



## **Financial, Administrative and Procurement Subcommittee Meeting**

Wednesday, July 9, 2025  
3:30 pm

### In Person:

Conference Room 5  
Ava Community Energy  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612

### Or from the following locations:

- Milk and Honey Cafe, 34265 Fremont Blvd Fremont, CA 94555
- 35653 Scarborough Dr, Newark, CA 94560
- 1100 Webster St, Oakland, CA 94607
- 34009 Alvarado-Niles Road, Union City, CA 94587

### Via Zoom:

<https://avaenergy-org.zoom.us/j/83599993289>

### Or join by phone:

Dial (for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592  
or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)  
Webinar ID: 835 9999 3289

*Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 707-1764 or [cob@avaenergy.org](mailto:cob@avaenergy.org).*

*If you have anything that you wish to be distributed to the Finance, Administration and Procurement Subcommittee, please email it to the clerk by 5:00 pm the day prior to the meeting.*

## **1. Welcome & Roll Call**

**2. Public Comment**

*This item is reserved for persons wishing to address the FAP Subcommittee on any Ava-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to three minutes per speaker. The FAP Chair may increase or decrease the time allotted to each speaker.*

**3. Approval of Minutes from May 8, 2025 (Action Item)**

**4. Compliance Period Procurement Methodology (Informational Item)**

Review of proposed compliance periods for Ava procurement.

**5. Administrative Procurement Policy (Informational Item)**

Revisions to Ava's procurement policy.

**6. Fiscal Year Annual Audit Preview (Informational Item)**

Preview the details of the upcoming annual audit.

**7. Updated Energy Risk Management Policy (Informational Item)**

Review of the updated Energy Risk Management Policy.

**8. Fiscal Year 2024-2025 Q3 Draft Financial Statements (Informational Item)**

Review the financial statements for the quarter closing March 31, 2025.

**9. Committee Member and Staff Announcements including requests to place items on future Board Agendas**

**10. Adjourn**

The next Financial, Administrative and Procurement Subcommittee meeting will be held on Monday, September 8, 2025 at 3:30pm.

Rotunda Building  
Large Conference Room  
300 Frank Ogawa Plaza  
Oakland, CA 94612



### **Draft Minutes**

## **Financial, Administrative and Procurement Subcommittee Meeting**

Thursday, May 8, 2025  
3:30 pm

#### In Person:

Conference Room 5  
Ava Community Energy  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612

#### Or from the following locations:

- Dublin Civic Center, City Manager's Office, 100 Civic Plaza Dublin, CA 94568
- Clipper Club, 5 Captain Drive, Emeryville, CA 94608
- Milk and Honey Cafe, 34265 Fremont Blvd Fremont, CA 94555
- 35653 Scarborough Dr, Newark, CA 94560
- Oakland City Hall, 2nd Floor, 1 Frank H. Ogawa Plaza, Oakland, CA 94612
- 34009 Alvarado-Niles Road, Union City, CA 94587

#### Via Zoom:

<https://ebce-org.zoom.us/j/83599993289>

#### Or join by phone:

Dial(for higher quality, dial a number based on your current location): US: +1 669 900 6833 or +1 346 248 7799 or +1 253 215 8782 or +1 929 205 6099 or +1 301 715 8592  
or 888 475 4499 (Toll Free) or 877 853 5257 (Toll Free)  
Webinar ID: 835 9999 3289

*Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact the Clerk of the Board at least 2 working days before the meeting at (510) 707-1764 or [cob@avaenergy.org](mailto:cob@avaenergy.org).*

*If you have anything that you wish to be distributed to the Finance, Administration and Procurement Subcommittee, please email it to the clerk by 5:00 pm the day prior to the meeting.*

### **1. (0:21) Welcome & Roll Call**

**Present:** Directors: Morada (Dublin), Keng (Fremont), Brown (Oakland), Del Catancio (Newark), Sakakihara (Union City) and Chair Kaur (Emeryville).

**Absent:** None.

*Director Del Catancio (Newark) joined at 3:35pm and Director Sakakihara (Union City) joined at 3:40pm.*

**2. (0:45) Public Comment**

*This item is reserved for persons wishing to address the FAP Subcommittee on any Ava-related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Board are customarily limited to three minutes per speaker. The FAP Chair may increase or decrease the time allotted to each speaker.*

**There were no speakers for public comment.**

**3. (0:51) Approval of Minutes from March 12, 2025 (Action Item)**

**Director Brown (Oakland) motioned to approve the minutes. Director Morada (Dublin) seconded the motion, which passed 4/0/0/0/2.**

**Yes: Morada (Dublin), Keng (Fremont), Brown (Oakland) and Chair Kaur (Emeryville).**

**No: None.**

**Abstain: None.**

**Recuse: None.**

**Not Present: Directors Del Catancio (Newark) and Sakakihara (Union City).**

**There were no speakers for public comment.**

**4. (1:40) Prepay Update (Informational Item)**

Further information on prepay structure and risks.

**Russell (Rusty) Mills** provided an update on the structure and benefits of prepaid energy transactions, where Ava receives discounted power through a complex deal involving multiple parties, including Morgan Stanley and the CCCFA, which issues tax-exempt green bonds to fund the purchase.

**There were no speakers for public comment.**

**Selection of topics discussed by subcommittee members:**

- How Morgan Stanley earns money through the contract
- Whether green bonds are publicly available, their duration and process for issuance
- The total energy volume that Ava is prepaying and how the prepaid energy will be delivered
- Whether Ava is protected if the deal falls through

**5. (28:23) Draft Budget for FY 2025-2026 (Informational Item)**

Review of the Draft Budget for the next fiscal year.

**Howard Chang** outlined Ava's annual budget development process, emphasizing that

while the structure remains consistent, the current year includes greater uncertainty due to market volatility and potential regulatory changes, particularly relating to the Power Charge Indifference Adjustment (PCIA).

**There were no speakers for public comment.**

**Selection of topics discussed by subcommittee members:**

- How are fluctuating energy prices and regulatory changes reflected in the budget
- The effect of PCIA reform and risk exposure on fiscal planning
- CPUC timeline for adopting changes
- Tools for potential deficits
- Cash flow management across billing cycles
- Customers' impact
- Forecasting accuracy and revenue projections

**6. (1:25:39) Committee Member and Staff Announcements including requests to place items on future Board Agendas**

**There were no committee member or staff announcements.**

**7. Adjourned at 4:49pm.**

The next Financial, Administrative and Procurement Subcommittee meeting will be held on Wednesday, July 9, 2025 at 3:30pm.

Conference Room 5  
Ava Community Energy  
1999 Harrison Street, Suite 2300  
Oakland, CA 94612

*Minutes Written by Raïssa Ngoma*

# Ava Compliance Period Procurement Methodology

July 9, 2025



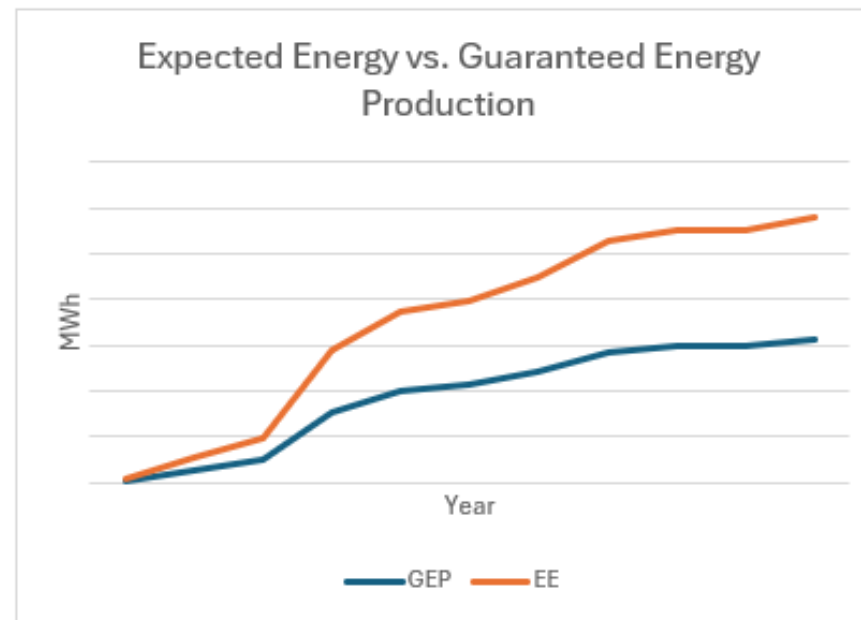
# Introduction

- Ava has discussed implementation of a multi-year procurement period for determining compliance to our agency's voluntary clean energy procurement targets
  - The board preliminarily approved this concept in the recent 25-26 budget
  - This presentation is providing implementation details to the FAP sub-committee prior to seeking formal board approval in the July board meeting
- Topics to be reviewed:
  - Guaranteed Energy Production vs. Expected Energy Overview and Challenges
  - California Renewable Portfolio Standard (RPS) Compliance Period Methodology Overview
  - RPS Compliance Period 4 Comparison (PG&E and Ava)
  - Benefits of a Compliance Period
  - Ava Compliance Period Procurement Methodology Scenarios



# Guaranteed Energy Production (GEP) vs. Expected Energy (EE)

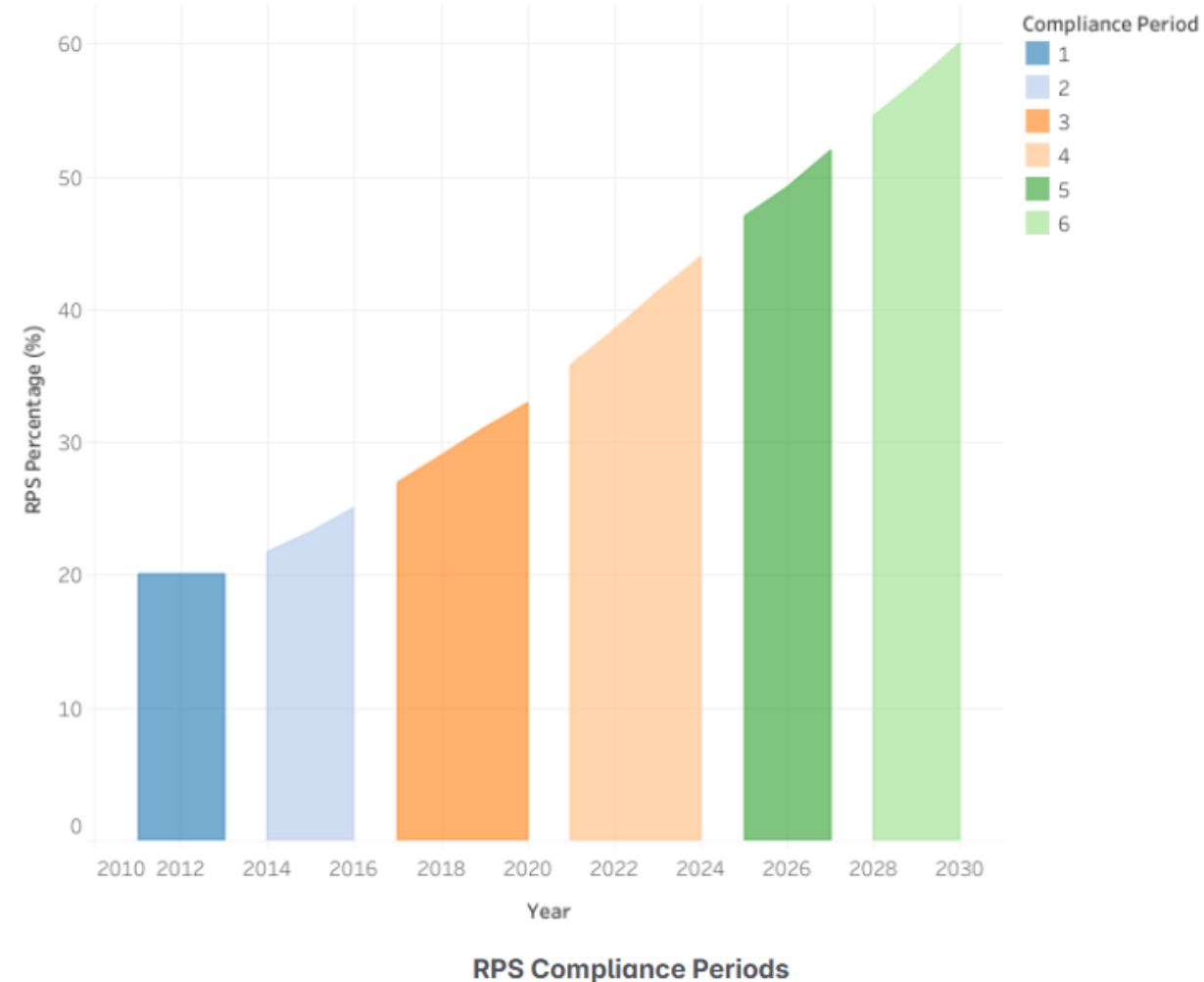
- Reflects the band between the minimum and maximum
- Energy from variable resources is subject to fluctuations based on weather patterns and time of day, making it less predictable.
- The more contingent, as delivered projects in the portfolio, the greater the band and therefore greater potential for over procurement.
- GEP is included in Ava's proforma as the EE multiplied by a specific percentage based on technology (85% solar and 75% wind).





# CA Compliance Period Procurement Methodology

- CA legislatively mandated Renewable Procurement Standards (RPS) include Compliance periods of 3-4 years whereby load serving entities can bank/retire RECs in different years relative to the generation
- Allows for management of variable resources like renewable energy and hydro in meeting compliance obligations while increasing procurement of ghg-free resources over an extended timeframe
- Ava can apply a similar approach for voluntary procurement targets with 3-4 year procurement periods
- This methodology provides a tool in managing finances in consideration of budget surplus and deficit projections by creating a balancing mechanism across the period
- Beyond 2030, LSEs have an ongoing 3-year compliance period requirement that currently maintains a 60% renewables target.



# RPS Compliance Period 4 Comparison

PG&E average 35.5%

	Compliance Period 4			
	2021	2022	2023	2024
<b>Eligible Renewable</b>	47.7%	38.3%	32.8%	23.0%
Biomass and Biowaste	4.2%	4.6%	3.4%	3.0%
Geothermal	5.2%	0.5%	0.3%	0.0%
Eligible Hydroelectric	1.8%	1.8%	2.5%	1.0%
Solar	25.7%	22.0%	20.2%	14.0%
Wind	10.9%	9.4%	6.3%	4.0%
<b>Coal</b>	0.0%	0.0%	0.0%	0.0%
<b>Large Hydroelectric</b>	4.0%	7.6%	13.8%	12.0%
<b>Natural Gas</b>	8.9%	4.8%	0.0%	2.0%
<b>Nuclear</b>	39.3%	49.3%	53.4%	63.0%
<b>Other</b>	0.0%	0.0%	0.0%	0.0%
<b>Unspecified Power</b>	0.0%	0.0%	0.0%	0.0%
<b>TOTAL</b>	100.0%	100%	100.0%	100%

Ava average 52.1%

	Compliance Period 4			
	2021	2022	2023	2024
	42.3%	49.4%	54.8%	61.8%
	0.5%	1.5%	13.0%	10.8%
	0.0%	0.8%	2.2%	0.9%
	0.2%	1.4%	2.5%	1.9%
	19.0%	18.1%	5.6%	17.4%
	22.6%	27.6%	31.6%	30.8%
	0.0%	0.0%	0.0%	0.0%
	15.9%	21.9%	34.1%	33.7%
	0.0%	0.0%	0.0%	0.0%
	1.7%	0.2%	0.0%	0.5%
	0.1%	0.0%	0.0%	0.0%
	40.0%	28.4%	11.1%	4.0%
	100.0%	100.0%	100.0%	100.0%

# Benefits of a Compliance Period

- Compliance periods and banking allow LSEs to adjust procurement strategies based on factors like energy availability, contract availability, and project development timelines, and provides flexibility for LSEs to help manage price fluctuations and ensure a more stable renewable energy market.
- Multi year compliance periods provide additional flexibility for retail sellers to meet renewable procurement targets. This approach allows LSEs to average renewable and large hydro purchases over a longer period rather than being strictly limited to a single year.

Specific Purchases	Percent of Total Retail Sales (kWh)		
	PG&E	Ava Community Energy	
		Bright Choice	Renewable 100
<b>Renewable</b>	<b>23.0%</b>	<b>61.8%</b>	<b>100%</b>
• Biomass & Biogas	3.0%	10.8%	0%
• Geothermal	0.0%	0.9%	0%
• Eligible Hydroelectric	1.0%	1.9%	0%
• Solar Electric	14.0%	17.4%	76.8%
• Wind	4.0%	30.8%	23.2%
<b>Large Hydroelectric</b>	<b>12.0%</b>	<b>33.7%</b>	<b>0.0%</b>
<b>Nuclear</b>	<b>63.0%</b>	<b>0.5%</b>	<b>0.0%</b>
<b>Emerging Technologies</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Other</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Natural Gas</b>	<b>2.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Coal and Petroleum</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Unspecified Power**</b>	<b>0.0%</b>	<b>4.0%</b>	<b>0.0%</b>
• Unspecified Power – ACS	0.0%	0.2%	0.0%
• Unspecified Power – Spot Market	0.0%	4.0%	0.0%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

- The final 2024 Power Content Label is shown to the right, reflecting total renewables and large hydro of 96% for Ava
- PG&E procured 23% renewables utilizing banked RECs to meet its RPS compliance obligation for 2024
- PG&E's 2025 power content will change significantly, likely with lower nuclear and higher natural gas
- Hourly emissions accounting, required in 2028, will impact power content and procurement needs and costs

# Considerations

- It is anticipated that in 2028 a new 24x7 emissions accounting methodology will be implemented. The details of this methodology are in development and uncertain at this time. There is potential that this implementation timeframe could be delayed.
- Alignment with RPS
  - Historically, procurement in the last year of an RPS compliance period is more expensive due to constrained supply relative to demand;
  - Staggering a compliance period with RPS could give us additional flexibility (e.g. 2024-2027)
  - Staggering could also pose additional challenges depending on timing (e.g. should Ava's first year be aligned with the last year in an RPS period?)
- Large hydro and nuclear are primarily sourced through allocations from PG&E and large hydro is subject to change
- With a 100% clean target goal starting in 2030, there is not a clear mechanism to balance procurement beyond 2030

# Compliance Period Procurement Methodology Scenarios

Ava proposes implementing a procurement period for 2024-2026 or 2024-2027 to utilize over procurement from 2024 in future years. This would result in our Power Content Label being above and below procurement targets in certain years allowing staff to balance procurement levels based on new projects coming online, firm vs. Contingent contracts, and optimal supply/pricing.

## Scenario 1: 2024-2026

Bright Choice	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Board Adjusted Target Procurement	NA	NA	68%	76%	81%	81%	81%	85%	90%	95%	100%
Actuals (Renewables + Large Hydro)	55%	58%	71%	89%	96%	TBD	TBD	TBD	TBD	TBD	TBD
Over/(Under) procurement %	1%	3%	3%	13%	15%	(7.5%)	(7.5%)	TBD	TBD	TBD	TBD
Compliance Period Adjusted Target						73.5%	73.5%				

- 2024-2026 compliance period 1
- 2027-2029 compliance period 2
- 2030-2032 compliance period 3
- Staggered with RPS periods
- 2028 new emissions methodology implementation in the middle of a compliance period
- Scenario 1 is estimated to have higher immediate savings in 2025 and 2026

# Compliance Period Procurement Methodology Scenarios (Cont.)

## Scenario 2: 2024-2027

Bright Choice	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Board Adjusted Target Procurement	NA	NA	68%	76%	81%	81%	81%	85%	90%	95%	100%
Actuals (Renewables + Large Hydro)	55%	58%	71%	89%	96%	TBD	TBD	TBD	TBD	TBD	TBD
Over/(Under) procurement %	1%	3%	3%	13%	15%	(5%)	(5%)	(5%)	TBD	TBD	TBD
Compliance Period Adjusted Target						76%	76%	80%			

- 2024-2027 compliance period 1
- 2028-2030 compliance period 2
- 2031-2033 compliance period 3
- Aligns with RPS periods
- 2028 new emissions methodology implementation at start of a new compliance period
- Scenario 2 is estimated to have potentially lower near-term savings in 2025 and 2026

# Compliance Period Procurement Methodology Scenarios (Cont.)

## Scenario 3: 2025-2027

Bright Choice	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Board Adjusted Target Procurement	NA	NA	68%	76%	81%	81%	81%	85%	90%	95%	100%
Actuals (Renewables + Large Hydro)	55%	58%	71%	89%	96%	TBD	TBD	TBD	TBD	TBD	TBD

- 2025-2027 compliance period 1
- 2028-2030 compliance period 2
- 2031-2033 compliance period 3
- Aligns with RPS periods
- 2028 new emissions methodology implementation at start of a new compliance period
- Scenario 3 has no immediate savings in reduced procurement costs but and aligns with RPS

Actual procurement levels will be reported in Ava's annual Power Content Label and multi-period averages will be reported in the annual budget setting process.

# Questions and Feedback

Ava is seeking feedback from the FAP sub-committee on a recommendation for a compliance period methodology scenario and intends to bring this item to the July Board meeting seeking formal approval.





Community Energy



# Fiscal Year 2024-2025 Annual Audit Process Preview

July 9, 2025



# Ava Financial Audit Process

- Ava's annual financial audit starts at the end of each fiscal year and is typically completed within 180 days (December 27<sup>th</sup>), as per contractual obligations with certain energy counterparties and the credit facility, currently held with US Bank.
  - The financial audit confirms the financial accuracy of Ava's financial statements and accounting processes by reviewing transactions, controls, processes, contractual agreement compliance, and other relevant aspects in a manner according to the Generally Accepting Accounting Principals (GAAP) methodology
- An ad-hoc committee is formed from current Board members to confer with the auditor independent of staff involvement to ensure adequate controls and diligence
- The results of the audit will be presented to the Board as an informational item by the auditor. Staff is currently targeting the November meeting for presentation, ahead of deadline
  - Based on the final results of the audit, information regarding actuals to budget and the revenue surplus will also be presented by staff

# Audit Timeline & Expected Deliverables

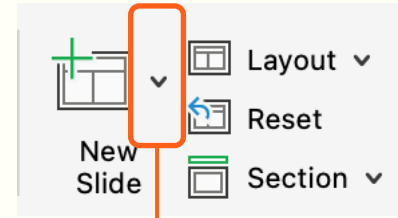
	Monday Friday	6/30/2025 7/4/2025	July	August	9/1/2025 9/5/2025	9/8/2025 9/12/2025	9/15/2025 9/19/2025	9/22/2025 9/26/2025	9/29/2025 10/3/2025	10/6/2025 10/10/2025	10/13/2025 10/17/2025	10/20/2025 10/24/2025	10/27/2025 10/31/2025	November	
Transition of Fiscal Year															
Audit Kickoff			7/11/2025												
Delivery of Key Documents															
Delivery of Trial Balances															
Testing & Review															
Bank Confirmations						Issue	Return								
Legal Confirmations								Issue		Return					
Draft Financial Statements								Deliver	Review	Review					
Audit Documents										Draft Opinion	Staff Review	Auditor Review	Final Opinion	Finalize BOD Items	Delivery to CPs
Ad-Hoc Committee				TBD					TBD						
FAP/Board Meetings						9/8/2025	9/17/2025				10/15/2025			11/7/2025	11/19/2025
			Completed			Current			Behind						
			On track/Scheduled						Delayed/Deferred/Unscheduled						

## Expected Deliverables at November Board Meeting

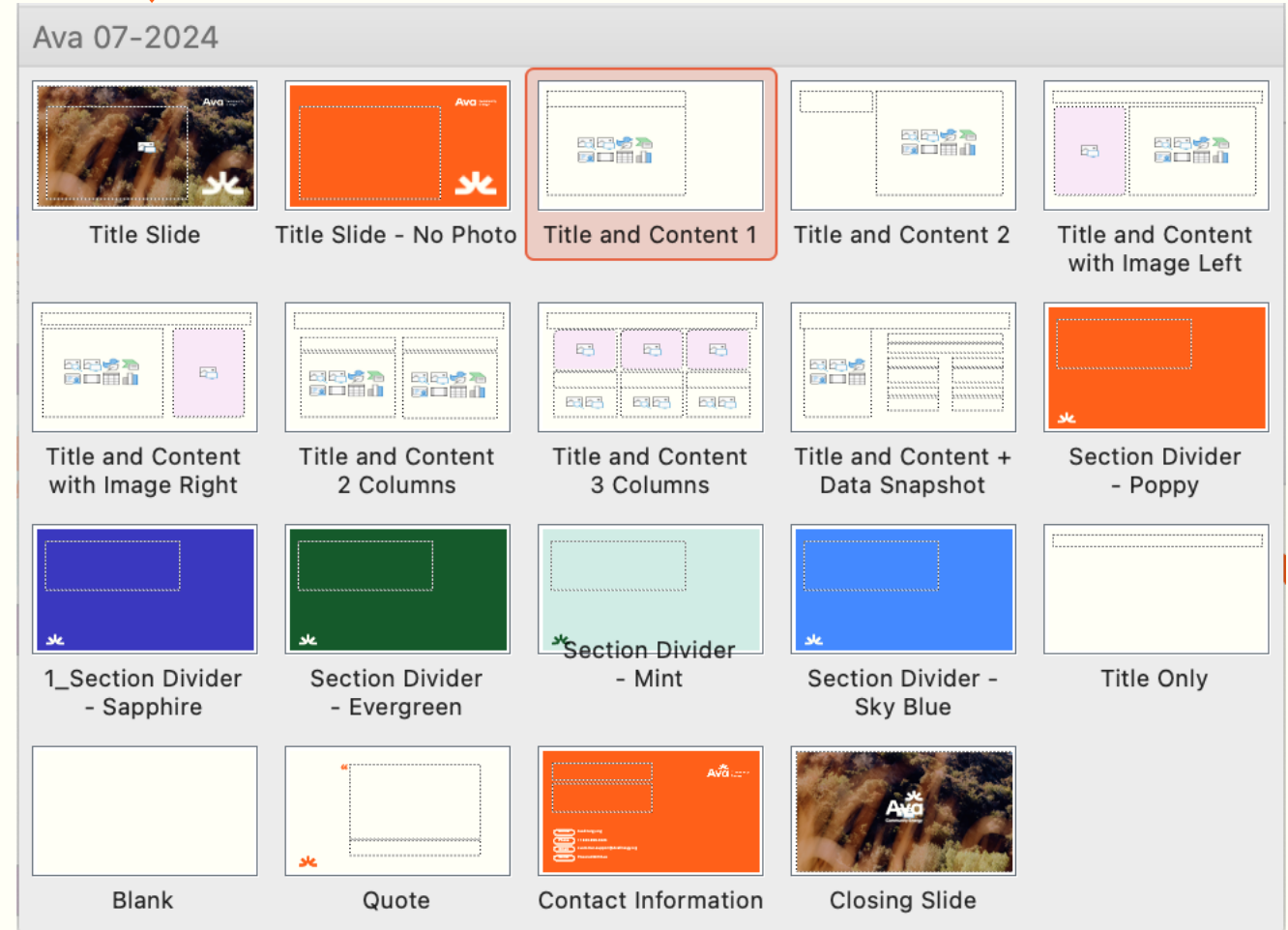
- Final Audited Financial Statements with notes and transmission letter
- Budget to Actuals for Fiscal Year 2024-2025
- Net Revenue Allocations
- State of Reserves & Rate Stabilization Fund

# Using This Template

- Insert new slides by hitting New Slide. You can click the small arrow next to New Slide to select from a number of template layouts
- Go to Insert > Header and Footer if you would like to enable footers across slides.
- The next slide contains icons you can use in your presentation. Please use these judiciously—it's generally better to have less content (especially decorative content) than more.



Please use the **desktop app** when editing your slides (versus the SharePoint browser version of PowerPoint).





Renewables



Solar energy



Wind energy



Solar + storage



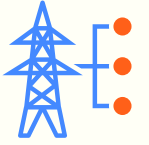
Rooftop solar



Community solar



Geothermal



Transmission



Induction



Heating + cooling



Water heating



EV fleet



Electric vehicles



EV charging



E-bikes



Home battery



Medical Baseline



Application



Residential



Apartment



Business



Municipal



Public Meeting



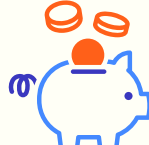
Event



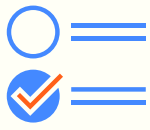
Environment



Energy bill



Savings



Choice



Community



Grants, sponsorships



Local



Benefits



Discussion / Contact



Select / Action



Marketing / Outreach



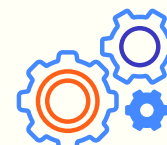
Data analysis



Health



Time of use



Operations

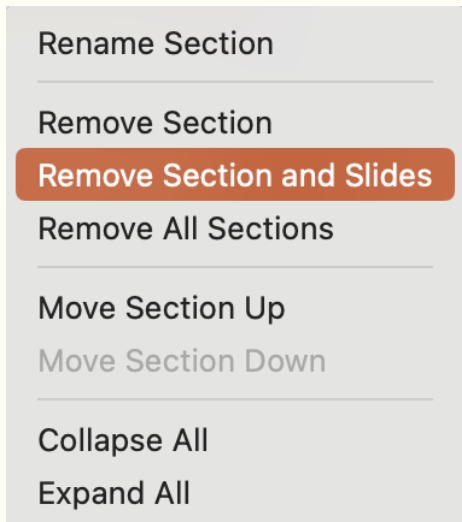


VPP

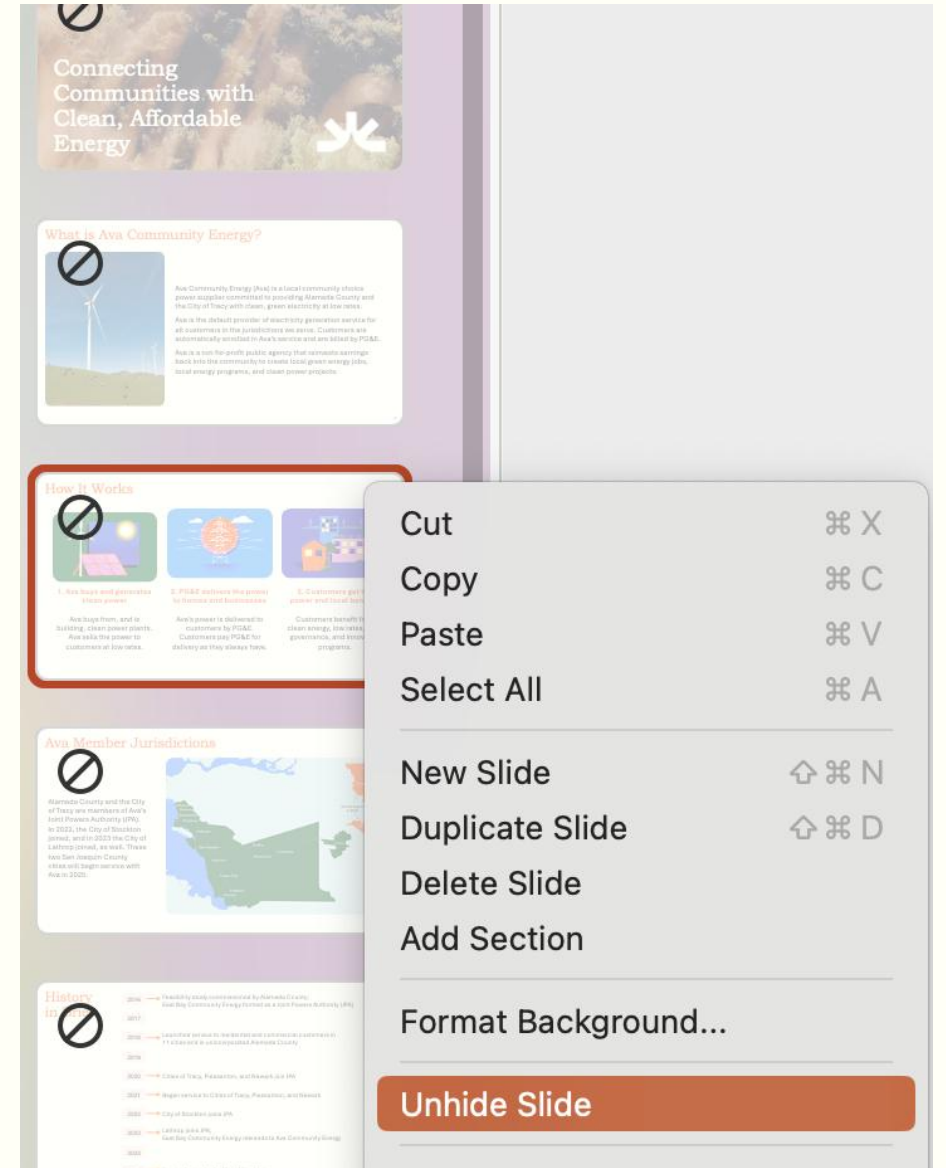
# Using a Premade Slide

The next section contains several premade slides that you can use or customize. To use one, right-click the slide and select “Unhide Slide”.

You are not expected to use these slides if they do not fit into your presentation.



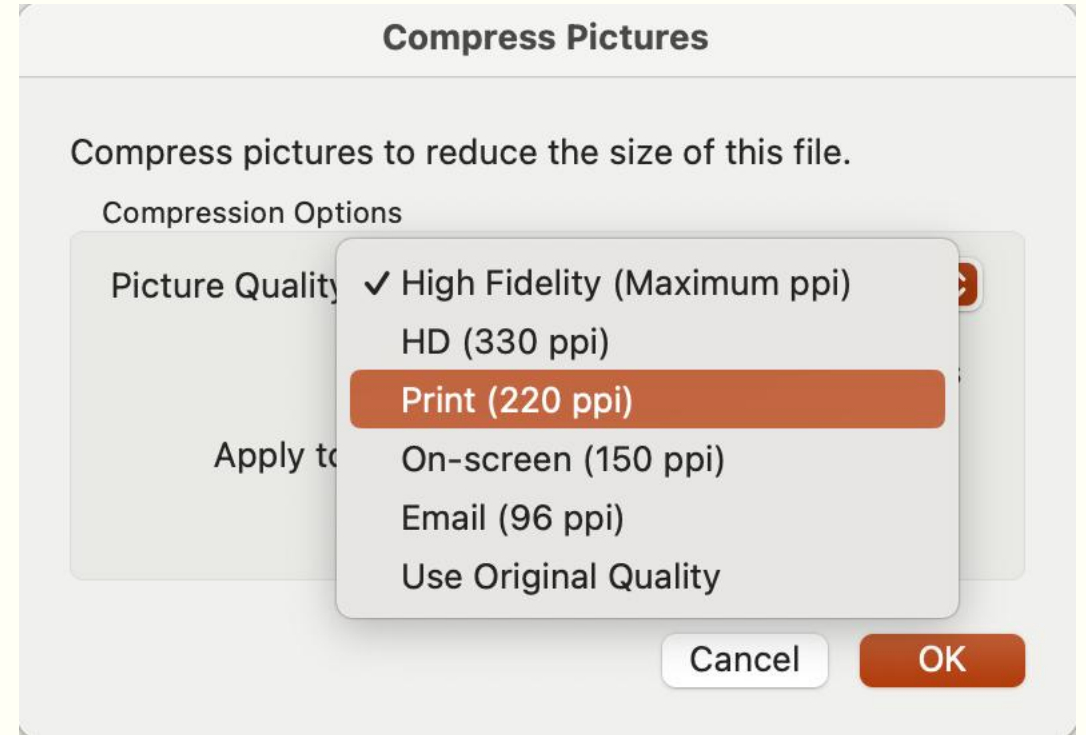
If you would like to remove all of these slides from your deck, right-click the title of the section (“Example Slides”) and select “Remove Section and Slides”.



# Finishing Up

- When you are done editing your slides, delete any hidden or unused slides. Delete any draft information (including in your slide notes) that aren't intended for sharing or presenting.
- You can reduce file size by going to **File > Compress Pictures**. Select “HD (330 ppi)” or, if you would like to reduce the size of your file further, “Print (220 ppi)”. These options will retain image quality enough so that they still print clearly.

If your file is still too large and your deck will primarily be viewed online, you can go down to “On-screen (150 ppi)”. Going lower in picture quality is not recommended.



*“ppi” stands for “pixels per inch”*



# Questions or Feedback?

Reach out to @Christina Cheuk ([ccheuk@avaenergy.org](mailto:ccheuk@avaenergy.org))



# **Energy Risk Management Policy**

## **Version 2.0**

Approved

July 16, 2025

## Table of Contents

<b>1. Philosophy, Objectives and Scope .....</b>	<b>1</b>
1.1. Risk Philosophy.....	1
1.2. Business Activities .....	1
1.3. Transacting Objectives .....	1
1.4. Scope of Policy.....	2
1.5. Applicability .....	2
1.6. Policy Review and Amendments .....	2
<b>2. Risk Strategy &amp; Parameters .....</b>	<b>3</b>
2.1. Counterparty Risk Management.....	3
2.2. Balanced Load.....	3
2.3. Minimum Coverage Requirements .....	3
2.4. Diversification of Portfolio .....	3
2.5. Purchase to Cover Load Serving Obligations - No Speculation .....	3
2.6. Use of Derivatives and Financial Transactions .....	4
<b>3. Risk Controls.....</b>	<b>4</b>
3.1. Control Principles.....	4
3.2. Internal Controls.....	4
3.3. Segregation of Duties .....	5
3.4. Conflicts of Interest.....	5
<b>4. Roles, Responsibilities, &amp; Organization.....</b>	<b>5</b>
4.1. Ava Board of Directors .....	5
4.2. Chief Executive Officer .....	6
4.3. Risk Oversight Committee .....	6
4.4. Front Office (Planning and Procurement) .....	6
4.5. Middle Office Controls and Reporting.....	7
4.6. Back Office (Settlements and Recording).....	7
4.7. Auxiliary Functions.....	7
4.8. Authorities, Delegations, Limits and Prohibitions .....	7
<b>5. Policy Compliance.....</b>	<b>7</b>
5.1. Compliance Exceptions.....	8
5.2. Reporting of Exceptions.....	8
5.3. Audit.....	8
5.4. Reserves .....	8
5.5. Systems, Tools and Training.....	8

## **1. Philosophy, Objectives and Scope**

This Energy Risk Management Policy (ERMP) outlines the philosophies and objectives of Ava Community Energy (Ava) Board of Directors (Board). The Energy Risk Management Regulations (ERMR) also adopted by Ava expand on the roles, strategies, controls and authorities authorized in this policy to form a comprehensive energy risk management program. The ERMR shall be read in conjunction with this ERMP.

### **1.1. Risk Philosophy**

The overall goal of this ERMP is to:

- Serve the participating jurisdictions' needs subject to Board approved risk tolerance limits;
- Provide as much energy supply (generation and capacity) cost certainty for Ava's customers as possible while maintaining a least cost supply portfolio; and
- Enhance the value of Ava's assets to meet the financial goals and requirements of the participating jurisdictions.

As a joint powers authority, Ava is in the business of generation, transmission and procurement of energy for the benefit of its participating jurisdictions. Ava's objective is to develop the least cost supply portfolio to meet load requirements of its customers, while maximizing revenues from sales of surplus energy, capacity and other wholesale energy and transmission services (e.g. resource optimization). However, unlike a private-sector entity, Ava's primary purpose in the power supply business is to serve its customers. Ava's goal is to be a cost hedger for its participating jurisdictions' load and, therefore, is precluded by this policy from engaging in speculative activities typical to many organizations orientated toward profit maximization.

Ava management recognizes that certain risks are incidental to normal power supply operations and hedging activities. Ava's goal is to avoid unnecessary risk and to limit, to the extent practicable, any risks associated with normal cost-hedging activities. This document serves as a vehicle to describe and define the limits for activities considered as appropriate for Ava in a normal course of business.

### **1.2. Business Activities**

A primary part of Ava's main business is to procure or produce power supplies, capacity, and reserves to meet its customer load requirements. The resource (capacity/energy) supply portfolio may consist of physical assets, such as power plants and distributed energy resources, fixed and variable priced supply contracts of varying lengths, and agreements for other related supplies and services needed to ensure reliable delivery of electricity to Ava's customers.

### **1.3. Transacting Objectives**

Ava's overall transacting objective is to meet the load requirements of its customers with an optimized resource supply portfolio. Ava's objectives when transacting on behalf of its customers for the procurement of energy and energy related supplies and services are as follows:

- Meet customer load requirements including energy, capacity and reserves;
- Provide stable rates for the participating jurisdictions;
- Obtain the best available price for power supply while complying with the requirements of this policy and other objectives established by the Board (e.g. renewable energy policy goals);
- Manage Ava's assets to optimize value;
- Act to limit exposure to extreme market system changes;
- Follow effective wholesale counterparty credit management procedures; and
- Develop and maintain Ava's investment grade credit rating.

#### **1.4. Scope of Policy**

This ERMP addresses risks arising from Ava's participation in the wholesale energy markets and applies to all energy and energy related transactions made by Ava. This ERMP does not address the following types of general property and casualty business risk: fire, accident and casualty; health, safety, and workers' compensation; general liability; and other such typically insurable perils. The term "risk management," as used herein, is therefore understood to refer solely to risks related to participation in wholesale energy markets as herein defined.

Ava is exposed to three quantifiable risks: load and resource variability (volumetric), cost variability (price), and counterparty credit risk. From the perspective of risk mitigation, Ava's primary objective is to cover load and optimize the value of assets. Taking risks in order to arbitrage market opportunities, or risks unrelated to Ava's normal power supply business activities, is not permitted.

Ava is also exposed to regulatory and operational risks. However, these exposures are not quantifiable as they affect structural change. As a result, these risk categories are managed as separate enterprise risk exposures and are not directly governed by this ERMP.

This ERMP prescribes the management organization, authority and processes to monitor, measure and control the risks to which Ava is exposed in the normal course of business. Specific methodologies used to measure, monitor and control these risks shall be established by the Chief Executive Officer's Risk Oversight Committee (ROC), in accordance with sound utility practices and included in the ERMR.

#### **1.5. Applicability**

This ERMP is effective immediately upon its adoption by the Board. It applies to Ava's wholesale supply operations, long-term contracting for energy/capacity and services, acquisition of generation resources, credit risk management and other related ancillary activities undertaken by Ava.

#### **1.6. Policy Review and Amendments**

Prudence is required in implementing any and all policies and procedures. Market and industry norms, technology and risk tolerances tend to change over time. Therefore, this policy should be reviewed as needed, in order to make adjustments in response to changes in business objectives

and/or industry norms. Amendments to this ERMP shall be done only by approved Resolution of the Board.

## **2. Risk Strategy & Parameters**

An important aspect of implementing an overall energy risk management policy is the development of related strategies to mitigate all of the related risks associated with energy transacting activities. The key strategies of Ava are outlined below.

### **2.1. Counterparty Risk Management**

Counterparty risk is defined as the exposure to economic loss resulting from default by a party to a contract (e.g., a *counterparty*). Counterparty risk affects both contracts requiring physical settlement and those specifying monetary settlement. For all fixed price energy transactions, the counterparty must possess at least a BBB- (or equivalent investment grade rating) by a nationally recognized statistical rating organization (NRSRO). Ava staff may consider counterparties with a rating below investment grade, or a counterparty without a NRSRO rating on a case-by-case basis, with the approval of the ROC.

Effective wholesale counterparty management and credit analysis is essential to mitigate the counterparty risks associated with commodity transactions in the energy markets. The objective is to preserve Ava's capital, liquidity, and supply reliability by limiting counterparty credit risk and supplier concentration to acceptable levels. Methodologies to achieve this objective are set forth in the ERMR.

### **2.2. Balanced Load**

Ava shall maintain an integrated and balanced portfolio of resources to cover its customer load within a dual volume and cost-at-risk framework.

### **2.3. Minimum Coverage Requirements**

Ava shall establish minimum coverage requirements, combined with defined cost-at-risk metrics, for capacity and energy as determined by the ROC and outlined in the ERMR.

### **2.4. Diversification of Portfolio**

Ava shall strive to develop a resource portfolio that includes diversification in fuel type, contract duration, geographic location, counterparty, pricing terms, cash reserves and types of products.

### **2.5. Purchase to Cover Load Serving Obligations - No Speculation**

As discussed in Section 1.3, Ava's overall objective for energy procurement activities is to cover the load serving obligations of its customers. In the course of performing these activities, Ava shall not engage in activities that expose its participating jurisdictions to speculative transactional risks and shall only utilize approved transaction parameters as determined by the ROC and outlined in the ERMR.

## **2.6. Use of Derivatives and Financial Transactions**

Use of financial derivatives or transactions (as opposed to physical or “embedded” options) is allowed in limited circumstances by Ava. These include transactions used to set price caps and floors, or hedge against load/price volatility. Examples include:

- Exchange traded Puts and Calls;
- Electric Futures;
- Electric Options; and
- Weather Derivatives.

Use of certain types of financial derivatives is necessary in order to mitigate various risks outlined in this policy while optimizing the resource portfolio. Such types of allowable financial derivatives or transactions (but not individual transactions) must be approved by the ROC as outlined in the ERM as developed by the ROC in accordance with this policy.

## **3. Risk Controls**

### **3.1. Control Principles**

Ava will strive to conduct its energy risk management activities in accordance with best practices of the energy industry, but implementing such practices must be cost justified and balanced between costs and benefits. Processes and control systems must be in place that allow Ava to identify, measure, monitor, control and track its risk exposures. These processes and control systems shall include the following risk management control principles:

- Appropriate segregation of duties and internal controls will be used;
- Appropriate systems to ensure accurate and effective management reporting;
- Necessary resources in place to achieve management objectives;
- Attract and retain skilled and trained personnel;
- Cross-train and provide cross coverage;
- Employees conducting energy transactions are free of conflicts of interest;
- Authority and approval delegation is commensurate with accountability and capability;
- Performance measurement and reporting incorporate risk and return measures; and
- Ongoing monitoring of control effectiveness.

### **3.2. Internal Controls**

Internal controls shall be based on proven principles that meet the stringent requirements of generally accepted auditing standards (GAAS), financial institutions and credit rating agencies. The required controls shall include all customary and usual business practices designed to 1) prevent errors and improprieties, 2) ensure accurate and timely reporting of results of operations and other information pertinent to management, and 3) facilitate attainment of business objectives.

### **3.3. Segregation of Duties**

Responsibilities related to energy transacting shall be segregated in a manner consistent with the control principles listed above by means of clearly defined roles and responsibilities for the Front Office, Middle Office and Back Office operations. Such roles and responsibilities can also be provided by a qualified third-party services provider. Specific roles, responsibilities and organizational structure of these functions are outlined in Section 4 of the ERMP.

These controls shall be fully integrated into all business activities of Ava, and there shall be active participation by senior management in risk management processes.

### **3.4. Conflicts of Interest**

All Ava employees who are engaged in energy supply resource transactions, counterparty credit evaluation, or oversight of the foregoing and are employed in any job classification listed in the Ava Conflict of Interest Code are required to complete annual conflict of interest filings on FPPC Form 700 and disclose investments as required by that code.

In addition to the foregoing disclosure requirement, Ava employees engaged in energy supply resource transactions, counterparty credit evaluation or oversight of the foregoing, are barred from investing in any company with whom Ava has consummated energy or related purchases or sales within the last two years.

Such employees must divest existing direct holdings in energy counterparties prior to engaging in any negotiating, evaluating, transacting or oversight functions. The ban on investment and requirement for divestment applies regardless of whether or not the investment would be of sufficient size (\$2,000) to require disclosure on FPPC Form 700.

Ava employees supervising staff who are subject to this policy are responsible for routinely reviewing Form 700 of each such staff member for the purpose of identifying potential financial conflicts of interest. General Counsel will assist in reviewing these forms and providing legal advice in connection with such reviews upon request.

## **4. Roles, Responsibilities, & Organization**

This section of the ERMP defines the overall roles and responsibilities for implementation of this ERMP. The coordinated efforts of personnel across several divisions are required to successfully implement Ava's risk management program. Section 4 of the ERMP outlines the basic roles and responsibilities of each organizational function. Specific details and the specific roles and responsibilities of the oversight and operational divisions within the energy risk management program structure at Ava are outlined in the ERMR, as developed by the ROC and revised from time to time.

### **4.1. Ava Board of Directors**

The Board has the ultimate oversight over Ava operations and is responsible for establishing an organizational-wide framework for risk management and ensuring that risk management results are achieved as planned. The Board shall approve and establish organizational policies for risk



management and delegate to the Chief Executive Officer the responsibility for implementing the ERMP. With responsibility for the ultimate oversight over Ava operations, the Board shall be responsible to ensure the risk management results are achieved in accordance with the ERMP.

#### **4.2. Chief Executive Officer**

The Chief Executive Officer has overall responsibility for implementing the ERMP and for communicating risk management issues to the Board. The Chief Executive Officer shall be responsible for delegating specific duties for carrying out the policy and insuring compliance with it by all affected Ava employees or contractors. The Board acknowledges that the Chief Executive Officer shall established the ROC as a member/staff function and may delegate certain functions to the ROC, which delegation is ratified by this ERMP.

#### **4.3. Risk Oversight Committee**

The Risk Oversight Committee (ROC) is responsible for overseeing compliance with risk management policies within Ava. The ROC serves as the highest level of organizational risk management reporting to the Chief Executive Officer. The ROC shall consist of at least five (5) members including Ava Management, participating jurisdictional representatives and Ava's legal counsel, as designated by the Chief Executive Officer from time to time. A quorum for the ROC to do business shall be a simple majority of Committee members or their designees.

The participating jurisdictions may nominate potential ROC members. The Chief Executive Officer shall select ROC representatives based on those recommendations.

Each ROC member shall have one vote, and may appoint a voting alternate with the approval of the Chief Executive Officer. Participating jurisdictions not represented on the ROC may send representatives to attend ROC meetings and participate in ROC discussions; however, these non-ROC participants will have no voting rights.

The ROC will meet at least quarterly, to act on the responsibilities mentioned above.

The ROC shall have the responsibility for ensuring that business is conducted in accordance with the ERMP. The ROC shall adopt and keep current "Energy Risk Management Regulations," which shall define in detail the internal controls, strategies and processes for managing risks covered under the ERMP. Specific ROC responsibilities are outlined in detail in the ERMR.

#### **4.4. Front Office (Planning and Procurement)**

The Front Office is responsible for resource planning and procuring resources to meet the physical, financial and contractual requirements of Ava, with load/resource balancing provisions and such other arrangements as may be approved by the Board in the future. The function includes contract administration, managing the risk assumptions for electricity transactions, including physical and financial needs analyses, energy purchases and sales, procurements of capacity, ancillary services and coordinating energy delivery scheduling. The Front Office is responsible to ensure that the procedures and processes needed to transact business within the ERMP are in place and they perform all duties related to actual transacting in the wholesale

energy markets. The Front Office is the primary interface with potential wholesale transacting counterparties. The Chief Executive Officer and Head of Power Resources are responsible for managing the Front Office and can be supported by qualified third party suppliers. Front Office activities and detailed responsibilities are outlined in the ERMR.

#### **4.5. Middle Office Controls and Reporting**

The duties of the Middle Office will be conducted by the Finance Department, and/or are supported by a qualified third-party supplier. Its primary purpose is to manage risk oversight and controls. The Middle Office provides independent oversight of the risks assumed by the Front Office in the course of transacting energy products and services. The Middle Office must be independent from the Front Office functions. The Head of Finance is responsible for managing the Middle Office. Detailed responsibilities of the Middle Office are described in the ERMR.

#### **4.6. Back Office (Settlements and Recording)**

The Back Office is primarily responsible for settlement of bills, recording transactions, bookkeeping and accounting, and contract compliance. It is responsible for providing assurance of accurate transaction records and settlements. Back Office functions are conducted by personnel in the Finance Department, and/or are supported by a qualified third-party supplier. Detailed responsibilities of the Back Office are described in the ERMR.

#### **4.7. Auxiliary Functions**

Additional issues impacting the overall power supply and risk management program include establishment of financial reserve requirements, which are generated by auxiliary support functions in the Finance Department.

The Finance Department is responsible for preparation of the budget and the calculation of rates used to bill customers for their related power supply usage. In addition, the Finance Department is responsible for establishment of necessary reserve levels for the various projects owned by Ava, if any, and for the Ava in general. The Finance Department is also responsible for establishment of reserves necessary for credit risks related to counterparty credit as mentioned in the ERMP, but as more clearly defined in the ERMR.

#### **4.8. Authorities, Delegations, Limits and Prohibitions**

All executed transactions shall conform to the policies set forth herein. It shall be the responsibility of the ROC, with approval of the Chief Executive Officer, to establish appropriate individual transacting authority limits for the various personnel involved in the Front Office function. All staff with designated responsibility for Middle Office or Back Office functions are strictly prohibited from executing any wholesale transactions. The Middle Office shall be responsible for informing counterparties of such approved authorizations, including transacting authority and restrictions, along with product types and/or term and dollar limits.

### **5. Policy Compliance**

### **5.1. Compliance Exceptions**

Compliance exceptions are actions which violate the authority limits or directives set forth herein or in the ERM as developed and adopted pursuant hereto by the ROC.

### **5.2. Reporting of Exceptions**

The Chief Executive Officer shall notify the ROC of exceptions to mandated policies, procedures and regulations within 48 hours after they are identified, and ensure Front Office prepare a full report for review and discussion at the next ROC meeting.

### **5.3. Audit**

Compliance with this ERMP and with the specific ERM requirements instituted pursuant to this ERMP, shall be subject to examination by Ava's independent auditors or by such other reviewers that Ava or ROC may appoint to evaluate the effectiveness of mandated controls.

### **5.4. Reserves**

The ROC and the Chief Executive Officer, or his/her designee, are responsible for ensuring adequate reserves for energy price exposure and credit losses are maintained by Ava. The reserve estimate methodology, as established by the Finance Department, shall be reviewed and approved as needed to ensure appropriate reserve levels are maintained and funded.

### **5.5. Systems, Tools and Training**

Ava employees who are authorized to perform energy risk management functions on behalf of Ava shall be provided with the necessary systems and tools to support all risk management processes.

Provision shall be made in the budgets submitted for each division which performs market risk management functions on behalf of Ava for the acquisition and maintenance of computer systems, software, communications equipment, data services and other analytical, measurement and reporting tools.

Provision shall also be made in the budgets submitted for each Ava division/department which performs market risk management functions on behalf of Ava for managers and staff to attend seminars and courses in risk management on a regular basis.



# Request for Board Approval of Ava Energy Risk Management Policy v2.0



Marie Fontenot  
Ray Dai

July 9, 2025





# Energy Risk Management (ERM) Policy & Regulations

- Ava has two energy risk management documents:  
ERM Policy focuses on *principles* while ERM Regulations focus on implementable *procedures and* expand on the roles, strategies, controls and authorities in the policy to form a comprehensive energy risk management program. For example:
  - The policy only allows transaction of approved products without listing those products
  - The policy talks about segregation of duties, but doesn't specify who does what, i.e. roles and responsibilities of different offices
  - The policy requires approved personnel with approved authorities in transactions without specifying an actual authority matrix



# Energy Risk Management (ERM) Policy & Regulations

- Ava Board approved the ERM Policy on 2/7/2018 and delegated authority to CEO & ROC to review and approve the ERM Regulations to implement the ERM Policy
- Risk Oversight Committee (ROC) oversees compliance with Energy Risk Management Policy and Regulations
- Staff and ROC have been revising and updating ERM Regulations to support Ava's transaction need while promoting best risk management practice in the dynamic and challenging energy wholesale markets
- Changes to ERMP are needed to ensure consistency and accuracy
- ERM Policy focuses on philosophy & principles and doesn't need to be updated often.



# Highlights of the changes to Energy Risk Management (ERM) Policy

- Delete details about ROC membership and quorum
  - The total number of ROC members and quorum. Currently, the policy doesn't say anything about the total number of ROC membership and specifies a quorum of three members. The proposed changes are at least five ROC members and quorum being simple majority
- Deleting the language of ROC regularly reporting to Board.
  - Ava Board designates Ava CEO to organize and run ROC. ROC doesn't report to the Board directly. Ava CEO reports to the Board.
  - Per Inder's comment: To make sure we keep the ROC as committee that is not subject to the Brown Act (and not create arguments otherwise), it's important that: (1) the Board does not create the ROC through formal action; (2) the Board does not appoint members of the ROC; and (3) the ROC does not report back to the Board.
- Minor changes have been made to the ERM Policy: including names and titles are necessary to reflect Ava's growth and organizational changes and to ensure consistency with the ERM Regulations.
  - Change Executive Director to CEO, Director of Power Resources to Head of PR, Director of Finance & Admin to Head of Finance







Community Energy





## ACCOUNTANTS' COMPILATION REPORT

Board of Directors  
AVA Community Energy

Management is responsible for the accompanying financial statements of AVA Community Energy (a California Joint Powers Authority) which comprise the statement of net position as of March 31, 2025, and the related statements of revenues, expenses, and changes in net position, and the statement of cash flows for the three months and nine months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all of the note disclosures required by accounting principles generally accepted in the United States of America in these interim financial statements. AVA Community Energy's annual audited financial statements include the note disclosures omitted from these interim statements. If the omitted disclosures were included in these financial statements, they might influence the user's conclusions about the Authority's financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to the Authority because we performed certain accounting services that impaired our independence.

*Maher Accountancy*

San Rafael, CA  
June 6, 2025

**AVA COMMUNITY ENERGY**  
**STATEMENT OF NET POSITION**  
**As of March 31, 2025**

**ASSETS**

Current assets	
Cash and cash equivalents - unrestricted	\$ 347,133,805
Cash and cash equivalents - restricted	4,486,257
Accounts receivable, net of allowance	71,603,581
Accrued revenue	38,912,044
Other receivables	5,123,810
Prepaid expenses	3,477,847
Deposits	3,918,125
Investments	39,653,617
Total current assets	<u>514,309,086</u>
Noncurrent assets	
Cash and cash equivalents in Rate Stabilization Fund - unrestricted	57,597,693
Deposits	1,075,786
Investments	297,288,479
Loan receivable	2,104,299
Capital assets, net of depreciation and amortization	9,732,613
Total noncurrent assets	<u>367,798,870</u>
Total assets	<u>882,107,956</u>

**LIABILITIES**

Current liabilities	
Accrued cost of electricity	159,183,829
Accounts payable	4,616,860
Advances from grantors	4,486,257
Other accrued liabilities	1,749,275
User taxes and energy surcharges due to other governments	7,983,278
Security deposits - energy suppliers	7,209,453
Total current liabilities	<u>185,228,952</u>
Noncurrent liabilities	
Security deposits - energy suppliers	3,600,000
Total liabilities	<u>188,828,952</u>

**DEFERRED INFLOWS OF RESOURCES**

Rate Stabilization Fund	<u>57,597,693</u>
-------------------------	-------------------

**NET POSITION**

Net investment in capital assets	9,732,613
Unrestricted	625,948,698
Total net position	<u><u>\$ 635,681,311</u></u>

**AVA COMMUNITY ENERGY**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGE IN NET POSITION**  
**Nine Months Ended March 31, 2025**

	<b>Three Months</b>	<b>Year-to-Date</b>
<b>OPERATING REVENUES</b>		
Electricity sales, net	\$ 174,362,333	\$ 657,775,110
Revenue directed from Rate Stabilization Fund	22,319,294	22,319,294
Liquidated damages	464,475	10,041,975
Grant revenue	1,209,625	2,696,073
Other operating revenues	160,588	279,225
Total operating revenues	<u>198,516,315</u>	<u>693,111,677</u>
<b>OPERATING EXPENSES</b>		
Cost of electricity	210,329,690	570,268,195
Contract services	6,081,136	17,912,902
Staff compensation	5,413,542	15,059,174
Other operating expenses	2,121,747	6,011,589
Depreciation and amortization	219,914	678,220
Total operating expenses	<u>224,166,029</u>	<u>609,930,080</u>
Operating income (loss)	<u>(25,649,714)</u>	<u>83,181,597</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment income	8,978,872	17,194,082
Interest expense	(4,043)	(28,399)
Nonoperating revenues (expenses), net	<u>8,974,829</u>	<u>17,165,683</u>
<b>CHANGE IN NET POSITION</b>	<u>(16,674,885)</u>	<u>100,347,280</u>
Net position at beginning of period	<u>652,356,196</u>	<u>535,334,031</u>
Net position at end of period	<u><u>\$ 635,681,311</u></u>	<u><u>\$ 635,681,311</u></u>

**AVA COMMUNITY ENERGY**  
**STATEMENT OF CASH FLOWS**  
**Nine Months Ended March 31, 2025**

	<u>Three Months</u>	<u>Year-to-Date</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 202,595,026	\$ 720,023,592
Receipts of supplier security deposits	1,857,704	5,789,956
Other operating receipts	630,739	10,792,476
Payments to suppliers for electricity	(216,072,885)	(556,879,191)
Payments for other goods and services	(6,723,316)	(24,274,712)
Payments for staff compensation	(5,427,689)	(15,005,451)
Payments for deposits and collateral	(3,406,878)	(12,300,878)
Payments of taxes and surcharges to other governments	(8,388,975)	(26,310,264)
Net cash provided by operating activities	<u>(34,936,274)</u>	<u>101,835,528</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments of lease liability	(256,702)	(737,014)
Purchases of capital assets	-	(87,745)
Net cash (used) by capital and related financing activities	<u>(256,702)</u>	<u>(824,759)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	60,977,683	60,982,046
Principal payments of loan received	83,736	90,962
Investment income received	5,603,624	12,751,520
Purchase of investments	(75,973,828)	(395,146,269)
Loan issued	-	(2,057,344)
Net cash provided (used) by investing activities	<u>(9,308,785)</u>	<u>(323,379,085)</u>
Net change in cash and cash equivalents	(44,501,761)	(222,368,316)
Cash and cash equivalents at beginning of period	453,719,516	631,586,071
Cash and cash equivalents at end of period	<u>\$ 409,217,755</u>	<u>\$ 409,217,755</u>
<b>Reconciliation to the Statement of Net Position</b>		
Cash and cash equivalents - unrestricted (current)	\$ 347,133,805	\$ 347,133,805
Cash and cash equivalents - restricted (current)	4,486,257	4,486,257
Cash and cash equivalents (noncurrent)	57,597,693	57,597,693
Cash and cash equivalents	<u>\$ 409,217,755</u>	<u>\$ 409,217,755</u>

**AVA COMMUNITY ENERGY**  
**STATEMENT OF CASH FLOWS (Continued)**  
**Nine Months Ended March 31, 2025**

**RECONCILIATION OF OPERATING INCOME TO NET  
CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	<u>Three Months</u>	<u>Year-to-Date</u>
Operating income (loss)	\$ (25,649,714)	\$ 83,181,597
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation and amortization expense	219,914	678,220
(Increase) decrease in:		
Accounts receivable	13,263,131	13,359,235
Other receivables	(2,193,568)	(2,950,142)
Accrued revenue	6,720,203	22,040,349
Prepaid expenses	1,190,120	(652,306)
Deposits	294,000	2,225,232
Increase (decrease) in:		
Accrued cost of electricity	(5,635,149)	9,884,320
Accounts payable	1,422,525	(795,948)
Other accrued liabilities	10,073	69,798
Advances from grantors	(3,529,649)	(4,565,894)
Deferred revenue	(51,958)	(1,738,936)
User taxes due to other governments	(139,612)	538,641
Security deposits from energy suppliers	1,462,704	2,880,656
Rate Stabilization Fund	(22,319,294)	(22,319,294)
Net cash provided (used) by operating activities	<u>\$ (34,936,274)</u>	<u>\$ 101,835,528</u>
<b>NONCASH INVESTING ACTIVITIES</b>		
Unrealized appreciation (depreciation) and timing differences in investment income	\$ 3,375,248	\$ 4,442,562