

## Reserves Policy

### Overview and Purpose

Peninsula Clean Energy (PCE) will maintain Financial Reserves as described in this policy to:

- a. Meet PCE's strategic objectives
- b. Secure favorable commercial terms with vendors, including power producers
- c. Secure future stand-alone PCE credit rating
- d. Provide a contingency to provide rate stability for PCE customers
- e. Provide a source of funds for unanticipated expenditures

### 1. Policy Guidelines

PCE will maintain an Operating Reserve equal to 180 days of total operating expenses (including power supply expenses and after adjusting for any discrete Board-approved capital-spending allocations or customer programs) held as unrestricted cash. Unrestricted cash is equal to total cash less cash held in accounts that are restricted from use (due to collateral or by covenant).

If the Operating Reserve is projected to be below 180 days over the next 12 months, PCE will implement plans, such as increasing rates/lowering PCE's discount, to return Operating Reserves to the target of 180 days within two fiscal years. Such plans will be provided in subsequent budget and rate discussions with the Board of Directors.

### 2. Spending Authority

Authority to spend from the reserves must align with Board approved budgets and must be approved by the Board.

### 3. Review of Policy

PCE staff will review the Reserve Policy annually to ensure it meets the needs of the agency.