (Generally Accepted Accounting Principles) - Both industry and governments use Generally Accepted Accounting Principles as standards for accounting and reporting financial activity. The Governmental Accounting Standards Board (GASB) is the primary source of governmental GAAP.

GENERAL FUND - The primary operating fund of the Authority, all revenues that are not required by law or contractual agreement to a specific fund are accounted for in the General Fund. With the exception of subvention or grant revenues restricted for

specific uses, General Fund resources can be utilized for any legitimate governmental purpose.

GOAL - A statement of broad direction, purpose, or intent.

GRANT - External contributions, and/or gifts of cash, or other assets typically from another governmental entity to be used or expended for a specific purpose, activity, or facility.

OBJECTIVE - A statement of specific direction, purpose, or intent based on the needs of the community and the goals established for a specific program or service level.

OPERATING BUDGET - The operating budget provides a plan for current expenditures and the proposed means of financing them. In a broader sense, the annual operating budget is a statement of what services the municipality will deliver to its citizens over the course of the fiscal year.

PARS - Public Agency Retirement System (PARS) for the Authority's employees.

PROGRAM - A plan of action aimed at accomplishing a clear business objective, with details on what work is to be done, by whom, when, and what means or resources will be used.

RESERVE - An account which the Authority uses either to set aside revenues that it does not need to spend in the current fiscal year or to earmark revenues for a specific future purpose. Reserves are typically established and budgeted through Board of Directors policy action.

RESOLUTION - A special order of the Board of Directors which has a lower legal standing than an ordinance.

REVENUE - Sources of income which the Authority receives during a fiscal year. Examples of revenue include taxes, intergovernmental grants, charges for services, resources forward from the prior year, operating transfers from other funds, and other financing sources such as the proceeds derived from the sale of fixed assets.