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 ¼ 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 Stockon 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

Ava Community Energy

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 ¼ 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 ERRA 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


Ava
Community Energy