



2021 Final Corporate Operating Plan (COP) Highlights

Javier Fernandez, Vice President & Chief Financial Officer
Board of Directors All Committees Meeting
December 8, 2020

Corporate Operating Plan

Updates from the Preliminary plan

- **Expected adjustments:**
 - Each year between the Preliminary and Actual COP drafts, the organization evaluates the need for COP updates as a result of having more information between October and November.
 - Typically updates are made to the COP to reflect business decisions (e.g. *November Board resolutions*) and updated starting balances impacted by October actual results.
- **2021 COP Updates:**
 - Updates have been made to the 2021 Final COP to reflect updates related to having one more month of 2020 actuals for improved 2021 modeling.

Corporate Operating Plan

Updates from the Preliminary plan

- **Net Income:**

- 2021 COP Net Income changed very little (increase of \$0.2 million) and is a result of anticipated 2020 adjustments and final calibration of assumptions.

- **Year End Cash Balance:**

- Decrease in 2021 Year End Cash Balance of \$9.2 million. The decrease is related to cash flow timing differences as a result of updating October 2020 results in the COP modeling.

- **Comparisons:**

- The COP Book was updated to compare 2021 vs 2020 actuals through October plus two months of forecast.

Corporate Operating Plan

Load / Revenue Impact on Plan due to COVID-19 Pandemic

- **Load / Revenue Modeling:**

- Load adjustments resulting from COVID-19 pandemic modeling result in a net decrease of load by 2.6% or 307,039 MWh.
- In terms of revenue, the load decrease equates to an approximate revenue reduction of \$20.7 million.
- The revenue loss is reflective on the pandemics impact to Commercial and Industrial customers.

- **Uncollectible Accounts:**

- Assuming increased uncollectible accounts or net write offs in 2021, resulting in ~\$3 million in O&M not available for normal operations expenditures.

- **Reduced Financial Capacity:**

- Adjusted revenue and expenses resulting from COVID-19 assumptions result in tightened 2021 spending plans.

Corporate Operating Plan

Demand Side Management Budget & Savings

Year	Programs	Budget ¹	Projected Savings	
2018	<ul style="list-style-type: none"> Cool Smart Business Interruptible HVAC Smart Certified High Performance Homes 	<ul style="list-style-type: none"> ECO 24/7 Business Prescriptive Rebates Business Custom Rebates Smart Steps 	4,575,394 ³	147.988 MW
2020	<p>In addition to above:</p> <ul style="list-style-type: none"> Thermostat Program (Nest only) Business Prescriptive Rebates (expanded) Low Income Pilot 		\$4,917,452	160.421 MW
2021	<p>In addition to above, work will commence/resume on the following²:</p> <ul style="list-style-type: none"> Thermostat Program (1-2 additional vendors) SMB Load Management System Low Income Pilot (implement beyond pilot, expansion) Residential Virtual Energy Audits 	<ul style="list-style-type: none"> Commercial EE New Technology Pilot Rural Electrification Pilot EE educational kits/program (virtual, in home and in school options) HVAC/CHPH Growth Strategy 	\$5,459,882	169.875 MW

¹Budget does not include operating expenses such as payroll, marketing, product development, legal, software and other general business expenses such as training, travel and memberships.

²Certain projects will be completed in 2021, while others will be a multi-year effort and therefore savings and budget may not be fully reflected until a later year.

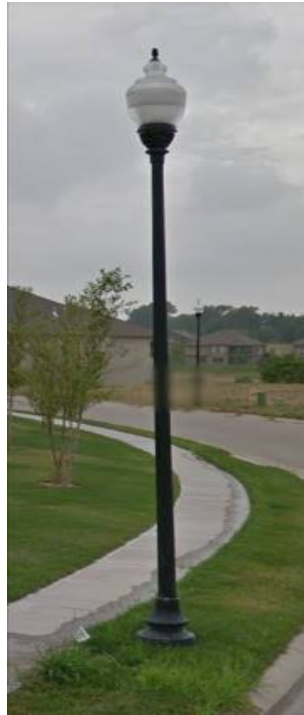
³Budget for 2018 represents an approximate actual. Due to enhancements in budgeting codes, management and employees, it remains difficult to measure equally against future years.

Corporate Operating Plan

Rate Schedule 350: Municipal LED Street Lighting

- At the customers' request, we added 3 new LED methods to Category No. 2: Standard Decorative Lighting Methods

- Method 51:
 - 200 Watt
 - 30 foot pole
- Method 53:
 - 400 Watt
 - 30 foot pole
- Method 58:
 - 400 Watt
 - 40 foot pole



Method (Fixture)	High Pressure Sodium	LED (L)	% Difference
District Owned Pole	Annual Rate		
51: Single Lamp	\$402.21	\$295.08	-26.64%
51: Twin Lamp	\$463.12	\$414.36	-10.53%
53	\$471.41	\$354.48	-24.80%
58	\$486.42	\$350.88	-27.86%
Customer Owned Pole			
51	\$197.57	\$180.48	-8.65%
53	\$266.77	\$239.76	-10.12%
58	\$277.15	\$240.84	-13.10%