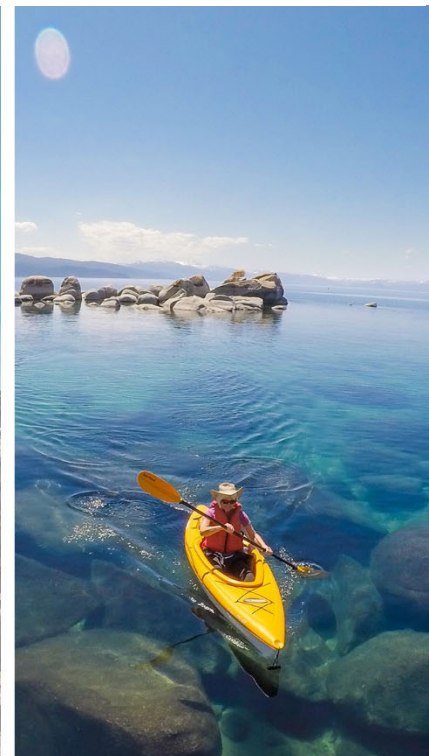
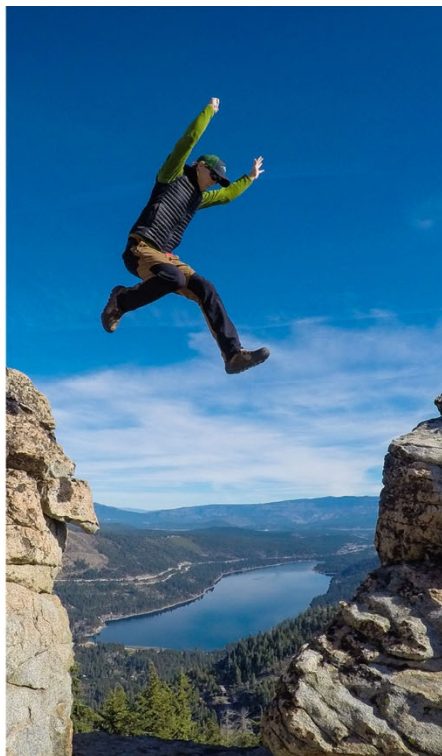


## **Community Choice Aggregation / Pioneer Community Energy Attachments**

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Financial Statements  
Fiscal Years Ended June 30, 2022 and 2021  
with Report of  
Independent Auditors



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## **Independent Auditor's Report**

To the Board of Directors  
Pioneer Community Energy  
Rocklin, California

### **Report on the Audits of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Pioneer Community Energy (PCE), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise PCE's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PCE as of June 30, 2022 and 2021, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of PCE and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PCE's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Independent Auditor's Report (continued)**

### **Auditor's Responsibilities for the Audits of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PCE's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PCE's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

## **Independent Auditor's Report (continued)**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise PCE's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the related notes to the schedule of expenditures of federal awards, and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and combining financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2022, on our consideration of PCE's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PCE's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PCE's internal control over financial reporting and compliance.



Santa Rosa, California  
December 9, 2022

**PIONEER COMMUNITY ENERGY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

The Management’s Discussion and Analysis provides an overview of Pioneer Community Energy’s (Pioneer) financial activities as of and for the years ended June 30, 2022 and 2021. The information presented here should be considered in conjunction with the audited financial statements.

**BACKGROUND**

The formation of Pioneer was made possible in 2002 by the passage of California Assembly Bill 117, enabling communities to purchase power on behalf of their residents and businesses and creating competition in power generation.

Pioneer was created as a California Joint Powers Authority (JPA) in August 2015. Pioneer was established to provide electric power at competitive cost as well as to provide other benefits within Placer County, including reducing greenhouse gas emissions related to the use of power, procuring energy with a priority on stimulating local job creation through various programs and development, promoting long-term electric rate stability and energy reliability for residents and business, the use and development of local renewable resources, as well as promoting personal and community ownership of renewable resources.

Pioneer served eight jurisdictions through 2022, including the cities and towns of Auburn, Colfax, Loomis, Lincoln, Placerville and Rocklin and the unincorporated areas of El Dorado and Placer Counties. Governed by a Board of Directors (Board) consisting of elected representatives from each jurisdiction, Pioneer is responsible for the acquisition of electric power for its service area. Pioneer has the rights and powers to set rates for the services it furnishes, incur indebtedness, and issue bonds or other obligations.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Financial Reporting**

Pioneer presents its financial statements as an enterprise fund under the economic resources measurement focus and the accrual basis of accounting, in accordance with generally accepted accounting principles (GAAP) for proprietary funds, as prescribed by the Governmental Accounting Standards Board (GASB).

**Contents of this report**

This report is divided into the following sections:

- Management's Discussion and Analysis.
  
- The basic financial statements:
  - The *Statements of Net Position* include all of Pioneer's assets, liabilities, and net position and provide information about the nature and amount of resources and obligations at a specific point in time.
  
  - The *Statements of Revenues, Expenses and Changes in Net Position* report all of Pioneer's revenues and expenses for the years shown.
  
  - The *Statements of Cash Flows* report the cash provided and used by operating activities, as well as other sources and uses, such as debt financing.
  
  - The Notes to the Basic Financial Statements, which provide additional details and information related to the basic financial statements.



**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**FINANCIAL HIGHLIGHTS**

The following table is a summary of Pioneer's assets, liabilities, and net position and a discussion of significant changes as of June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
Current assets	\$ 63,926,086	\$ 43,877,431	\$ 39,738,154
Noncurrent assets	7,127,240	10,399,115	13,125,403
Total assets	<u>71,053,326</u>	<u>54,276,546</u>	<u>52,863,557</u>
<b>Liabilities</b>			
Current liabilities	17,195,547	9,250,662	8,983,213
Noncurrent liabilities	17,392,289	20,924,501	21,869,904
Total liabilities	<u>34,587,836</u>	<u>30,175,163</u>	<u>30,853,117</u>
<b>Net position</b>			
Unrestricted	36,465,490	24,101,383	22,010,440
Total net position	<u>\$ 36,465,490</u>	<u>\$ 24,101,383</u>	<u>\$ 22,010,440</u>

**Current assets**

Fiscal year 2022 current assets were mostly comprised of cash and cash equivalents of \$13.8 million, investments of \$14.8 million, accounts receivable of \$17.5 million, accrued revenue of \$9.5 million, and prepaid expenses and deposits of \$8.0 million. Included in current assets are deposit postings with the California Public Utilities Commission (CPUC), and deposits held by energy suppliers as collateral on energy purchase transactions. Current assets increased each year as a result of operating surpluses driven by the expansion into the City of Placerville and unincorporated El Dorado County that began in January 2022.

**Noncurrent assets**

Fiscal year 2022 other noncurrent assets consist of the long-term portion of the outstanding principal balance on Property Assessed Clean Energy (PACE) program loans. The balance has been declining as loans continue to be paid down. Also included is a lease asset that was recorded in accordance with Governmental Accounting Standards Board No. 87 – Leases (GASB 87) that was implemented during 2022, with a restatement back to 2021. According to GASB, the Statement aims to increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that previously were not reported.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Current liabilities**

Fiscal year 2022 current liabilities consist mostly of the cost of electricity delivered to customers that is not yet due to be paid by Pioneer. The accrued cost of electricity totaled \$15.4 million. Other components of current liabilities include accounts payable for services, the current portion of bonds and note payable, taxes and surcharges due to other governments and other accrued liabilities. The increase in current liabilities from 2021 to 2022 is a result of the increased costs associated with the expansion into the City of Placerville and unincorporated El Dorado County that began in 2022.

**Noncurrent liabilities**

Noncurrent liabilities include the portion of bonds and note payable principal due to be paid after one year. The decrease in bonds payable is the result of the accelerated debt service repayment on the Community Choice Aggregation (CCA) Fund's outstanding Series 2017 Revenue Bond and the accelerated payoff of mPOWER bonds by property owners during 2022. The decrease in the note payable was the result of scheduled debt payments made during the year.

**Operating results**

The following table is a summary of Pioneer's results of operations and a discussion of significant changes for the years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 115,635,810	\$ 82,597,443	\$ 80,507,683
Grant revenue	1,396,552	-	-
Investment gains (losses)	<u>(142,111)</u>	<u>(69,041)</u>	<u>495,233</u>
Total income	116,890,251	82,528,402	81,002,916
Operating expenses	103,735,929	79,688,391	68,398,999
Interest and financing expense	<u>790,215</u>	<u>749,068</u>	<u>840,686</u>
Total expenses	<u>104,526,144</u>	<u>80,437,459</u>	<u>69,239,685</u>
Change in net position	<u>\$ 12,364,107</u>	<u>\$ 2,090,943</u>	<u>\$ 11,763,231</u>

**Operating revenues and investment income**

Pioneer's main operating revenues are derived from the sale of electricity to commercial and residential customers throughout its territory. Operating revenues increased from 2020 to 2021 mainly as the result of rate changes. Operating revenues increased from 2021 to 2022 due to the new customers added from the expansion into the City of Placerville and unincorporated El Dorado County.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**Grant revenue and investment gains (losses)**

Pioneer received a grant in 2022 under the California Arrearage Payment Program (CAPP) to provide relief to customers with past-due accounts arising during the COVID-19 pandemic (Note 6). Investment losses were recognized in 2021 and 2022 due to market value changes for investments held.

**Operating expenses**

Pioneer’s largest expense each year was the purchase of electricity delivered to retail customers. Pioneer procures energy from a variety of sources and focuses on maintaining a balanced power portfolio at competitive costs. Operating expenses increased significantly in 2021 primarily due to rising costs in the energy market. The 2022 increase was due to the cost of additional electricity purchased as a result of adding the City of Placerville and unincorporated area of El Dorado County to Pioneer’s territory.

**ECONOMIC OUTLOOK**

Pioneer serves approximately 87% of all eligible customers in Placer County and this has remained relatively stable over the years. Pioneer began service to unincorporated El Dorado County and the City of Placerville in January 2022. Although many of the expansion customers began coverage in early 2022, the final service transition will continue throughout the calendar year, especially for solar customers, with the last transition scheduled for November 2022. Once the transition is complete, Pioneer expects to be servicing 82% of the expansion territory and 85% over the entire service territory. Pioneer staff have and will continue to actively communicate through multiple media channels and in-person meetings informing residents and business that choosing Pioneer means lower and stable rates.

Pioneer’s mission is to provide competitive electric rates, reliable service, and a choice in energy options. Since launching in February 2018, actual and projected customer electricity savings through December 2022 are estimated to be \$40.3 million compared to Pacific Gas & Electric (“PG&E”). Pioneer’s customers pay 6%-10% less than PG&E. PG&E has indicated (not finalized) that the Power Charge Indifference Adjustment (PCIA) (i.e., exit fee) that is charged to Pioneer customers will be lower than the current PCIA which would result in an increased Pioneer discount, reinforcing Pioneer’s rate competitiveness advantage when compared to PG&E.

Pending CPUC approval, Pioneer’s expansion efforts will result in the addition of the municipalities of Grass Valley and Nevada City in January 2024. That expansion is expected to increase Pioneer’s load by another 6%. This future expansion builds on the recent expansion to unincorporated El Dorado County and the City of Placerville. These service territory expansions provide economies of scale and the opportunity to acquire lower cost power supply and attract more creditworthy counterparties. Pioneer will continue to evaluate appropriate opportunities for expansion of its service territory to benefit both current and future customers.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**ECONOMIC OUTLOOK (continued)**

During March 2020, the World Health Organization declared COVID-19 a pandemic. In response to the pandemic, California created CAPP that delivered Pioneer customer bill relief of approximately \$1.4 million in fiscal year 2022. A second CAPP was approved in California's fiscal year 2022-23 budget that will assist certain residential customers with utility bill relief for the period of March 2020 to December 2021. Pioneer is participating in that program and when funding is distributed in January 2023, Pioneer is estimating that its eligible customers may receive relief benefit of almost \$1.1 million.

Pioneer procures energy consistent with its Board-approved Energy Risk Management Policy that aligns customer demand for clean energy with short and long-term purchases of clean energy resources. California's Renewable Portfolio Standard ("RPS") requires load-serving entities ("LSEs"), such as Pioneer, to supply their retail sales with minimum quantities of eligible renewable energy both on an annual basis and through long-term commitments greater than ten years. The State has also directed LSEs to procure 60% of their portfolios from RPS-eligible resources by 2030 and 100% of their retail sales from greenhouse gas ("GHG") free and/or other eligible renewable resources by 2045. Pioneer's standard product offering complies with the state laws for renewable and GHG-free energy. Pioneer also offers a "Green100" product that consists of 100% renewable energy. Pioneer also procures electric capacity or Resource Adequacy ("RA"), a state program jointly administered by the California Public Utilities Commission (CPUC), the California Energy Commission ("CEC"), and the California Independent System Operator ("CAISO"). The RA resources support grid reliability by ensuring there will be enough supply in the right locations and with sufficient ramping capability to meet load in the CAISO market.

Pioneer has been highly successful on the legislative front. In line with its Integrated Resource Plan, Pioneer puts a high priority on procuring biomass energy due to the abundance of biomass in the region and the resulting benefits of local investment, job creation, reduction of wildfire risk, and serving as a baseload renewable energy resource that provides grid resiliency in an otherwise intermittent renewable energy space. Due to the higher cost of biomass energy, Pioneer co-sponsored AB 843 in 2021 that provided CCAs access to an existing biomass subsidized program (BioMAT) that only the investor-owned utilities had access to. The passage of AB 843 on a unanimous, bipartisan basis provides Pioneer the ability to procure biomass energy at a competitive price, delivering on its mission to provide low-cost renewable energy for its customers.

The Pioneer Board has approved proceeding with a 30-year prepay bond transaction that bundles the renewable power purchase agreements as a long-term financial transaction. These types of transactions are available for municipal utilities and tax-exempt entities such as Pioneer that enables a meaningful power procurement cost savings opportunity. This prepay structure has historically been utilized for natural gas procurement but has recently been expanded to include renewable energy. The transaction will provide Pioneer with an 8%-10% discount for its existing long-term renewable power purchase agreements. This is a financing tool that is not available to Pioneer's competitor and will contribute to continued rate stability and rate competitiveness.

**PIONEER COMMUNITY ENERGY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2022 AND 2021**

**ECONOMIC OUTLOOK (continued)**

Pioneer has a strong focus on continuing to build credit capacity through increased cash reserves and entering favorable energy purchase commitments. Pioneer's rate adjustment in March 2022 provided a lower cost to customers compared to PG&E and also provided Pioneer the opportunity to strengthen its reserves. The Board has adopted an increased reserve target of 160 days of liquidity and is anticipated to reach that target during fiscal year 2023/24. The progress towards the reserve target will open the door to timely credit rating discussions with a national rating agency. Management intends to continue its conservative use of financial resources and expects ongoing operating surpluses that will build the reserves.

**REQUEST FOR INFORMATION**

This financial report is designed to provide Pioneer's customers and creditors with a general overview of the organization's finances and to demonstrate Pioneer's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to 2510 Warren Dr., Suite B, Rocklin, CA 95677.

Respectfully submitted,

Donald Eckert Jr, Executive Director

## **BASIC FINANCIAL STATEMENTS**

**PIONEER COMMUNITY ENERGY**  
**STATEMENTS OF NET POSITION**  
**JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 13,762,144	\$ 28,272,909
Investments	14,830,290	-
Accounts receivable, net of allowance	17,465,041	8,512,333
Accrued revenue	9,527,730	3,869,044
Interest receivable	105,318	102,687
Contractual assessments receivable	244,636	295,433
Other receivables	-	301,254
Prepaid expenses	2,056,036	475,586
Deposits	5,934,891	2,048,185
Total current assets	63,926,086	43,877,431
Noncurrent assets		
Contractual assessments receivable	5,560,981	7,392,263
Deposits	-	1,324,574
Lease asset, net of amortization	1,566,259	1,682,278
Total noncurrent assets	7,127,240	10,399,115
Total assets	71,053,326	54,276,546
<b>LIABILITIES</b>		
Current liabilities		
Accrued cost of electricity	15,357,098	7,425,535
Accounts payable	390,414	345,048
Other accrued liabilities	387,565	168,059
Interest payable	119,595	136,992
Supplier security deposits	21,857	159,750
Energy surcharges due to other governments	102,711	161,498
Bonds payable	208,542	272,420
Note payable	549,991	529,251
Lease liability	57,774	52,109
Total current liabilities	17,195,547	9,250,662
Noncurrent liabilities		
Bonds payable	6,368,628	9,298,640
Note payable	9,382,007	9,926,433
Lease liability	1,641,654	1,699,428
Total noncurrent liabilities	17,392,289	20,924,501
Total liabilities	34,587,836	30,175,163
<b>NET POSITION</b>		
Unrestricted net position	36,465,490	24,101,383
Total net position	\$ 36,465,490	\$ 24,101,383

**PIONEER COMMUNITY ENERGY**  
**STATEMENTS OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>OPERATING REVENUES</b>		
Electricity sales, net	\$ 114,994,421	\$ 81,929,623
Service charges	641,389	667,820
Total operating revenues	115,635,810	82,597,443
<b>OPERATING EXPENSES</b>		
Cost of electricity	96,395,324	73,862,156
Contract services	4,429,183	3,728,854
Staff compensation	2,338,563	1,702,419
General and administration	572,859	394,962
Total operating expenses	103,735,929	79,688,391
Operating income	11,899,881	2,909,052
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Grant revenue	1,396,552	-
Investment gains (losses)	(142,111)	(69,041)
Interest and financing expense	(790,215)	(749,068)
Nonoperating revenues (expenses), net	464,226	(818,109)
<b>CHANGE IN NET POSITION</b>	12,364,107	2,090,943
Net position at beginning of year (as restated - Note 11)	24,101,383	22,010,440
Net position at end of year	\$ 36,465,490	\$ 24,101,383



**PIONEER COMMUNITY ENERGY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 100,771,369	\$ 83,578,688
Other operating receipts	151,935	820,908
Contractual assessments received, net	2,523,468	2,757,926
Payments to suppliers for electricity	(92,485,640)	(75,277,415)
Payments for goods and services	(4,783,162)	(3,872,171)
Payments for staff compensation	(2,285,829)	(1,622,032)
Payments of taxes and surcharges to other governments	(447,129)	(262,321)
Net cash provided by operating activities	<u>3,445,012</u>	<u>6,123,583</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Note payable proceeds	-	10,500,000
Bond proceeds	1,013,989	1,672,871
Grant revenue received	1,396,552	-
Principal paid on bonds and note	(4,531,565)	(14,559,723)
Interest and related expense payments	(740,959)	(722,906)
Net cash used by non-capital financing activities	<u>(2,861,983)</u>	<u>(3,109,758)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments of lease liability	<u>(118,762)</u>	<u>(116,023)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment income	24,968	(13,295)
Purchase of investments	(15,000,000)	-
Net cash used by investing activities	<u>(14,975,032)</u>	<u>(13,295)</u>
Net change in cash and cash equivalents	(14,510,765)	2,884,507
Cash and cash equivalents at beginning of year	<u>28,272,909</u>	<u>25,388,402</u>
Cash and cash equivalents at end of year	<u>\$ 13,762,144</u>	<u>\$ 28,272,909</u>

**PIONEER COMMUNITY ENERGY**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2022</u>	<u>2021</u>
Operating income	\$ 11,899,881	\$ 2,909,052
Adjustments to reconcile operating income to net cash provided by operating activities		
Revenue adjusted for allowance for uncollectible accounts	217,046	1,507,096
(Increase) decrease in:		
Accounts receivable	(9,169,754)	(1,266,772)
Accrued revenue	(5,658,686)	1,054,189
Other receivables	301,254	(301,254)
Prepaid expenses	(1,580,450)	(310,039)
Deposits	(2,562,132)	(343,099)
Contractual assessments receivable	1,882,079	2,757,600
Increase (decrease) in:		
Accrued cost of electricity	7,931,563	(475,905)
Accounts payable	45,366	159,668
Other accrued liabilities	175,775	202,369
Energy surcharges due to other governments	(58,787)	92,228
Supplier security deposits	21,857	138,450
Net cash provided by operating activities	<u>\$ 3,445,012</u>	<u>\$ 6,123,583</u>

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**1. REPORTING ENTITY**

Pioneer Community Energy (Pioneer) is a California joint powers authority created in August of 2015. As of June 30, 2022, parties to its Joint Powers Agreement consist of the following local governments:

<b>Counties</b>	<b>Cities and Towns</b>	
El Dorado	Auburn	Lincoln
Placer	Colfax	Placerville
	Loomis	Rocklin

Pioneer is separate from and derives no financial support from its members. Pioneer is governed by a Board of Directors whose membership is composed of elected officials representing the member governments.

A core function of Pioneer is to provide electric service that includes providing electric energy at competitive rates and it operates as a Community Choice Aggregation (CCA) subject to California Public Utilities Code Section 366.2.

Pioneer operates two programs, the CCA Program and the mPOWER Program.

*CCA Program* – Pioneer began providing electric generation services to its customers in February of 2018 and began providing services to the unincorporated area of El Dorado County and the City of Placerville in January 2022. Pioneer supplies electric energy to retail customers through its CCA Program. Pioneer participates in the wholesale energy market to acquire its energy and related products (resource adequacy and renewable energy) from a variety of wholesale energy suppliers. Pioneer’s energy is delivered through existing physical infrastructure and equipment owned and operated by the incumbent utility.

*mPOWER Program* – The mPOWER Program provides assessment financing to property owners for the installation of energy efficiency, water conservation and distributed generation improvements. The mPOWER Program is supported from revenues derived from assessments attached to and collected on participating property owners’ property tax bills. Pioneer stopped accepting new applications for the mPOWER program after August 31, 2021.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Pioneer's financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements.

Pioneer's operations are accounted for as a governmental enterprise fund and are reported using the economic resources measurement focus and the accrual basis of accounting – similar to business enterprises. Accordingly, revenues are recognized when they are earned, and expenses are recognized at the time liabilities are incurred. Enterprise fund-type operating statements present increases (revenues) and decreases (expenses) in total net position.

When both restricted and unrestricted resources are available for use, it is Pioneer's policy to use restricted resources first, and then unrestricted resources as they are needed.

**CASH AND CASH EQUIVALENTS**

For the purpose of the Statements of Cash Flows, Pioneer defines cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. The Statements of Net Position present restricted cash balances separately. Restricted cash reported on the Statements of Net Position includes certain deposits held by energy suppliers and assessment receipts pertaining to the mPOWER program that are pledged to service debt.

**PREPAID EXPENSES AND DEPOSITS**

Contracts to purchase energy may require Pioneer to provide the supplier with advanced payments or security deposits. Deposits are generally held for the term of the contract and are classified as current or noncurrent assets depending on the length of time the deposits will be outstanding. Also included are prepaid expenses and deposits for regulatory and other operating purposes.

**NET POSITION**

Net position is presented in the following components:

*Restricted:* This component of net position consists of constraints placed on net asset use primarily imposed by creditors (such as through debt or credit covenants), grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation. Pioneer did not have any restricted net position as of June 30, 2022 or 2021.

*Unrestricted:* This component of net position consists of net position that does not meet the definition of "restricted."

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**OPERATING AND NON-OPERATING REVENUES**

Operating revenues include revenue from the sale of electricity to customers for the CCA Program, and assessments and fees for the mPOWER program.

Investment income is considered non-operating revenue.

**REVENUE RECOGNITION**

Pioneer recognizes revenue on the accrual basis. This includes invoices issued to customers during the reporting period and electricity estimated to have been delivered but not yet billed. Management estimates that a portion of the billed amounts will be uncollectible. Accordingly, an allowance for uncollectible accounts has been recorded.

**OPERATING AND NONOPERATING EXPENSES**

Operating expenses include the costs of electricity and services, and administrative expenses. Expenses not meeting this definition are reported as nonoperating expenses.

**ELECTRIC POWER PURCHASED**

During the normal course of business, Pioneer purchases electric power from numerous suppliers. Electricity costs include the cost of electricity and capacity arising from bilateral contracts with energy suppliers as well as generation credits, and load and other charges arising from Pioneer's participation in the California Independent System Operator's (CAISO) centralized market. The cost of electricity and capacity is recognized as "Cost of Electricity" in the Statements of Revenues, Expenses and Changes in Net Position.

To comply with the State of California's Renewable Portfolio Standards (RPS) and self-imposed benchmarks, Pioneer acquires RPS eligible renewable energy evidenced by Renewable Energy Certificates (Certificates) recognized by the Western Renewable Energy Generation Information System (WREGIS). Pioneer obtains Certificates with the intent to retire them and does not sell or build surpluses of Certificates with a profit motive. Pioneer recognizes an expense on a monthly basis that corresponds to the volume of electricity sold to its customers. This expense recognition increases accrued cost of electricity reported on the Statements of Net Position. Payments made to suppliers reduce the accrued cost of electricity.

Pioneer purchases capacity commitments from qualifying generators to comply with the California Public Utilities Commission's Resource Adequacy Program. The goals of the Resource Adequacy Program are to provide sufficient resources to CAISO to ensure the safe and reliable operation of the grid in real-time and to provide appropriate incentives for the siting and construction of new resources needed for reliability in the future.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SECURITY DEPOSITS FROM ENERGY SUPPLIERS**

Various contracts entered into by Pioneer require the supplier to provide Pioneer with a security deposit. These deposits are generally held for the term of the contract or until the completion of certain benchmarks. Deposits are classified as current or noncurrent liabilities, depending on the length of the time the deposits will be held.

**STAFFING COSTS**

Pioneer pays employees bi-weekly and fully pays its obligation for health benefits and contributions to its defined contribution retirement plan each month. Pioneer is not obligated to provide post-employment healthcare or other post-employment benefits (OPEB), and, accordingly, no related liability is recorded in these financial statements. Pioneer provides compensated time off, and the related liability is recorded in these financial statements.

**INCOME TAXES**

Pioneer is a joint powers authority under the provision of the California Government Code and is not subject to federal or state income or franchise taxes.

**ESTIMATES**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**RECLASSIFICATIONS**

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation of the current-year financial statements. These reclassifications did not result in any change in previously reported net position or change in net position.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Prior to April 2021, the Placer County Treasurer served as Pioneer’s Treasurer. As such, Pioneer was required to maintain its cash and investments in the Placer County Treasury. Additionally, Pioneer’s Series 2017 Revenue Bond held by the Placer County Treasurer’s Pool (the County Pool) requires Pioneer to maintain its cash balances in the Placer County Treasury as long as the bonds are outstanding. During the year ended June 30, 2021, Pioneer repaid the 2017 Revenue Bond and appointed a new treasurer. Pioneer moved its cash and cash equivalents related to its CCA program to a private bank. Pioneer’s cash and investments related to its mPower program remain in the Placer County Treasury. During the year ended June 30, 2022, Pioneer purchased an investment in the California Local Agency Investment Fund (LAIF).

Revenue earned in the County Pool and LAIF are allocated quarterly to the participating funds using the daily cash balance of each fund. The County Pool is included in the financial statements as “cash and cash equivalents”, along with cash in private banks. LAIF is displayed in the financial statements as “investments.” Participants in the County Pool and LAIF include voluntary and involuntary participants. Pioneer is a voluntary participant. The County Pool and LAIF are not registered with the Securities and Exchange Commission as an investment company.

The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the County Pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The California Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. LIAB consists of five members as designated by State Statute.

GASB Statement No. 40, Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3, requires additional disclosures about a government’s deposit and investment risks that include credit risk, custodial credit risk, concentration of credit risk and interest rate risk. Pioneer’s deposits with the County Treasury are subject to the risk policies contained in the County Treasurer’s Investment Policy.

Placer County’s comprehensive annual financial report, containing information relating to the Pool’s cash and investments fair value hierarchy, can be obtained from the County Auditor-Controller’s office. LAIF information can be obtained from the California State Treasurer.

**INTEREST RATE RISK**

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The weighted average maturity of the County Pool as of June 30, 2022 and 2021 was 536 days and 643 days, respectively. For LAIF, approximately 68% of the securities had maturities of one year or less. Of the remainder, less than 0.5% percent had maturity of more than five years.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**FAIR VALUE MEASUREMENT**

Pioneer categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2022, Pioneer held no individual investments. In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. Pioneer's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. Pioneer's proportionate share of investments in the County Pool at fair value on June 30, 2022 and 2021 was \$1,124,649 and \$2,323,584, respectively. Pioneer's proportionate share of investments in LAIF at fair value on June 30, 2022 and 2021 was \$14,830,290 and \$0, respectively. The investments are not required to be categorized under the fair value hierarchy.

**CREDIT RISK**

State law limits investments in various securities to a certain level of risk ratings issued by nationally recognized statistical rating organization. It is Pioneer's policy to comply with State law regarding security rating. The County Pool and LAIF have not been credit rated.

**CUSTODIAL CREDIT RISK**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, a depositor will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (i.e., broker-dealer) to a transaction, the investor will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Treasurer's Investment Policy contain the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.



**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**3. CASH, CASH EQUIVALENTS, AND INVESTMENTS (Continued)**

**BALANCES**

Cash and cash equivalents were as follows as of June 30:

	<u><b>2022</b></u>	<u><b>2021</b></u>
Cash in banks	\$12,637,495	\$25,949,325
Cash with County Pool	<u>1,124,649</u>	<u>2,323,584</u>
Total	<u><u>\$13,762,144</u></u>	<u><u>\$28,272,909</u></u>

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**4. ACCOUNTS RECEIVABLE**

Accounts receivable were as follows as of June 30:

	<b>2022</b>	<b>2021</b>
Accounts receivable from customers	\$20,056,061	\$10,886,307
Allowance for uncollectible accounts	(2,591,020)	(2,373,974)
Net accounts receivable	\$17,465,041	\$ 8,512,333

The majority of account collections occur within the first few months following customer invoicing. Pioneer estimates that a portion of the billed accounts will not be collected. Pioneer continues collection efforts on accounts in excess of *de minimis* balances regardless of the age of the account. Although collection success generally decreases with the age of the receivable, Pioneer continues to have success in collecting older accounts. The allowance for uncollectible accounts at the end of a period includes amounts billed during the current and prior fiscal years. During the year ended June 30, 2022, Pioneer recorded accounts receivable write-offs and additions to its allowance for uncollectible accounts for a net increase in the allowance of \$217,000. During the year ended June 30, 2022, Pioneer received payments from the California Arrearage Payment Program (CAPP) that helped offset a portion of accounts receivable.

**5. DEBT**

**BONDS PAYABLE**

**mPOWER PROGRAM REVENUE BONDS**

On January 26, 2017, the Pioneer Board authorized the issuance of revenue bonds to provide the capital necessary for financing residential property energy efficiency improvements in the amount of \$25 million, and in the amount of \$25 million for non-residential property improvements for the mPower program. Pioneer uses the designation “R” in its bond series naming system to signify bonds financing residential improvements and “NR” to signify bonds financing non-residential improvements. Revenue bonds issued prior to July 1, 2021 are listed below.

During the fiscal year ended June 30, 2022, Pioneer issued revenue bonds Series R 2021-22 in the amount of \$1.0 million. All mPOWER Program series bonds are classified as direct borrowings and are payable solely from assessments and fees from participating property owners.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**5. DEBT (Continued)**

The following is a summary of Pioneer’s bonds outstanding at June 30, 2022:

<b>Type of indebtedness</b>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Issuance Amount</u>	<u>Outstanding Balance June 30, 2022</u>
Revenue bonds				
(mPOWER Program)				
Series R 2016-17	9/2/2037	3.00%	\$ 492,589	\$ 69,438
Series R 2017-18	9/2/2038	3.00%	5,380,276	1,746,262
Series NR 2017-18	9/2/2038	3.00%	138,323	126,351
Series R 2018-19	9/2/2039	4.50%	5,656,485	1,375,811
Series NR 2018-19	9/2/2039	4.50%	418,152	304,295
Series R 2019-20	9/2/2040	4.50%	2,730,091	1,111,353
Series NR 2019-20	9/2/2040	4.50%	544,507	-
Series R 2020-21	9/2/2041	4.50%	1,544,622	890,568
Series NR 2020-21	9/2/2031	4.50%	128,249	-
Series R 2021-22	9/2/2042	4.50%	1,013,989	953,092
Total (mPOWER Program)			<u>\$ 18,047,283</u>	<u>6,577,170</u>
Amounts due within one year				<u>208,542</u>
Amounts due after one year				<u>\$ 6,368,628</u>

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**5. DEBT (Continued)**

**NOTE PAYABLE**

In May 2021, Pioneer borrowed \$10,500,000 from Umpqua Bank at an interest rate of 3.85% per annum. The monthly payment of principal and interest is \$76,880 and the loan matures on April 30, 2036. Pioneer has pledged net revenues to secure payment of the note.

The following is a summary of changes in bonds and note payable for the year ended June 30, 2022:

<b>Bond Title, Series Number</b>	Balance July 1, 2021	Additions	Principal Repayments	Balance June 30, 2022	Due Within One Year
Series R 2016-17 (mPOWER)	\$ 190,701	\$ -	\$ (121,262)	\$ 69,439	\$ 3,531
Series R 2017-18 (mPOWER)	2,396,687	-	(650,425)	1,746,262	69,838
Series NR 2017-18 (mPOWER)	130,576	-	(4,225)	126,351	4,479
Series R 2018-19 (mPOWER)	2,615,291	-	(1,239,480)	1,375,811	56,093
Series NR 2018-19 (mPOWER)	322,617	-	(18,322)	304,295	13,718
Series R 2019-20 (mPOWER)	2,183,975	-	(1,072,622)	1,111,353	33,897
Series NR 2019-20 (mPOWER)	58,342	-	(58,342)	-	-
Series R 2020-21 (mPOWER)	1,544,622	-	(654,054)	890,568	26,986
Series NR 2020-21 (mPOWER)	128,249	-	(128,249)	-	-
Series R 2021-22 (mPOWER)	-	1,013,989	(60,897)	953,092	-
<b>Total</b>	<b>\$ 9,571,060</b>	<b>\$ 1,013,989</b>	<b>\$ (4,007,879)</b>	<b>\$ 6,577,170</b>	<b>\$208,542</b>

<b>Note Payable</b>	Balance July 1, 2021	Additions	Principal Repayments	Balance June 30, 2022	Due Within One Year
Umpqua Bank	\$10,455,684	\$ -	\$ (523,686)	\$ 9,931,998	\$549,991

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**5. DEBT (Continued)**

**CHANGES IN BONDS AND NOTES PAYABLE**

The following is a summary of changes in bonds and note payable for the year ended June 30, 2021:

<b>Bond Title, Series Number</b>	Balance July 1, 2020	Additions	Principal Repayments	Balance June 30, 2021	Due Within One Year
<b>2017 Revenue Bond</b>					
Series 2017 (CCA)	\$10,470,000	\$ -	\$(10,470,000)	\$ -	\$ -
Series R 2016-17 (mPOWER)	291,486	-	(100,785)	190,701	7,510
Series R 2017-18 (mPOWER)	3,501,904	-	(1,105,217)	2,396,687	88,964
Series NR 2017-18 (mPOWER)	134,562	-	(3,986)	130,576	4,225
Series R 2018-19 (mPOWER)	4,364,009	-	(1,748,718)	2,615,291	91,731
Series NR 2018-19 (mPOWER)	409,652	-	(87,035)	322,617	13,101
Series R 2019-20 (mPOWER)	2,697,478	-	(513,503)	2,183,975	65,303
Series NR 2019-20 (mPOWER)	544,507	-	(486,165)	58,342	1,586
Series R 2020-21 (mPOWER)	-	1,544,622	-	1,544,622	-
Series NR 2020-21 (mPOWER)	-	128,249	-	128,249	-
<b>Total</b>	<b>\$22,413,598</b>	<b>\$ 1,672,871</b>	<b>\$(14,515,409)</b>	<b>\$ 9,571,060</b>	<b>\$ 272,420</b>
	Balance July 1, 2020	Additions	Principal Repayments	Balance June 30, 2021	Due Within One Year
<b>Note Payable</b>					
Umpqua Bank	\$ -	\$10,500,000	\$ (44,316)	\$10,455,684	\$ 529,251

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**5. DEBT (Continued)**

**MINIMUM FUTURE OBLIGATIONS**

Minimum future obligations for the outstanding mPOWER Program Revenue Bonds and the note payable are as follows:

<b>mPOWER Program Revenue Bonds</b>			
	Principal	Interest	Total
<b>Years ended June 30,</b>			
2023	\$ 208,542	\$ 263,045	\$ 471,587
2024	257,622	256,345	513,967
2025	270,193	245,602	515,795
2026	283,698	234,318	518,016
2027	300,720	222,419	523,139
2028-2032	1,739,204	909,642	2,648,846
2033-2037	2,004,494	524,532	2,529,026
2038-2042	1,462,027	133,087	1,595,114
2043	50,670	1,140	51,810
<b>Total</b>	<b>\$ 6,577,170</b>	<b>\$ 2,790,130</b>	<b>\$ 9,367,300</b>

<b>Note Payable</b>			
	Principal	Interest	Total
<b>Years ended June 30,</b>			
2023	\$ 549,991	\$ 372,573	\$ 922,564
2024	571,543	351,021	922,564
2025	593,940	328,624	922,564
2026	617,214	305,349	922,563
2027	641,401	281,163	922,564
2028-2032	3,604,308	1,008,512	4,612,820
2033-2037	3,353,601	264,216	3,617,817
<b>Total</b>	<b>\$ 9,931,998</b>	<b>\$ 2,911,458</b>	<b>\$ 12,843,456</b>

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**6. GRANT REVENUE**

Pioneer administers a grant from the California Arrearage Payment Program (CAPP) that offers financial assistance for California energy utility customers to help reduce past-due energy account balances that increased during the COVID-19 pandemic. This program is funded through the federal American Rescue Plan Act (ARPA) with Coronavirus State and Local Fiscal Recovery Funds. Grant revenue recognized for the year ended June 30, 2022 was \$1,396,552.

**7. DEFINED CONTRIBUTION RETIREMENT PLAN**

Pioneer established the Pioneer Community Energy defined contribution retirement plan under Internal Revenue Code Section 401(a) and 457(b), to provide retirement benefits for its employees. The Plan is administered by a third-party retirement plan administrator. As of June 30, 2022, there were twelve active plan members. Pioneer contributes a minimum of \$1,000 per employee per month to the Plan and contributed amounts of \$193,000 and \$141,000 in total during the fiscal years ended June 30, 2022 and 2021, respectively. Plan provisions and contribution levels were established by and may be amended by the Pioneer Board at any time. The Plan does not create long-term liabilities such as those associated with defined benefit pension plans.

**8. RELATED PARTY TRANSACTIONS**

Placer County provided administrative and accounting support to Pioneer and allocates costs related to these services and facilities to Pioneer during part of the year ended June 30, 2021, as well as prior years. During the year ended June 30, 2021, Pioneer successfully transitioned to an in-house staffing model for key positions, significantly decreasing the services Placer County provides to Pioneer. Placer County continues to administer mPOWER collections and assessments. For the fiscal year ended June 30, 2021, Placer County charged Pioneer \$460,000 for salaries, benefits, overhead, operating costs and administrative services related to both the CCA Program and mPOWER Programs. There were no significant related party transactions for the year ended June 30, 2022.

**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**9. RISK MANAGEMENT**

Pioneer is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. During the years ended June 30, 2022 and 2021, Pioneer purchased liability and property insurance from commercial carriers. Coverage includes property, general liability, errors and omissions and non-owned automobile. Pioneer has general liability coverage of \$4,000,000 and \$10,000,000 of cyber liability coverage. Deductibles on the various policies range from \$0 to \$10,000.

**10. PURCHASE COMMITMENTS**

In the ordinary course of business, Pioneer enters into various power purchase agreements in order to acquire renewable and other energy and electric capacity. The price and volume of purchased power may be fixed or variable. Variable pricing is generally based on the market price of either natural gas or electricity at the date of delivery. Variable volume is generally associated with contracts to purchase energy from as-available resources such as solar, wind, and hydro-electric facilities.

The following table details the obligations to purchase existing energy, renewable, and resource adequacy (RA) contracts as of June 30, 2022:

<b>Years ending June 30,</b>	
2023	\$ 145,500,000
2024	132,200,000
2025	99,000,000
2026	68,100,000
2027	43,700,000
2028-2032	176,700,000
2033-2037	107,000,000
2038-2042	70,500,000
2043-2046	19,000,000
Total	\$ 861,700,000

As of June 30, 2022, Pioneer had outstanding non-cancelable commitments to professional service providers through December 2023 for services yet to be performed. Fees associated with these contracts are based on volumetric activity and are estimated to be approximately \$2.9 million.



**PIONEER COMMUNITY ENERGY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

**11. LEASE**

In June 2017, GASB issued Statement No. 87, *Leases*. As amended, the effective date of the Statement was for fiscal years beginning after June 15, 2021. Pioneer implemented the Statement in these financial statements for both fiscal years presented. According to GASB, the Statement aims to increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that previously were not reported. As a result of implementing the Statement, net position at June 30, 2021 has been reduced by approximately \$69,000.

In May 2018, Pioneer entered into an 88-month non-cancelable lease for office space in Rocklin. The lease includes an option to renew for two consecutive terms of five years each.

Lease asset and accumulated amortization was as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Lease asset	\$ 1,798,297	\$ 1,798,297
Accumulated amortization	(232,038)	(116,019)
Lease asset, net	<u>\$ 1,566,259</u>	<u>\$ 1,682,278</u>

As of June 30, 2022, future minimum lease payments under this lease were projected as follows:

<b>Years ending June 30,</b>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 57,774	\$ 64,551	\$ 122,325
2024	75,621	61,889	137,510
2025	82,783	58,853	141,636
2026	92,198	55,526	147,724
2027	101,455	51,799	153,254
2028-2032	647,037	191,022	838,059
2033-2035	642,560	47,728	690,288
Total	<u>\$ 1,699,428</u>	<u>\$ 531,368</u>	<u>\$ 2,230,796</u>

**12. FUTURE GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements are effective for years ending after June 30, 2022: GASB has approved GASB Statement No 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*; GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*; GASB Statement No. 99, *Omnibus 2022*; GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*; and GASB Statement No. 101, *Compensated Absences*. When they become effective, application of these standards may restate portions of these financial statements.

**PIONEER COMMUNITY ENERGY  
SUPPLEMENTARY INFORMATION**

**COMBINING STATEMENTS OF NET POSITION  
JUNE 30, 2022 AND 2021**

	2022			2021		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>ASSETS</b>						
Current assets						
Cash and cash equivalents	\$ 12,637,494	\$ 1,124,649	\$ 13,762,143	\$ 25,949,325	\$ 2,323,584	\$ 28,272,909
Investments	14,830,290	-	14,830,290	-	-	-
Accounts receivable, net of allowance	17,465,041	-	17,465,041	8,512,333	-	8,512,333
Accrued revenue	9,527,730	-	9,527,730	3,869,044	-	3,869,044
Interest receivable	28,128	77,190	105,318	-	102,687	102,687
Contractual assessment receivable	-	244,636	244,636	-	295,433	295,433
Other receivables	-	-	-	301,254	-	301,254
Prepaid expenses	2,056,036	-	2,056,036	475,586	-	475,586
Deposits	5,934,891	-	5,934,891	2,048,185	-	2,048,185
Total current assets	62,479,611	1,446,475	63,926,086	41,155,727	2,721,704	43,877,431
Noncurrent assets						
Contractual assessments receivable	-	5,560,981	5,560,981	-	7,392,263	7,392,263
Deposits	-	-	-	1,324,574	-	1,324,574
Lease asset, net of amortization	1,566,259	-	1,566,259	1,682,278	-	1,682,278
Total noncurrent assets	1,566,259	5,560,981	7,127,240	3,006,852	7,392,263	10,399,115
Total assets	64,045,870	7,007,456	71,053,326	44,162,579	10,113,967	54,276,546
<b>LIABILITIES</b>						
Current liabilities						
Accrued cost of electricity	15,357,098	-	15,357,098	7,425,535	-	7,425,535
Accounts payable	390,414	-	390,414	326,898	18,150	345,048
Other accrued liabilities	353,862	33,703	387,565	144,230	23,829	168,059
Interest payable	31,865	87,730	119,595	33,545	103,447	136,992
Supplier security deposits	21,857	-	21,857	159,750	-	159,750
Energy surcharges due to other governments	102,711	-	102,711	161,498	-	161,498
Bonds payable	-	208,542	208,542	-	272,420	272,420
Note payable	549,991	-	549,991	529,251	-	529,251
Lease liability	57,774	-	57,774	52,109	-	52,109
Total current liabilities	16,865,572	329,975	17,195,547	8,832,816	417,846	9,250,662
Noncurrent liabilities						
Bonds payable	-	6,368,628	6,368,628	-	9,298,640	9,298,640
Note payable	9,382,007	-	9,382,007	9,926,433	-	9,926,433
Lease liability	1,641,654	-	1,641,654	1,699,428	-	1,699,428
Total noncurrent liabilities	11,023,661	6,368,628	17,392,289	11,625,861	9,298,640	20,924,501
Total liabilities	27,889,233	6,698,603	34,587,836	20,458,677	9,716,486	30,175,163
<b>NET POSITION</b>						
Unrestricted	36,156,637	308,853	36,465,490	23,703,902	397,481	24,101,383
Total net position	\$ 36,156,637	\$ 308,853	\$ 36,465,490	\$ 23,703,902	\$ 397,481	\$ 24,101,383

**PIONEER COMMUNITY ENERGY  
SUPPLEMENTARY INFORMATION**

**COMBINING STATEMENTS OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
YEARS ENDED JUNE 30, 2022 AND 2021**

	<b>2022</b>			<b>2021</b>		
	<b>CCA Program</b>	<b>mPOWER Program</b>	<b>Total</b>	<b>CCA Program</b>	<b>mPOWER Program</b>	<b>Total</b>
<b>OPERATING REVENUES</b>						
Electricity sales, net	\$ 114,994,421	\$ -	\$ 114,994,421	\$ 81,929,623	\$ -	\$ 81,929,623
Service charges	182,816	458,573	641,389	-	667,820	667,820
Total operating revenues	<u>115,177,237</u>	<u>458,573</u>	<u>115,635,810</u>	<u>81,929,623</u>	<u>667,820</u>	<u>82,597,443</u>
<b>OPERATING EXPENSES</b>						
Cost of electricity	96,395,324	-	96,395,324	73,862,156	-	73,862,156
Contract services	4,320,370	108,813	4,429,183	3,582,863	145,991	3,728,854
Staff compensation	2,324,055	14,508	2,338,563	1,636,154	66,265	1,702,419
General and administration	569,479	3,380	572,859	385,597	9,365	394,962
Total operating expenses	<u>103,609,228</u>	<u>126,701</u>	<u>103,735,929</u>	<u>79,466,770</u>	<u>221,621</u>	<u>79,688,391</u>
Operating income	<u>11,568,009</u>	<u>331,872</u>	<u>11,899,881</u>	<u>2,462,853</u>	<u>446,199</u>	<u>2,909,052</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Grant revenue	1,396,552	-	1,396,552	-	-	-
Investment gains (losses)	(100,342)	(41,769)	(142,111)	(74,209)	5,168	(69,041)
Interest and financing expense	(463,851)	(326,364)	(790,215)	(368,486)	(380,582)	(749,068)
Nonoperating revenues (expenses), net	<u>832,359</u>	<u>(368,133)</u>	<u>464,226</u>	<u>(442,695)</u>	<u>(375,414)</u>	<u>(818,109)</u>
<b>CHANGE IN NET POSITION</b>	12,400,368	(36,261)	12,364,107	2,020,158	70,785	2,090,943
Net position at beginning of year	23,756,269	345,114	24,101,383	21,736,111	274,329	22,010,440
Net position at end of year	<u>\$ 36,156,637</u>	<u>\$ 308,853</u>	<u>\$ 36,465,490</u>	<u>\$ 23,756,269</u>	<u>\$ 345,114</u>	<u>\$ 24,101,383</u>

# PIONEER COMMUNITY ENERGY SUPPLEMENTARY INFORMATION

## COMBINING STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 100,771,369	\$ -	\$ 100,771,369	\$ 83,578,688	\$ -	\$ 83,578,688
Other operating receipts	151,935	-	151,935	168,042	652,866	820,908
Contractual assessment received, net	182,816	2,340,652	2,523,468	-	2,757,926	2,757,926
Payments to suppliers for electricity	(92,485,640)	-	(92,485,640)	(75,277,415)	-	(75,277,415)
Payments for goods and services	(4,662,693)	(120,469)	(4,783,162)	(3,741,246)	(130,925)	(3,872,171)
Payments for staff compensation	(2,271,321)	(14,508)	(2,285,829)	(1,555,765)	(66,267)	(1,622,032)
Payments of taxes and surcharges to other governments	(447,129)	-	(447,129)	(262,321)	-	(262,321)
Net cash provided by operating activities	1,239,337	2,205,675	3,445,012	2,909,983	3,213,600	6,123,583
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Note payable proceeds	-	-	-	10,500,000	-	10,500,000
Bond proceeds	-	1,013,989	1,013,989	-	1,672,871	1,672,871
Grant revenue received	1,396,552	-	1,396,552	-	-	-
Principal paid on bonds and note	(1,537,675)	(2,993,890)	(4,531,565)	(12,187,185)	(2,372,538)	(14,559,723)
Interest and related expenses payments	(398,878)	(342,081)	(740,959)	(288,442)	(434,464)	(722,906)
Net cash provided by (used) noncapital financing activities	(540,001)	(2,321,982)	(2,861,983)	(1,975,627)	(1,134,131)	(3,109,758)
<b>Cash Flows from Capital and Related Financing Activities</b>						
Payments of lease liability	(118,762)	-	(118,762)	(116,023)	-	(116,023)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Investment income received	41,253	(16,285)	24,968	(55,363)	42,068	(13,295)
Purchase of investments	(15,000,000)	-	(15,000,000)	-	-	-
Net cash used by investing activities	(14,958,747)	(16,285)	(14,975,032)	(55,363)	42,068	(13,295)
Net change in cash and cash equivalents	(14,378,173)	(132,592)	(14,510,765)	762,970	2,121,537	2,884,507
Cash and cash equivalents at beginning of year	26,001,679	2,271,230	28,272,909	23,565,838	1,822,564	25,388,402
Cash and cash equivalents at end of year	\$ 11,623,506	\$ 2,138,638	\$ 13,762,144	\$ 24,328,808	\$ 3,944,101	\$ 28,272,909

## YEARS ENDED JUNE 30, 2022 AND 2021

### Reconciliation of Operating Income to Net Cash Provided by Operating Activities

	2022			2021		
	CCA Program	mPOWER Program	Total	CCA Program	mPOWER Program	Total
Operating income	\$ 11,568,009	\$ 331,872	\$ 11,899,881	\$ 2,462,855	\$ 446,197	\$ 2,909,052
Adjustments to reconcile operating income to net cash provided by operating activities:						
Revenue adjusted for allowance for uncollectible accounts	217,046	-	217,046	1,507,096	-	1,507,096
(Increase) decrease in:						
Accounts receivable	(9,169,754)	-	(9,169,754)	(1,266,772)	-	(1,266,772)
Accrued revenue	(5,658,686)	-	(5,658,686)	1,054,189	-	1,054,189
Other receivables	301,254	-	301,254	(3,059,180)	2,757,926	(301,254)
Prepaid expenses	(1,580,450)	-	(1,580,450)	(310,039)	-	(310,039)
Deposits	(2,562,132)	-	(2,562,132)	(343,099)	-	(343,099)
Contractual assessments receivable	-	1,882,079	1,882,079	2,757,600	-	2,757,600
Increase (decrease) in:						
Accrued cost of electricity	7,931,563	-	7,931,563	(475,905)	-	(475,905)
Accounts payable	45,366	-	45,366	141,897	17,771	159,668
Other accrued liabilities	184,051	(8,276)	175,775	210,663	(8,294)	202,369
Energy surcharges due to other governments	(58,787)	-	(58,787)	92,228	-	92,228
Supplier security deposits	21,857	-	21,857	138,450	-	138,450
Net cash provided by operating activities	\$ 1,239,337	\$ 2,205,675	\$ 3,445,012	\$ 2,909,983	\$ 3,213,600	\$ 6,123,583

**PIONEER COMMUNITY ENERGY  
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
U.S. Department of the Treasury California Department of Community Services and Development (CSD) COVID-19 American Rescue Plan Act (ARPA) Coronavirus State and Local Fiscal Recovery Funds California Arrearage Payment Program (CAPP)	21.027	68-0283471	\$ 1,396,552
Total U.S. Department of the Treasury			<u>1,396,552</u>
Total expenditures of federal awards			<u>\$ 1,396,552</u>

**PIONEER COMMUNITY ENERGY  
SUPPLEMENTARY INFORMATION**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Pioneer Community Energy (Pioneer) under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, Pioneer's financial statements. Because the Schedule presents only a selected portion of the operations of Pioneer, it is not intended to and does not present the financial position, changes in the net position or cash flows of Pioneer.

All federal awards received directly from federal agencies, as well as federal awards passed through nonfederal agencies and organizations are included in the Schedule. Pass-through entity identifying numbers are presented when available.

The reporting entity for Pioneer is based upon criteria established by the Governmental Accounting Standards Board.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARDS**

Expenditures on the accompanying Schedule are reported on an accrual basis of accounting. Expenditures are recognized when approved for payment and posted to Pioneer's accounting system. Expenditures are incurred prior to including on the Schedule. Expenditures for federal awards are recognized following the cost principles contained in the Uniform Guidance. Under these cost principles certain types of expenditures are not allowable or are limited as to reimbursement.

**3. SUB-RECIPIENTS**

Of the federal expenditures presented in the Schedule, Pioneer did not provide federal awards to sub-recipients for the year ended June 30, 2022.

**4. INDIRECT COSTS**

Pioneer did not elect to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

**Independent Auditor's Report**

Board of Directors  
Pioneer Community Energy  
Rocklin, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Pioneer Community Energy ("PCE"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise PCE's basic financial statements, and have issued our report thereon dated December 9, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered PCE's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of PCE's internal control. Accordingly, we do not express an opinion on the effectiveness of PCE's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of PCE's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
*Government Auditing Standards* (continued)**

**Independent Auditor's Report (continued)**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether PCE's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of PCE's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PCE's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Pisenti & Brink LLP*

Santa Rosa, California  
December 9, 2022





## **Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

### **Independent Auditor's Report**

Board of Directors  
Pioneer Community Energy  
Rocklin, California

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Pioneer Community Energy's (PCE) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of PCE's major federal programs for the year ended June 30, 2022. PCE's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, PCE complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of PCE and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of PCE's compliance with the compliance requirements referred to above.

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance (continued)**

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to PCE's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on PCE's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PCE's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding PCE's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of PCE's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of PCE's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

**Report on Compliance for Each Major Federal Program  
and Report on Internal Control Over Compliance  
Required by the Uniform Guidance (continued)**

**Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness over internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Perenti & Brink LLP*

Santa Rosa, California  
December 9, 2022

**Schedule of Findings and Questioned Costs**

**Year Ended June 30, 2022**

**I. Summary of Auditor's Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statement audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
---------------------------	------------------------------------

21.027	Coronavirus State and Local Fiscal Recovery Funds
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Dollar threshold used to distinguish between type A and type B program: \$750,000

Auditee qualified as low-risk auditee? No

**Schedule of Findings and Questioned Costs (continued)**

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**Year Ended June 30, 2022**

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**II. Financial Statement Findings**

*No matters are reportable*

**III. Federal Award Findings and Questioned Costs**

*No matters are reportable*

**Summary Schedule of Prior Audit Findings**

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**Year Ended June 30, 2022**

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**No Uniform Guidance audit performed in prior year.**



# Fiscal Year 2023-24 Operating Budget

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# Strategic Priorities

Pioneer Community Energy was created to serve the needs of our region. As a steward of Placer County, El Dorado County, City of Grass Valley and Nevada City resources, Pioneer strives to excel in each of its strategic priorities. These Strategic Priorities are actionable and are demonstrated throughout our work and organizational goals and objectives.

## Local Engagement

- Listen to our customers.
- Grow our relationships with residents and businesses.
- Launch a Community Program Advisory Committee.

## Quality in Service

- Ensure the highest quality customer service.
- Keep rates stable and competitive.
- Launch community requested programs.



## Financial Stability & Strategic Growth

## Financial Stability & Strategic Growth

- Pursue expansion opportunities.
- Achieve an investment-grade credit rating.
- Participate in legislative and regulatory proceedings that support our customers.

## Operational Excellence

## Operational Excellence

- Continue grid resiliency efforts to mitigate PSPS.
- Develop one biomass project.
- Diversify Pioneer's energy procurement.

## Employer of Choice

## Employer of Choice

- Conduct biennial compensation and benefits study.
- Uphold Pioneer's company culture.

# EXECUTIVE DIRECTOR MESSAGE

I am pleased to present Pioneer Community Energy's ("Pioneer") Fiscal Year ("FY") 2023-24 Recommended Budget. The FY 2023-24 Recommended Budget supports the Agency's mission statement: "Pioneer Community Energy is a locally owned provider of electricity - powering the communities we serve with competitive rates, reliable service, and a choice in energy options." The foundation of the FY 2023-24 Recommended Budget is Pioneer's strategic plan.

The balanced budget features Pioneer's sixth full year of operations, which includes providing reliable energy, maintaining competitive rates compared to Pacific Gas & Electric's ("PG&E") generation rates and funding initiatives that are important to our customers.

The FY 2023-24 Recommended Budget includes \$228.7 million in revenues offset by \$202 million in expenses. The budget was developed based on 160,000 customer accounts, 1.8 million megawatt hours of energy sales, and eighteen full-time employees.

Major highlights of the budget include:

- Rate stability and competitiveness. The budget assumes no changes to Pioneer's rates that are at a minimum 15% discount compared to PG&E's generation rate and projected to generate nearly \$55 million in utility bill savings for our customers in 2023.
- Launch of service to Nevada City and the City of Grass Valley in January 2024.
- Contribution to reserves of \$26.6 million that will improve our credit, provide purchasing leverage, and mitigate the impact of rate increases. Our projected cash reserves by the end of the fiscal year will put Pioneer in a position of strength to pursue an investment grade credit rating.
- Enhancement of public outreach and awareness to strengthen our connection to the community.
- Investment in biomass projects that create local jobs, mitigate wildfire risk and provides a stable and local source of energy.
- \$2 million in energy efficiency programs funding.
- Support for further expansion of Pioneer in the Sierra-Nevada region.
- Continued funding for cybersecurity to protect our customers' data.

While Pioneer is currently in stable financial condition, there are risks and uncertainty that can impact the Agency including:

- Power Charge Indifference Adjustment (“PCIA”) – This charge is an exit fee assessed by PG&E to cover generation costs acquired prior to a customer switching to a Community Choice Aggregator such as Pioneer. This fee can impact Pioneer’s rate competitiveness. The exact impact to this year’s budget is unknown.
- Power Supply – Power supply is the largest and most volatile expense of Pioneer. Although Pioneer is governed by an energy risk management policy and is well hedged for the fiscal year, changes in energy needs and market prices can erode cash reserves quickly
- Regulatory – Uncertainty in regulatory decisions by the California Public Utilities Commission could adversely affect the cost the customers have to pay to take service from Pioneer
- Economy – We believe our service territory has an extremely resilient and well diversified economy, but a downturn would impact our projections

I am confident that Pioneer can 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 black ink that reads "Donald Eckert". The signature is fluid and cursive, with a long horizontal stroke at the end.

Donald Eckert  
Executive Director  
Pioneer Community Energy

# PIONEER BOARD MEMBERS

Local representation of our region can be seen throughout Pioneer's Joint Powers Authority and Board of Directors. With their leadership, Pioneer provides the communities we serve a choice in power.



**ALICE DOWDIN CALVILLO**

Chair, Auburn City Council



**JOHN HIDAHL**

Vice Chair, El Dorado County Board of Supervisors



**SUZANNE JONES**

Placer County Board of Supervisors



**JIM HOLMES**

Placer County Board of Supervisors



**TOM IVY**

Grass Valley City Council



**HOLLY ANDREATTA**

Lincoln City Council



**AMANDA CORTEZ**

Loomis Town Council



**GARY PETERSEN**

Nevada City Council



**DAVID YARBROUGH**

Placerville City Council



**GREG JANDA**

Rocklin City Council



**DANNY CARTWRIGHT**

Alternate, Loomis Town Council



**DAN KARLESKINT**

Alternate, Lincoln City Council



**KIM DOUGLASS**

Alternate, Colfax City Council



**LORI PARLIN**

Alternate, El Dorado County Board of Supervisors



**JAN ARBUCKLE**

Alternate, Grass Valley City Council



**DAVID BASS**

Alternate, Rocklin City Council



**RACHEL RADELL-HARRIS**

Alternate, Auburn City Council



**BONNIE GORE**

Alternate, Placer County Board of Supervisors



**JOHN CLERICI**

Alternate, Placerville City Council

## 2023 GOVERNING BOARD - COMMITTEES

<b>Board Member</b>	<b>Representing</b>	<b>Expansion</b>	<b>Audit &amp; Finance</b>	<b>Energy Procurement Review</b>
Chair Alice Dowdin Calvillo	City of Auburn	X		X
Vice Chair John Hidahl	County of El Dorado		X	X
Director Holly Andreatta	City of Lincoln		X	
Director Amanda Cortez	Town of Loomis			X
Director Jim Holmes	County of Placer	X		
Director David Yarbrough	City of Placerville	X		
Director Greg Janda	City of Rocklin		X	X



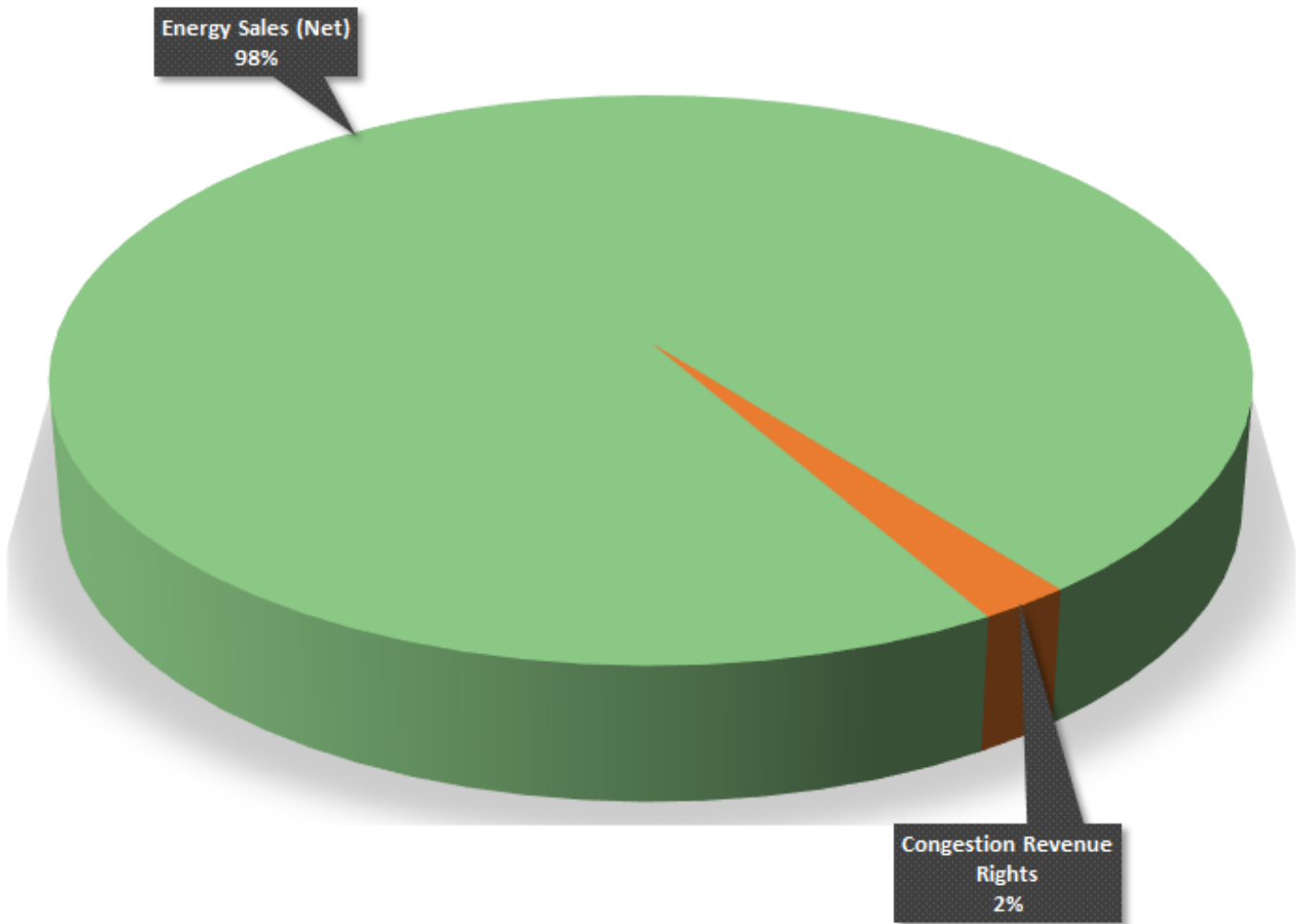
# FISCAL YEAR 2023-24 BUDGET SUMMARY

PIONEER COMMUNITY ENERGY (CCA)					
Recommended Budget for FY 2023-24					
\$ in Thousands		Adopted Mid-Year	Recommended	Variance	
Revenues		FY 2022-23	FY 2023-24	\$	%
	Energy Sales	\$210,160,000	\$225,938,000	\$15,778,000	7.5%
	Green100 Sales	\$30,000	\$30,000	\$0	0.0%
	Congestion Revenue Rights	\$6,000,000	\$5,000,000	(\$1,000,000)	-16.7%
	Less Uncollectable Accounts	(\$2,837,000)	(\$3,050,568)	(\$213,568)	7.5%
<b>Total Energy Revenues</b>		<b>\$213,353,000</b>	<b>\$227,917,432</b>	<b>\$14,564,432</b>	<b>6.8%</b>
	Investment gains (losses)	\$75,000	\$750,000	\$675,000	900.0%
<b>Total Revenues</b>		<b>\$213,428,000</b>	<b>\$228,667,432</b>	<b>\$15,239,432</b>	<b>7.1%</b>
<b>Energy Expenses</b>					
	Power Supply	\$177,984,000	\$183,919,000	\$5,935,000	3.3%
<b>Operating Margin</b>		<b>\$35,444,000</b>	<b>\$44,748,432</b>	<b>\$9,304,432</b>	<b>26.3%</b>
<b>OPERATING EXPENSES</b>					
By Division		Adopted Mid-Year	Recommended		
		FY 2022-23	FY 2023-24		
	Administration Total	\$1,713,802	\$2,042,958	\$329,156	19.2%
	Finance Total	\$1,592,863	\$1,677,587	\$84,724	5.3%
	Power Procurement Total	\$2,138,762	\$2,822,578	\$683,816	32.0%
	Customer Care Total	\$3,387,832	\$3,664,898	\$277,066	8.2%
	Marketing Total	\$1,118,678	\$1,261,320	\$142,642	12.8%
	Legislative & Regulatory Total	\$855,707	\$901,307	\$45,600	5.3%
	Programs Total	\$225,820	\$2,000,000	\$1,774,180	785.7%
By Expense Type					
	Aggregation of all Divisions				
	Compensation	\$3,219,982	\$4,257,123	\$1,037,141	32.2%
	Consultant Services	\$6,527,161	\$6,584,429	\$57,268	0.9%
	Operating Expenses	\$1,286,321	\$3,529,096	\$2,242,775	174.4%
<b>Total Operating Expenses</b>		<b>\$11,033,464</b>	<b>\$14,370,648</b>	<b>\$3,337,184</b>	<b>30.2%</b>
	<b>Debt Service</b>				
	Term Loan Debt Services	\$950,000	\$950,000	\$0	0.0%
	Additional Term Loan Principal	\$2,100,000	\$2,100,000	\$0	0.0%
	Line/Letter of Credit Fees	\$250,000	\$350,000	\$100,000	40.0%
	Financial Security Requirement	\$356,000	\$360,000	\$4,000	1.1%
	<b>Debt Service Total</b>	<b>\$3,656,000</b>	<b>\$3,760,000</b>	<b>\$104,000</b>	<b>2.8%</b>
<b>Total Expenses</b>		<b>\$192,673,464</b>	<b>\$202,049,648</b>	<b>\$9,376,184</b>	<b>4.9%</b>
<b>Contribution to/(from) Net Position</b>		<b>\$20,754,536</b>	<b>\$26,617,784</b>	<b>\$5,863,248</b>	<b>28.3%</b>



# REVENUES

Total Revenues: \$228.7 million



### **Rate Stability**

Revenues reflect the rate change approved in December 2022. The Fiscal Year 2023-24 budget assumes no changes to rates.

### **Six Months of Expansion**

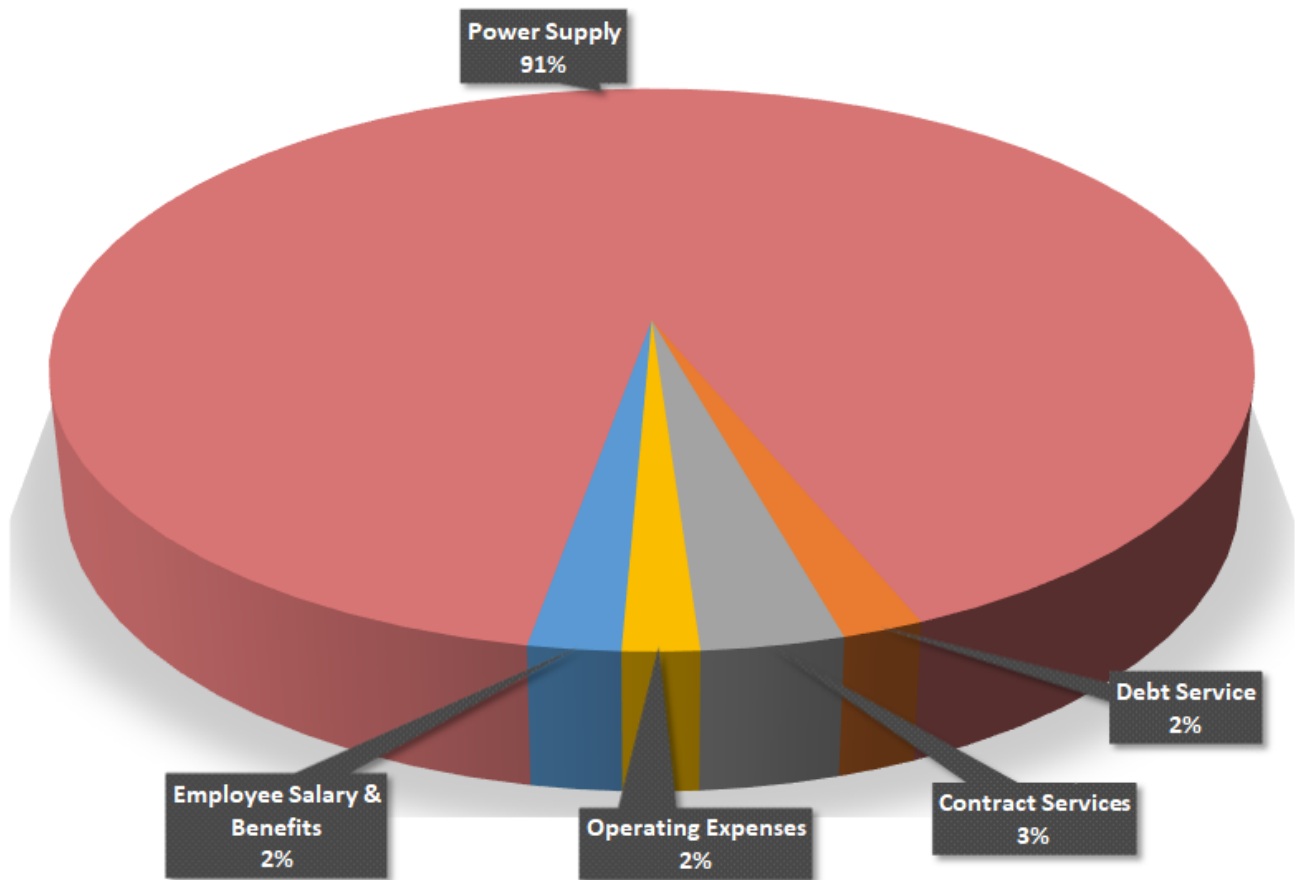
The Proposed Budget incorporates six months of revenue increases due to the expansion to Grass Valley and Nevada City beginning January 2024.

### **Energy Sales**

Pioneer receives most of its revenues through rates with a small contribution from the Congestion Revenue Rights program through the California Independent System Operator (“CAISO”).

# EXPENSES

Total Expenses: \$202 million



## EXPENSES HIGHLIGHTS

### **Initiation of Programs**

The overall program division is allocated \$2 million in funding to finalize and initiate program efforts that focus on Pioneer's residential customers.

### **Staffing**

The budget adds one full-time position to a total 18 full time positions, adding a Senior Manager, Quantitative Analysis & Modeling position.

### **Increased Community Outreach to Increase Participation Rate**

The budget includes funding for a full year of increased outreach and marketing efforts to create visibility, build trust and re-engage potential customers who had chosen to opt out of Pioneer services. This heightened effort began at the beginning of calendar year 2023 and the budget programs a full year of continued and sustained outreach/marketing efforts.

### **Debt Service**

The budget proposes an additional principal payment up to a total of \$2.1 million towards Pioneer's term loan with Umpqua Bank. This extra payment would save Pioneer an estimated \$680 thousand and reduce the term of the loan by 3 years.

# ADMINISTRATION DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Administration Division** include: efficient day-to-day operations throughout the organization, ensuring Board direction and policies are followed, including the 2021-2024 Strategic Plan, appointing and supervising all Pioneer personnel, accurately recording and preserving Pioneer’s legislative history and safeguarding vital, and permanent records.

## PERSONNEL

There are 4 positions assigned to the **Administration Division**:

- Executive Director
- Board Clerk/Executive Assistant
- Community Outreach Manager
- Intern (Part-time)

## CONSULTANT SERVICES

The **Administration Division** funds office tenant improvements, janitorial services, and general legal services.

## OPERATING EXPENSES

The **Administration Division** funds office rent, alarm system, utilities, insurance costs for liability, workers compensation and property, and Board member expenses. - organizational culture development are also facilitated and funded by the Administration division.

Memberships, trainings, conferences, and business-related travel are also budgeted for Administration personnel.

Recommended	FY 2023-24 Budget
Compensation	\$ 870,507
Consultant Services	\$ 381,325
Operating Expenses	\$ 791,126
Division Total	\$ 2,042,958

# FINANCE DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Finance Division** include:

Budget development and administration, accounts receivable/payable, financial reporting, procurement, human resources, benefit management, office management, information technology, facility management, contract administration, counterparty and operational risk management, payroll oversight, and front desk reception.

## PERSONNEL

There are 4 positions assigned to the **Finance Division**:

- Director of Finance & Administration
- Sr. Financial Analyst
- Internal Operations Coordinator
- Finance & Administrative Analyst I

## CONSULTANT SERVICES

The **Finance Division** funds various essential service contracts that encompass areas such as accounting, financial reporting and auditing, financial advisor, payroll services, human resources and recruitment, information technology support and informational technology security audits.

## OPERATING EXPENSES

The **Finance Division** provides all personnel with the necessary technology and software to carry out the daily functions of the organization, including telephone and internet services, print/copy machines, laptops and peripherals, and Board meeting broadcasting software. New hire background check fees, recruitment job postings, benefit administration fees, and CCCFA administration costs (related to prepay bond) are also facilitated and funded by the Finance Division.

Memberships, trainings, conferences, and business-related travel are also budgeted for Finance personnel.

<b>Recommended</b>	<b>FY 2023-24 Budget</b>
<b>Compensation</b>	\$ 829,866
<b>Consultant Services</b>	\$ 591,618
<b>Operating Expenses</b>	\$ 256,103
<b>Division Total</b>	<b>\$ 1,677,587</b>

# DEBT MANAGEMENT DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Debt Management Division** include:

Provides budget for existing and potential debt obligations including the CPUC-required Financial Security Requirement funds deposited with PG&E.

## PERSONNEL

There are no additional positions assigned to this **Debt Management Division** but is managed by the **FINANCE** Division.

## DEBT SERVICE

Pioneer has an existing Term Loan with Umpqua Bank. The proceeds of that loan were used during Fiscal Year 20-21 to pay in full the start-up funding provided by Placer County. The annual debt service is approximately \$925,000, the debt is scheduled to be paid in fully May 2036 with an interest rate of 3.85%.

## OTHER DEBT AND RELATED EXPENSES

The Budget programs an additional principal payment of \$2,100,000 (annual maximum without a prepayment penalty per loan agreement) to the Term Loan with Umpqua Bank. This extra payment, along with the prior year's payment, will result in the term loan being fully paid by November 2029.

Also included is a Line of Credit and Credit Letter cost of \$350,000. By providing collateral via a Letter of Credit to energy suppliers, Pioneer avoids using cash as collateral and may generate more business with suppliers.

Pioneer is required to post a Financial Security Requirement with PG&E as a provider of last resort. The CPUC is evaluating an increase, though the amount is uncertain. The budget provides for a \$360,000 increase.

<b>Recommended</b>	<b>FY 2023-24 Budget</b>
<b>Compensation</b>	\$ -
<b>Consultant Services</b>	\$ -
<b>Operating Expenses</b>	\$ 3,760,000
<b>Division Total</b>	\$ 3,760,000

# POWER PROCUREMENT DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Power Procurement Division** include:

Overall management of Pioneer’s energy supply portfolio: Power supply planning, energy load and resource management, energy procurement (system power, renewable energy, carbon-free energy), issue RFPs for energy procurement, valuation of offers, and follow-up contract negotiations for all power types and for long-term RPS PPAs and CPUC reliability requirements, integrated resource planning, development of biomass projects, development of structured products including grid resiliency, etc.

## PERSONNEL

There are 3 positions assigned and 1 pending to the **Power Procurement Division**:

- Chief Operating Officer\*
- Power Resources Manager
- Power Supply Contracts Manager
- Sr. Manager, Quantitative Analysis and Modeling (Pending)

\*Position shares time with multiple divisions

## CONSULTANT SERVICES

The **Power Procurement Division** funds various essential service contracts that encompass areas such as deal capture, position and risk reporting, expansion impact assessments and implementation plans, regulatory filings related to energy procurement, scheduling coordinator services, congestion revenue rights optimization, broker fees, and commercial legal support related to contract negotiations.

## OPERATING EXPENSES

The **Power Procurement Division** has budgeted funds for memberships, trainings, conferences, energy market analytical tools/data services, and business-related travel.

Recommended	FY 2023-24 Budget
Compensation	\$ 899,237
Consultant Services	\$ 1,880,341
Operating Expenses	\$ 43,000
<b>Division Total</b>	<b>\$ 2,822,578</b>



# CUSTOMER CARE DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Customer Care Division** include:

Face of the organization with our customers. Works to create a relationship with all customers. Point of contact for all customers related to any, and all, issues regarding energy usage, energy options, energy saving ideas, and billing. Educate customers on topics such as solar, electric vehicles, batteries, etc.

## PERSONNEL

There are 4 positions assigned to the **Customer Care Division**:

- Director of Public Affairs, Marketing & Programs\*
- Key Accounts Manager\*
- Customer Care Manager\*
- Customer Care Coordinator

\*Position shares time with multiple divisions

## CONSULTANT SERVICES

The **Customer Care Division** funds PG&E's service fee costs for billing, data, reporting, and other related items. This division also funds the database management firm that processes and reports all customer service and billing related items.

## OPERATING EXPENSES

The **Customer Care Division** provides the tools for staff to work directly with our customers. These expenses include mileage, customer meetings, and contact management software

Memberships, trainings, conferences, and business-related travel are also budgeted for division personnel.

Recommended	FY 2023-24 Budget
Compensation	\$ 725,278
Consultant Services	\$ 2,921,370
Operating Expenses	\$ 18,250
<b>Division Total</b>	<b>\$ 3,664,898</b>

# MARKETING DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Marketing Division** include:

Advertising campaigns, printing and mailing of required notifications, managing website, all variations of external communication and outreach activities.

## PERSONNEL

There are 3 positions assigned to the **Marketing Division**:

- Director of Public Affairs, Marketing & Programs\*
- Key Accounts Manager\*
- Customer Care Manager\*

\*Position shares time with multiple divisions

## CONSULTANT SERVICES

The **Marketing Division** funds the communication/marketing consultant services. This includes website management, social media development, various advertisement opportunities and the creation of collateral, as needed.

## OPERATING EXPENSES

The **Marketing Division** funds a variety of marketing efforts. These include all advertising, sponsorships, required written notifications, printing and mailing, and miscellaneous outreach.

Memberships, trainings, conferences, and business-related travel are also budgeted for division personnel.

Recommended	FY 2023-24 Budget
Compensation	\$ 194,220
Consultant Services	\$ 380,500
Operating Expenses	\$ 686,600
<b>Division Total</b>	<b>\$ 1,261,320</b>

# REGULATORY & LEGISLATIVE DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Regulatory and Legislative Affairs Division** include:

Tracking legislation and regulations through multiple amendments and preparation of drafts of legislative and regulatory updates on policy issues and programs; performing research projects on legislative and regulatory policy issue areas - preparing and presenting findings and recommendations of Pioneer position; representing Pioneer in regulatory proceedings through preparation of data requests, written responses, position papers, analytical models, testimony, and exhibits; reviewing and drafting comments and briefs, providing high level technical and/or analytic input on regulatory and legislative matters; overseeing the preparation of data requests, testimony, and hearing exhibits and participate in administrative hearings; tracking, reviewing, analyzing and summarizing filings prepared by utilities and other entities that could impact Pioneer and its customers; coordinating and working closely with technical experts and external regulatory counsel to develop effective and persuasive communications before the CPUC, CA Energy Commission, CA Legislature and any other legal or regulatory body as may be needed.

## PERSONNEL

There are 3 positions assigned to the **Regulatory and Legislative Affairs Division**:

- Chief Operating Officer\*
- Legislative and Regulatory Analyst I
- Legislative & Regulatory Manager

\*Position shares time with multiple divisions

## CONSULTANT SERVICES

The **Regulatory and Legislative Affairs Division** funds various essential service contracts that encompass areas such as legal support for key filings and detailed analyses on regulatory proceedings and legislative bills, legal support specifically for challenging PG&E's ERRR and GRC filings that directly impact Pioneer's bottom line, and legislative consulting for key lobbying efforts.

## OPERATING EXPENSES

The **Regulatory and Legislative Affairs Division** has budgeted funds for memberships, trainings, conferences, and business-related travel.

Recommended	FY 2023-24 Budget
Compensation	\$ 577,732
Consultant Services	\$ 317,275
Operating Expenses	\$ 6,300
<b>Division Total</b>	<b>\$ 901,307</b>

# PROGRAMS DIVISION

## KEY RESPONSIBILITIES

Key responsibilities of the **Programs Division** include:

Finalize development of residential customer facing programs, educate customers on Pioneer programs and external programs available to customers. Create partnership programs with local high school STEM classes and clubs.

## PERSONNEL

There are 2 positions assigned to the **Programs Division**:

- Director of Public Affairs, Marketing & Programs\*
- Programs Manager/Key Accounts Manager\*

\*Position shares time with multiple divisions

## CONSULTANT SERVICES

The **Programs Division** funds program development that will service residential customers and quantify specific program measurements of success or identify needed program modifications.

## OPERATING EXPENSES

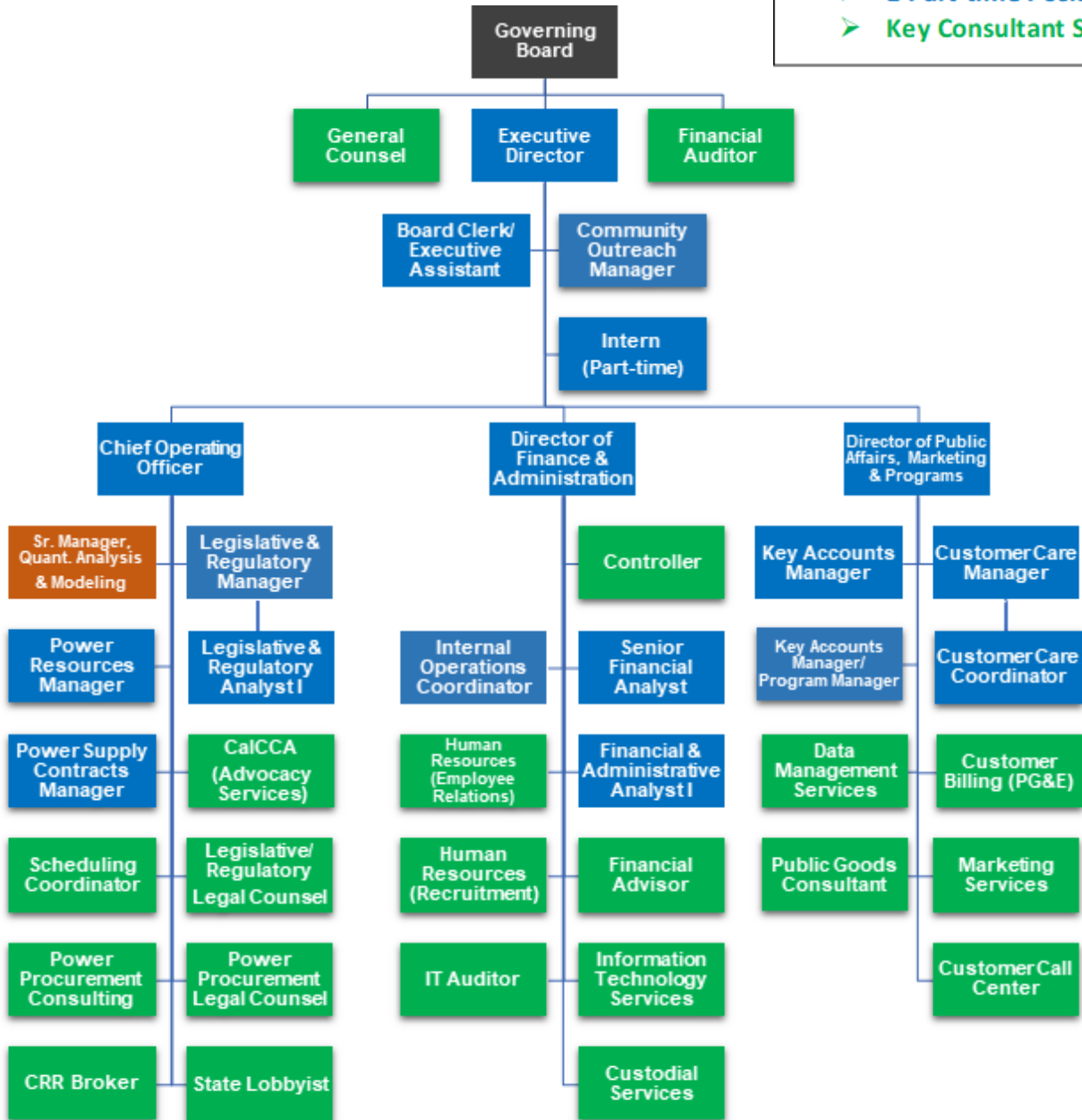
The **Programs Division** provides all personnel with the necessary resources and tools to carry out the responsibilities of the group.

Memberships, trainings, conferences, and business-related travel are also budgeted for division personnel.

Recommended	FY 2023-24 Budget
Compensation	\$ 160,283
Consultant Services	\$ 112,000
Operating Expenses	\$ 1,727,717
Division Total	\$ 2,000,000

# ORGANIZATION CHART

- 18 Full-time Positions
  - 1 Added Position
- 1 Part-time Position
- Key Consultant Services



# POSITION LISTING

## POSITION LISTING/CONTROL

The positions listed below are funded in the Fiscal Year 2023-24 Budget and any Vacant positions are authorized to be filled.

<b>POSITION TITLE</b>	<b># Of Positions</b>
Board Clerk/Executive Assistant	1
Chief Operating Officer	1
Community Outreach Manager	1
Customer Care Coordinator	1
Customer Care Manager	1
Director of Finance & Administration	1
Director of Public Affairs, Marketing & Programs	1
Executive Director	1
Financial & Administrative Analyst I	1
Internal Operations Coordinator	1
Key Accounts Manager	1
Legislative & Regulatory Analyst I	1
Legislative & Regulatory Manager	1
Power Contracts Manager	1
Power Resources Manager	1
Program Manager	1
Senior Financial Analyst	1
Senior Manager, Quantitative Analysis & Modeling	1
<b>Total Authorized Full-Time Positions</b>	<b>18</b>
Intern (Part-Time)	1
<b>Total Authorized Part-Time Positions</b>	<b>1</b>

# FOCUS ON FINANCIAL HEALTH

## Building Financial Health

For Pioneer to provide its customers with competitive and stable rates and to provide value to the communities in its territory, Pioneer needs to achieve and maintain financial health. The most critical target for Pioneer to achieve is the appropriate level of cash reserves.

## What Are Reserves?

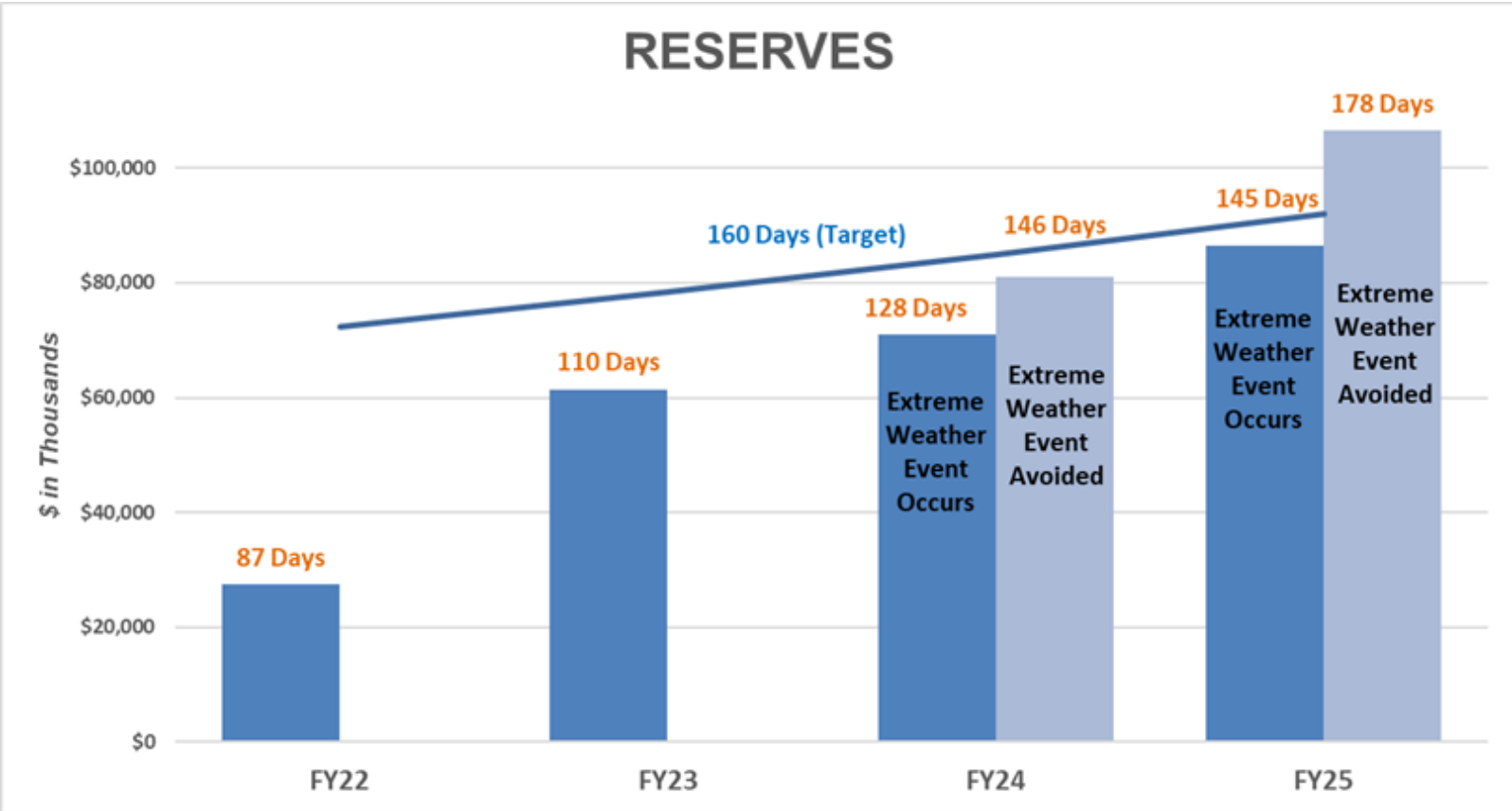
An organization's financial reserves are a discrete subset of its liquid net assets. They are a distinct pool of assets that an organization can access either to mitigate the impact of unbudgeted, undesirable financial events or pursue opportunities of strategic importance that may arise in the future.

## Key Financial Policies

Effective and appropriate financial policies provide a clear path to reaching long-term sustainability. The policies offer critical guidance to the Board in rate-setting decisions to achieve the cash reserve target over the next few years:

1. **Frequency of Financial Projections Policy** - A financial projection is a tool used to determine Pioneer's current financial standing and over a forecast period. A financial projection incorporating revenues and expenses should be updated every year as part of the budget process. The projection should also include the analysis of key financial targets of cash reserves, debt coverage ratio and rate competitiveness. The rate competitiveness component should also be updated when Pacific Gas & Electric ("PG&E") issues a rate change.
2. **Cash Reserves Policy** - The best measurement of the financial health of the utility is its ability to achieve and maintain the appropriate cash reserve. Cash reserves are the most important tool Pioneer has to provide stable and competitive rates. It is extremely important the Board set rates to sufficiently fund operations and build cash reserves. The policy recommends a minimum cash reserve target of 160 days of cash on hand. The minimum cash reserve target is anticipated to be achieved during FY 2024-25 which is within the policy's recommended timeline.
3. **Debt Coverage Ratio Policy** - Debt coverage ratio is a measurement of debt affordability. Pioneer has a 15-year term loan with Umpqua Bank. Rate setting must account for Pioneer's annual debt service. The Board of Directors commits to maintaining proper debt coverage ratios in order to sufficiently fund debt with cash flow from operations.
4. **Meeting a Rate Threshold Policy** - Like a traditional utility, Pioneer has a defined service territory, however, unlike a traditional utility, Pioneer does not have a captive customer base. Rate competitiveness is as equally important as meeting financial targets. Rate setting must strive for balance between ratepayer savings compared to PG&E and the financial health of the utility. The policy stresses the importance of setting rates that achieve balance. However, if maintaining a rate differential to PG&E causes Pioneer's cash balance to fall below 90 days of cash on hand, it will trigger a reevaluation of rates until target cash balances are restored.
5. **Annual Inflationary Increases** - The purpose of this policy is to give the Board an option to consider annual inflationary increases to allow Pioneer to keep up with changes in operation costs. The annual inflationary adjustment would correlate to the consumers price index. When evaluating an inflationary adjustment, rate competitiveness to PG&E will be considered.

# PROJECTED RESERVES





## FIVE YEAR FORECAST

Over the five-year projection, power supply costs increase over \$50 million. This is largely from losing the benefit of lower power supply costs in the early years of the forecast as those contracts end and the open positions in the later years are filled with the higher power costs that are seen in the recent forward power price curve.

The forecast also assumes that additional principal payments will continue towards the term loan, which results in the term loan being paid in full during FY 25-26. This earlier paid-in-full date contrasts to the original projected paid-in-full date of 2036.

The Reserve policy states that the Board may consider yearly inflationary adjustments to the rates. A 3% rate adjustment was assumed in Fiscal Years 25-26 and 26-27, which kept the forecast balanced. No other rate adjustments were assumed. Actual energy costs, rates and competitiveness to PG&E will be the considerations when the Board considers any future rate adjustments and assumptions in the five-year forecast won't direct any Board actions on rates.

# FIVE YEAR FORECAST

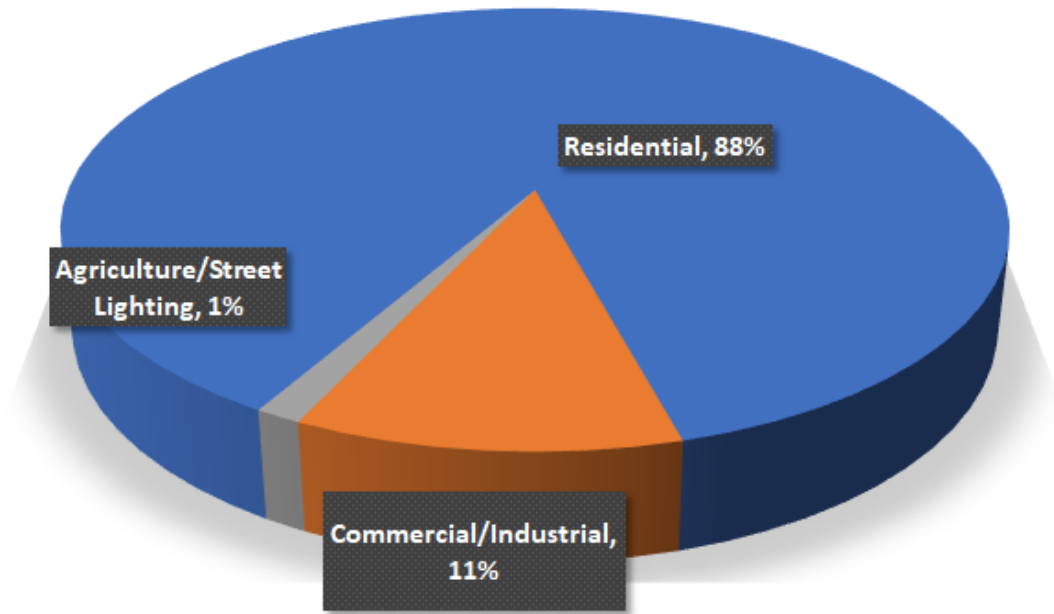
## PIONEER COMMUNITY ENERGY (CCA) Five Year Forecast

		FY 2023-24	FY 2024-25	FY 2025-26	FY 2026-27	FY 2027-28
Energy Revenues		Recommended	Projected	Projected	Projected	Projected
	Energy Sales	\$225,938,000	\$232,014,000	\$240,910,820	\$251,041,828	\$253,749,245
	Green100 Sales	\$30,000	\$30,600	\$31,212	\$31,836	\$32,473
	Congestion Revenue Rights	\$5,000,000	\$5,000,000	\$4,500,000	\$4,000,000	\$4,000,000
	Less Uncollectable Accounts	(\$3,050,568)	(\$3,132,602)	(\$3,252,717)	(\$3,389,494)	(\$3,426,053)
<b>Total Energy Revenues</b>		<b>\$227,917,432</b>	<b>\$233,911,998</b>	<b>\$242,189,315</b>	<b>\$251,684,170</b>	<b>\$254,355,664</b>
	Investment gains (loses)	\$750,000	\$787,500	\$811,125	\$730,013	\$657,011
<b>Total Revenues</b>		<b>\$228,667,432</b>	<b>\$234,699,498</b>	<b>\$243,000,440</b>	<b>\$252,414,182</b>	<b>\$255,012,676</b>
Energy Expenses		Recommended	Projected	Projected	Projected	Projected
	Power Supply	\$183,919,000	\$197,993,000	\$222,992,000	\$228,764,000	\$234,188,000
<b>Operating Margin</b>		<b>\$44,748,432</b>	<b>\$36,706,498</b>	<b>\$20,008,440</b>	<b>\$23,650,182</b>	<b>\$20,824,676</b>
OPERATING EXPENSES		Recommended	Projected	Projected	Projected	Projected
By Division						
	Administration Total	\$2,042,958	\$2,130,471	\$2,195,849	\$2,257,946	\$2,309,634
	Finance Total	\$1,677,587	\$1,756,644	\$1,963,420	\$2,031,599	\$2,096,811
	Power Procurement Total	\$2,822,578	\$2,937,601	\$3,038,420	\$3,131,988	\$3,224,766
	Customer Care Total	\$3,664,898	\$3,960,757	\$4,090,386	\$4,220,572	\$4,355,946
	Marketing Total	\$1,261,320	\$1,298,120	\$1,332,554	\$1,367,225	\$1,403,072
	Legislative & Regulatory Total	\$901,307	\$945,394	\$981,175	\$1,015,880	\$1,052,475
	Programs Total	\$2,000,000	\$2,320,140	\$2,409,108	\$2,510,418	\$2,537,492
By Expense Type						
	Aggregation of all Divisions					
	Compensation	\$4,257,123	\$4,695,295	\$5,038,713	\$5,225,769	\$5,400,440
	Consultant Services	\$6,584,429	\$6,781,962	\$6,985,420	\$7,194,983	\$7,410,833
	Operating Expenses	\$3,529,096	\$3,871,870	\$3,986,778	\$4,114,875	\$4,168,924
<b>Total Operating Expenses</b>		<b>\$14,370,648</b>	<b>\$15,349,127</b>	<b>\$16,010,911</b>	<b>\$16,535,628</b>	<b>\$16,980,196</b>
Debt Service						
	Term Loan Debt Services	\$950,000	\$950,000	\$950,000		
	Additional Term Loan Principal	\$2,100,000	\$2,100,000	\$1,100,000		
	Line/Letter of Credit Fees	\$350,000	\$350,000	\$350,000	\$350,000	\$350,000
	Financial Security Requirement	\$360,000				
	<b>Debt Service Total</b>	<b>\$3,760,000</b>	<b>\$3,400,000</b>	<b>\$2,400,000</b>	<b>\$350,000</b>	<b>\$350,000</b>
<b>Total Expenses</b>		<b>\$202,049,648</b>	<b>\$216,742,127</b>	<b>\$241,402,911</b>	<b>\$245,649,628</b>	<b>\$251,518,196</b>
<b>Contribution to/(from) Net Position</b>		<b>\$26,617,784</b>	<b>\$17,957,371</b>	<b>\$1,597,528</b>	<b>\$6,764,555</b>	<b>\$3,494,479</b>

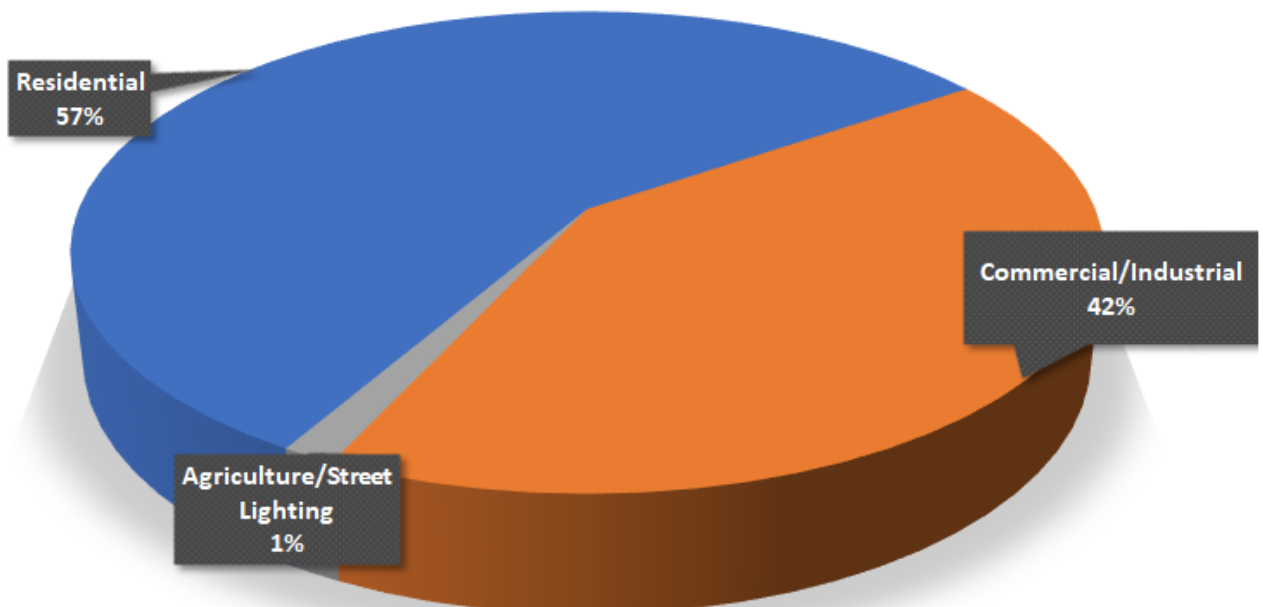


## CUSTOMER STATISTICS

160,000 Customer Accounts  
(Projected Monthly Average)



1.8 Million MWh's  
Projected Energy Sales





<b>PIONEER COMMUNITY ENERGY (mPOWER)</b> <b>mPOWER</b> <b>Recommended Budget for FY 2023-2024</b>	
<b>mPOWER REVENUES</b>	
Program income	\$551,413
<b>TOTAL mPOWER REVENUES</b>	<b><u>\$551,413</u></b>
<b>mPOWER PROGRAM EXPENSES</b>	
<b>Program</b>	
Administration	\$36,820
Bond Principal Payment	\$230,000
Bond Interest Payment	<u>\$235,000</u>
	<b><u>\$501,820</u></b>
<b>Programs Total</b>	
<b>Contribution to/(from) Reserves</b>	<b>\$49,593</b>

The mPOWER program accepted its last application August 2021 and mPOWER activity is now limited to the administering the outstanding mPOWER Bonds. Placer County Treasurer-Tax Collector's office administers this program on behalf of Pioneer Community Energy.

## AGENCY OVERVIEW

Pioneer Community Energy is a local not-for-profit provider of electricity, powering communities with competitive rates, reliable service and a choice in energy options.

Pioneer was established in 2017, joining the other California Community Choice Aggregators (CCAs) in providing energy to more than 11 million customers across the state.



In 2018, Pioneer first began providing electricity services to Auburn, Colfax, Lincoln, Rocklin, Loomis and most of unincorporated Placer County. In 2022, we started providing the same stable and reliable electric service to most of unincorporated El Dorado County and the City of Placerville. In 2024, Pioneer will begin serving customers in Grass Valley and Nevada City.

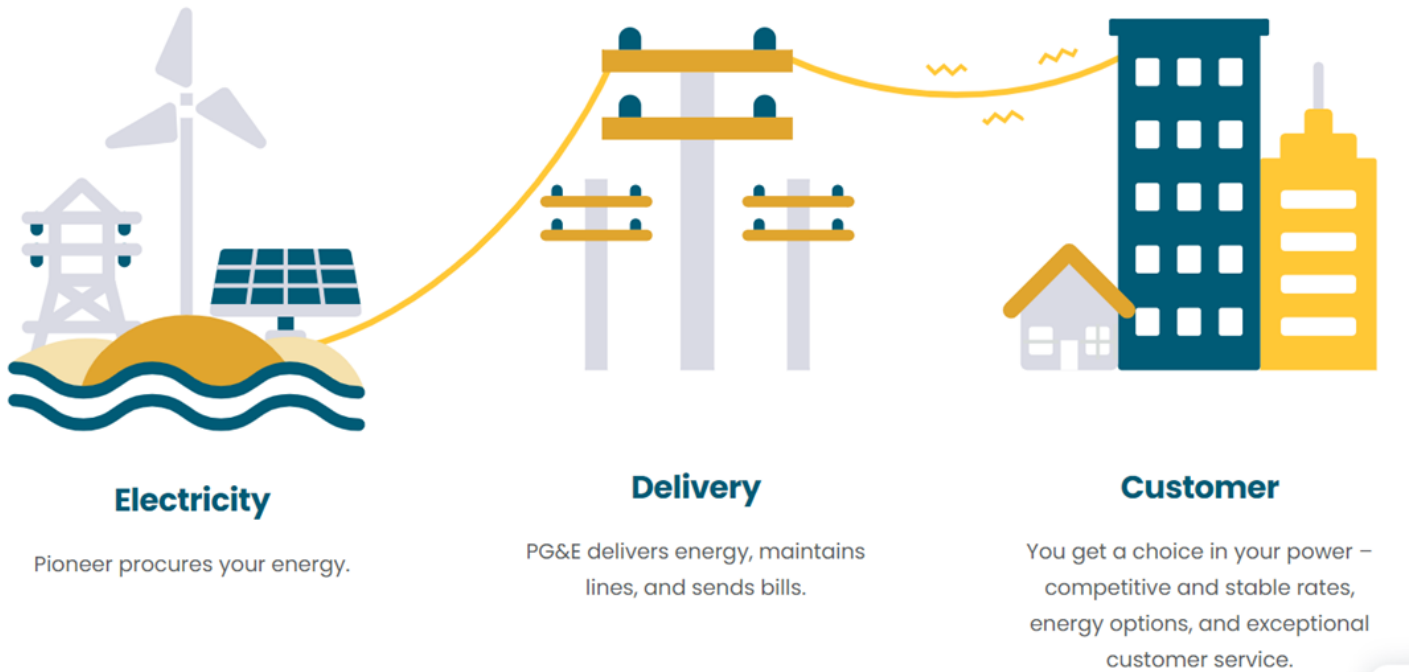
Our Governing Board consists of eleven locally elected representatives from the El Dorado County and Placer County Board of Supervisors and the City Councils of Auburn, Colfax, Grass Valley, Lincoln, Nevada City, Placerville, Rocklin and the Town of Loomis.

Our primary objective is powering our community with competitive rates, not earning shareholder profits. Like most CCAs, Pioneer is nimble in our efforts to source and search for power in a manner that traditional Investor-Owned-Utilities (IOUs) are not.

# AGENCY OVERVIEW

Community Choice Aggregators act just like traditional power companies, they pool power loads among participants to create buying power for this essential resource – energy. In the case of Pioneer, the combined energy needs of the businesses and residents in our service areas are used to purchase reliable power at competitive rates.

## How Community Aggregation Works



Our customers don't notice any difference in service – but the power is leveraged to maximize benefits to you and the community.

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

### Pioneer Standard

- Automatic enrollment – no need to do anything
- Savings of at least 15% compared to PG&E's generation rates\*

### Pioneer Green100

- Optional service upgrade at any time
- 100% renewable energy

### Net Energy Metering

- Automatic enrollment; net surplus generation paid at full retail cost

*\*Savings based on current rates for El Dorado County and Placer County Residential Customers*



# Why Choose Pioneer Community Energy?

**Your Power. Your Choice.**



## Competitive Rates

Pioneer Community Energy is committed to competitive and stable electricity generation rates.



## Powered by the Community

We are powered by the communities we serve – not corporate shareholders.



## Flexible Options

With the addition of the Green100 rate, Pioneer is the only provider of electricity in our area that offers 100% renewable energy to those who want it.



[www.pioneercommunityenergy.org](http://www.pioneercommunityenergy.org)



# Notice Required by the State of California

Pioneer’s renewable energy purchases are almost 2% higher than the CA Power Mix at 35.8%.

The 5% of retail sales covered by retired unbundled Renewable Energy Credits (RECs) are from biomass sources located within the State of California.

## Pioneer Buys Local

Pioneer is committed to supporting businesses in its service area. Pioneer’s non-power purchases were :

**24% Local**

**48% Sacramento Region**

**70% California**

To learn more about Pioneer’s activities on behalf of our customers, please visit <https://PioneerCommunityEnergy.org>

2021 POWER CONTENT LABEL						
Pioneer Community Energy						
<a href="https://pioneercommunityenergy.org/about-us/key-documents/">https://pioneercommunityenergy.org/about-us/key-documents/</a>						
Greenhouse Gas Emissions Intensity (lbs CO <sub>2</sub> e/MWh)			Energy Resources	2021 Pioneer Community Energy Base Service Power Mix	2021 Pioneer Community Energy Green100 Power Mix	2021 CA Power Mix
2021 Pioneer Community Energy Power Mix	2021 Pioneer Community Energy Green100 Power Mix	2021 CA Utility Average	<b>Eligible Renewable<sup>1</sup></b>	<b>30.8%</b>	<b>100.0%</b>	<b>33.6%</b>
<b>542</b>	<b>84</b>	<b>456</b>	Biomass & Biowaste	2.3%	0.0%	2.3%
			Geothermal	7.3%	0.0%	4.8%
			Eligible Hydroelectric	0.7%	0.0%	1.0%
			Solar	12.9%	0.0%	14.2%
			Wind	7.7%	100.0%	11.4%
			<b>Coal</b>	<b>0.0%</b>	<b>0.0%</b>	<b>3.0%</b>
			<b>Large Hydroelectric</b>	<b>0.4%</b>	<b>0.0%</b>	<b>9.2%</b>
			<b>Natural Gas</b>	<b>0.0%</b>	<b>0.0%</b>	<b>37.9%</b>
			<b>Nuclear</b>	<b>20.4%</b>	<b>0.0%</b>	<b>9.3%</b>
			<b>Other</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.2%</b>
			<b>Unspecified Power<sup>2</sup></b>	<b>48.4%</b>	<b>0.0%</b>	<b>6.8%</b>
			<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Percentage of Retail Sales Covered by Retired Unbundled RECs<sup>3</sup>:</b>				<b>5%</b>	<b>0%</b>	
<sup>1</sup> The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology. <sup>2</sup> Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source. <sup>3</sup> Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.						
For specific information about this electricity portfolio, contact:			<b>Pioneer Community Energy</b> <b>1 (844) 937-7466</b>			
For general information about the Power Content Label, visit:			<a href="http://www.energy.ca.gov/pcl/">http://www.energy.ca.gov/pcl/</a>			
For additional questions, please contact the California Energy Commission at:			Toll-free in California: 844-454-2906 Outside California: 916-653-0237			

CCA Name	IOU Counterpart	Avg Monthly Residential Bill IO	Avg Monthly Residential Bill CC	Customer Savings	Avg Monthly Bill 100% Renewable Option	Customer Savings vs Default IOU Plan
<a href="#">Apple Valley Choice Energy</a>	Southern CA Edison	\$244.81	\$240.31	-1.84%	\$242.31	-1.02%
<a href="#">Central Coast Community Energy</a>	PGE TOU-C	\$132.06	\$110.68	-16.18%	\$113.70	-13.90%
<a href="#">Clean Energy Alliance</a>	San Diego Gas & Electric	\$207.66	\$205.78	-0.90%	\$209.10	0.69%
<a href="#">Clean Power Alliance</a>	Southern CA Edison	\$191.53	\$180.41	-5.81%	\$189.62	-1.00%
<a href="#">CleanPowerSF</a>	PGE TOU-C (default plan)	\$92.49	\$84.49	-8.65%	\$87.19	-5.73%
<a href="#">Desert Community Energy</a>	Southern CA Edison	\$188.20	\$188.42	0.12%	\$215.32	14.41%
<a href="#">East Bay Community Energy</a>	PGE TOU-C	\$126.19	\$124.54	-1.31%	\$128.92	2.17%
<a href="#">EPIC Energy for Palmdales</a>	Southern CA Edison	\$192.00	\$195.74	1.94%	\$207.12	7.87%
<a href="#">King City Community Power</a>	PGE TOU-C	\$115.62	\$115.62	0.00%	N/A	
<a href="#">Lancaster Choice Energy</a>	Southern CA Edison	\$244.81	\$240.31	-1.84%	\$250.31	2.25%
<a href="#">MCE</a>	PGE TOU-C	\$152.91	\$151.90	-0.66%	\$156.07	2.07%
<a href="#">Orange County Power Authority</a>	Southern CA Edison	\$209.73	\$208.05	-0.80%	\$216.58	3.27%
<a href="#">Peninsula Clean Energy</a>	PGE TOU-C	\$144.12	\$141.01	-2.16%	\$145.14	0.70%
<a href="#">Pico Rivera Innovative Municipal Energy</a>	Southern CA Edison	\$191.53	\$188.79	-1.43%	\$194.48	1.54%
<a href="#">Pioneer Community Energy</a>	PGE TOU-C	\$218.54	\$198.59	-9.13%	\$205.66	-5.89%
<a href="#">Pomona Choice Energy</a>	Southern CA Edison	\$191.53	\$187.03	-2.35%	\$189.03	-1.31%
<a href="#">Rancho Mirage Energy Authority</a>	Southern CA Edison	\$281.68	\$264.14	-6.23%	\$288.41	2.39%
<a href="#">Redwood Coast Energy Authority</a>	PGE TOU-C	\$144.71	\$144.40	-0.21%	\$148.38	2.54%
<a href="#">San Diego Community Power</a>	San Diego Gas & Electric	\$129.22	\$130.20	0.76%	\$132.87	2.82%
<a href="#">San Jacinto Power</a>	Southern CA Edison	\$227.73	\$224.66	-1.35%	\$234.66	3.04%
<a href="#">San Jose Clean Energy</a>	PGE TOU-C	\$152.01	\$151.12	-0.58%	\$155.28	2.15%
<a href="#">Santa Barbara Clean Energy</a>	Southern CA Edison	\$198.30	\$198.19	-0.05%	\$207.29	4.54%
<a href="#">Silicon Valley Clean Energy</a>	PGE TOU-C	\$162.36	\$159.68	-1.65%	\$163.22	0.53%
<a href="#">Sonoma Clean Power</a>	PGE TOU-C	\$158.42	\$151.58	-4.32%	\$162.40	2.51%
<a href="#">Valley Clean Energy</a>	PGE TOU-C	\$138.92	\$138.92	0.00%	\$144.68	4.15%
			<b>AVG</b>	<b>-2.59%</b>		<b>1.28%</b>

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