

Introduction

- Every June, Ava's Board of Directors (the “Board”) approves spending for the following fiscal year spanning from July 1st through June 30th of the following year.
- Staff reviews budget performance internally regularly and presents these results to the Board at, or about, the mid-year mark.
- Ava's accounting cycle generally requires about 45 days to close a period to ensure all revenues and expenses are captured accurately. Thus, the close of December 31st is typically mid-February.
- Presenting the mid-year analysis in February allows a more accurate presentation on the true half year performance.
- The mid-year report presented today covers the closed months of July through November, a “soft” close estimate of December, and updated projections for the second half of the fiscal year—January through June. **These updated values will collectively be referred to as “actuals”** even though only July through November are confirmed

	FY 2026	FY 2026		
	BUDGET	ACTUAL	Delta	%D
Revenue & Other Sources				
Electricity Sales	869,170,000	909,389,000	40,219,000	4.6%
Uncollectables	(8,692,000)	(9,093,000)	(401,000)	4.6%
Other Operating Revenue	0	1,308,000	1,308,000	0.0%
GASB 62	35,327,000	0	(35,327,000)	-100.0%
Total Operating Revenue	895,805,000	901,604,000	5,799,000	0.6%
Energy Operations				
Cost of Energy	836,970,000	841,991,000	5,021,000	0.6%
Cost of Energy Services	14,056,000	14,112,000	56,000	0.4%
Total Energy Expenses	851,026,000	856,103,000	5,077,000	0.6%
Overhead Expenses				
Personnel	29,639,000	26,093,000	(3,546,000)	-12.0%
Marketing & Communication	3,875,000	3,875,000	0	0.0%
Legal, Policy, & Regulatory Affairs	4,247,000	4,247,000	0	0.0%
Other Professional Services	3,515,000	3,515,000	0	0.0%
General & Administrative	7,091,000	7,091,000	0	0.0%
Total Overhead Expenses	48,367,000	44,821,000	(3,546,000)	-7.3%
Total Operating Expenses	899,393,000	900,924,000	1,531,000	0.2%
Non-Operating Revenue				
Interest Income	15,066,000	18,407,000	3,341,000	22.2%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	49,000	50,000	1,000	2.0%
Total Non-Operating Revenue	15,115,000	18,457,000	3,342,000	22.1%
Non-Operating Expenses				
Local Development Funding	10,190,000	190,000	(10,000,000)	-98.1%
Borrowing Interest	1,087,000	938,000	(149,000)	-13.7%
Capital Expenditures	250,000	524,000	274,000	109.6%
Total Non-Operating Expenses	11,527,000	1,652,000	(9,875,000)	-85.7%
NET NON-OPERATING REVENUES	3,588,000	16,805,000	13,217,000	368.4%
TOTAL NET REVENUES	0	17,485,000	17,485,000	0.0%

Ava Community Energy

Fiscal Year 2025-2026 Mid-Year Budget Update

- Expecting increase in operating revenue by \$5.8MM
 - Operating Revenue increases by \$41.1MM without use of Rate Stabilization Fund (GASB 62)
- Cost of Energy expected to increase by \$5.1MM
- Overhead expenses forecasted to be reduced by \$3.5MM
- Non-Operating activity is expected to add an addition \$13.2MM to net revenues
- Net Revenues are projected to be positive by about \$17.5MM
 - Net Revenue increases by \$52.8MM without use of Rate Stabilization Fund (GASB 62)

The following slides provide more detail on these changes

	JUL-DEC	JUL-DEC		
Revenue & Other Sources	BUDGET	ACTUAL	Delta	%D
Electricity Sales	631,109,000	590,956,000	(40,153,000)	-6.4%
Uncollectables	(6,311,000)	(5,910,000)	401,000	-6.4%
Other Operating Revenue	0	1,308,000	1,308,000	0.0%
GASB 62	0	0	0	0.0%
Total Operating Revenue	624,798,000	586,354,000	(38,444,000)	-6.2%
Energy Operations				
Cost of Energy	460,972,000	440,023,000	(20,949,000)	-4.5%
Cost of Energy Services	6,849,000	6,968,000	119,000	1.7%
Total Energy Expenses	467,821,000	446,991,000	(20,830,000)	-4.5%
Overhead Expenses				
Personnel	14,820,000	12,424,000	(2,396,000)	-16.2%
Marketing & Communication	1,938,000	1,053,000	(885,000)	-45.7%
Legal, Policy, & Regulatory Affairs	2,124,000	1,622,000	(502,000)	-23.6%
Other Professional Services	1,758,000	1,156,000	(602,000)	-34.2%
General & Administrative	3,546,000	2,846,000	(700,000)	-19.7%
Total Overhead Expenses	24,186,000	19,101,000	(5,085,000)	-21.0%
Total Operating Expenses	492,007,000	466,092,000	(25,915,000)	-5.3%
Non-Operating Revenue				
Interest Income	6,738,000	12,386,000	5,648,000	83.8%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	24,000	26,000	2,000	8.3%
Total Non-Operating Revenue	6,762,000	12,412,000	5,650,000	83.6%
Non-Operating Expenses				
Local Development Funding	5,094,000	94,000	(5,000,000)	-98.2%
Borrowing Interest	511,000	414,000	(97,000)	-19.0%
Capital Expenditures	250,000	524,000	274,000	109.6%
Total Non-Operating Expenses	5,855,000	1,032,000	(4,823,000)	-82.4%
NET NON-OPERATING REVENUES	907,000	11,380,000	10,473,000	1154.7%
TOTAL NET REVENUES	133,698,000	131,642,000	(2,056,000)	-1.5%

First Half Budget to Actuals

- Revenues from sales were \$40.1MM under budget driven by lower load resulting from milder than expected weather
- Cost of Energy was \$20.9MM under budget driven by lower load/lower energy prices, higher than forecasted RA sales, and higher than forecasted large hydro production. This was partially offset by higher REC costs as a result of higher market price benchmarks.
- Overhead expenses are \$5.1MM below budget due to cost reductions, deferred hiring, and deferred functional area costs
- Non-Operating activity increased net revenues by \$10.5MM from higher interest rates on investments and reduced Local Development funding from the December Board decision
- Net revenues were \$2MM below expected budget

	JAN-JUN	JAN-JUN		
	ORIGINAL	UPDATED	Delta	%D
Revenue & Other Sources				
Electricity Sales	238,061,000	318,433,000	80,372,000	33.8%
Uncollectables	(2,381,000)	(3,183,000)	(802,000)	33.7%
Other Operating Revenue	0	0	0	0.0%
GASB 62	35,327,000	0	(35,327,000)	-100.0%
Total Operating Revenue	271,007,000	315,250,000	44,243,000	16.3%
Energy Operations				
Cost of Energy	375,998,000	401,968,000	25,970,000	6.9%
Cost of Energy Services	7,207,000	7,144,000	(63,000)	-0.9%
Total Energy Expenses	383,205,000	409,112,000	25,907,000	6.8%
Overhead Expenses				
Personnel	14,819,000	13,669,000	(1,150,000)	-7.8%
Marketing & Communication	1,937,000	2,822,000	885,000	45.7%
Legal, Policy, & Regulatory Affairs	2,123,000	2,625,000	502,000	23.6%
Other Professional Services	1,757,000	2,359,000	602,000	34.3%
General & Administrative	3,545,000	4,245,000	700,000	19.7%
Total Overhead Expenses	24,181,000	25,720,000	1,539,000	6.4%
Total Operating Expenses	407,386,000	434,832,000	27,446,000	6.7%
Non-Operating Revenue				
Interest Income	8,328,000	6,021,000	(2,307,000)	-27.7%
Grants	0	0	0	0.0%
Other Non-Operating Revenue	25,000	24,000	(1,000)	-4.0%
Total Non-Operating Revenue	8,353,000	6,045,000	(2,308,000)	-27.6%
Non-Operating Expenses				
Local Development Funding	5,096,000	96,000	(5,000,000)	-98.1%
Borrowing Interest	576,000	526,000	(50,000)	-8.7%
Capital Expenditures	0	0	0	0.0%
Total Non-Operating Expenses	5,672,000	622,000	(5,050,000)	-89.0%
NET NON-OPERATING REVENUES	2,681,000	5,423,000	2,742,000	102.3%
TOTAL NET REVENUES	(133,698,000)	(114,159,000)	19,539,000	-14.6%

Second Half Original Budget to Updated Budget

- Revenues from electricity sales is forecasted to increase by \$44.2MM driven by changes in value proposition, higher than forecasted 2026 rates, and SJ County enrollment in May
 - Operating Revenue increases by \$79.6MM when excluding RSF (GASB62)
- Cost of Energy is forecasted to increase by \$26MM relative to budget driven by higher energy prices and higher REC costs due to increased market price benchmarks
 - Note: Dec update forecasted lower energy prices for 2026 relative to budget. Between Dec to Jan energy costs increased by \$16MM due to the extreme cold conditions throughout the country, outside of CA.
- In Overhead, continued savings from deferred hiring for open positions while deferred costs from the first half in other functional areas are back half weighted
- Non-Operating Expenses includes reduced Local Development Funding
- Net Revenues are expected to increase by \$19.5MM from the original budget
 - Net Revenues increase by \$54.9MM without use of RSF GASB62