



**Executive Committee Meeting**  
**Wednesday, June 3, 2026**  
3:00 pm

In Person:

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

Or from the following locations:

- Hayward City Hall - 777 B Street, Hayward, CA 94541
- Balch Enterprises, Inc. - 30960 Huntwood Avenue, Hayward, CA 94544
- Larch Clover Community Center – 11157 West Larch Road, Tracy, CA 95376

Via Zoom:

<https://avaenergy-org.zoom.us/j/88267670367>

Or join by phone:

Dial (for higher quality, dial a number based on your current location):  
US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 301 715 8592  
or +1 312 626 6799 or 877 853 5257 (Toll Free) or 888 475 4499 (Toll Free)  
Webinar ID: 882 676 70367

*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) 906-0491 or [cob@avaenergy.org](mailto:cob@avaenergy.org).*

*If you have anything that you wish to be distributed to the Executive Committee, 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 Executive Committee on any Ava Community Energy-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 Committee are customarily limited to three minutes per speaker and must complete an electronic [speaker slip](#). The Executive Committee Chair may increase or decrease the time allotted to each*

*speaker.*

**3. Approval of Minutes from April 1, 2026 and May 6, 2026**

**4. Prepay Financings (Informational Item)**

Overview of 2026 Prepay Financing Plans

**5. Fiscal Year 2026-2027 Draft Budget (Informational Item)**

Review the draft budget for the next fiscal year for comment

**6. Closed Session Public Comment**

**7. Closed Session**

a) PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957. Title: Chief Executive Officer

b) CONFERENCE WITH LABOR NEGOTIATORS Pursuant to Government Code Section 54957.6. Agency Representatives: Inder Khalsa, Jonathan Tedesco, Betsy Andersen, and Juan Gonzalez. Unrepresented employee: Chief Executive Officer.

**8. Report Out of Closed Session**

**9. Introduction to Asset Ownership (Informational Item)**

Introduction to wholesale/utility scale asset ownership

**10. Committee Member and Staff Announcements including requests to place items on future Executive Committee Agendas**

**11. Adjourn**

The next Executive Committee meeting will be held on Wednesday, July 1, 2026 at 3pm.

# Board Meeting Access Instructions

If you need help finding or accessing the building, please call our Ava representative who is stationed in the building lobby: 510-393-0492.

## Directions

### Directions via BART

If you are taking BART: the 19th Street station is the closest stop to our office and is about a 5 minute walk away. Use the 20th St / Thomas L. Berkeley Way station exit.

### Directions via Bike

Bike riders wanting to park their bike inside the parking garage can enter through the main building lobby. Bike parking is available on the parking garage first level right in front of the garage elevators.

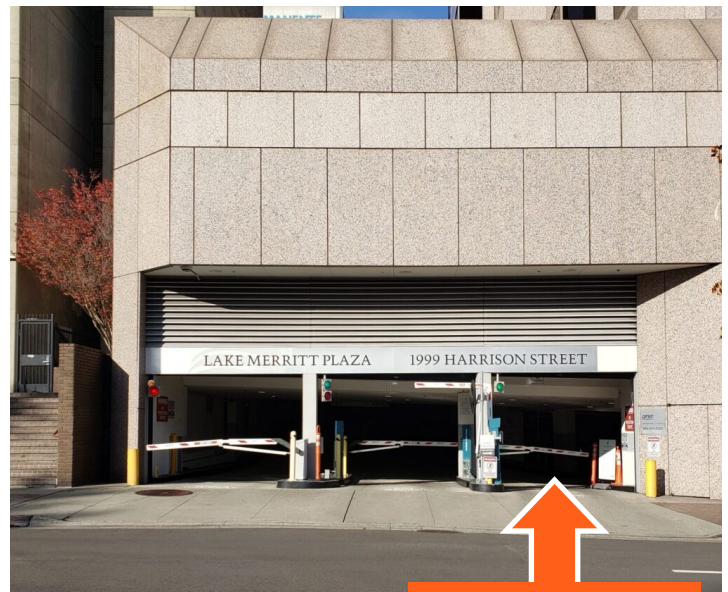
### Directions to Parking Garage via Car

The entrance to the building's attached garage is located on Harrison Street. If you're driving northbound on Harrison Street, as soon as you cross 19th St. the garage entrance is 3/4 down on your left-hand side. If you're heading east on Thomas L Berkeley Way/20th St. Continue East then make a right turn on Harrison Street, and the garage entrance is a quarter block up on your right-hand side.

When you arrive, enter via the gate labeled "Public Parkers". There are four floors of the parking garage, and you will need to take the elevator in the parking garage to the first floor. The parking attendant or an Ava representative will provide access into the building lobby.

The parking garage entry gate will be open until 8pm for CAC and BOD meetings. Attendees can exit the parking garage until 11pm.

**Note that the garage's parking fee is \$30 per use. Street parking is widely available near the building and free after 6pm.**



Public Parkers entrance

## Check-in at Security Desk

When you arrive at our building, please check in with the security desk in the lobby to get access to the elevators. If you have questions or need assistance, an Ava representative will be stationed and identifiable in the lobby. They can be reached at: 510-393-0492.





**Draft Minutes**  
**Executive Committee Meeting**  
**Wednesday, April 1, 2026**  
3:00 pm

In Person:

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

Or from the following locations:

24301 Southland Drive, Suite 101 Hayward, CA 94545  
Hayward City Hall, Conference Room 4A, 777 B St, Hayward, CA 94541  
Stockton City Hall, 425 N El Dorado St., Stockton CA 95202  
Balch Enterprises, Inc. - 30960 Huntwood Avenue, Hayward, CA 94544  
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**1. (3:25) Welcome & Roll Call**

**Present:** Members: Marquez (Alameda County), Fugazi (Stockton), Balch (Pleasanton), Rickman (San Joaquin County) and Chair Gonzalez (San Leandro)

**Not Present:** Members: Andersen (Piedmont) and Vice-Chair Roche (Hayward)

**2. (4:18) Public Comment**

*This item is reserved for persons wishing to address the Executive Committee on any Ava Community Energy-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 Committee are customarily limited to three minutes per speaker and must complete an electronic [speaker slip](#). The Executive Committee Chair may increase or decrease the time allotted to each speaker.*

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

**3. (4:49) Approval of Minutes from March 4, 2026**

**Member Balch motioned to approve the minutes. Member Marquez seconded the motion, which was approved 5/0/0/0/2 (yes, no, abstain, recuse, not present)**

**Yes: Members: Marquez, Fugazi, Balch, Rickman and Chair Gonzalez**

**No: none**

**Abstain: none**

**Recuse: none**

**Not Present: Members: Andersen and Vice-Chair Roche**

**4. (5:54) Procurement Policy Updates (Informational Item)**

Proposed updates to Ava's Administrative Procurement Policy

**John Perkins, Legal Director**, introduced the item and addressed questions from the Executive Committee.

**(17:16) Public Comment: Jim Lutz** asked why the contracting prohibition is set to expire in 2028 instead of being designated as permanent. He also requested that the procurement policy incorporate the Workforce and Environmental Justice program's criteria.

**(19:36) Public Comment: Dohee Kim** expressed appreciation to staff and the ad hoc committee for addressing an issue important to immigrant and impacted communities. Kim encouraged making the policy permanent and aligning the customer program strategic roadmap with its goals.

**5. (32:58) Ava Charge Program Update (Informational Item)**

Update on Ava Charge, Ava's EV fast-charging program

**JP Ross, Vice President of Local Development, Electrification, and Innovation**, introduced the item and addressed questions from the Executive Committee.

**(45:44) Public Comment: Jim Lutz** asked how the financial outcomes would differ between Ava owning and operating EV chargers versus using third parties. He questioned whether ownership could generate greater revenue and how that would

impact overall financial considerations.

**6. (56:20) Committee Member and Staff Announcements including requests to place items on future Executive Committee Agendas**

- **Member Fugazi** asked whether Ava conducts formal customer satisfaction surveys, noting that Stockton was approaching its one-year mark as a member.
- **Member Marquez** asked whether bill inserts had been explored as an educational tool.
- **Chair Gonzalez** asked for an update on recommended positions on legislative matters.

**7. (1:04:43) Adjourn**

**The meeting was adjourned at 4:03 p.m.**

The next Executive Committee meeting will be held on Wednesday, May 6, 2026 at 3pm.





**Draft Minutes**  
**Executive Committee Meeting**  
**Wednesday, May 6, 2026**  
3:00 pm

In Person:

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1999 Harrison St, Suite 2300  
Oakland, CA 94612

Or from the following locations:

- 24301 Southland Drive, Suite 101 Hayward, CA 94545
- Bay Area Metro Center - Claremont Conference Room #112 - 375 Beale Street, San Francisco, CA 94105

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**1. (00:08) Welcome & Roll Call**

**Present:** Members: Marquez (Alameda County), Andersen (Piedmont), Vice-Chair Roche (Hayward) and Chair Gonzalez (San Leandro)

**Not Present:** Members: Fugazi (Stockton), Balch (Pleasanton) and Rickman (San Joaquin County)

**2. (00:36) Public Comment**

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

**3. (00:47) Closed Session Public Comment**

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

**4. (00:58) Closed Session**

- a) PUBLIC EMPLOYEE PERFORMANCE EVALUATION Pursuant to Government Code Section 54957. Title: Chief Executive Officer
- b) CONFERENCE WITH LABOR NEGOTIATORS Pursuant to Government Code Section 54957.6. Agency Representatives: Inder Khalsa, Jonathan Tedesco, Betsy Andersen, and Juan Gonzales. Unrepresented employee: Chief Executive Officer.

**5. (19:53) Report Out of Closed Session**

**There were no items to report from Closed Session.**  
**Quorum was lost during Closed Session and the meeting was adjourned.**

**6. Approval of Minutes from April 1, 2026**  
**Not heard**

**7. Draft Fiscal Year 2026-2027 Budget (Informational Item)**  
First review of the budget draft for the next fiscal year  
**Not heard**

**8. Slice of Day 101 (Informational Item)**  
Overview of Slice of Day (RA)  
**Not heard**

**9. Committee Member and Staff Announcements including requests to place items on future Executive Committee Agendas**  
**Not heard**

**10. Adjourn**

**The meeting was adjourned at 3:20pm.**

The next Executive Committee meeting will be held on Wednesday, June 3, 2026 at 3pm.



# 2026 Energy Prepayment Transactions

Rusty Mills, CFO | June 3, 2026

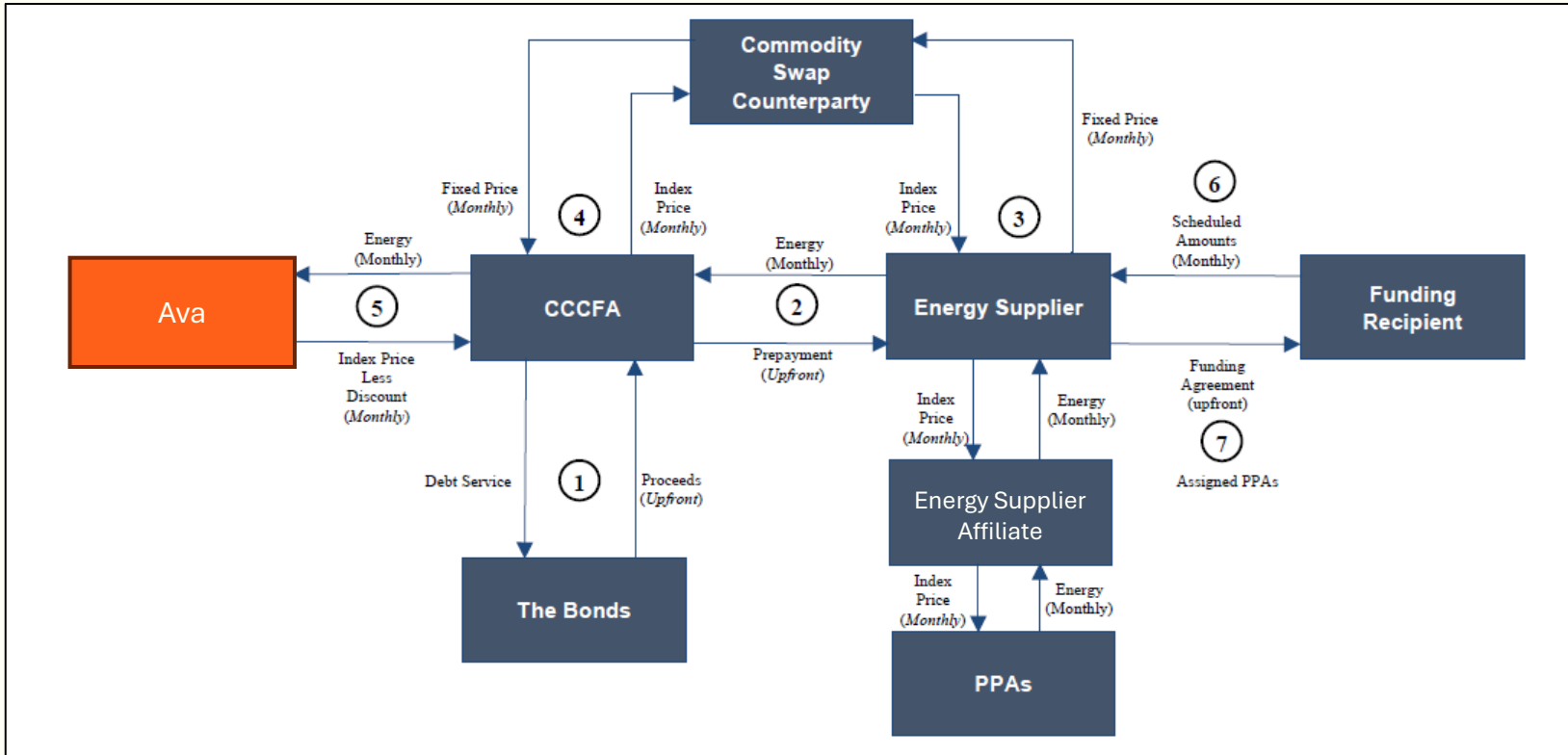


# Energy Prepayment Financing Overview

**Goal: Reduce the cost of public power purchases by monetizing tax-exempt debt.**

- IRS Regulations codified in 2005 allow for tax-exempt debt to be issued for the prepayment of electricity to serve load.
- Tax-exempt debt (issued by CCCFA) provides a lower cost of funding than energy prepay financing participants would be able to receive by issuing taxable debt or internal funding.
- Bond investor risk is tied to the energy prepay funding recipient (not Ava), and their ability to pay debt service and redeem bonds in event of default on the bonds.
- Ava enters 30-year energy supply agreements, commits to purchasing a fixed volume of energy during that period, and receive a fixed \$/MWh discount to the market energy price.
- **Objective: Prepay transactions enable Ava to lower its cost of energy on existing and future energy contracts through the discount and enable a customer value proposition into the future.**

# Energy Prepayment Transaction Diagram

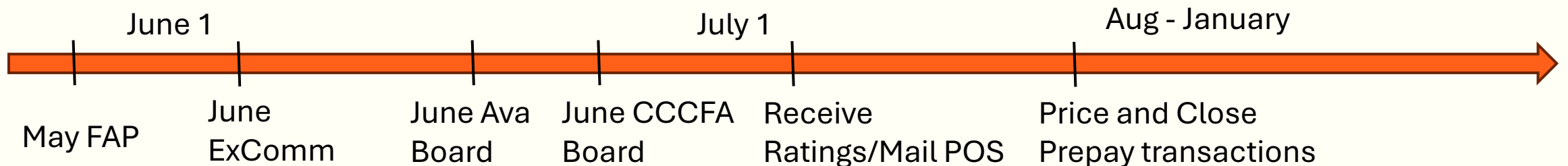


1. Bond Issuance: CCCFA issues the Bonds to fund the prepayment.
2. Prepayment: CCCFA applies bond proceeds to prepay Energy Supplier for 30 years of energy deliveries.
3. Commodity swap: Energy Supplier enters swap transaction at fixed price.
4. CCCFA commodity swap: CCCFA enters commodity swap at same fixed price to de-risk variability of debt service.
5. Ava: Ava enters energy supply contract to buy energy delivered by Energy Supplier at a fixed discount to Ava's energy contracts.
6. Funding Agreement: Energy Supplier finances bond proceeds with third-party funding recipient to enhance savings potential.
7. Assigned PPAs: Ava assigns its existing and future PPAs to Energy Supplier through a custodial account. Energy Supplier contributes pays and take title to underlying PPA energy.

# 2026 Prepay Financing Plans

## Staff will be seeking approval for two-three transactions by the Board in June

- Similar to last year, each would be authorized for up to \$1.25 billion, but will likely be approx. \$1 billion, similar to prior deals
- We plan to propose using Morgan Stanley and Goldman Sachs as underwriter and supplier for one transaction each; staff evaluating using a third bank as we plan for reaching our capacity on number of prepays (RBC/JP Morgan/Citadel, among others)
  - Further **optimizes** each related PPA pool of resources with the existing banks
  - Using a third bank further **diversifies** Ava counterparty risk and continue to drive competition
- Staff will seek Green Bond designation for all transactions
- Transactions would occur after approvals by Ava and CCCFA boards in June, subject to market conditions
- Selection of funding recipient will occur after approvals; Ava will seek Bond Ratings shortly after in preparation for each bond sale



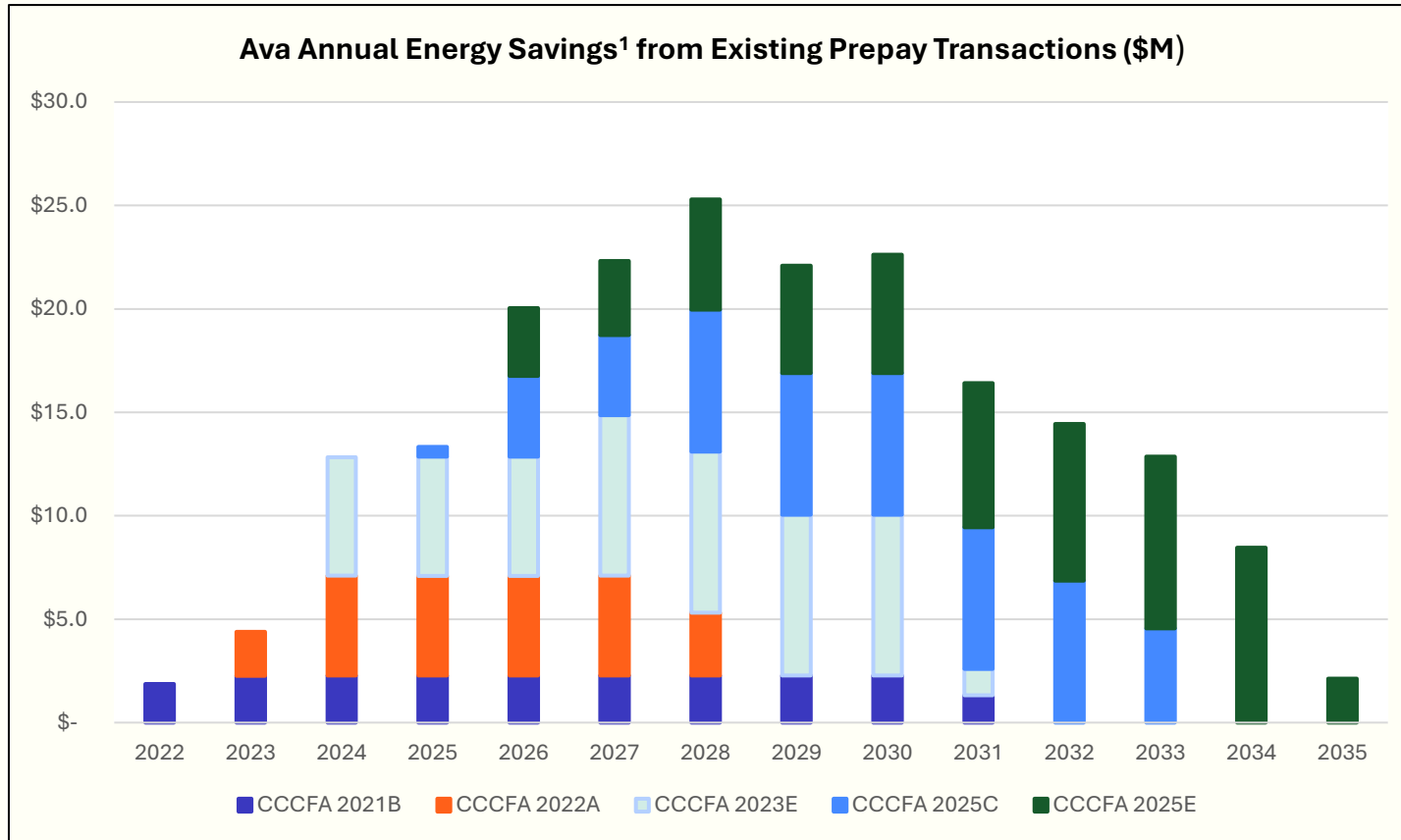
# Summary Table by Transaction

Ava's transactions to date have resulted in over \$5.1B in CCCFA bond issuances, with \$/MWh discounts improving in more recent transactions driven largely by market conditions.

	CCCFA 2021B	CCCFA 2022A	CCCFA 2023E	CCCFA 2025C	CCCFA 2025E	Total
<b>Project Participant(s)</b>	Ava & SVCE	Ava	Ava	Ava	Ava	N/A
<b>Initial Bond Principal Amount</b>	\$1,234,720,000	\$931,120,000	\$997,895,000	\$1,004,395,000	\$960,730,000	<b>\$5,128,860,000</b>
<b>Delivery Period Start Date</b>	1/1/2022	4/1/2023	1/1/2024	11/1/2025	4/1/2026	N/A
<b>Bond Refinancing Date</b>	8/1/2031	8/1/2028	3/1/2031	10/1/2033	5/1/2035	N/A
<b>Total Discount to Ava (\$/MWh)</b>	\$4.28	\$7.46	\$12.66	\$10.85	\$13.30	<b>\$9.55/MWh</b>
<b>Initial Period Savings (\$M)</b>	\$21.4M	\$26.8M	\$49.6M	\$47.1M	\$56.5M	<b>\$201.5M</b>
<b>Initial Period Energy Delivery (MWh)</b>	5.0MM	3.59MM	3.92MM	4.34MM	4.25M	<b>21.1M</b>
<b># of Ava PPAs Currently Assigned<sup>2</sup></b>	2.5	2.5	2	1	2	<b>10</b>

<sup>2</sup> Where a decimal is present, certain Ava PPAs have energy volume allocated on a pro rata basis across multiple prepayment transactions.

# Ava Energy Prepay Savings by Transaction



- Ava’s initial five prepay transactions are expected to provide \$201.5M in energy savings over the initial bond periods.
- Average savings discount: \$9.55/MWh across ~21.1 TWh of Ava energy procured through 2035.
- Annual savings of >\$20M per year from 2026-2030 from the five existing prepays

<sup>1</sup> Annual savings above reflect total expected energy discount received by Ava through the respective bond refinancing date.

Note: the savings decline in later years (2031-2035) above is a function of Ava’s existing transactions reaching their refinancing date on a rolling basis. At refinancing, Ava would issue a new bond and receive a new \$/MWh discount for the duration of the bond.

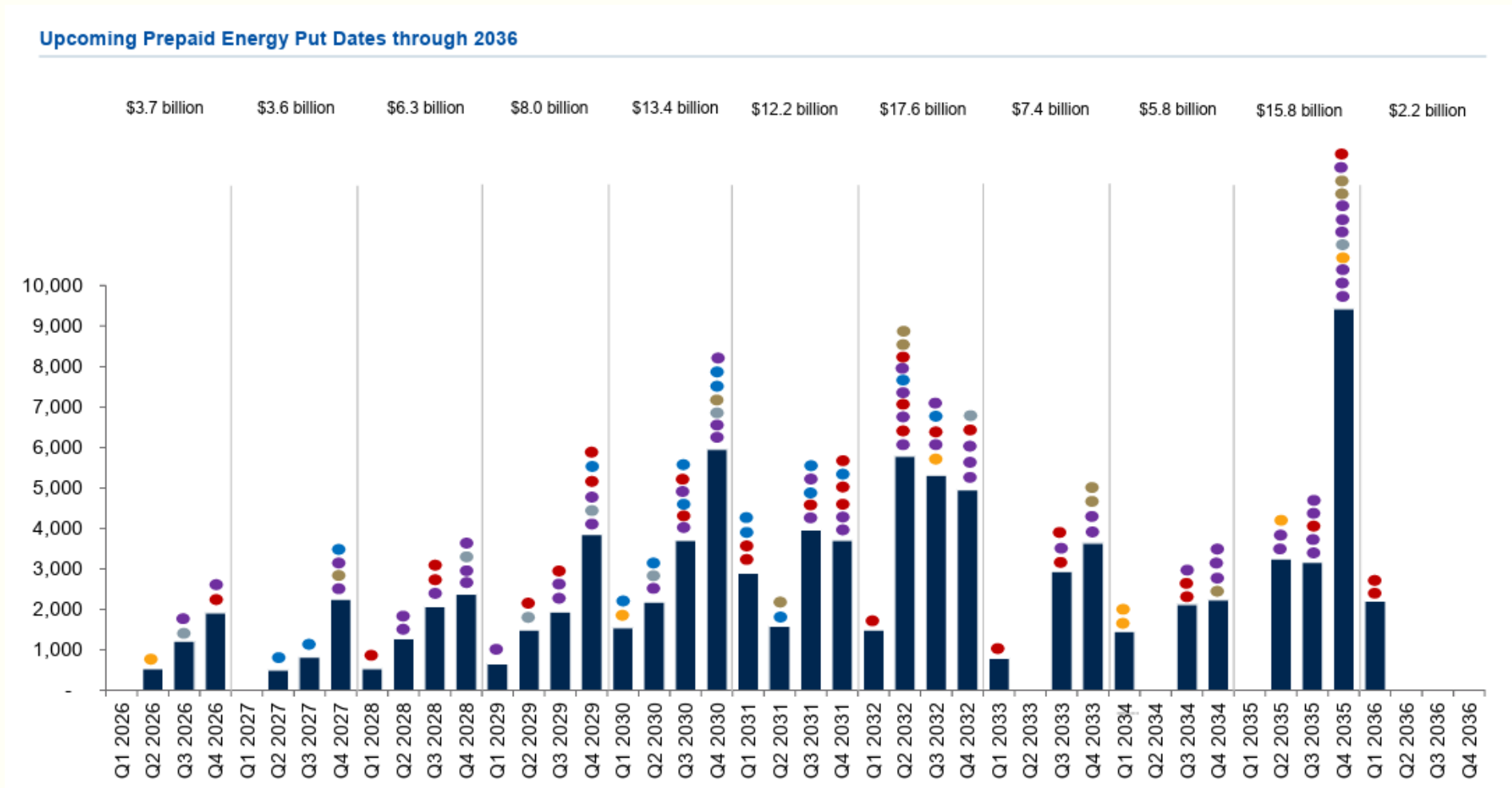
# Prepay Structure Risks

Risk	Description	Mitigation
Market risks	Macro factors (Iran, inflation, Fed rate decisions, etc.) may impact bond pricing and Ava savings potential of energy prepayment transactions.	Ava and PFM to coordinate closely with underwriters on market timing to optimize execution.
Refinancing risk	<ul style="list-style-type: none"> <li>Initial prepay bond savings periods are typically 5-10 years.</li> <li>Each transaction must be re-financed at that time</li> <li>Future savings are subject to decrease/increased based on market conditions at refinancing.</li> <li>Energy prepayment transaction volume has meaningfully increased in past few years, so the refinancing market will have a higher supply in the coming years.</li> </ul>	<p>Ava to assess opportunities to stagger Ava transaction refinancing dates to de-risk market and interest rate conditions at re-financing.</p> <p>Issuing transactions in 2026 may result in higher savings than future years when new issuances may compete with refinancings for the same bond purchaser pool.</p>
Load loss risk	Material inability by Ava to deliver contracted MWh in future years may lead to loss of energy discount.	Ava limits its prepay-committed power relative to its long-term load forecast. After Prepays #6 & 7, approximately 49 % of Ava's future load will be committed to prepays.
Out of pocket costs	Requires staff time to execute & manage; ratings agency and green bond fees are paid regardless of transaction's success.	Fees are greatly outweighed by the savings potential.
Tax / regulatory risk	Changes in tax law or RPS standards may impact energy prepayment transactions in the future and potentially cause existing deals to unwind.	Limited ability to mitigate.

**Ava Planning Risk - Loss of discounted power would place some future budgetary pressure on Ava**

# Prepaid Energy Refinancing Risk

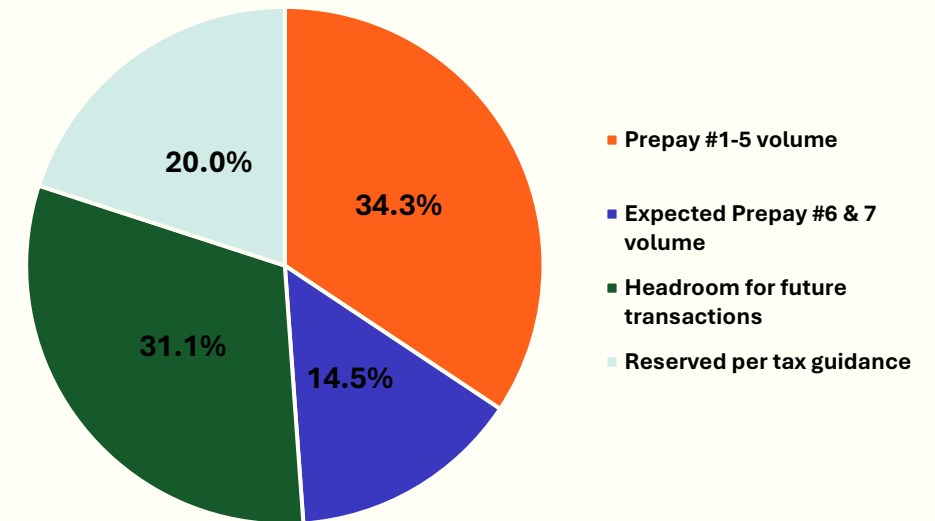
Over \$95.6B of prepaid energy financings are coming due for refinancing by 2036, which may result in pressure on future bond pricing, energy discounts, and market access.



# Potential for Future Prepay Transactions

- Under tax guidance, Ava's aggregate load committed to all energy prepayment transactions should not exceed 80% of total expected load in any given year.
- Through 5 transactions: 34% of Ava's forecasted load is committed to energy prepayments in peak years.
- After Prepays #6 & 7, 49% of Ava's forecasted load will be committed across all transactions.
- Following Prepay #7, Ava expects to have load capacity headroom for 2-4 additional prepayment transactions. This is subject to change based on actual volume commitments in forthcoming transaction and will be reviewed over time against Ava's long-term load forecast.

**Energy prepayment load commitments as % of Ava's expected load<sup>3</sup>**



<sup>3</sup>Percentages in chart reflect expected volumes for calendar year 2051, which is the peak aggregate volume commitment for Ava's existing energy prepayment transactions.

# Summary & Next Steps

- Prepays provide significant savings for Ava that could approach \$40-50 million annually with more prepays
- Budget Planning Risk- Perpetual savings uncertain due to broad structural risks
  - Staff recommends using prepays within legal guidance to maximize savings while monitoring budget risk over the mid-long-term
- **Staff planning up to three transactions this summer and will seek board approval in June**
- Planning includes mitigating certain factors within the prepay market that could affect future savings and cause budgetary pressure for Ava
- Staff also weighing benefits to further diversification of energy suppliers within the prepay program and optimal program structure at full capacity.

# Fiscal Year 2026-2027 Draft Budget

Howard Chang, CEO | June 3, 2026



# Introduction

- Every year in June, Ava Board of Directors (the “Board”) approves the following fiscal year’s budget
- This draft budget was reviewed by an ad hoc group of the Ex Comm on 5/6, full board on 5/20, and FAP on 5/27 with approval scheduled for the meeting on June 17<sup>th</sup>.
- The Budget covers the overall categories of the General Operating Fund:
  - Revenues from Operations
  - Energy Operating Expenses (typically 90%+ of total expenses)
  - Services to Facilitate Energy Operations
  - Operational Overhead to Energy Operations
  - Non-Operating Revenues
  - Non-Operating Expenses, including a Capital Transfer to the Local Development Fund
- PG&E issued an updated ERRA filing on May 15 that materially altered the forecast in this presentation and was updated on 5/20, after the first review by ExComm
  - Staff may consider delaying the first review of the budget draft to post May ERRA filing in future years

# Current Fiscal Year 2025-2026 Performance

- Details on “Actuals” are settlements through March and updated projections through June.
- Revenue is expected to settle above budget due to Board action on value proposition in December.
  - Other Operating Revenue is primarily fees and damages to Ava on energy contracts
- Cost of energy is coming in below expectations as market prices softened and higher than expected large hydro generation
- Total overhead is currently estimated at \$6.5MM below budget due to opex reductions
- Non-operating activity is higher than expected as interest rates remain higher-for-longer and with the reduction of Local Development contributions
  - Borrowing interest expenses have been moved to General & Administrative overhead due to accounting treatment changes
- Overall Net Revenues are expected to come in at \$83MM above estimates without using \$35MM budgeted GASB 62 funds.

Ava Community Energy	FY 2026	FY 2026	FY 2026	FY 2026
	BUDGET	ACTUAL	Delta	%D
	FY 2026	FY 2026		
Wholesale Load (MWh)	8,984,000	8,368,000	(616,000)	-6.9%
Retail Load (MWh)	8,439,000	7,887,000	(552,000)	-6.5%
<b>Revenue &amp; Other Sources</b>				
Electricity Sales	869,170,000	890,848,000	21,678,000	2.5%
Uncollectables	(8,692,000)	(8,912,000)	(220,000)	2.5%
Other Operating Revenue	0	1,620,000	1,620,000	0.0%
GASB 62	35,327,000	0	(35,327,000)	-100.0%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>883,556,000</b>	<b>(12,249,000)</b>	<b>-1.4%</b>
<b>Energy Operations</b>				
Cost of Energy	836,970,000	770,312,000	(66,658,000)	-8.0%
Cost of Energy Services	14,056,000	14,252,000	196,000	1.4%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>784,564,000</b>	<b>(66,462,000)</b>	<b>-7.8%</b>
<b>Overhead Expenses</b>				
Total Overhead Expenses	48,367,000	41,828,000	(6,539,000)	-13.5%
Total Non-Operating Revenue	15,115,000	26,540,000	11,425,000	75.6%
Total Non-Operating Expenses	11,527,000	741,000	(10,786,000)	-93.6%
<b>TOTAL NET REVENUES</b>	<b>0</b>	<b>82,963,000</b>	<b>82,963,000</b>	<b>0.0%</b>

# Fiscal Year 2026-2027 Draft Budget



# Draft Budget Fiscal Year 2026-2027

- **Revenues:** Energy prices continue to soften, and with the resolution of Track 1 Ava’s effective PCIA is lowering while PG&E’s rates are increasing due to persistent costs in their portfolio
- **Cost of Energy:** Lower energy prices reduce open position costs
- **Overhead:** Increase in G&A is predominantly due to increased rent, a change in accounting treatment of credit facility fees, and increasing software costs
- **Non-Operating Activity:** Higher interest income and lower borrowing interest due to a change in accounting treatment of credit facility. No incremental contributions to Local Development Funding in fiscal year 2026-2 with current fund balance at \$83.6MM

Ava Community Energy	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	BUDGET	Delta	%D
	FY 2026	BASE CASE		
Wholesale Load (MWh)	8,984,000	9,526,000	542,000	6.0%
Retail Load (MWh)	8,439,000	8,949,000	510,000	6.0%
<b>Revenue &amp; Other Sources</b>				
Electricity Sales	869,170,000	789,012,000	(80,158,000)	-9.2%
Uncollectables	(8,692,000)	(9,862,000)	(1,170,000)	13.5%
GASB 62	35,327,000	5,250,000	(30,077,000)	-85.1%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>784,400,000</b>	<b>(111,405,000)</b>	<b>-80.9%</b>
<b>Energy Operations</b>				
Cost of Energy	836,970,000	765,974,000	(70,996,000)	-8.4%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>780,192,000</b>	<b>(70,834,000)</b>	<b>-8.3%</b>
<b>Overhead Expenses</b>				
Total Overhead Expenses	48,367,000	54,306,000	5,939,000	12.3%
<b>Total Operating Expenses</b>	<b>899,393,000</b>	<b>834,498,000</b>	<b>(64,895,000)</b>	<b>4.0%</b>
<b>Non-Operating Revenue</b>				
Total Non-Operating Revenue	15,115,000	24,423,000	9,308,000	61.6%
Total Non-Operating Expenses	11,527,000	120,000	(11,407,000)	-99.0%
<b>TOTAL NET REVENUES</b>	<b>0</b>	<b>(25,795,000)</b>	<b>(26,272,000)</b>	<b>0.0%</b>

Expanded budget view shown in appendix

# Draft Budget: Forecast Uncertainty

- May 15, 2026 ERRA filing provided a year-to-date update on a subset of the underlying assumptions that generate the PCIA and rates, but did not provide updated MPBs. Assumptions require additional diligence and validation. This is separate from potential changes that may come from the General Rate Case (GRC)
- PCIA Tracks 2 and 3 may have material impacts on PCIA and rate setting methodologies. Track 3 scope and timing presents the greatest uncertainty. 3 pre-scoping workshops have been scheduled for June.
- Load forecast uncertainty:
  - Weather conditions present the greatest impact on actualized load volume and shape
  - With the addition of SJC, estimates will become more accurate as Ava receives more data beyond initial enrollment
  - Longer-term: data center and electrification presents significant uncertainty as well
- New power generation project online dates may be delayed or moved forward impacting power portfolio expenses
- Energy prices are highly volatile and currently softening in response to a mild winter, accelerated melting snowpack, and new energy capacity coming online.
  - While forecasted summer prices are softening, actuals may vary greatly based on temperatures and demand
- Opaque portfolios with the IOU could lead to materially different MPBs in the October ERRA filing
- Interest rates and macroeconomic environment may change

# May ERRA Addendum Filings

- The May 15 ERRA filing consists of the filing documents and the series of datasets called the “Working Papers”
  - The filing and working papers can be accessed through the PG&E Azure website here:  
<https://pgera.azurewebsites.net/Regulation/search>
    - Select the “ERRA 2027 PGE – Forecase [A.25-05-007]” case from the dropdown menu and click search to see all documents available for download
- Staff is still processing the working papers with consultants to get better color on the details
- What is known:
  - 2025 RA PCIA reform is in place at a steady state for 2027
  - Load appears to be materially lower for PG&E due to milder than expected weather to date and community load departure
  - PG&E's revenue requirements remain stable despite the reduction in load, increasing generation rates
- What is not known from the ERRA:
  - Direction on MPB settlement for all attributes
  - A significant portion of the filing is redacted due to market sensitive confidential information and our 3rd party consultant has access to this information, which may be shared on a very limited basis
  - There were some known errors/inconsistencies that are in the process of being validated and reconciled

The screenshot shows the search interface on the PG&E Azure website. The URL is [pgera.azurewebsites.net/Regulation/search](https://pgera.azurewebsites.net/Regulation/search). The page features a blue header with the PG&E logo and navigation links: For My Home, About, Contact Us, Safety, English, Go, and Log In. Below the header is a navigation bar with tabs for Company Info, Newsroom, Environment, Community, and Careers. The main content area is titled "Search for Public Case Documents" and contains a search form. The form includes a dropdown menu for "Case" with the selected option "ERRA 2027 PGE - Forecase [A.25-05-007]". Other fields include "Document Type" (set to "All"), "Keyword" (with a note: "When using the 'Keyword' search, confidential documents will not be included in your search results."), "Description/Title Contains", "Party" (set to "All"), "Date(s) from" and "to" (both set to "MM/DD/YY" with a note: "(default is all dates)"), "Sort Order" (set to "File Name"), and "Records Per Page" (set to "100"). There are "Search" and "Clear" buttons at the bottom of the form. Below the form, there is a link: "If you need an ADA reasonable modification to view a document, please reach out to [ADA\\_Support@pge.com](mailto:ADA_Support@pge.com)". At the bottom of the page, there are links for "For My Home", "For My Business", "Doing Business with PG&E", "About PG&E", "Privacy", and "Accessibility". A footer note states: "PG&E refers to Pacific Gas and Electric Company, a subsidiary of PG&E Corporation. © 2014 Pacific Gas and Electric Company. All rights reserved." and social media icons for Facebook, Twitter, and LinkedIn.

# PCIA & Operating Headroom

- Ava's generation rates to customers are indexed to PG&E's generation rate
- A portion of the generation cost is a charge from PG&E for the Power Charge Indifference Adjustment (PCIA)
  - The PCIA is how PG&E recovers "stranded costs or credits" for legacy generation resources



- PCIA rates are based on an annual mark-to-market
  - For Energy, Resource Adequacy (RA), and Renewable Portfolio Standard (RPS) resources, the mark-to-market is against "Market Price Benchmarks" (MPBs)
  - Forecasts for MPBs are presented by the Investor-Owned Utilities (IOUs) in May and then updated in October to establish the following year's rates
  - PCIA and rates are "trued up" from forecast to actual, and any over-collection or under-collection is recovered in rates the following year.
  - Higher MPBs --> higher rates and lower PCIA = more operating headroom for Ava
  - Lower MPBs --> lower rates and higher PCIA = less operating headroom for Ava

# PCIA Proceeding & Risk Elements

**The CPUC has an ongoing proceeding regarding the PCIA, divided into "Tracks".**

○ **Track 1**

- **CalCCA has appealed CPUC Track 1 decision; appeal is pending**
- Revised the MPB for RA retroactive through 2025
- Major driver for the much higher PCIA most Ava customers see in 2026 versus 2025

○ **Track 2**

- **Proceeding is ongoing; decision expected in time for inclusion in 2027 rates**
- The CPUC is reviewing the methodology for valuing RECs that PG&E "banked" prior to 2019 but did not actually use for compliance purposes until 2025. An interim methodology values those RECs at \$0. This increases the PCIA for most Ava customers versus what the PCIA would be if those RECs were valued at the current market price for RECs
- Outcome indeterminate; CalCCA proposal would use current market prices for REC value, and lower the PCIA for most Ava customers versus status quo; PG&E proposal would make the status quo interim methodology permanent

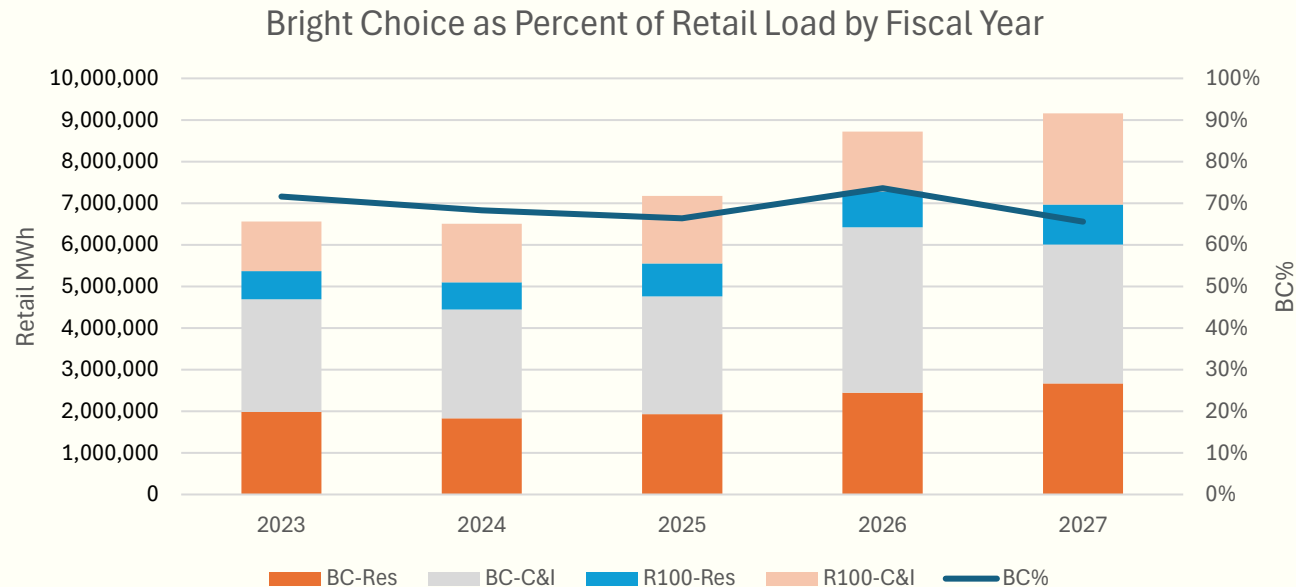
○ **Track 3**

- **Scope and timing undetermined**
  - CCAs propose to address reviewing the Track One revisions to MPBs; aligning the RA MPB with the RA Slice of Day framework; reventinging of PCIA resources; PCIA GHG-free methodology; and potentially other structural changes to the PCIA
  - IOUs propose to prioritize changes to RPS MPBs ahead of any other issues, with changes to the brown power MPB next
- Outcome indeterminate; CCA approach would likely reduce PCIA for most Ava customers if adopted while the IOU approach would likely raise the PCIA for most Ava customers if adopted



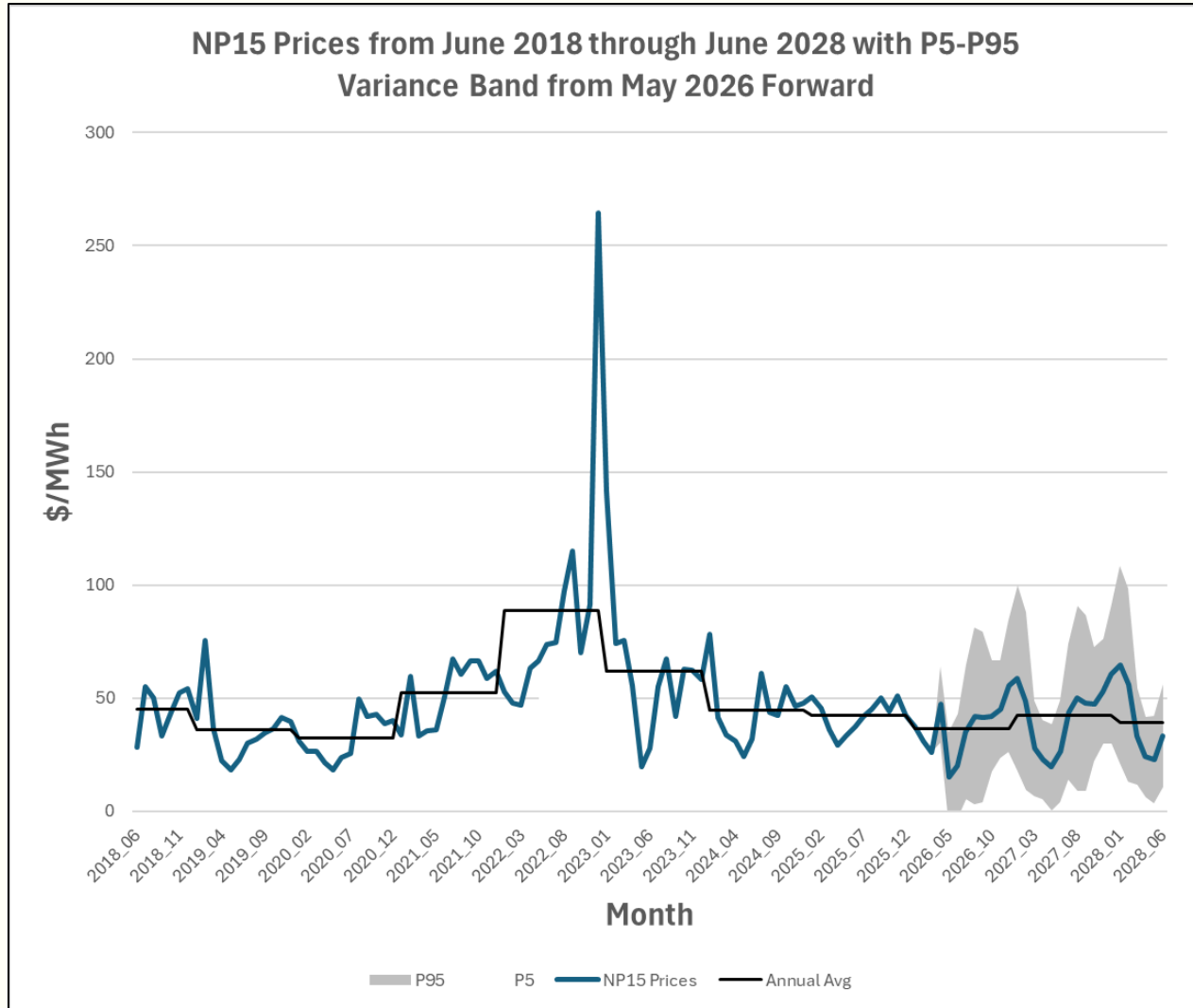
# Electricity Product Load & Rates

- Renewable 100:
  - Originally set at \$0.01/kWh above PG&E and has migrated down as Ava financials improved
  - Currently priced at \$0.0175/kWh above PG&E rates
- Bright Choice:
  - Originally set at 1.5% discount to PG&E, reduced to a 1% discount in 2021, increased to a 3% discount in 2022, increased to 5% discount to PG&E rates in 2023. Latest adjustment was to 0.5% discount to PG&E in January of 2026
- The percent load of Bright Choice customers is estimated at ~66% for FY 2027



- Growth in Bright Choice in FY 2026 is due to unincorporated SJC
- Growth in Renewable 100 in FY 2027 is due to Fremont opt up
- Annual load and load shape can vary materially year to year and between budget to actuals due to weather, individual customer usage, and expansion to new territories

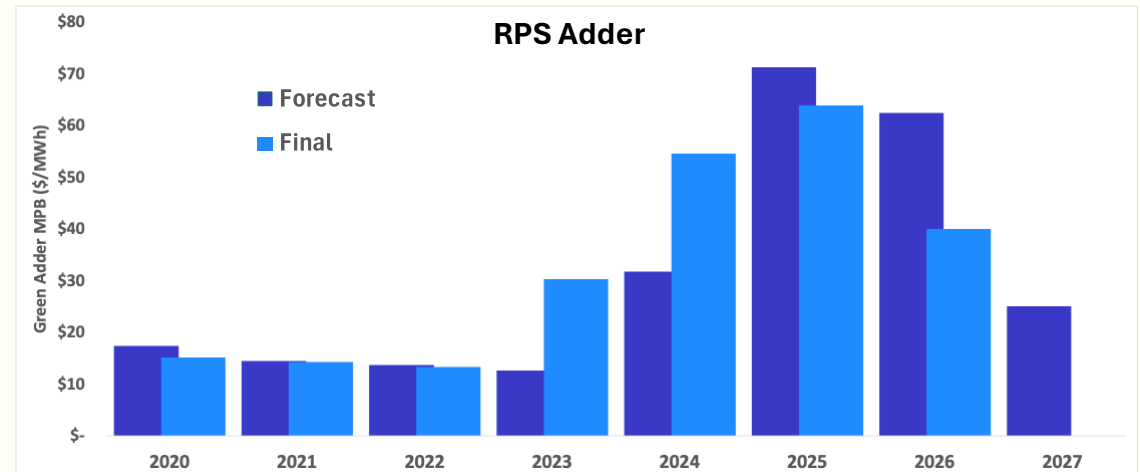
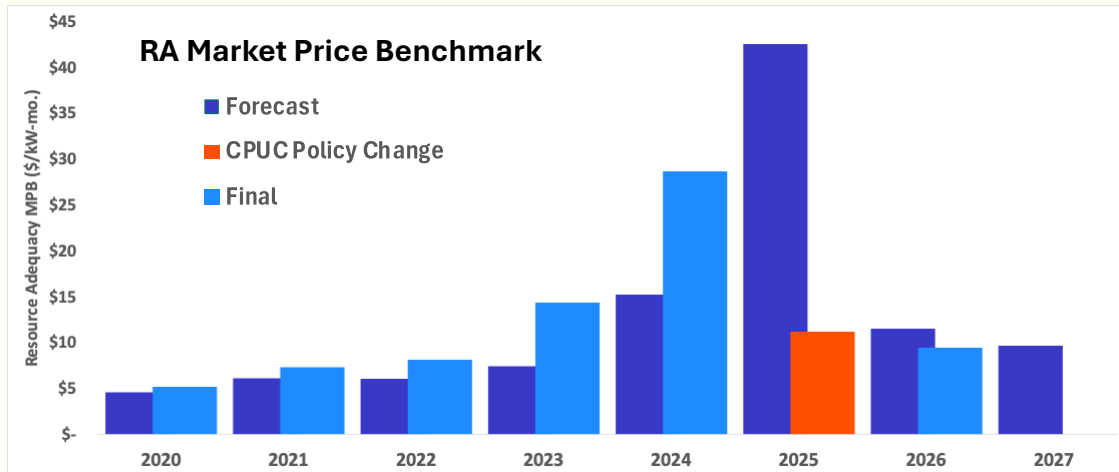
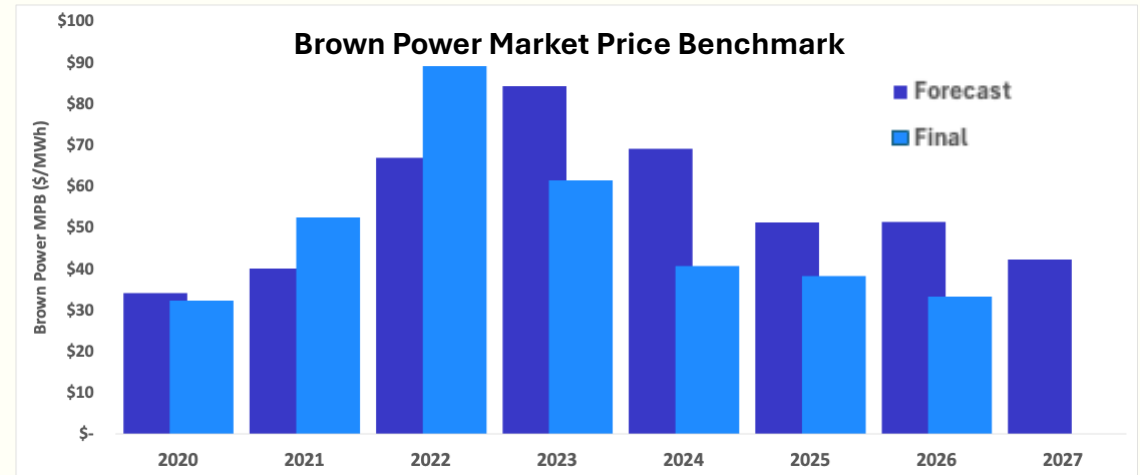
# Brown Power Energy Price Volatility



- Brown power prices are set by a number of factors impacting supply and demand, such as weather, natural gas prices, system capacity, transmission congestion, etc.
- Volatility is high due to these uncertain and changing factors year to year
- Customer rates (generation and PCIA) are set based on a forecast while also incorporating a true up of the prior year's forecasted market prices with actualized prices
- 2026 rates were set by and 2026 forecasted prices and trueing up 2025 actualized prices. 2027 rates will be set by 2027 forecasted prices and trueing up 2026 actualized prices.

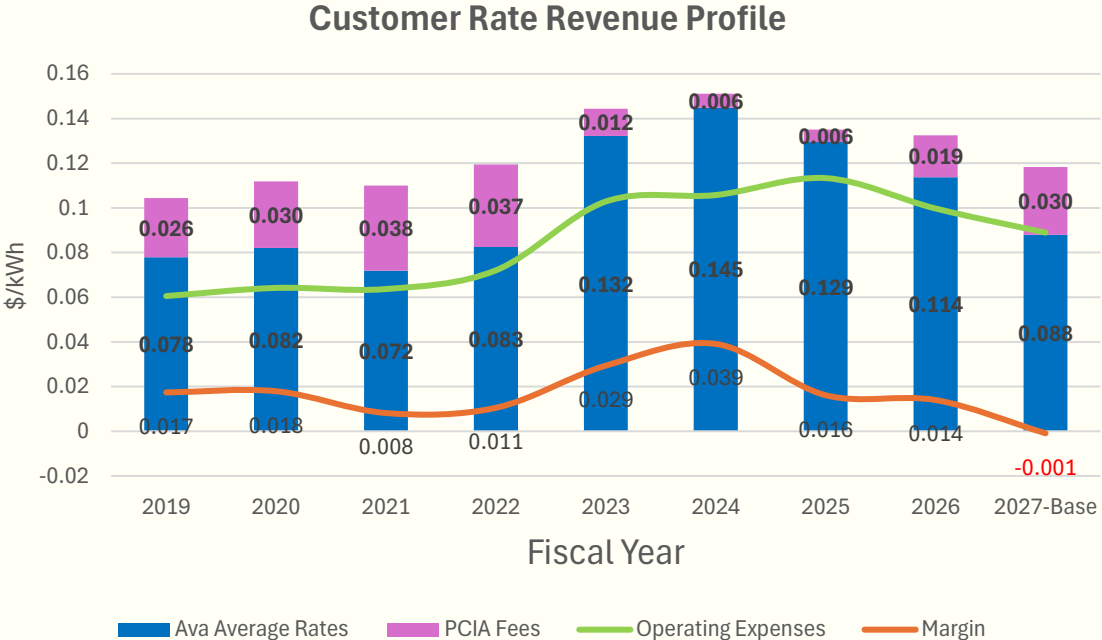
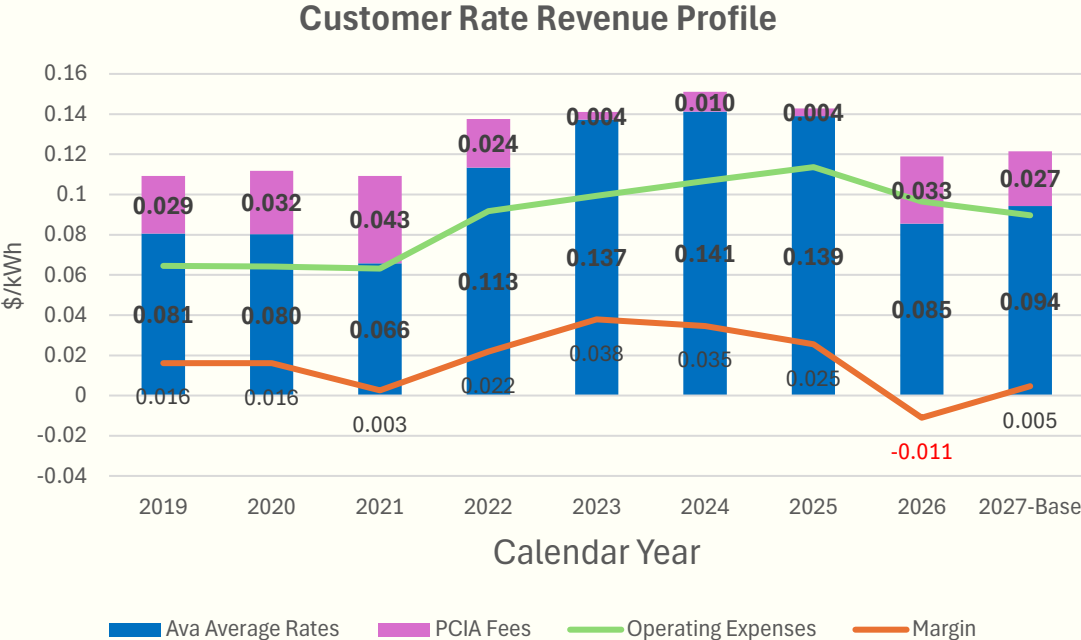
# Market Price Benchmark Trends 2020-2027

- Forecast MPBs used to develop PCIA and generation rates are calculated in Sept each year:
  - Energy: Avg forward price during Sept for delivery the following year
  - REC: Avg executed contract price in the past 15 months for delivery in following year
  - RA: Avg executed contract price in the past 3 years for delivery the following year
- Forecasted vs. Final MPBs vary significantly, reflecting year to year market volatility
- RA MPB in 2025 reflects regulatory changes, no future PCIA reform is assumed in forecasts
- "Final" numbers in 2026 reflect actuals through March and updated forecast as of April



# Historical Generation Rates & PCIA

- Rates increased and PCIA decreased from 2022 to 2025, driven by forecasted increases in energy market prices
- Since 2025 energy costs have softened in addition to substantive PCIA reform, setting PCIA higher and rates lower in 2026
- Lower prices are expected to continue through 2026 and we are forecasting a modest increase to generation rates and a lower PCIA in 2027, though rates remain stable
  - Between calendar year 2025 and 2026, customer rates dropped 20%, and between 2026 and 2027 Ava is estimating rates will increase 2.2% (inclusive of PCIA)
  - Between fiscal year 2025 and 2026, customer rates dropped 2%, and between 2026 and 2027, rates are expected to drop another 12%



# Draft Budget: Revenues

Ava Community Energy	FY 2026	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	ACTUAL	BUDGET	Delta	%D
	FY 2026	FY 2026	FY 2027		
Wholesale Load (MWh)	8,984,000	8,368,000	9,544,000	560,000	6.2%
Retail Load (MWh)	8,439,000	7,887,000	8,966,000	527,000	6.2%
<b>Revenue &amp; Other Sources</b>					
Electricity Sales	869,170,000	890,848,000	789,012,000	(80,158,000)	-9.2%
Uncollectables	(8,692,000)	(8,912,000)	(9,862,000)	(1,170,000)	13.5%
Other Operating Revenue	0	1,620,000	0	0	0.0%
GASB 62	35,327,000	0	5,250,000	(30,077,000)	-85.1%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>883,556,000</b>	<b>784,400,000</b>	<b>(111,405,000)</b>	<b>-12.4%</b>

- Despite higher load, revenue from electricity sales is expected to decrease for the fiscal year with Ava's generation rates declining ~23%
- Value proposition remains unchanged at 0.5% discount to PG&E for Bright Choice and a \$0.0175 premium on Renewable 100 products
- Estimated bad debt slightly increased from 1.0% to 1.25% of billings based on rising trends and getting ahead of possible inflation increases due to oil market volatility
- Recognition of GASB 62 deferred revenue is not from the Rate Stabilization Fund but is half of the amount deferred from resolution R-2024-26, which allocated \$10,504,837 to local, incremental generation and capacity from the 2023 RFO for projects starting in 2027

# Draft Budget: Base Case Revenue Assumptions

Year	Energy		RPS		RA	
	Brown Power		RPS Adder		All RA (\$/kW-mo)	
	Forecast	Final	Forecast	Final	Forecast	Final
2026	\$ 51.13	\$ 34.09	\$ 62.45	\$ 40.00	\$ 11.53	\$ 10.00
2027	\$ 42.66	\$ 42.66	\$ 36.92	\$ 36.92	\$ 10.00	\$ 10.00

- Base Case Assumptions have MPB's for calendar year 2026 down to align with market actuals and forwards year to date
- Forward looking prices in cost of energy reflect market price assumptions
- In addition to MPB assumptions, revenue requirement inputs directly from PG&E are critical in determining generation rates
  - In May ERRA filing, PG&E's revenue requirement stayed relatively flat despite declining load in 2027, which needs further diligence

# FY 2026-2027 Scenarios & Sensitivities

Ava looked at possible alternative MPB/revenue scenarios —High-End and Low-End

- **High-end:** calendar year 2026 prices end up as current MPB forecasts from May ERRA filings, which are unchanged from the October ERRA filing
- **Low-end:** calendar year 2026 prices are one standard deviation down from current forward averages for brown power and Ava’s base case RPS and RA estimates
- There is upward pressure on rates based on PG&E's request for increase in revenue requirement in their GRC filing that is anticipated, but unlikely to be implemented in the 2026-27 fiscal year

	Base Case	Low End	High End
<b>Revenues</b>	784,400,000	728,994,000	900,593,000
<b>Cost of Energy</b>	780,192,000	761,022,000	843,483,000
<b>Overhead</b>	53,561,000	53,561,000	53,561,000
<b>Net Non-Op</b>	24,306,000	15,988,000	23,684,000
<b>Net Revenues</b>	(25,047,000)	(69,601,000)	27,233,000

	Base Case		Low End		High End	
	2026	2027	2026	2027	2026	2027
<b>MPBs</b>						
<b>Power</b>	34.09	42.66	23.70	33.28	40.90	47.61
<b>RPS</b>	40.00	36.92	40.00	36.92	62.45	62.45
<b>RA</b>	10.00	10.00	10.00	10.00	11.53	11.53

# Draft Budget: Overview of Operating Expenses

<b>Ava Community Energy</b>	FY 2026 BUDGET FY 2026	FY 2026 ACTUAL FY 2026	FY 2027 BUDGET BASE CASE	FY 2027 Delta	FY 2027 %D
<b>Energy Operations</b>					
Cost of Energy	836,970,000	770,312,000	765,974,000	(70,996,000)	-8.5%
Cost of Energy Services	14,056,000	14,252,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>784,564,000</b>	<b>780,192,000</b>	<b>(70,834,000)</b>	<b>-8.3%</b>
<b>Overhead Expenses</b>					
Personnel	29,639,000	26,564,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	2,606,000	3,721,000	(151,000)	-3.9%
Legal, Policy, & Regulatory Affairs	4,243,000	3,265,000	4,308,000	65,000	1.5%
Other Professional Services	3,518,000	2,425,000	4,387,000	869,000	24.7%
General & Administrative	7,095,000	6,968,000	10,420,000	3,325,000	46.9%
<b>Total Overhead Expenses</b>	<b>48,367,000</b>	<b>41,828,000</b>	<b>54,306,000</b>	<b>5,939,000</b>	<b>12.3%</b>
<b>Total Operating Expenses</b>	<b>899,393,000</b>	<b>826,392,000</b>	<b>834,498,000</b>	<b>(64,895,000)</b>	<b>4.0%</b>

Expenses are divided into three overall cost center categories:

- **Energy Operations** which includes all energy, energy attributes, ancillary related costs and required management services such as scheduling, data management, and customer billing
  - This category comprises 93.5% of Ava’s total operating expenses
- **Overhead Operations** which includes all personnel and staffing needs as well as work function cost centers required to manage the organization at large, and is about 6.5% of total operating expenses
- **Non-Operating Expenses** which are all capital and capital transfer related costs, including Local Development Fund contributions. This category is presented and discussed in a later slide

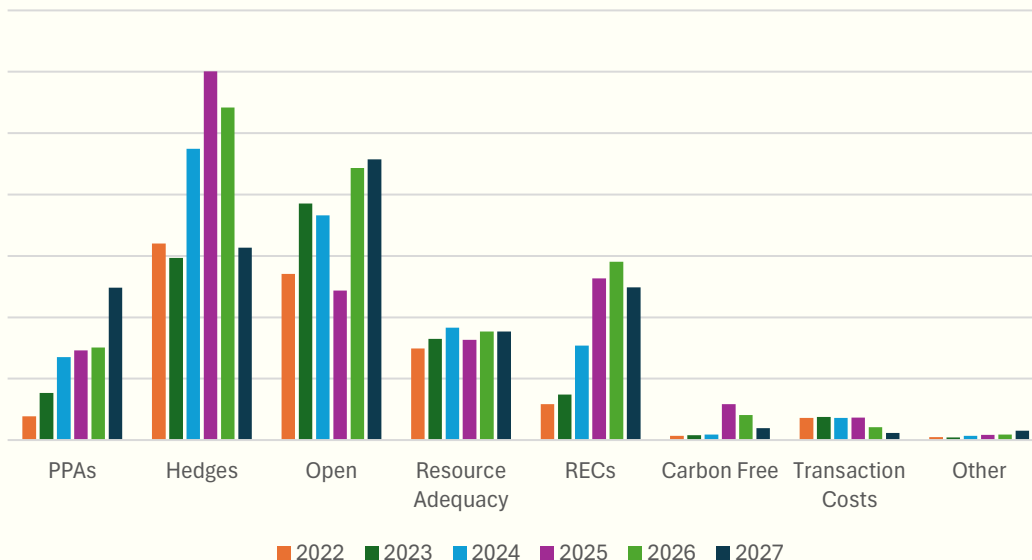
# Draft Budget: Energy Operations

Ava Community Energy	FY 2026	FY 2026	FY 2027		
	BUDGET	ACTUAL	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2026	FY 2027	Delta	%D
<b>Energy Operations</b>					
Cost of Energy	836,970,000	770,312,000	765,974,000	(70,996,000)	-8.5%
<b>Energy Services</b>					
Data Management/CRM	10,080,000	10,238,000	9,980,000	(100,000)	-1.0%
Billing & Metering	3,208,000	3,268,000	3,446,000	238,000	7.4%
Scheduling	768,000	746,000	792,000	24,000	3.1%
Cost of Energy Services	14,056,000	14,252,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>784,564,000</b>	<b>780,192,000</b>	<b>(70,834,000)</b>	<b>-8.3%</b>

## Energy Costs

- Costs are generally derived from a blend of contracted and open position for all energy attributes
  - Currently, renewables, carbon free, and RA are fully procured
  - Open prices are non-stressed, mean forecasted
  - Material increase in PPAs due to reduced revenue expectations from lower market prices

Fiscal Year Cost of Energy Budget by Attribute



# Draft Budget: Renewable & Large Hydro Content

Year	Bright Choice				CA-RPS %
	Renewable %	Carbon Free %	TCR*-Emission Factor	PSDR-Emission Factor	Renewable %
2018	41%	87%	101	n/a	29%
2019	60%	85%	135	n/a	31%
2020	40%	54%	n/a	580	33%
2021	41%	55%	n/a	577	36%
2022	45%	63%	n/a	566	39%
2023	49%	66%	n/a	521	41%
2024	52%	71%	n/a	455	44%
2025	56%	76%	n/a	387	47%
2026	60%	81%	n/a	315	49%
2027	64%	85%	n/a	241	52%
2028	67%	90%	n/a	163	55%
2029	71%	95%	n/a	83	57%
2030	75%	100%	n/a	-	60%

- In April 2022, the Board approved the “Path to Zero by 2030” plan for the Bright Choice product, as shown in the table to the left
- Periodically, the Board has approved adjusting targets to fit Ava’s financial position, typically raising targets
- In December 2025, the Board approved a compliance period approach across multiple years instead of single year targets specifically

Year	Annual Targets			Actuals/Forecast			Long/Short
	Renewables	Lg. Hydro	Total	Renewables	Lg. Hydro	Total	
2024	52.0%	29.0%	81.0%	62.0%	33.7%	95.6%	14.6%
2025	56.0%	25.0%	81.0%	54.5%	35.5%	90.0%	9.0%
2026	55.6%	21.0%	76.6%	54.7%	18.0%	72.7%	-3.9%
2027	64.0%	21.0%	85.0%	58.4%	12.3%	70.8%	-14.3%
<b>Period*</b>	<b>57.3%</b>	<b>23.7%</b>	<b>80.9%</b>	<b>57.4%</b>	<b>24.9%</b>	<b>82.3%</b>	<b>1.4%</b>

This table shows where Ava currently stands with procurement relative to the compliance period, and annual, targets

# Draft Budget: Fiscal Year Personnel Details

PERSONNEL	2026 BUDGET	2026 ACTUALS	2027 BUDGET	%Change
Salaries & Wages	23,171,000	21,233,000	23,070,000	-0.4%
Health Care/Benefits	3,242,000	2,456,000	4,884,000	50.6%
Retirement	2,745,000	2,461,000	2,983,000	8.7%
Payroll Expenses	481,000	414,000	533,000	10.8%
<b>Total</b>	<b>29,639,000</b>	<b>26,564,000</b>	<b>31,470,000</b>	<b>6.2%</b>

- FY 2026 Budget was set for 7 additional FTE (105 total) to build more depth and to continue addressing increased workflow in key areas to help scale operations further.
  - Ava is not filling 2 roles bringing the forecasted end of FY 2026 FTE to 103.
- FY 2027 Budget seeks to add 5 FTE (108 total) to provide added expertise and support in key areas and help to meet essential business needs.
  - 1) Contract Management Analyst    2) Finance Manager / Staff Accountant    3) Contract / Settlements Analyst
  - 4) Optimization Software Engineer    5) Data Analyst
- Compensation Adjustments:
  - COLA: 3%; Promotions/Wage Adjustments: 3%; AIP Compensation: 12%
  - Accounting for increased healthcare premiums and associated benefit costs (realized and expected)
- Change to benefits reflects some recategorization of expenses from Salaries & Wages to Health Care/Benefits

# Public Hearing - AB 2561: Ava FY 25-26 YTD

FY 2025 - 2026 Budgeted Headcount	
Total Active FTE Budgeted	105
New FTE Budgeted	7
New FTE Filled to date	5
Average Time to Hire	67 Days
Vacancy Rate	29%
Retention Rate	95%
Average Turnover Rate	5%

Ava has a strong retention rate of 95%, with only 5 terminations so far this year.

Hiring Decision: Ava elected not to fill 2 positions this FY, bringing the total budgeted FTE down to 103.

Challenges faced in hiring:

- Finding a great fit can take time, but it's worth it.
  - We are prudent in our hiring process, strategically planning the timing of hiring, carefully considering all aspects of the role and desired impact.
- Competition for talent is high, especially in the Bay Area

What helps us overcome challenges?

- A strategic and robust hiring approach
- Ava is mission-driven & a certified Great Place to Work!

*\*For recruitment, only new budgeted positions are included. This does not account for other roles, like backfill positions.*

*\*Reporting Period: FY 25-26; July '25 - April '26 (YTD at time of report)*

*\*Average Time to Hire: Days from role posted to start date.*

*\*FTE: Full-time employee; YTD: Year-to-date*

*This slide and data presented ensure compliance to AB 2561, which requires local public agencies to present the status of vacancies and recruitment and retention efforts at a public hearing before the governing board of the local agency at least once per fiscal year.*

# Draft Budget: Marketing & Communications

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>MARKETING</b>				
Advertising & Promotions	1,130,000	256,000	913,000	-19.2%
Required Mailings	635,000	581,000	308,000	-51.5%
Communications	1,270,000	901,000	1,490,000	17.3%
Sponsorships	661,000	743,000	930,000	40.7%
Software & Subscriptions	176,000	126,000	80,000	-54.5%
<b>Total</b>	<b>3,872,000</b>	<b>2,607,000</b>	<b>3,721,000</b>	<b>-3.9%</b>

## FY 2027 Summary of Adjustments:

- Continued notifications to unincorporated San Joaquin County solar customers
- Customer mailings for Fremont commercial Renewable 100 transition
- Investment to a brand awareness strategy and launch phase one of a multi-year awareness initiative
- Investment in sponsorships, fellow, partners to activate more robust community engagement

# Draft Budget: Legal, Policy, & Regulatory Affairs

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>LEGAL, POLICY, &amp; REGULATORY AFFAIRS</b>				
Legal Consultants	3,143,000	2,527,000	3,110,000	-1.0%
Policy & Legislative Consultants	740,000	539,000	750,000	1.4%
Software & Subscriptions	281,000	148,000	325,000	15.7%
Memberships & Sponsorships	79,000	52,000	123,000	55.7%
<b>Total</b>	<b>4,243,000</b>	<b>3,266,000</b>	<b>4,308,000</b>	<b>1.5%</b>

## FY 2027 Summary of Adjustments

### Legal:

- Litigation counsel: funding to cover active litigation; litigation readiness; other potential disputes
- Commercial counsel: all procurement activities other than power resources
- Software and implementation: Legal research resources; contract platform Phase 3 rollout

### Policy and Regulatory Affairs

- Federal and state lobbyists
- Consultants for compliance and CAISO matters
- Potential AI services

# Draft Budget: Professional Services

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>PROFESSIONAL SERVICES</b>				
Operations	1,125,000	954,000	1,070,000	-4.9%
Human Resources	792,000	372,000	556,000	-29.8%
Technology/IT	860,000	606,000	910,000	5.8%
Power Resources	741,000	492,000	651,000	-12.1%
Other Services	0	0	1,200,000	0.0%
<b>Total</b>	<b>3,518,000</b>	<b>2,424,000</b>	<b>4,387,000</b>	<b>24.7%</b>

## FY 2027 Summary of Adjustments:

- **Technology Consultants:** Expanding operations requires additional engineering and CRM structure and design support
- **Other Services:** Primarily reflects temporary consultants and contractors, which was recategorized and consolidated this year

# Draft Budget: General & Administrative

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
<b>GENERAL OPERATIONS</b>				
Operational Expenses	950,000	2,063,000	2,715,000	185.8%
Memberships & Sponsorships	1,212,000	1,183,000	1,220,000	0.7%
Software & Subscriptions	2,880,000	2,550,000	3,927,000	36.4%
Small Equipment	310,000	60,000	270,000	-12.9%
Rent & Utilities	1,021,000	848,000	1,533,000	50.1%
Conferences & Prof. Development	381,000	53,000	311,000	-18.4%
HR & Recruiting	250,000	164,000	390,000	56.0%
Board & Director Fees	91,000	45,000	54,000	-40.7%
<b>Total</b>	<b>7,095,000</b>	<b>6,966,000</b>	<b>10,420,000</b>	<b>46.9%</b>

## FY 2027 Summary of Adjustments:

- **Operational Expenses:** Increase is primarily due to accounting change for fees with line of credit
- **Memberships Dues & Sponsorships:** Costs associated with JPAs, trade associations, and industry associations (CalCCA, CCCFA, CCPower, CFEE, Veloz, etc.)
- **Software & Subscriptions:** Increases to cover additional software needs for IT, Power Resources, and EAS data and increased cyber security needs
- **Rent & Utilities:** Increase due to initiation of primary lease agreement from a sub-lease agreement and no longer receiving TI related allowance
- **HR & Recruiting:** Some increase in recruiting costs for placing temporary consultants
- **Board & Director Fees:** These are reduced to more closely align with Board practices of requesting stipends

# Draft Budget: Non-Operating Activity

Ava Community Energy	FY 2026	FY 2026	FY 2027	FY 2027	
	BUDGET	ACTUAL	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2026	FY 2027	Delta	%D
<b>Non-Operating Revenue</b>					
Interest Income	15,066,000	26,494,000	24,378,000	9,312,000	61.8%
Other Non-Operating Revenue	49,000	54,000	48,000	(1,000)	-2.0%
<b>Total Non-Operating Revenue</b>	<b>15,115,000</b>	<b>26,548,000</b>	<b>24,426,000</b>	<b>9,311,000</b>	<b>61.6%</b>
<b>Non-Operating Expenses</b>					
Local Development Funding	10,190,000	190,000	0	(10,190,000)	-100.0%
Borrowing Interest	1,087,000	0	0	(1,087,000)	-100.0%
Capital Expenditures	250,000	551,000	120,000	(130,000)	-52.0%
<b>Total Non-Operating Expenses</b>	<b>11,527,000</b>	<b>741,000</b>	<b>120,000</b>	<b>(11,407,000)</b>	<b>-99.0%</b>
<b>NET NON-OPERATING REVENUES</b>	<b>3,588,000</b>	<b>25,807,000</b>	<b>24,306,000</b>	<b>20,718,000</b>	<b>577.4%</b>

## Non-Operating Revenue

- **Interest Income:** Reflects “higher-for-longer” FED interest rate policy and expected balance drawdowns
  - Rates are estimated to hold at 3.5%
- **Other Non-Operating Revenue:** is expected income AT&T tower rent at the 8<sup>th</sup> Street building

## Non-Operating Expenses

- **Borrowing Interest:** reduced due to changes in line of credit accounting
- **Capital Expenditures:** costs estimated for general improvements at 1999 Harrison St offices
- **Local Development:** no planned incremental contributions in light of the current fund balance and future planning work that is underway

# Draft Budget: Local Development Fund Balance\*

	Program Area	Balance	Earmarked
	Local Development	\$2,800,000	\$2,600,000
BE+EE	Building Electrification	\$14,600,000	\$8,500,000
	Building Efficiency Accelerator	\$1,300,000	\$1,000,000
TE	Vehicle Electrification	\$8,100,000	\$4,500,000
	Ava Charge	\$15,900,000	\$15,900,000
	Bike Electric	\$2,200,000	\$2,200,000
	SmartHome Charging	\$5,700,000	\$1,700,000
Resilience	Critical Municipal Facilities (CMF)	\$5,800,000	\$5,800,000
	SmartHome Battery	\$10,900,000	\$10,900,000
	Resiliency Hubs	\$5,600,000	\$5,600,000
BE+TE	Virtual Power Plant DERMS Platform	\$1,900,000	\$1,900,000
Grants	Community Investment Grants	\$8,800,000	\$8,800,000
	<b>Total</b>	<b>\$83,600,000</b>	<b>\$69,400,000</b>

[Local Development Fund Reconciliation Board Item from March 2025](#)

\*Fund balance as of 1/31/26

# Local Development – FY27 anticipated spend

Program Area	FY '27 Spend	Committed	FY'27 Activities
Program Roadmap	\$500,000	\$500,000	Local Development Programs Roadmap
Ava Charge	\$2,640,000	\$6,750,000	Development, Operations and Marketing for 5 Sites
Critical Municipal Facilities	\$2,000,000	N/A - 25 yr PPA	Complete Projects, Establish operating reserves, bill customers
Grants	\$600,000	\$1,900,000	Issue new solicitation, select at least three grantees and Payments for contracted grants
SmartHome Battery incentives	\$1,250,000	\$10,900,000	Upfront and ongoing payments for SHB
Resilience Hub TA/Incentives	\$1,500,000	\$5,600,000	Upfront incentives and Technical Assistance costs
Building Efficiency Accelerator	\$1,000,000	\$1,000,000	Incentives for Commercial Heat Pump Water Heaters
Ava Bike Electric incentives	\$2,200,000	\$2,200,000	Bike Electric will add \$4M from ACTC
Ava SmartHome Charging incentives	\$300,000	\$600,000	Enrollment incentives and VPP dispatch payment for SmartHome Charging program
<b>Total</b>	<b>\$11,990,000</b>	<b>\$29,450,000</b>	

# Draft Budget: Deferred Revenues & Reserve Funds

Contribution Year	Contribution	Withdraws	Balance	Operating Expenses*	OpEx Year	PctCoverage
2018-2019	40,513,687	-	40,513,687	410,686,000	FY 2019-2020	9.9%
2019-2020	49,704,640	-	90,218,327	383,045,000	FY 2020-2021	23.6%
2020-2021	-	-	90,218,327	471,897,000	FY 2021-2022	19.1%
2021-2022	65,655,073	-	155,873,400	562,667,000	FY 2022-2023	27.7%
2022-2023	75,000,000	-	230,873,400	732,885,000	FY 2023-2024	31.5%
2023-2024	100,000,000	-	330,873,400	814,123,000	FY 2024-2025	40.6%
2024-2025	-	-	330,873,400	899,393,000	FY 2025-2026	36.8%
<b>2025-2026**</b>	-	-	<b>330,873,400</b>	<b>833,753,000</b>	<b>FY 2026-2027</b>	<b>39.7%</b>

\*Operating Expenses are fiscal year ahead for coverage purposes: 2025-26 contribution year aligns with 2026-2027 OpEx

\*\*Expected contribution with current policy as of 5/6/2026

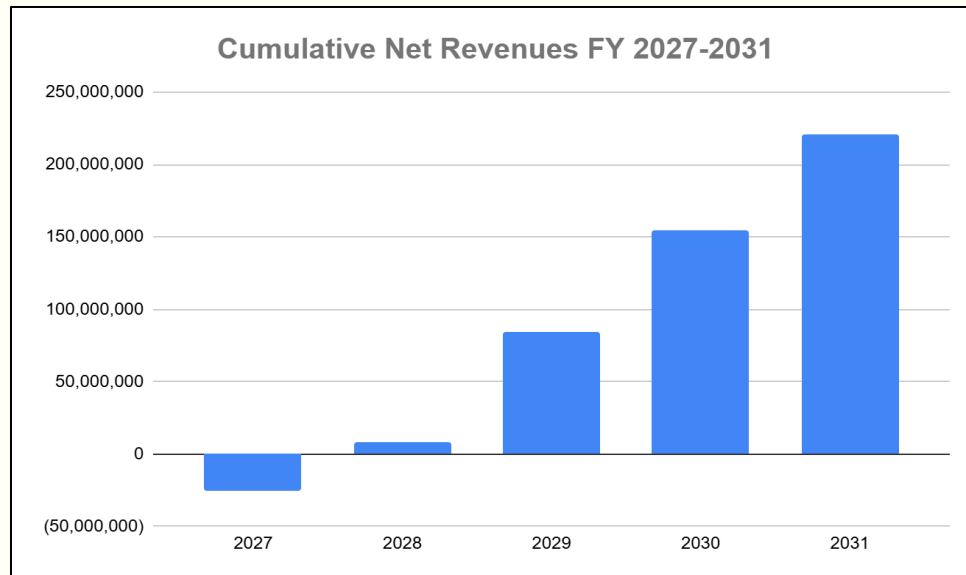
Note: If \$0 are contributed from 2025-2026 surplus, the balance of \$330.9MM is 39.7% of FY 2026-27 OpEx

- Current reserve fund balance covers 40.1% of projected operating expenses for FY 2027
- Current FY surplus estimate of \$83MM not included in balances
- Staff will bring recommendations for allocation of the surplus to the Board after completion of the annual audit in November
- Budget includes a release of \$5.2MM, equal to 50% of the deferred revenues related to Clean Energy Investments

Deferred Revenue Usage	Balance	Guidance
		R-2025-23 authorizes recognition of ~\$35MM to balance FY25-26 budget
		R-2025-41 authorizes conversions from previous budget deferrals
Rate Stabilization Fund	162,546,828	R-2025-42 & R-2025-51 authorizes RSF funding allocations
		R-2023-37 authorizes deferral for specified use.
Clean Energy Investments	10,504,837	R-2024-26 authorizes recognition in 2027

# 5-Year Forecast

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2027	2028	2029	2030	2031
<b>Revenue &amp; Other Sources</b>					
Total Operating Revenue	784,401,000	886,686,000	917,928,000	962,173,000	1,041,940,000
<b>Energy Operations</b>					
Cost of Energy	765,974,000	806,810,000	795,866,000	847,750,000	932,316,000
Cost of Energy Services	14,218,000	15,450,000	15,529,000	15,614,000	15,704,000
<b>Total Energy Operations</b>	<b>780,192,000</b>	<b>822,260,000</b>	<b>811,395,000</b>	<b>863,364,000</b>	<b>948,020,000</b>
Total Overhead Expenses	54,306,000	56,148,000	57,984,000	59,916,000	61,980,000
Total Non-Operating Revenue	24,423,000	24,609,000	26,636,000	30,216,000	33,464,000
Total Non-Operating Expenses	120,000	120,000	120,000	120,000	120,000
<b>Total Net Revenues</b>	<b>(25,795,000)</b>	<b>32,767,000</b>	<b>75,065,000</b>	<b>68,989,000</b>	<b>65,284,000</b>
Wholesale	9,544,000	9,860,000	9,896,000	10,035,000	10,316,000
Retail	8,966,000	9,280,000	9,335,000	9,472,000	9,749,000



- The reliability of any 5-year revenue forecast is limited due to poor visibility into key PG&E inputs, such as revenue requirements and load
  - This forecast does not assume material changes to PG&E revenue requirements, regulatory reform, and market prices.
  - **Actuals will vary based on potential known and unknown changes**
- Forecast Assumptions:
  - No material changes to rate setting and PCIA regulatory methodologies
  - No change to current value proposition
  - Markets perform at non-stressed, mean expected prices
  - Cost of energy services increases at historical account growth rate
  - Overhead increases at rate of inflation
  - Interest rates persist at 3.5%
- Surplus revenues can be applied to lowering rates, clean energy procurement, local development funding, working capital needs, RSF/reserves, operational enhancements, etc.

# Draft Budget: Next Steps & Expected Updates

- Staff to continue incorporating additional diligence and updates based on the recent May ERRA filing
- Final delivery to Board (6/17) for approval
  - Staff is seeking feedback on any matters in preparation for June board approval
  - For June Budget approval, staff will incorporate authorization to utilize the Rate Stabilization Fund(RSF) in the amount to fully offset the forecasted budget deficit.
- Actuals will change relative to budget scenarios based on energy market conditions, developments in CPUC proceedings, and updates to PG&E ERRA and GRC filings
- Further review with the board mid-year to account for 2026 actuals and final 2027 rate setting
  - PG&E's October ERRA filing will provide a meaningful update
  - Staff will consider mid-year budget adjustments as needed

# Appendix A: FY 2026-2027 Draft Budget Expanded View

Ava Community Energy	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	BUDGET	Delta	%D
	FY 2026	BASE CASE		
Wholesale Load (MWh)	8,984,000	9,526,000	542,000	6.0%
Retail Load (MWh)	8,439,000	8,949,000	510,000	6.0%
<b>Revenue &amp; Other Sources</b>				
Electricity Sales	869,170,000	789,012,000	(80,158,000)	-9.2%
Uncollectables	(8,692,000)	(9,862,000)	(1,170,000)	13.5%
GASB 62	35,327,000	5,250,000	(30,077,000)	-85.1%
<b>Total Operating Revenue</b>	<b>895,805,000</b>	<b>784,400,000</b>	<b>(111,405,000)</b>	<b>-80.9%</b>
Price Stress				
<b>Energy Operations</b>				
Cost of Energy	836,970,000	765,974,000	(70,996,000)	-8.5%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
<b>Total Energy Expenses</b>	<b>851,026,000</b>	<b>780,192,000</b>	<b>(70,834,000)</b>	<b>-8.3%</b>
<b>Overhead Expenses</b>				
Personnel	29,639,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	3,721,000	(151,000)	-3.9%
Legal, Policy, & Regulatory Affairs	4,243,000	4,308,000	65,000	1.5%
Other Professional Services	3,518,000	4,387,000	869,000	24.7%
General & Administrative	7,095,000	10,420,000	3,325,000	46.9%
<b>Total Overhead Expenses</b>	<b>48,367,000</b>	<b>54,306,000</b>	<b>5,939,000</b>	<b>12.3%</b>
<b>Total Operating Expenses</b>	<b>899,393,000</b>	<b>834,498,000</b>	<b>(64,895,000)</b>	<b>4.0%</b>
<b>Non-Operating Revenue</b>				
Interest Income	15,066,000	24,378,000	9,312,000	61.8%
Other Non-Operating Revenue	49,000	48,000	(1,000)	-2.0%
<b>Total Non-Operating Revenue</b>	<b>15,115,000</b>	<b>24,426,000</b>	<b>9,311,000</b>	<b>61.6%</b>
<b>Non-Operating Expenses</b>				
Local Development Funding	10,190,000	0	(10,190,000)	-100.0%
Borrowing Interest	1,087,000	0	(1,087,000)	-100.0%
Capital Expenditures	250,000	120,000	(130,000)	-52.0%
<b>Total Non-Operating Expenses</b>	<b>11,527,000</b>	<b>120,000</b>	<b>(11,407,000)</b>	<b>-99.0%</b>
<b>NET NON-OPERATING REVENUES</b>	<b>3,588,000</b>	<b>24,306,000</b>	<b>20,718,000</b>	<b>577.4%</b>
<b>TOTAL NET REVENUES</b>	<b>0</b>	<b>(25,792,000)</b>	<b>(25,792,000)</b>	<b>0.0%</b>

# Introduction to Asset Ownership

Marie Fontenot | June 3, 2026



**Ava** Community Energy



# Asset Ownership Overview



# Asset Ownership Strategy

## Concept of Asset Ownership

Asset ownership means direct control over energy infrastructure resources instead of relying on third-parties for ownership.

## Strategic Benefits

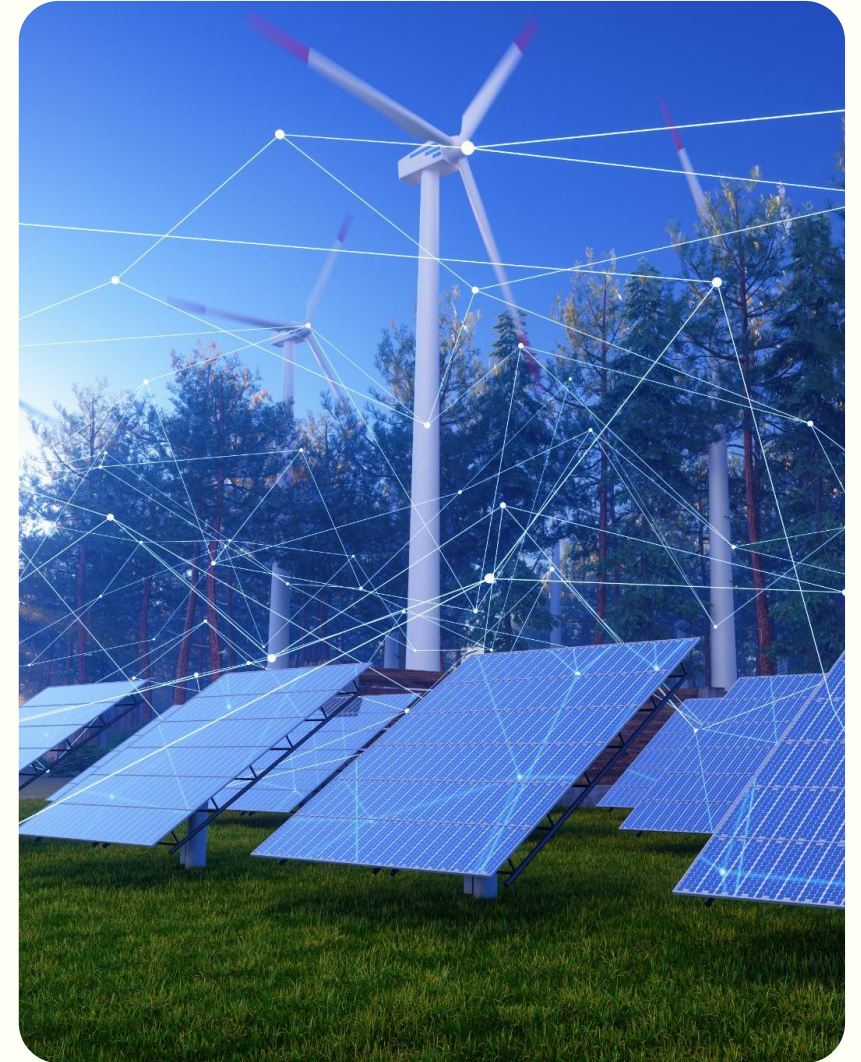
Owning assets allows better project influence, cost management, and alignment with long-term infrastructure goals for risk mitigation.

## Exploratory Discussion

This presentation *introduces the topic for feedback* and dialogue without seeking immediate decisions or approvals.

## Future Analysis and Alignment

Further analysis and project exploration will build understanding and ensure leadership alignment in a changing market



# Purpose of Discussion

## **Introduction to Asset Ownership**

Introducing asset ownership as a strategic option for organizational growth and decision making.

## **Benefits and Analysis Needs**

Outlining potential benefits of asset ownership and identifying areas requiring further analysis and understanding.

## **Leadership Engagement**

Socializing the topic across leadership to invite feedback and build shared understanding on asset ownership.

## **Strategic Positioning**

Positioning the organization to respond effectively to opportunities through early dialogue and capability assessment.

Some “live” project opportunities may be eligible for real consideration over the next few months.

# Types of Assets for Ownership



## Behind the meter solar & storage

Critical Municipal Facilities



## DC Fast Charging Infrastructure

AvaCharge Assets



## Wholesale renewable energy generation or storage

In front of the meter solar farms, wind farms, battery storage, etc.



## Other Considerations

Transmission, distribution, etc

**This presentation is primarily focused on ownership related to wholesale renewable energy generation or storage projects**

# How Wholesale Generation Is Owned Today

## Independent Power Producers (IPPs)

IPPs dominate energy generation with 65%, privately held and funded by equity or venture capital.

## Publicly Owned Utilities (POUs)

POUs make up 25%, are not-for-profit and often manage both generation and distribution for local communities.

## Investor-Owned Utilities (IOUs)

IOUs form 10%, are for-profit companies shifting focus from generation to transmission and grid management.



# Drivers of Third-Party Ownership

## Federal Tax Incentives

Investment Tax Credit and Production Tax Credit encourage private investors to own renewable energy assets cost-effectively.

## Ownership Dynamics

Utilities often use Power Purchase Agreements instead of direct ownership due to tax credit advantages favoring third parties.

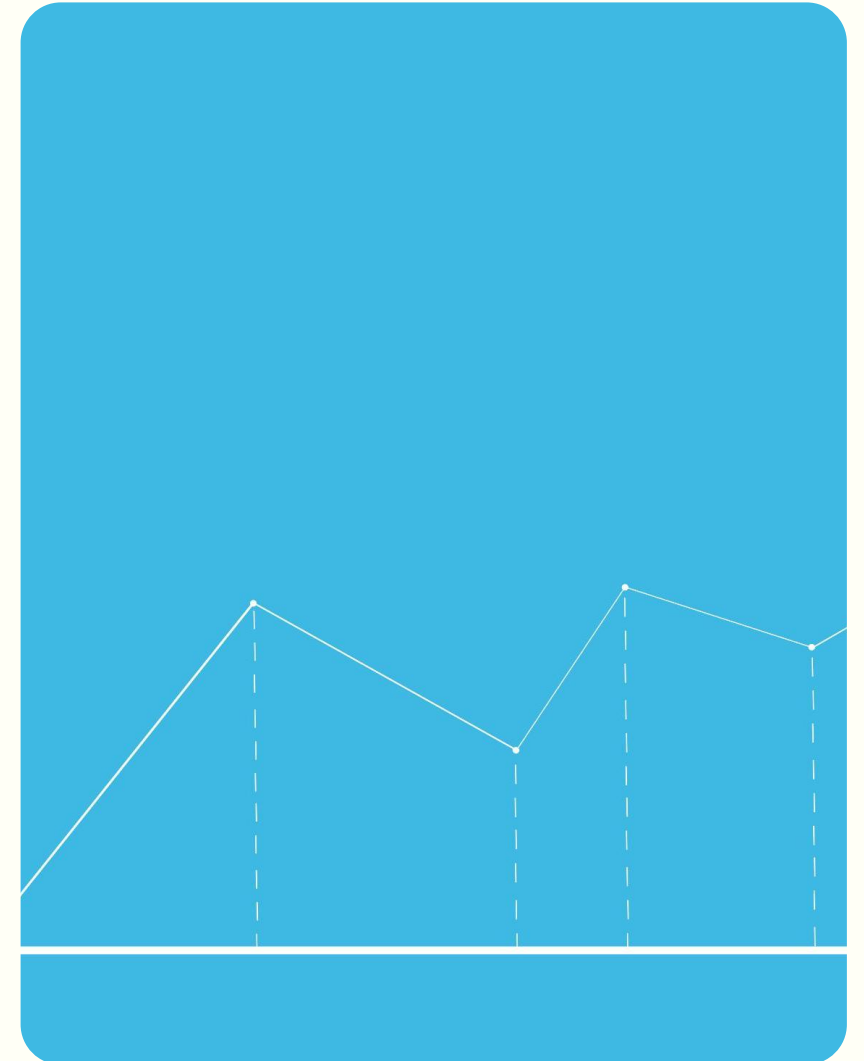
## Changing Credit Availability

Phase-out of tax credits will increase project costs and may reduce the benefits of third-party ownership models.

Every ~10% tax equity in a project = \$8-10/MWh price reduction to PPA offtaker.

## Future Ownership Strategies

Organizations may need to reconsider asset ownership as economic advantages shift due to evolving tax policies.



# Opportunity & Value



# Strategic Value of Ownership

## Enhanced Control and Oversight

Ownership provides greater control over asset performance, maintenance, and operational priorities, reducing reliance on third parties.

## Capturing Residual Asset Value

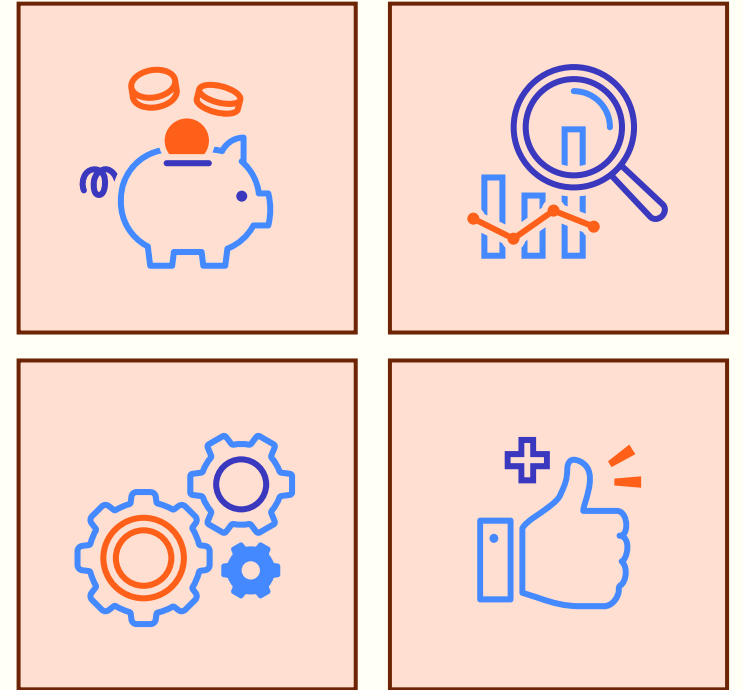
Ownership enables capturing residual value in land and interconnection rights, which appreciate over time.

## Influencing Regulations and Permitting

Owners can influence permitting and regulatory processes, especially when serving as authorities having jurisdiction.

## Long-Term Resilience and Flexibility

Ownership strengthens strategic flexibility and resilience by aligning asset management with organizational goals.



# Economic & Operational Benefits

## Cost Reduction Benefits

Asset ownership may reduce power costs compared to traditional PPAs by removing developer margins.

Developer tax incentives expire after 2030; municipalities maintain access to tax exempt funding.

## Risk Mitigation

Mission vs Margin: while private equity utilizes financial engineering to extract maximum project value, Ava as a non-profit asset owner is focused on equitable community outcomes and public welfare.

## Operational Flexibility

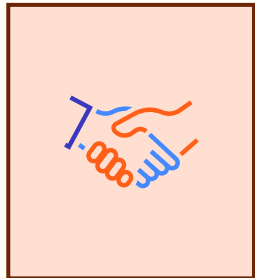
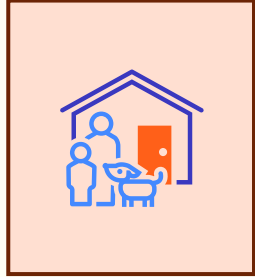
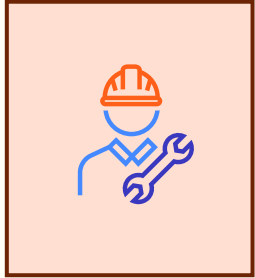
Ownership offers flexibility to adapt to market changes, policy shifts, and optimize dispatch strategies.



# Risks & Tradeoffs



# Key Risks of Ownership



# Comparison With Alternatives

	Asset ownership	“Full” contract offtake	Financial-only hedge
<b>Mitigate exposure to CAISO market volatility</b>	Yes	Yes	Yes
<b>Ensure RA compliance</b>	Yes	Yes	No
<b>Mitigate counterparty risk</b>	Yes	Somewhat	Somewhat
<b>Ability to respond to regulatory or legislative policy changes</b>	More than other structures	Seller tries to make it hard or make Buyer pay extra	No
<b>Operational control &amp; flexibility</b>	Yes (within warranty terms)	Generally, yes (within warranty terms)	No

## Tradeoffs & Assessment

Each structure involves tradeoffs in risk, control, and economics requiring thorough evaluation.

# Execution Approach



# Ownership Entry Strategies

## **Greenfield Development**

Greenfield development offers full control by managing site selection, land acquisition, and project development, though it is time-intensive.

## **Build Transfer Agreements**

BTAs provide quicker asset acquisition during or after construction, reducing development risk and speeding ownership transfer.

## **Asset Buyout Post-PPA**

Buying assets after PPA maturity involves waiting and complex valuation but can be a strategic long-term ownership approach.

## **Joint Ventures and Partnerships**

Joint ventures combine shared risk and expertise, while partnerships with organizations like CC Power enhance collaborative opportunities and risk mitigation.

# Key Considerations & Next Steps

## Capital Allocation Importance

Determining investment scale and impact on financial planning is critical for successful asset ownership transition.

## Strategic Timing and Phasing

Different ownership strategies have varied timelines and market dependencies.

Adopting a phased approach manages risk and builds expertise through gradual investment scaling.

## Alignment with Policies

Align ownership strategies with long-term policy and market trends to maximize value and sustainability.

## Next Steps for Advancement

Conduct deeper analysis, refine strategic options, engage counterparties on implementation options, and further discussion with the board for consideration

