



**Staff Report Item 4:
Recommendation**

To:	Ava Community Energy Authority
From:	Kelly Brezovec, Sr. Director, Account Services
Subject:	Seeking feedback from the Executive Committee on an extension of Ava's agreement with SMUD for Call Center and Data Management Services, starting at the end of the current agreement, January 1, 2025, concluding on December 31, 2026.
Date:	November 6, 2024

Summary/Recommendation

Sacramento Municipal Utility District (SMUD) provides critical Customer Care and Data Management Services (CCDMS) to Ava via a contract priced at a per-meter monthly service fee. The current three-year contract, which resulted from a competitive solicitation process, started on January 1, 2022, and ends on December 31, 2024. The proposed new agreement is for two years and falls within the five-year allowance of our procurement policy prior to the need for another solicitation. Additionally, the proposed new contract sees a price increase from \$1.00 to \$1.10 per meter; staff has negotiated elements of the agreement, such as fixed fees for common customizations and new community enrollments in 2025 and 2026, as well as a future-looking \$1 million credit, should Ava enter into a three-year agreement starting January 1, 2027.

Staff seeks feedback from the Executive Committee on a contract extension with SMUD for Call Center and Data Management Services for a two-year term, from January 1, 2025, through December 31, 2026.

Financial Impact

Ava has worked with SMUD since 2018, when Ava first started to serve customers. The contract has been priced at a monthly, per meter rate with additional fees for new programs or enhancements.

Years	Per Meter Fee
2018-2020	\$1.05
2021	\$1.05
2022-2024	\$1.00
2025-2026	\$1.10

Table 1: Historical and proposed future pricing of Ava’s contract with SMUD for CCDMS services

While this 10% increase in per-meter price is a significant jump, Ava has seen a flat rate since 2022. If inflation had been applied to the \$1.00 per meter price starting in 2022, the 2025 price would have been at \$1.16 per meter, an additional 5.5% higher than the 2025 rate proposed in this agreement.

The total annual cost of this agreement will increase with the addition of new communities. Table 2 provides an estimate of the annual cost of the per meter fee. In addition to the set fee, Ava should assume an additional \$100-300k annually in enhancement fees, since billing is always evolving, and staff anticipates enhancing billing operations to provide benefits for Ava programs.

	Meters Served, by end of Year	Annual
2025 Assumes service start to Stockton & Lathrop in April	700,500	\$9.1M
2026 Assumes service start to Unincorporated San Joaquin County in 2026	818,600	\$10.85M

Table 2: Future pricing estimates with the proposed agreement

Note that Unincorporated San Joaquin County is included here as Ava has submitted a plan to the CPUC but awaits the official certification letter. The 2025 cost would remain constant in 2026 if Ava does not begin service to Unincorporated San Joaquin County.

Term

The current three-year agreement resulted from a public Request for Proposals (RFP) process in 2021; Ava’s current procurement policy allows for a five-year term before issuing a new RFP.

The proposed two-year agreement does not require Ava to deviate from our standard purchasing protocol and provides flexibility. Over the next two years, staff may perform an assessment of the benefits of bringing some or all these services in-house. Additionally, as a collaborative vendor who values our business, SMUD has added a \$1 million credit to a future contract, should Ava sign a three-year agreement starting January 1, 2027.

Analysis and Context

Service and history

CCAs contract with third parties for data management services, and often, call center services (Call Center and Data Management Services, or CCDMS). SMUD, as Ava’s CCDMS provider, is responsible for critical operational services, including:

- Billing operations
- Data management
- Call center/customer service representatives

Sample activities:

Service	Activities
Billing operations	Ingest billing determinants from PG&E Send bill-ready billing information to PG&E Apply payments to customer accounts
Data management	Data feed conduit between PG&E and Ava Develop and share customer characteristic reports Ingest and share interval data feeds
Call center	Respond to customer inquiries via chat, email, and phone Manage customer enrollment via web forms and IVR service Continue to update knowledge base with information about Ava programs

Table 3: Sample Activities of a CCDMS provider

Following a public Request for Proposals (RFP) process, Ava started service with SMUD in February 2018 with an agreement that concluded December 31, 2020. This agreement was extended for another year, until December 31, 2021. In 2021, staff issued a second RFP for CCDMS services. There are currently only two organizations providing CCDMS services to California CCAs. Staff performed a rigorous evaluation of both parties; SMUD was the selected respondent. SMUD and Ava entered a three-year agreement, starting January 1, 2022, ending December 31, 2024.

Select updates to the new agreement

While the bulk of the services SMUD provides are standard, such as providing the billing information to PG&E, there are some opportunities for negotiation and inclusion of updated pricing and services. Table 4 highlights some of these differences.

Item	Current	2025-2026	Change Driver
Per meter fee	\$1.00	\$1.10	Inflation
Common enhancements and updates	Priced uniquely by request	Scheduled pricing, set at current rates	Fix pricing to 2024 levels, expedite regular requests
Enrollment of new communities		Stockton, Lathrop and unincorporated San Joaquin County included	Planned and proposed community enrollments not to incur amendment

Item	Current	2025-2026	Change Driver
			fees for webforms and data activities
Rate changes	Included: up to six rate changes due to PCIA or generation rate changes.	Included: as many rate changes as needed for PCIA or generation rate changes.	Allows Ava to change rates with PG&E, planned pricing for other rate changes.
Net Energy Metering (NEM) and Solar Billing Plan (SBP)	Annual fees for webform for monthly/annual selection, fees to upgrade billing for SBP	Inclusive of SBP, webform adjustments	SBP as standard, monthly/annual as standard process
Real Time Pricing, when out of pilot	n/a	Real Time Pricing: on Ava bill, matching PG&E framework	Looking ahead to implementation of a new type of rate
Billing error liability	Not applicable below \$14,000	Threshold changed to \$10,000	Increased accountability for SMUD

Table 4: Agreement updates

Special consideration: Customer Service Team

Customer Care is one of the major components of the agreement. Ava continues to benefit from the SMUD CSR team as a vital partner in our operations. SMUD ranked second in a J.D. Power 2022 Electric Utility Residential Customer Satisfaction Survey based on their overall CSR performance, due in large part to their award-winning trainers and 8-year average tenure in the unionized call center. 100% of all calls are recorded and are available for Ava review. In addition to managing incoming phone calls, Interactive Voice Recordings, the team also responds to online chat and emails. All interactions are linked to the billing system, which both SMUD and Ava can access for reporting, quality control, and review. Ava is launching to Stockton and Lathrop in 2025, and potentially to San Joaquin County in 2026; it is important that we not disrupt the first, and potentially only, touchpoint a customer has with Ava.

The CSR team consistently receives praise from our customers and has been responsible for “retaining” over 4,300 customers since the team started tracking this metric in April 2021. In the past 12 months, nearly 1/3 of all customers that talk with a CSR during a request to leave Ava’s service to return to PG&E, stay with Ava. In some months, over 40% of customer calls result in the customer staying with Ava, due to excellent customer service. In addition to handling customer calls about bills and service, the SMUD team is also able to respond to inquiries about Ava programs, such as Health-e Communities, brand surveys, and surplus revenue credits. The team is prepared to add to their knowledge base as Ava’s local development team launches new offerings in 2025 and beyond.

SMUD annually posts a CSR job recruitment for their award-winning, unionized call center. As a means of encouraging local hires, since 2022, Ava's service territory has been specifically highlighted as an area of interest for recruitment. This SMUD/Ava partnership in recruiting has resulted in 84 applications from within Ava's territory. As of October 2024, two new hires to the SMUD CSR team are from Stockton. Ava is again partnering with SMUD to recruit local hires with in advance of a November 4, 2024, CSR recruitment event.

Next Steps

Staff will bring the recommendation and feedback from the Executive Committee to the Board of Directors on Wednesday, November 20.

Attachment

- A. PowerPoint



Agreement with SMUD for Contact Center and Data Management Services, 2025-2027

Executive Committee
November 6, 2024



Summary

- Sacramento Municipal Utility District (SMUD) provides Customer Care and Data Management Services (CCDMS) to Ava
 - The current contract ends on December 31, 2024
 - Staff seeks feedback on a new, two-year agreement



Services Provided

Billing Operations

- Ingest billing determinants from PG&E
- Send bill-ready billing information to PG&E
- Apply payments to customer accounts

Data Management

- Data feed conduit between PG&E and Ava
- Develop and share customer characteristic reports
- Ingest and share interval data feeds

Call Center

- Respond to customer inquiries via chat, email, and phone
- Manage customer enrollment via web forms and IVR service
- Continue to update knowledge base with information about Ava programs



Contract Updates: Fee

- Ava has worked with SMUD since 2018, when Ava first started to serve customers. The contract has been priced at a monthly, per meter rate with additional fees for new programs or enhancements.
 - The proposed new agreement sets the per meter cost at \$1.10 per meter, per month

- While this 10% increase in per-meter price is a significant jump, Ava has seen a flat rate since 2022.
 - If inflation had been applied to the \$1.00 per meter price starting in 2022, the 2025 price would have been at \$1.16 per meter, an additional 5.5% higher than the 2025 rate proposed in this agreement.

	Meters	Annual
2025	700,500	\$9.1M
2026	818,600	\$10.85M

	Inflation Adjusted Rate	CPI Adjustment
2022	\$ 1.00	8%
2023	\$ 1.08	4%
2024	\$ 1.12	3%
2025	\$ 1.16	



Contract Updates: Enhancements

Item	Current	2025-2026
Enrollment of new communities	n/a	Stockton, Lathrop and unincorporated San Joaquin County included
Rate changes	Included: up to six rate changes due to PCIA or generation rate changes.	Included: as many rate changes as needed for PCIA or generation rate changes.
Real Time Pricing, when out of pilot	n/a	Real Time Pricing: on Ava bill, matching PG&E framework
Net Energy Metering (NEM) and Solar Billing Plan (SBP)	Annual fees for webform for monthly/annual selection, fees to upgrade billing for SBP	Inclusive of SBP, webform adjustments
Billing error liability	Not applicable below \$14,000	Threshold changed to \$10,000
Common enhancements and updates	Priced uniquely by request	Scheduled pricing, set at current rates



Financial Consideration: Term Length

- The current three-year agreement resulted from a public Request for Proposals (RFP) process in 2021; Ava's current procurement policy allows for a five-year term before issuing a new RFP.
- The proposed two-year agreement does not require Ava to deviate from our standard purchasing protocol and provides flexibility.
 - As a collaborative vendor who values our business, SMUD has added a \$1 million credit to a future contract, should Ava sign a three-year agreement starting January 1, 2027.



Special Consideration: Customer Service Representatives

- Customer Care is one of the major components of the agreement
 - Response to phone calls, online chat and emails
- SMUD credentials and benefits
 - SMUD ranked second in a J.D. Power 2022 Electric Utility Residential Customer Satisfaction Survey based on their overall CSR performance,
 - Award-winning trainers
 - 8-year average tenure in the unionized call center
 - 100% of all calls are recorded and are available for Ava review
 - All interactions are linked to the billing system, which both SMUD and Ava can access for reporting, quality control, and review.

Ava is launching to Stockton and Lathrop in 2025, and potentially to San Joaquin County in 2026; it is important that we not disrupt the first, and potentially only, touchpoint a customer has with Ava.



Example Customer Compliments

I was pretty upset getting a big bill from Ava on this month's PG&E bill and then Adrian talked me through on the phone today around 2:30pm and I feel totally fine about it now. Anyway, I really appreciate him walking me through everything - he did great. - D

I just got off the phone with Gary who did a great job explaining why my PG&E bill had charges coming from PG&E as well as Ava Energy for electricity. Gary... was pleasant, concise and explained complicated billing details in plain language. I so rarely have a productive and pleasant interaction with companies, so I wanted to make sure that I highlighted this as a real positive experience with Gary. Thanks, J & C

I just received outstanding service from Adrian! I want to commend him for his knowledge, customer service and patience! I truly believe he is a great asset to your company, and I just wanted him to be recognized. Kudos for having a great person such as Adrian work for your company, I received amazing customer service today! And I am grateful! - K

He understood exactly what I was asking about and went above and beyond to make sure that I got answers to my questions...super patient and clear when it came to showing me...the website. He said that he would call me back the next day, and he did! The voicemail he left was extremely clear and provided me the answer I needed...Ava Energy is lucky to have a person like Eric on the team. I have high standards, and he definitely exceeded them. Thanks, C



CSRs: Local Representatives

- SMUD annually posts a CSR job recruitment for their award-winning, unionized call center.
- Since 2022, Ava has partnered with SMUD to recruit new hires from within Ava's service territory
 - 84 applications have come from within Ava's service area
 - As of October 2024, two new hires to the SMUD CSR team are from Stockton.
- Ava is again partnering with SMUD to recruit local hires with social posts in advance of a November 4, 2024, CSR recruitment event, Ava post shown here.



Ava Community Energy
Just now

🔔 Job Alert! 🔔 Sacramento Municipal Utility District (**SMUD**) is hiring for a Customer Services 1 position in their Sacramento office (with future flexibility)! SMUD provides call center services for Ava and is an essential part of our customer support team.

Applications open Monday, Nov. 4 at 8 a.m. Only the first 3,000 applicants will be accepted, which SMUD is expecting to reach on the first day.

Qualified applicants must have a high school diploma or equivalent and should be able to demonstrate 1 year of customer facing experience or equivalent training/education. Applicants should set up a career profile in advance at Careers at SMUD (<https://ow.ly/Cxrn50TYe4Y>) and apply as soon as possible on Nov. 4 at 8 a.m.

Qualified applicants will be invited to an online examination, tentatively scheduled for the week of Nov. 18.

Join our team

Customer Service Representative I

Powering forward. Together. **SMUD**



Next Step

- Staff will bring the recommendation and feedback from the Executive Committee to the Board of Directors on Wednesday, November 20.



Thank you!



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Community Energy

