

DRAFT

BOARD FINANCE COMMITTEE REVIEW

2020 PROPOSED BUDGET

SACRAMENTO POWER AUTHORITY

November 2019

S A C R A M E N T O
POWER AUTHORITY

P.O. Box 15930 • Sacramento, CA • 95852-1830 • SPA Cogeneration Project

October 21, 2019
SPA 19-008

TO: SPA COMMISSION


SUBJECT: 2020 PROPOSED SPA BUDGET

We are pleased to present the proposed 2020 Operating Budget for the Sacramento Power Authority (SPA). This budget represents the anticipated expenses for the twenty-first full year of operation for the 159.8 MW SPA Campbell Soup Cogeneration Plant.

SMUD will be purchasing all of the electrical energy generated by the Cogen during the year. There is currently no steam host available, but the facilities are being maintained in a ready state in case a new opportunity arises.

The Operating Budget for the Authority for the period of January 1, 2020 to December 31, 2020 totals \$28,592,246 for Operations & Maintenance and \$1,601,677 for Administrative and General. Should you have any questions regarding this proposed 2020 Operating Budget, please don't hesitate to contact me at (916) 732-6227.

Sincerely,



Brad Jones
Manager, Thermal Generation Assets

2020 SPA BUDGET

The Sacramento Power Authority (SPA) is a Joint Powers Agency(JPA) formed in 1993 by Sacramento Municipal Utility District (SMUD) and the SMUD Financing Authority (SFA) for the purpose of acquiring, constructing, financing and operating the SPA Cogeneration Project (Project). SPA sold Cogeneration Project Revenue Bonds (Bonds) in December 1995 and the proceeds have been used to construct the Project, also known as SPA Cogen III. Construction and start-up testing were completed in the third quarter of 1997 and commercial operation began on December 4, 1997. In April 2005, SPA sold Cogeneration Project Refunding Bonds (Refunding Bonds), completely retiring all previously issued bonds. In July 2015, SPA completely retired all of the outstanding Refunding Bonds and restructured the Power Purchase Agreement (PPA) between SPA and SMUD.

The Project is located at 3215 47th Avenue, Sacramento, CA. The plant consists of a 160 MW clean-burning gas-fired combined cycle turbine generator unit. Besides electricity, the plant is capable of generating steam, which could be sold to a suitable steam host. The plant's original steam host, Campbell Soup Supply Company, closed their factory in 2013 and no suitable replacement has been identified. The plant burns natural gas, which is supplied through natural gas pipelines owned and operated by SMUD. SMUD has designed and built transmission and telecommunications facilities to integrate the Project into SMUD's electrical system.

On May 11, 2007, SPA acquired ownership of the McClellan Gas Turbine (McClellan) facility from SMUD through an Asset Sales Agreement. At that time, the operation and maintenance of McClellan became a secondary function of the SPA. The McClellan gas turbine is a 72 MW simple cycle combustion turbine with both fast and black start capabilities. McClellan has been in commercial operation at the McClellan business park in Sacramento County since 1986. All of the electricity produced by McClellan is sold to SMUD.

This 2020 SPA budget covers the expected financial operations of SPA, the Project and McClellan from January 1, 2020 through December 31, 2020. The Budget is divided into two parts. The first part is the SPA expense budget as shown on the Budget Summary. These budgets represent expenses to be incurred and/or paid by SPA in 2020 in the course of running the Project and conducting the business of SPA. The second part of the budget lists capital and other expenditures proposed for 2020. Also included in this document is a pro forma financial statement. This statement incorporates SPA's revenues and non-cash expenses such as depreciation to show the complete financial results of operations for the year.

The operation of SPA, the Project and McClellan is governed by a series of agreements among the JPA members and outside parties. A description of these agreements follows:

JOINT POWERS AGREEMENT (JPA) between SMUD and SFA. SPA has no employees; SMUD will provide technical and administrative services for SPA pursuant to the PPA. The SPA Board consists of the SMUD Board.

POWER PURCHASE AGREEMENT (PPA) between SMUD and SPA. SPA has agreed to sell to SMUD and SMUD has agreed to purchase the energy and capacity from the Project and McClellan. SMUD will pay SPA for its costs whether or not the Project is operating. This agreement will be in effect until terminated by SMUD. This agreement covers the terms of how the Project will be operated (SMUD will dispatch) and the calculation of payments from SMUD to SPA for operation of the Project.

GAS SUPPLY AGREEMENT (GSA) between SMUD and SPA. SMUD will arrange for all natural gas supply and transportation requirements for SPA and McClellan. SMUD will charge SPA for SMUD's actual supply and transportation costs properly allocable to each the Project and McClellan.

OPERATIONS & MANAGEMENT AGREEMENT (O&M AGREEMENT) between SPA and EthosEnergy Power Plant Services (Ethos), the plant operator. SPA has contracted with Ethos to operate, repair, overhaul and maintain the Project and McClellan for a five year term effective January 1, 2016, in exchange for payments tied to specified plant performance standards. This agreement includes a one-sided renewal clause that SPA may choose, at its sole discretion, to exercise, potentially extending the agreement for a second five year term.

GROUND LEASE AGREEMENT between SMUD and SPA covers the terms of SPA's ground lease for the property on which the Project is located.

**SACRAMENTO POWER AUTHORITY
2020
BUDGET SUMMARY**

	2019 BUDGET	2020 BUDGET	NET CHANGE PERCENT
GENERATION (MWh)	915,647	569,004	-38%
FUEL			
Gas Turbine Fuel Expenses	\$28,494,416	\$19,225,399	-33%
Natural Gas Commodity (\$/MMBtu)	\$2.86	\$3.09	8%
Biogas Fuel Costs	\$0	\$0	
Auxiliary Boiler Fuel Costs	\$0	\$0	
TOTAL FUEL EXPENSES	\$28,494,416	\$19,225,399	-33%
PLANT OPERATION & MAINTENANCE			
Station Electrical Service	\$309,000	\$318,270	3%
Operator Fixed Fees	\$3,075,061	\$3,151,937	2%
Operator Reimbursable expenses	\$3,011,106	\$3,462,830	15%
Operator Bonus	\$366,143	\$375,296	2%
JPA Administrative and Other Expenses	\$674,226	\$688,515	2%
Maintenance Overhaul Expenses	\$2,369,000	\$1,370,000	-42%
TOTAL PLANT OPERATION & MAINTENANCE	\$9,804,536	\$9,366,848	-4%
TOTAL O&M COSTS	\$38,298,951	\$28,592,246	-25%
ADMINISTRATIVE & GENERAL			
SMUD Labor	\$497,763	\$484,984	-3%
Outside Services	\$83,230	\$87,430	5%
Insurance	\$979,728	\$1,029,263	5%
TOTAL ADMINISTRATIVE & GENERAL	\$1,560,721	\$1,601,677	3%
CAPITAL EXPENDITURES			
Capital Overhaul/Improvements	\$2,185,000	\$0	-100%
TOTAL CAPITAL EXPENDITURES	\$2,185,000	\$0	-100%

2020 SPA BUDGET ASSUMPTIONS

The 2020 SPA Budget is based on the following assumptions:

PLANNED GENERATION from the Project and McClellan during the January 1, 2020 to December 31, 2020 budget period, as taken from SMUD's 2020 Resource Operating Plan (ROP), dated October 2019, is 567,276 MWh for the Project and 1,728 MWh for McClellan, for a grand total of 569,004 MWh. Monthly generation is shown on the Operating Assumptions table later in this document.

HEAT RATE is based on loading assumptions from the ROP and averages 8,396 Btu/KWh for the Project and 13,052 Btu/KWh for McClellan.

NATURAL GAS PRICES are based on SMUD's actual costs obligated to firm natural gas purchases and estimates for the non-firm portion prepared by SMUD's Energy Trading & Contracts group. The variable rate is based on the latest available PIRA forecast of commodity prices by month for 2020, plus 3.2% fuel use. The fixed component represents SPA's pro rata share of fixed capacity costs on the ANG/NOVA/PGT interstate pipelines, and its pro rata share of depreciation, interest and O&M costs on SMUD's ownership interest in the PG&E Line 300/401 interstate pipeline and SMUD's local gas pipeline. The monthly prices are shown on the Operating Assumptions page.

FIXED OPERATING FEE to be paid from SPA to Ethos is based on the flat annual base operating fee per the O&M Agreement. This payment is assumed to cover all direct and indirect labor costs, including benefits, taxes, insurance, home office support, management and supervision incurred by Ethos. This payment escalates in future years at 2.5% per year in accordance with the existing O&M Agreement.

NET DEPENDABLE CAPACITY (NDC) for budget purposes is assumed to be 163,970 kW for the Project and 72 MW for McClellan based on NDC tests performed during acceptance testing in 1997 and 2001, respectively.

REIMBURSABLE OPERATING COSTS to be paid from SPA to Ethos are based on estimated variable plant operating costs, excluding fuel, to be incurred by Ethos in 2020.

MAINTENANCE/OVERHAUL EXPENSE is based on direct SPA expenditures for maintenance or overhaul activities or overhaul activities performed by Ethos, SMUD or an independent outside contractor. The total 2020 budget for overhaul is \$1.37 million.

**2020 SACRAMENTO POWER AUTHORITY BUDGET DETAIL
OPERATING ASSUMPTIONS**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Resource Operating Plan:													
Combined Cycle Power Plants:													
Generation (MWh)	109,669	91,836	32,419	19,762	5,400	5,785	36,236	88,884	57,260	6,791	12,879	100,353	567,276
Natural Gas (1000's of MMBtu)	904	747	269	169	47	50	305	742	474	58	107	824	4,698
Biogas (1000's of MMBtu)	-	-	-	-	-	-	-	-	-	-	-	-	-
Model Average Heat Rate (Btu/kWH)	8,246	8,137	8,306	8,556	8,724	8,609	8,420	8,350	8,276	8,591	8,320	8,211	8,396
Combined Cycle Power Plant:													
Capacity (Megawatts Net)	159.80	159.80	159.80	159.80	169.80	169.80	169.80	169.80	169.80	159.80	159.80	159.80	163.97
Budgeted Net Heat Rate (Btu/kWH)	8,246	8,137	8,306	8,556	8,724	8,609	8,420	8,350	8,276	8,591	8,320	8,211	8,396
Availability (IEEE)	100%	100%	23%	56%	100%	100%	100%	100%	100%	58%	100%	100%	86%
Budgeted Capacity Factor	92%	83%	27%	17%	4%	5%	29%	70%	47%	6%	11%	84%	40%
McClellan Power Plant:													
Generation (MWh)	-	-	-	-	-	-	-	-	-	-	1,728	-	1,728
Natural Gas (1000's of MMBtu)	-	-	-	-	-	-	-	-	-	-	23	-	23
Model Average Heat Rate (Btu/kWH)	-	-	-	-	-	-	-	-	-	-	13,052	-	13,052
Simple Cycle Power Plant:													
Capacity (Megawatts Net)	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Budgeted Net Heat Rate (Btu/kWH)	-	-	-	-	-	-	-	-	-	-	13,052	-	13,052
Availability (IEEE)	100%	88%	94%	100%	100%	100%	100%	100%	100%	100%	82%	100%	97%

2020 SPA BUDGET LINE ITEM DETAIL

The following schedules show a monthly breakdown of the line items within the SPA budget:

FUEL EXPENSE

This schedule shows detail of the budgeted expense for fuel to be burned at the Project and McClellan.

Natural gas is the primary fuel for both the Project and McClellan and will be procured by SMUD per the GSA. The gas will be delivered to each plant through SMUD's capacity interest on the ANG/NOVA/PGT and Line 300/401 interstate pipelines, or other contracted routes, and SMUD's local natural gas pipeline. The local natural gas pipeline, which became operational in April 1996, connects the Project (and three other local gas-fired plants) to PG&E's interstate gas pipeline.

Under the GSA, SMUD will handle the actual procurement and transportation arrangements for SPA. The assumed variable cost for natural gas is taken from the latest available SMUD forecast. The fuel budget also includes a pro rata share of fixed costs incurred by SMUD to own and operate its interest in the PG&E Line 300/401 pipeline and its local natural gas pipeline which connects the local generation plants to PG&E's gas pipeline. The fuel budget also includes a pro rata share of fixed costs associated with SMUD's partial ownership of the Rosa Unit Gas Reserves.

**2020 SACRAMENTO POWER AUTHORITY BUDGET DETAIL
FUEL EXPENSE**

Fuel Usage in Thousands of MMBtu/Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Combined Cycle Unit:													
Comb Cycle Generation MWh Adjusted by 100%	109,669	91,836	32,419	19,762	5,400	5,785	36,236	88,884	57,260	6,791	12,879	100,353	567,276
Average Heat Rate Btu/kWh	8,246	8,137	8,306	8,556	8,724	8,609	8,420	8,350	8,276	8,591	8,320	8,211	8,396
Comb Cycle Fuel Usage (1000's of MMBtu)	904	747	269	169	47	50	305	742	474	58	107	824	4,698
Natural Gas Variable Price \$/MMBtu	\$3.33	\$3.25	\$3.02	\$3.10	\$3.08	\$2.92	\$2.94	\$2.93	\$2.94	\$3.07	\$3.19	\$3.24	\$3.09
Peaker Unit:													
McClellan Generation MWh	-	-	-	-	-	-	-	-	-	-	1,728	-	1,728
Average Heat Rate Btu/kWh	-	-	-	-	-	-	-	-	-	-	13,052	-	1,088
Peaker Natural Gas Usage (1000's of MMBtu)	-	-	-	-	-	-	-	-	-	-	23	-	23
Natural Gas Variable Price \$/MMBtu	\$3.33	\$3.25	\$3.02	\$3.10	\$3.08	\$2.92	\$2.94	\$2.93	\$2.94	\$3.07	\$3.19	\$3.24	\$3.09
Biogas Variable Expense (Commodity)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Natural Gas Variable Expense (Commodity)	\$3,014	\$2,431	\$813	\$524	\$145	\$146	\$898	\$2,178	\$1,396	\$179	\$414	\$2,666	\$14,804
Demand, Storage, & Procurement	\$134	\$134	\$134	\$134	\$134	\$134	\$134	\$134	\$134	\$134	\$134	\$134	\$1,605
Amortization of Deferred Capacity	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$100
SMUD Fixed Gas Expenses:													
SMUD Pipeline Depreciation	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$148
SMUD Pipeline Interest Charges	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$128
SMUD Pipeline O&M Charges	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$78	\$937
TOTAL SMUD Fixed Gas Expenses	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$101	\$1,214
PG&E Line 300/401:													
Line 300/401 Investment Amortization	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$29	\$346
Line 300/401 Interest Charges	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$235
Line 300/401 Property Taxes	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$79
Line 300/401 O&M Charges	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$94
TOTAL PG&E Line 300/401	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$63	\$754
Rosa Interest	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$235
Rosa Depletion	\$43	\$43	\$43	\$43	\$43	\$43	\$43	\$43	\$43	\$43	\$43	\$43	\$514
Rosa Unit total	\$62	\$62	\$62	\$62	\$62	\$62	\$62	\$62	\$62	\$62	\$62	\$62	\$749
Combined Cycle Natural Gas Expenses	\$3,382	\$2,800	\$1,181	\$893	\$514	\$514	\$1,267	\$2,547	\$1,764	\$547	\$782	\$3,035	\$19,225
TOTAL FUEL EXPENSES	\$3,382	\$2,800	\$1,181	\$893	\$514	\$514	\$1,267	\$2,547	\$1,764	\$547	\$782	\$3,035	\$19,225

2020 SPA BUDGET LINE ITEM DETAIL

PLANT OPERATIONS & MAINTENANCE

OPERATOR FEES: The budget for operator fees and plant operating expenses represents fees to be paid to Ethos under the terms of the O&M Agreement, plus actual plant operating expenses incurred by Ethos and reimbursed from SPA without markup. The budget shows the portion paid to Ethos as an operating expense.

Under the terms of the O&M Agreement, Ethos is reimbursed for all plant operating and maintenance expenses, and repairs.

PERFORMANCE BONUSES: Ethos will earn performance bonuses under the O&M Agreement if the combined cycle Equivalent Forced Outage Factor is less than five percent (5%). Ethos will also earn bonuses for maintaining a peaking plant successful call-up ratio based on how successfully the unit starts and generates electricity when needed. The 2020 budget assumes that Ethos will successfully earn these bonuses.

WATER/SEWAGE: This represents the estimated cost of cooling and make-up water and sewage treatment and disposal required to operate the Project.

STATION SERVICE ELECTRICITY: SPA will pay SMUD under the terms of SMUD's Rules and Regulations for station service capacity and energy for the Project. The Project is connected to SMUD's system to insure that power is available to run plant systems during planned or unplanned outages.

SITE LEASE: This represents payments made by SPA to SMUD for the use of approximately 4.8 acres for project site under the Ground Lease Agreement.

**2020 SPA BUDGET
LINE ITEM DETAIL**

SPA OPERATING AND ADMINISTRATIVE COSTS

OPERATING EXPENSES: Under the terms of the O&M Agreement and PPA, various tests (heat rate, NDC, etc.) of plant operations may be required by SMUD or SPA during the year. This line item covers the estimated reimbursement to Ethos for performing such tests, or for other items not covered by the O&M Agreement.

**2020 SACRAMENTO POWER AUTHORITY BUDGET DETAIL
PLANT OPERATION & MAINTENANCE**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Net Dependable Capacity CC (MW)	159.80	159.8	159.8	159.8	169.8	169.8	169.8	169.8	169.8	159.8	159.8	159.8	163.97
Monthly Operating Hours	686	575	203	124	32	34	213	523	337	42	81	628	3,479
OPERATOR FEES:													
Monthly Fixed Operating Fee	\$258	\$233	\$258	\$250	\$258	\$250	\$258	\$258	\$250	\$258	\$250	\$258	\$3,042
Reimbursable Operator Expenses	\$108	\$110	\$305	\$634	\$463	\$387	\$252	\$160	\$208	\$265	\$392	\$178	\$3,463
Availability Bonus	\$42	\$42	\$6	\$6	\$6	\$74	\$74	\$74	\$74	\$42	\$6	\$42	\$486
TOTAL OPERATOR FEES:	\$409	\$386	\$569	\$889	\$727	\$711	\$584	\$492	\$532	\$566	\$648	\$478	\$6,990
Overhaul Expenses	\$0	\$0	\$0	\$310	\$923	\$0	\$0	\$0	\$0	\$0	\$138	\$0	\$1,370
Operating Expenses (less Overhaul Expenses)	\$409	\$386	\$569	\$889	\$727	\$711	\$584	\$492	\$532	\$566	\$648	\$478	\$6,990
Station Service Energy Costs:	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$27	\$318
JPA Administrative and Other Expenses:													
Water	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$34	\$412
Sewage	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$42
Site Lease - pmt. based on acreage	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$71
Fiber Lease	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$11
EPA & State of CA Permit Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$30	\$92	\$0	\$0	\$30	\$0	\$153
JPA Administrative and Other Expenses Total:	\$45	\$45	\$45	\$45	\$45	\$45	\$75	\$137	\$45	\$45	\$75	\$45	\$689
TOTAL OPERATION & MAINTENANCE	\$480	\$457	\$640	\$1,270	\$1,720	\$782	\$685	\$656	\$603	\$637	\$886	\$550	\$9,367

2020 SPA BUDGET LINE ITEM DETAIL

SMUD ADMINISTRATIVE & GENERAL

Under the terms of the JPA, SMUD will provide staff to perform administrative and technical support services to SPA and arrange for insurance coverage, and SMUD will be reimbursed for the cost of providing these services subject to available funds per the priority of distribution of SPA revenues.

INSURANCE: SPA is required to maintain comprehensive general liability, all risk property insurance, umbrella excess liability insurance, and such other insurance as deemed necessary or prudent. Under the terms of the PPA, SMUD arranges for SPA's insurance.

SMUD LABOR: This line item represents the reimbursable portion of the cost of salaries and wages and associated employee benefits for SMUD employees from Power Generation, Projects Development, Gas Pipeline Operations, Treasury, Accounting, Risk Management, Budget Office, Legal, Electric System Design, and others who will perform administrative and technical support services for SPA.

OUTSIDE SERVICES: SMUD will contract with engineering specialists to assist in technical engineering and regulatory compliance issues which arise during operation.

INDEPENDENT ENGINEER: SPA retains the services of an Independent Engineer to review the SPA Budget and provide independent oversight of SPA, the Project and McClellan operation.

INDEPENDENT AUDITOR: SPA retains the services of an Independent Auditor to audit and certify the SPA financial statements and evaluate internal controls applicable to SPA.

**2020 SACRAMENTO POWER AUTHORITY BUDGET DETAIL
ADMINISTRATIVE & GENERAL**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INSURANCE:	\$78	\$78	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$87	\$1,029
SMUD Administrative & General:													
Independent Engineer	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$45
Independent Auditor	\$0	\$14	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$20
SPA Insurance Vessel Inspection	\$0	\$0	\$0	\$0	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7
Outside Services	\$1	\$1	\$1	\$1	\$1	\$1	\$5	\$1	\$1	\$1	\$1	\$1	\$15
TOTAL SMUD SUPPORT:	\$5	\$19	\$8	\$5	\$12	\$5	\$9	\$5	\$5	\$5	\$5	\$8	\$87
SMUD Labor	\$41	\$36	\$39	\$41	\$39	\$45	\$44	\$39	\$40	\$40	\$39	\$42	\$485
TOTAL ADMINISTRATIVE & GENERAL	\$124	\$133	\$134	\$133	\$138	\$137	\$140	\$130	\$132	\$132	\$131	\$137	\$1,602

**2020 SPA BUDGET
LINE ITEM DETAIL**

CAPITAL EXPENDITURES

SPA has no planned Capital Expenditures for 2020.

**2020 SACRAMENTO POWER AUTHORITY BUDGET DETAIL
CAPITAL EXPENDITURES**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Plant Betterments (Released Fund):													
SPA Overhauls													
Plant Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Decommissioning Fund (Transfer)													
Total Plant Modifications & Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL O&M COSTS (Excluding Capital Items)	\$3,986	\$3,389	\$2,296	\$2,372	\$1,433	\$2,092	\$3,333	\$2,499	\$1,316	\$1,799	\$3,721	\$30,194	

2020 SPA BUDGET

PRO FORMA FINANCIAL SCHEDULES

SPA maintains its accounting records in accordance with Generally Accepted Accounting Principles and generally follows the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The following schedules are the Statements of Revenue, Expenses and changes in Net Position and Revenue Detail Schedule, which show the projected results of operations, for SPA during the 2020 budget period based on the 2019 budget assumptions and expense and capital budgets.

REVENUE DETAIL

The following schedule details expected SPA Revenue during the 2020 budget period.

ELECTRIC REVENUE: Under the terms of the PPA, SMUD is obligated to make monthly capacity and energy payments to SPA for capacity and energy provided by SPA. These payments are based on certain assumptions and rates, which were detailed under Budget Assumptions. The Capacity Sales Revenue estimate assumes the plant operator will maintain the minimum availability factor for the combined cycle plant necessary to qualify for maximum payments.

OPERATING PAYMENT: Under the terms of the PPA, SMUD will pay SPA an amount equal to the sum of all costs and expenses payable by SPA pursuant to the Lease and Property Agreement, the O&M Agreement, the GSA, all insurance costs and any cost or expense otherwise incurred in the operation and maintenance of the Project, including capital improvements and overhaul expenses, plus \$200,000 per month to cover other SPA obligations.

INTEREST INCOME: SPA will earn interest on invested funds held as working capital. The budget assumes a 0% return on budgeted monies to be held in these funds.

**2020 SACRAMENTO POWER AUTHORITY BUDGET DETAIL
ELECTRIC REVENUE DETAIL**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CAPACITY PAYMENT:													
Fixed Monthly fee	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Fixed Payment	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
ENERGY PAYMENT:													
Fuel Supply Payment	\$3,382	\$2,800	\$1,181	\$893	\$514	\$514	\$1,267	\$2,547	\$1,764	\$547	\$782	\$3,035	\$19,225
Insurance			\$1,029										\$1,029
Operating Payment - Insurance	\$0	\$0	\$1,029	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,029
Operator fees	\$301	\$276	\$264	\$256	\$264	\$324	\$332	\$332	\$324	\$301	\$256	\$301	\$3,527
Operator Reimbursable expenses	\$108	\$110	\$305	\$634	\$463	\$387	\$252	\$160	\$208	\$285	\$392	\$178	\$3,463
Operator Reimbursable expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Lease	\$71												\$71
Fiber Lease	\$11												\$11
Variable Payment	\$491	\$386	\$569	\$889	\$727	\$711	\$584	\$492	\$532	\$566	\$648	\$478	\$7,072
TOTAL ENERGY PAYMENT	\$3,874	\$3,185	\$2,779	\$1,782	\$1,240	\$1,225	\$1,851	\$3,039	\$2,296	\$1,114	\$1,430	\$3,513	\$27,327
Overhaul	\$0	\$0	\$0	\$310	\$923	\$0	\$0	\$0	\$0	\$0	\$138	\$0	\$1,370
Other Costs	\$0	\$0	\$0	\$310	\$923	\$0	\$0	\$0	\$0	\$0	\$138	\$0	\$1,370
Capital Overhaul	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Payment - Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ELECTRICITY SALES REVENUE	\$4,074	\$3,385	\$2,979	\$2,292	\$2,363	\$1,425	\$2,051	\$3,239	\$2,496	\$1,314	\$1,768	\$3,713	\$31,097

2020 SPA BUDGET
PRO FORMA FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Pro Forma Statements of Revenues, Expenses and changes in Net Position is a projected summary of the results of operations prepared on a FERC basis for SPA in 2020. The Statements of Revenues, Expenses and changes in Net Position incorporates revenues as shown on the Revenue Detail, expenses as shown on the Budget Summary, and non-cash expenses such as depreciation and amortization.

DEPRECIATION represents the pro rata expensing of the capital cost of the Project. Estimated service life is based on the remaining life of the Plant at the time a capital project is placed in service, the original life of the Plant being 30 years

SPA is projecting a net loss of (\$6.689) million, a decrease of \$1.914 million over 2019. The decrease is primarily due to a year-over-year decrease of \$2.185 million passthrough capital cost in revenue, partly offset by lower depreciation expense.

2020 SPA BUDGET
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Period January 1, 2020 to December 31, 2020

Dollars in Thousands

	2019 BUDGET	2020 BUDGET
OPERATING REVENUES:		
Sale of Electricity	\$42,960	\$31,097
TOTAL OPERATING REVENUES	42,960	31,097
OPERATING EXPENSES		
Fuel	28,494	19,225
Production	9,805	9,367
Administrative & General	1,561	1,602
Total Operations	39,860	30,194
Depreciation	7,876	7,592
Amortization of Regulatory Asset-Debt Issuance	0	0
Amortization of Bond Insurance	0	0
TOTAL OPERATING EXPENSES	47,735	37,786
NET OPERATING INCOME	(4,775)	(6,689)
CHANGE IN NET POSITION	(\$4,775)	(\$6,689)

DRAFT

RESOLUTION NO. _____

BE IT RESOLVED BY THE COMMISSIONERS
OF THE
SACRAMENTO POWER AUTHORITY:

Section 1. This resolution may be referred to as the 2020 SPA budget resolution.

Section 2. There is hereby appropriated from the Revenue Fund, Operating Fund, and other funds as appropriate, sufficient monies for the payment of demands against the Authority which relate to obligations incurred for the purposes and within the amount specified for such purposes in the following projection of the Authority's programs for the period January 1, 2020 through December 31, 2020.

Operation and Maintenance	\$28,592,246
Administrative & General	\$ 1,601,677

There shall be deemed added to the O&M and Capital line item a +20% increase with no limit to a decrease in the Operations and Maintenance Expense line item, plus an additional \$2 million applicable to the overall budget.

Section 3. Demands against the Authority may be paid without the prior specific approval of this Commission, if they relate to obligations incurred for the purpose and within the amounts specified in Section 2, provided such demands are approved by the General Manager of the Authority, or his designee. It is the purpose and intent of this paragraph to delegate to the General Manager, or his designee, authority to make purchases, to negotiate and execute contracts, and expend funds in any manner necessary or appropriate to the administration of the business affairs of the

Authority, within the amounts and for the purposes set forth above, subject to duly adopted delegations of authority.