

CPUC Business Performance Summary – FY2020 Semester 1 (Oct 2019-March 2020)

This report assesses the actual performance of CPUC against the approved budget for FY2020 at the halfway point of the fiscal year.

1 Financial Performance Summary

The table below summarises the high level financial performance of CPUC.

WHOLE BUSINESS INCOME STATEMENT	FY 2020 - Semester 1		Performance Expressed as US\$/kWh Sold			
	Budget	Actual	Budget	Actual	Variance: Actual - Forecast	
	US\$	US\$	US\$/kWh	US\$/kWh	US\$/kWh	%
REVENUE						
Power Operating Revenue	\$3,822,245	\$3,622,200	\$0.505	\$0.468	-\$0.036	-7.2%
Water Operating Revenue	\$148,601	\$242,559	\$0.020	\$0.031	\$0.012	59.9%
Sewerage Operating Revenue	\$73,681	\$98,184	\$0.010	\$0.013	\$0.003	30.5%
TOTAL OPERATING REVENUE	\$4,044,526	\$3,962,942	\$0.534	\$0.512	-\$0.021	-4.0%
EXPENDITURE						
Power Variable Cost	\$1,930,196	\$1,874,185	\$0.255	\$0.242	-\$0.012	-4.9%
Power Fixed Cost	\$1,179,810	\$857,493	\$0.156	\$0.111	-\$0.045	-28.8%
Water Variable Cost	\$46,081	\$33,343	\$0.006	\$0.004	-\$0.002	-29.1%
Water Fixed Cost	\$160,355	\$139,780	\$0.021	\$0.018	-\$0.003	-14.6%
Sewer Variable Cost	\$41,734	\$38,558	\$0.006	\$0.005	-\$0.001	-9.5%
Sewer Fixed Cost	\$147,458	\$131,590	\$0.019	\$0.017	-\$0.002	-12.6%
TOTAL OPERATING EXPENSE	\$3,505,634	\$3,074,947	\$0.463	\$0.398	-\$0.065	-14.1%
OPERATING INCOME						
Operating Income Power	\$712,239	\$890,522	\$0.094	\$0.115	\$0.021	22.5%
Operating Income Water	-\$57,835	\$69,436	-\$0.008	\$0.009	\$0.017	217.6%
Operating Income Sewer	-\$115,511	-\$71,963	-\$0.015	-\$0.009	\$0.006	39.0%
OPERATING INCOME (Excl Int & Deprec.)	\$538,893	\$887,995	\$0.071	\$0.115	\$0.044	61.4%
INTEREST						
Interest Power	\$27,951	\$27,951	\$0.004	\$0.004	\$0.000	0.0%
Interest Water	\$161	\$161	\$0.000	\$0.000	\$0.000	0.0%
Interest Sewer	\$161	\$161	\$0.000	\$0.000	\$0.000	0.0%
TOTAL INTEREST	\$28,273	\$28,274	\$0.004	\$0.004	\$0.000	-2.0%
DEPRECIATION						
Depreciation Power	\$515,594	\$554,934	\$0.068	\$0.072	\$0.004	5.4%
Depreciation Water	\$73,869	\$36,371	\$0.010	\$0.005	-\$0.005	-51.8%
Depreciation Sewer	\$121,669	\$71,383	\$0.016	\$0.009	-\$0.007	-42.5%
TOTAL DEPRECIATION	\$711,131	\$662,688	\$0.094	\$0.086	-\$0.008	-8.7%
TOTAL OPERATING INCOME (Incl. Int & Deprec.)						
Total Operating Income Power	\$168,694	\$307,637	\$0.022	\$0.040	\$0.018	78.6%
Total Operating Income Water	-\$131,865	\$32,904	-\$0.017	\$0.004	\$0.022	124.4%
Total Operating Income Sewer	-\$237,341	-\$143,508	-\$0.031	-\$0.019	\$0.013	40.8%
TOTAL OPERATING INCOME (Incl. Int & Deprec.)	-\$200,511	\$197,033	-\$0.026	\$0.025	\$0.052	196.3%

Key points to note:

Financial performance is better than Budgeted with the Operating Income after depreciation and interest 2x higher than forecast; and positive rather than negative.

The water business is for the first time in many years recording a positive net income.

Total power generation is 0.9% higher than budget and total power sales are 2.1% higher than budget resulting in power losses being 1.3% lower than budget. FY2020 whole year budget is 12.0%; actual at end of S1 is 10.7%.

Expenditure in all categories is lower than budget indicating good fiscal control of fixed costs by management.

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Actual Depreciation charges for water and sewer assets should be verified as both are negative S1 to date – this could be as a result of mis-statement in the budget and the actual variances are not material.

2 Power Generation & Sales

The table below show power generation and sales for S1 of Fy2020. Whilst power generation is higher than budget by 0.6%, power sales is higher than budget by 2.1% resulting in a lower power loss than budget of 1.3% to end March 2020.

Power	S1 - Budget	S1 - Actual	Variance	
	kWh	kWh	kWh	%
Generation	8,607,563	8,661,123	53,560	0.6%
Sales	7,574,656	7,733,207	158,551	2.1%
Power Loss	12.0%	10.7%	-1.3%	

3 Water Production & Sales

The table below shows water production and sales for S1 of Fy2020. Both Production and Sales are higher than budget leading to Water loss of 54.7%. The increased sales on budget however is a key factor in the improved financial performance of CPUC water department.

Water	S1 - Budget	S1 - Actual	Variance	
	USGallons	USGallons	USGallons	%
Production	88,484,760	116,997,400	28,512,640	32.2%
Sales	44,242,380	53,015,184	8,772,804	19.8%
Water Loss	50.0%	54.7%	4.7%	