



Financial, Administrative and Procurement Subcommittee Meeting

Friday, November 7, 2025
3:30 pm

In Person:

Altamont Conference Room
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
- 35653 Scarborough Dr., Newark, CA 94560
- 34009 Alvarado-Niles Road, Union City, CA 94587
- Inn at the Pier Pismo Beach, Curio Collection by Hilton 601 Cypress St, Pismo Beach, CA 93449

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.

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 September 8, 2025 (Action Item)**
- 4. FY 2024-25 Audited Financial Statements Final Draft Review (Informational Item)**
Presentation on the audited financial statements, findings and discussions.
- 5. FY 2024-25 Budget to Actuals Review and Surplus Allocations (Informational Item)**
Presentation of budget to actual performance for the 2024-25 FY and distribution of surplus revenues.
- 6. FY 2024-25 Budget Surplus CARE/FERA Customer Credit (Informational Item)**
Presentation of allocation methodology options for the CARE/FERA Customer Credit across all eligible customers.
- 7. Committee Member and Staff Announcements including requests to place items on future Board Agendas**
- 8. Adjourn**

The next Financial, Administrative and Procurement Subcommittee meeting will be held on Wednesday, January 28, 2026 at 3:30pm.

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



Draft Minutes

Financial, Administrative and Procurement Subcommittee Meeting

Monday, September 8, 2025
3:30 pm

In Person:

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

Or from the following locations:

- 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
- The Westin San Diego Bayview, 1051 Columbia St, San Diego, CA 92101
- 34009 Alvarado-Niles Road, Union City, CA 94587

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1. (0:19) Welcome & Roll Call

Present: Directors: Morada (Dublin), Keng (Fremont), Brown (Oakland), Del Catancio

(Newark), Sakakihara (Union City) and Chair Kaur (Emeryville).

2. (0:58) 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. (1:06) Approval of Minutes from July 9, 2025 (Action Item)

Director Morada (Dublin) motioned to approve the minutes. Director Keng (Fremont) seconded the motion, which passed 6/0/0/0/0.

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

No: None.

Abstain: None.

Recuse: None.

Not Present: None.

There were no speakers for public comment.

4. (2:57) Credit Card Policy Amendment (Informational Item)

Proposed amendments to the Credit Card Policy.

Jason Bartlett presented proposed updates to Ava's Credit Card Policy, recommending expanding eligibility for executive cards to SVPs and above, allowing additional cards when needed, and raising the monthly limit from \$60k to \$100k.

There were no speakers for public comment.

Selection of topics discussed by subcommittee members:

- Whether the monthly limit of \$100k is sufficient
- The Policy's cautious limits due to credit card fraud concerns
- Acknowledgement that future limit increases may be needed as operations and social media spending grow

5. (13:50) Rate Stabilization Fund (Informational Item)

Proposed Rate Stabilization Fund Policy.

Russell (Rusty) Mills reviewed Ava's budget stabilization and proposed formalizing it as a Rate Stabilization Fund with clearer policies aligned to industry standards. He highlighted the staff's recommendation to allocate the full \$107M FY24-25 surplus into the fund to prepare for the future budget pressures, particularly from the PCIA reform.

Selection of topics discussed by subcommittee members:

- Whether to adopt the policy before allocating the \$107M surplus
- Allocation options of 100% which was recommended by staff due to PCIA uncertainty, 90/10, and 80/20
- Likelihood of using funds tied to prior resolutions
 - High for clean energy PPAs and low to medium for solar/storage and budget stabilization
- Clearer mid-level policy details
- Possibly separating allocation and policy into distinct board action items
- Informal order for fund drawdowns could be codified as guidance while keeping flexibility

(50:17) Public Comment - Ann Harvey expressed concern that maintaining reserves equal to 70% of annual revenues is higher than other CCAs, which could keep customer rates elevated longer to reach those targets.

(51:26) Public Comment - Jessica Tovar urged Ava to revisit last year's request to allocate \$15M of the surplus toward community resilience hubs as a resilience stabilization fund. She also emphasized that community suggestions deserve further consideration alongside the rate stabilization fund and asked what the agency has done recently for environmental justice.

6. (53:11) Line of Credit (Informational Item)
Review of Line of Credit for Board approval.

Russell (Rusty) Mills outlined Ava's \$200M credit facility with U.S. Bank, which expires in October, and the plan to replace it with a \$300M facility to support growth, cash flow needs, and market volatility risks.

There were no speakers for public comment.

Selection of topics discussed by subcommittee members:

- Support for the selection of PNC Bank
- Whether Ava had drawn on the \$200M US Bank facility
- Clarification on a liquidity covenant vs. Debt service coverage covenant
- Whether the \$300M facility appears on the balance sheet

7. (1:03:17) Committee Member and Staff Announcements including requests to place items on future Board Agendas

- **Howard Chang** announced that all future Ava meetings will be held at its headquarters, following staff's return from the remote period during TI work.

8. Adjourned at 4:37pm.

The next Financial, Administrative and Procurement Subcommittee meeting will be held on Wednesday, November 7, 2025 at 3:30pm.

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

Minutes Written by Raïssa Ngoma

Audit Background

Each year, Ava conducts an audit of the fiscal year-end financial statements.

The annual audit is conducted by Sorren CPAs, P.C., an independent, external CPA team.

The Independent Auditor's Report concludes their opinion of the financial statements as materially accurate with no significant deficiencies or material weakness in internal controls identified. This will be included in the final financial statements delivered to the Board on Nov 19th.

The Management Discussion and Analysis (MD&A) provides an overview of Ava's financial activities for the fiscal years reported and gives information on financial position, reporting protocols, and overall economic factors that relate to Ava activities.

The Basic Financial Statements provide an independently verified, accurate portrait of Ava's financial position as of June 30, 2025.

Notes to the Basic Financial Statements discuss accounting policies, cash and capital positions, risk management, commitments, and known subsequent events.

Audit and FY24-25 Financial Highlights

A formal Auditor's Presentation will be at the November 19th Board meeting, but highlights of the audit are as follows:

- While the audit isn't completed yet, it's expected that the auditors will report an unmodified opinion – financial statements are materially accurate
- No significant deficiencies or material weakness in internal controls identified
- Significant areas of focus are revenue recognition, cash, accrued costs, REC expenses, supplier security deposits, and financial statements note disclosures
- No proposed adjustments to the financial statements
- No unusual transactions or applications of accounting principles identified
- Annual Operating Revenues: \$815,835,960 (gross operating revenue was \$905,543,988 and net revenue transferred to the Rate Stabilization Fund was \$89,708,028)
- Annual Operating Expenses: \$821,860,082
- Annual Net Nonoperating Revenues: \$24,587,957
- Net position increase by \$18,563,835 to \$553,897,866

FY 2024-25 Budget to Actuals

Overall, actual Revenues out-performed expectations while Operating Expenditures were in line with budgeted estimates.

- Accounting for deferred revenues, actualized revenues were 12.6% higher than budget—approximately \$89.7MM
- Ava recognized about \$22.3MM from previously deferred revenues for customer on-bill credits in January of 2025
- Uncollectables were higher than expected due to true up in accounts receivables across multiple periods
- Overall energy costs were in line with the Budget
- Total Operating Expenditures were slightly lower than Budget by -0.6%
- Overhead items were materially under Budget by -27.6% on average
- Other Sources outperformed due to higher than expected investment income as interest rates stayed higher for longer, and the collection of performance and delay of resource damages from contractual agreements
- Approximately \$112MM of net revenues were deferred to the RSF and on-bill credits

REVENUES	Budget	Actuals	
Electricity Sales	881,671,000	903,222,917	2.4%
Revenue Recognized from Previous Deferrals*	-	22,319,294	
Uncollectable	(8,817,000)	(12,850,000)	45.7%
Total Revenue and Other Sources	872,854,000	912,692,211	4.6%
EXPENDITURES & OTHER USES			
OPERATING EXPENDITURES			
Cost of Energy	760,248,000	767,656,144	1.0%
Data Management/Customer Service	8,057,000	8,480,433	5.3%
PG&E Service Fees	2,820,000	2,815,289	-0.2%
CAISO Scheduling Coordinator	731,000	723,146	-1.1%
Personnel	26,592,000	20,387,169	-23.3%
Marketing & Communications	6,168,000	3,711,163	-39.8%
Legal, Policy, & Regulatory Affairs	4,104,000	1,689,641	-58.8%
Other Professional Services	2,136,000	1,742,950	-18.4%
General & Administrative	5,868,000	4,972,203	-15.3%
Total Current Expenditures	816,724,000	812,178,138	-0.6%
OTHER SOURCES & USES			
Investment Income	11,400,000	24,813,379	117.7%
Other Income	399,000	523,852	31.3%
Liquidated Damages	-	10,825,198	100.0%
Interest & Financing Costs	(2,796,000)	(1,282,356)	-54.1%
Local Development Transfer	(22,400,000)	(22,400,000)	0.0%
Capital Expenditures **	(499,000)	(966,824)	93.8%
Total Other Sources & Uses	(13,896,000)	11,513,249	-182.9%
GROSS INCREASE (DECREASE)	42,234,000	112,027,322	165.3%
Revenue Deferred to RSF and Credits*	-	(112,027,322)	0.0%
NET INCREASE (DECREASE)	42,234,000	-	-100.0%

* Amount not determinable at time of budget approval

** Depreciation has been removed from Operations and is expressed as Capital Expenditures

Budget Net Revenues to Audit Net Position Reconciliation

The Budget is an internal proforma document set at the discretion of the Board. The financial statements in the Audit are standardized by Generally Accepted Accounting Principles (GAAP) and have additional rules set forth by the Governmental Accounting Standards Board (GASB).

Ava drafts each budget in accordance with industry best practices and does best efforts to align with GAAP and GASB standards, but fundamental differences exist and reconciliation should be defined.

The table below reconciles the audited Net Position increase to the budget actuals Net Revenues

Reconciled Item	Details	Amount	Balance
Audited Net Position	<i>Includes net deferred revenues</i>		18,563,835
Loss on Disposition of Assets	<i>Accrued depreciation of discarded assets</i>	(80,978)	18,644,813
LD Actual Expenses	<i>Actual FY 24/25 Program expenses</i>	(8,213,268)	26,858,081
LD Budget Allocation	<i>Budgeted capital transfer to Programs</i>	22,400,000	4,458,081
LD Revenue from Grants	<i>FY 24/25 grant revenue in Programs</i>	3,822,021	636,060
LD Interest Income	<i>Interest on development loans</i>	115,326	520,734
Capital Outlay	<i>Capital reconcilliation</i>	43,494	477,240
GASB 87 Lease	<i>Lease obligations outstanding as of 6/30/2025</i>	477,240	-

Deferred Revenue

- September 17, 2025, the Board of Directors (the “Board”) approved resolution R-2025-41 adopting the Rate Stabilization Fund (RSF) Policy to allow surplus revenues to be deferred for later uses.
- The Board also adopted resolution R-2025-42 allocating 90% of fiscal year 2024-25 net revenues to be deferred to the RSF and 10% to on-bill credits for CARE/FERA customers for distribution in the 2025-26 fiscal year.
- Based upon the audited financial statements and the net revenues to net position reconciliation, it is determined that \$112,027,322 comprises 100% of net revenues for the fiscal year, of which \$11,202,732 will be allocated to on-bill credits and the remainder to the RSF

Usage	Balance	Guidance
		R-2025-41 authorizes conversions from previous budget deferrals.
RSF	132,954,316	R-2025-23 authorizes recognition of ~\$35MM to balance FY25-26 budget.
On-bill Credits	11,202,732	R-2025-42 authorizes deferral for specified use and recognition in FY 2025-26
		R-2023-37 authorizes deferral for specified use.
Renewables	10,504,837	R-2024-26 authorizes recognition in 2027
Solar/Storage Incentives	14,963,130	R-2024-2 authorizes deferral for specified use.
Total Deferrals	169,625,015	

Note: RSF Balance *includes* the ~\$35MM authorized to balance the current year’s budget as \$0 have yet been recognized from deferrals



**Staff Report Item 6:
Recommendation**

To:	Ava Community Energy Authority
From:	Kelly Brezovec, Sr. Director, Account Services
Subject:	Seeking feedback from the Finance, Administration and Procurement Subcommittee on Fiscal Year 2024-2025 surplus revenue CARE/FERA customer bill credits.
Date:	November 7, 2025

Summary/Recommendation

Staff seeks feedback on proposed surplus revenue bill credit options based on the 2024-2025 Fiscal Year Budget and the Waterfall Allocations of Surplus Revenues resolution (R-2024-42).

The allocation of surplus revenues from the 2024-2025 fiscal year budget, originally set forth by resolution [R-2024-42](#), was amended to allow 90% of the surplus net revenues of the 2024-2025 fiscal year budget actuals as determined by the annual audit to be allocated to the RSF, and 10% to on-bill credits for CARE/FERA customers to be distributed in the 2025-2026 fiscal year.

Based on the FY2024-2025 audit, \$11,202,732 is available for CARE/FERA customer bill credits. The CARE/FERA credit will be applied to bills starting in January 2026 and begin appearing on bills later that month and into February 2026.

Staff recommend providing the same credit amount, approximately \$70, to all active Ava CARE or FERA customers in order to provide meaningful bill relief to Ava's lower-income customers.

Financial Impact

Allocation of surplus funds from fiscal year 2024-25 was approved by the Ava Board in September 2025. The allocated amount of \$11,202,732 does not have an incremental impact on the 2025-26 fiscal year budget. The funding can be preserved in the Rate Stabilization Fund for future needs as an alternative. The financial impact on customer bills is discussed below in the Analysis section.

Analysis and Context

Staff explored two options for how to distribute funds across CARE/FERA customers. Option A: Share the total available amount equally among all eligible customers. Option B: Since customers in Stockton and Lathrop received Ava generation service for only the final three months of the 2024-2025 fiscal year, customers in these communities receive a prorated amount.

- A. All customers receive the same amount of credit. (\$70)
- B. Stockton and Lathrop will receive $\frac{1}{4}$ of the credit (\$22) that the other communities receive (\$88).

In either scenario, the customer must be an active Ava customer to receive the bill credit; Ava will not apply credits to inactive accounts. Note that the actual credit amount will be determined based on the total eligible customer count prior to application of bill credits.

Key Considerations

1) Historic context: in January 2025, CARE/FERA customers received \$100 credits, in November 2023 and August 2022, CARE/FERA customers received \$50 credits. A full bill credit history is available in [this Board memo from 2024](#).

2) Equitable allocation of budget surplus across member cities vs an even distribution across all lower income CARE/FERA customers.

3) The number of months of service is not necessarily the most relevant metric.

- Customers pay different amounts to Ava based on their PCIA vintage, usage, and bill amount. Therefore, contributions to the surplus also differ.
- For example, April to June 2025, the average CARE customer Ava bill was \$100 for customers in Stockton and Lathrop and \$50 for other Ava customers. The average CARE customer in Stockton and Lathrop used 580 kilowatt-hours per month, compared to 370 kWh by the rest of Ava communities.

An additional consideration is to revisit the Board approved allocation of the 2024-25 surplus towards on-bill credits. Since the board approval, the recent October Energy Resource Recovery Account, or ERRA, filing submitted by PG&E provides a clear indication for 2026 rates showing a significant deficit in 2026 while maintaining the current value proposition. While staff is hesitant to revisit the prior board decision, this is an important discussion point in preparation for the full board meeting.

Attachments (if applicable)

A. PowerPoint

2024-2025 FY Surplus CARE/FERA Credit

Kelly Birdwell Brezovec | November 7, 2025



Executive Summary

Recommendation: Staff recommend providing the same credit amount, approximately \$70, to all active Ava CARE or FERA customers in order to provide meaningful bill relief to Ava's lower-income customers.

2024-2025 fiscal year budget surplus allocation (Resolution [R-2024-42](#)):

- 90% of the surplus net revenues to be allocated to the Rate Stabilization Fund
- 10% to on-bill credits for CARE/FERA customers (\$11,202,732)

Analysis & Context

Staff explored two options for how to distribute funds across CARE/FERA customers:

Option A

All customers receive the same amount of credit. (\$70)

Option B

Stockton and Lathrop will receive $\frac{1}{4}$ of the credit (\$22) that the other communities receive (\$88)

Note: The customer must be an active Ava customer to receive the bill credit.

Key Considerations to Staff Recommendation of a single bill credit amount to all CARE/FERA customers

- Historic context: in January 2025, CARE/FERA customers received \$100 credits, in November 2023 and August 2022, CARE/FERA customers received \$50 credits. A full bill credit history is available in [this Board memo from 2024](#).
- Equitable allocation of budget surplus across member cities vs. An even distribution across all lower income CARE/FERA customers
- The number of months of service is not necessarily the most relevant metric.
 - Customers pay different amounts to Ava based on their PCIA vintage, usage, and bill amount and therefore contributions to surplus also differ.
 - For example, April to June 2025, the average CARE customer Ava bill was \$100 for customers in Stockton and Lathrop and \$50 for other Ava customers.
 - The average CARE customer in Stockton and Lathrop used 580 kilowatt-hours per month, compared to 370 kWh by the rest of Ava communities.
- The Board may also consider revisiting the budget surplus allocation to on-bill credits
 - Since the Board approval of the 2024-25 surplus allocation plan, PG&E has submitted the October ERRA filing. 2026 rates show a significant deficit at the current Ava value proposition

Discussion of Options

- Staff Recommendation: \$70 credit to all CARE/FERA customers
 - Alternative: \$22 credit to Stockton/Lathrop CARE/FERA customers, \$88 credit to remaining CARE/FERA customers
- Reconsider shifting this portion of surplus into the Rate Stabilization Fund to assist with Calendar year 2026 and Fiscal year 2026-27 deficit
 - Acknowledging this revisits the [September Board Action](#), which was discussed at length
 - PG&E's ERRRA filing was submitted on October 15, providing a clear indication of 2026 Rates and PCIA for the first time since the PCIA restructuring
 - Staff is fully incorporating new figures to present to the full board at the November meeting

