



Staff Report Item 14

To:	Ava Community Energy Board of Directors
From:	Howard Chang, CEO
Subject:	Fiscal Year 2026-2027 Budget
Date:	June 17, 2026

Recommendation

Adopt a resolution approving the 2026-2027 fiscal year budget as presented in Exhibit A

Background and Discussion

Ava’s fiscal year is from July 1 through June 30. Each year the Board of Directors (the “Board”) approves the following fiscal year’s budget. The budget presented today incorporates feedback garnered from previous draft versions presented to the Executive Committee on May 6, 2026, and June 3, 2026, the Board on May 20, 2026, and the Financial, Administrative, and Procurement subcommittee on May 27, 2026.

The proposed budget (the “Budget”) outlines staff’s best estimates for costs and revenues anticipated for the next fiscal year, based on load, market prices, and Power Charge Indifference Adjustment (“PCIA”) charges. Due to these updates, the numbers in this Budget may differ from those presented in previous versions.

This Budget reflects Ava’s current best estimates of energy prices and includes two funding sources to stabilize costs: \$18.9MM drawn from the Rate Stabilization Fund (RSF) and \$5.3MM in additional GASB 62 funds. The GASB 62 funds will be recognized against incremental generation and capacity from the 2023 request for offer (RFO) projects starting in 2027, as outlined in Resolution R-2024-26.

Other factors and assumptions that are represented in this Budget are:

- No recommended changes to Ava's value proposition to customers
- Assumes Ava maintains a 1.25% uncollectable rate
- Energy costs are derived from a blend of contracted and open positions. Open prices are non-stressed, mean-forecasted market prices.
- Implementation of a compliance period procurement methodology over a three-year period of 2024-2027 with an average target of 81% renewable and carbon free energy, which remains unchanged from previous Board-approved targets
- No draws on credit facility or use of reserve funds
- Non-operating revenues assume an average of 3.5% interest rate earned through the fiscal year
- Personnel headcount of 5 incremental additional staff
- No recommendation for Local Development allocation

Although the fiscal year 2026-27 budget forecasts a deficit of \$18.9MM, the fiscal year 2025-26 budget is actualizing with a surplus in excess of \$80MM and reflects Ava's strong financial state. This is in addition to reserves of approximately \$330MM and \$162MM in RSF monies. While Ava has not previously utilized its RSF, it serves to balance over collection and under collection year-over-year.

In 2025, the Board approved the Rate Stabilization Fund Policy (P-22) By resolution R-2025-41 which authorizes the CEO and the Treasurer, or their designee, to utilize the RSF as needed to meet budgetary goals. The Budget includes the estimated amount of RSF deferred revenues (\$18.9MM) intended for use in balancing the budget.

In future meetings, Staff plans to present a detailed proposal to the Board for allocation of the current fiscal year's projected surplus for discussion and approval.

Fiscal Impact

The approved budget establishes the forecast of Ava's fiscal position for the next 12 months.

Attachments:

- A. Exhibit A: 1-Pager of the Fiscal Year 2026-2027 Budget
- B. Resolution Adopting Ava's Fiscal Year 2026-2027 Budget
- C. Resolution R-2025-41 Rate Stabilization Policy Approval
- D. Policy Number 22-Rate Stabilization Fund Policy
- E. Resolution R-2024-26 Renewable Surplus Allocation
- F. Presentation on Fiscal Year 2026-2027 Budget

EXHIBIT A: 1-PAGER OF FISCAL YEAR 2026-2027 BUDGET

Ava Community Energy	FY 2026	FY 2027		
	BUDGET	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2027	Delta	%D
Wholesale Load (MWh)	8,984,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	8,975,000	536,000	6.4%
Revenue & Other Sources				
Electricity Sales	869,170,000	805,476,000	(63,694,000)	-7.3%
Uncollectables	(8,692,000)	(10,068,000)	(1,376,000)	15.8%
GASB 62	35,327,000	24,160,000	(11,167,000)	-31.6%
Total Operating Revenue	895,805,000	819,568,000	(76,237,000)	-8.5%
Price Stress				
Energy Operations				
Cost of Energy	836,970,000	775,323,000	(61,639,000)	-7.4%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
Total Energy Expenses	851,026,000	789,541,000	(61,477,000)	-7.2%
Overhead Expenses				
Personnel	29,639,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	3,771,000	(101,000)	-2.6%
Legal, Policy, & Regulatory Affairs	4,243,000	4,258,000	15,000	0.4%
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%
Total Overhead Expenses	48,367,000	54,306,000	5,939,000	12.3%
Total Operating Expenses	899,393,000	843,847,000	(55,538,000)	-6.2%
NET OPERATING REVENUES	(3,588,000)	(24,279,000)	(20,699,000)	576.9%
Non-Operating Revenue				
Interest Income	15,066,000	24,351,000	9,285,000	61.6%
Other Non-Operating Revenue	49,000	48,000	(1,000)	-2.0%
Total Non-Operating Revenue	15,115,000	24,399,000	9,284,000	61.4%
Non-Operating Expenses				
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%
Total Non-Operating Expenses	11,527,000	120,000	(11,407,000)	-99.0%
NET NON-OPERATING REVENUES	3,588,000	24,279,000	20,691,000	576.7%
TOTAL NET REVENUES	0	0	(8,000)	0.0%

RESOLUTION NO. R-2026-XX
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE AVA COMMUNITY ENERGY AUTHORITY ADOPTING THE FISCAL YEAR
2026-2027 BUDGET

WHEREAS Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, under the Joint Exercise of Powers Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the Joint Powers Agreement (“JPA”) in March of 2020. The city of Stockton was added as a member to Ava in September of 2022. The city of Lathrop was added as a member to Ava in October of 2023. San Joaquin County was added as a member to Ava in July 2024. On October 24, 2023, Ava legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception; and

WHEREAS Ava operates on a fiscal year budget cycle from July 1st through June 30th; and

WHEREAS draft versions of Ava’s budget for fiscal year 2026-2027 were presented to the Executive Committee on May 6, 2026, and June 3, 2026, the Finance, Administrative & Procurement subcommittee on May 27, 2026, and the Board of Directors (the “Board”) on May 20, 2026 (the “Prior Presentations”); and

WHEREAS Staff has incorporated feedback from the Prior Presentations and prepared a revised proposed budget set forth in Exhibit A (the “Proposed Budget”); and

WHEREAS in 2024, the Board adopted Resolution R-2024-26, approving the release of deferred revenues for long-term renewable energy and clean storage investments in calendar year 2027 at staff discretion; and

WHEREAS the Proposed Budget includes recognition of half of the aforementioned deferred revenues; and

WHEREAS in 2025, the Board adopted Resolution R-2025-41, approving the Rate Stabilization Fund Policy (P-22) which authorizes the CEO and the Treasurer, or their designee, to utilize the Rate Stabilization Fund (RSF) deferred revenues as needed to achieve budget objectives; and

WHEREAS the Proposed Budget includes the estimated amount of RSF deferred revenues to be utilized for the purpose of balancing the budget.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Board of Directors hereby approves and adopts the Proposed Budget, as set forth in Exhibit A, as Ava's fiscal year 2026-2027 budget.

ADOPTED AND APPROVED this 17th day of June, 2026.

Betsy Andersen, Chair

ATTEST:

Adrian Bankhead, Clerk of the Board

RESOLUTION NO. R-2025-41
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY ADOPTING A RATE STABILIZATION FUND
AND POLICY

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS Ava currently maintains a GASB 62 Budget Stabilization Fund (the “Fund”) established by resolution R-2020-26, which allows for the accrual and deferral of excess revenue, identified as budget surplus revenues, to be recognized in successive periods to offset uncontrolled cost variations and preserve positive net position for Ava by mechanisms of accounting governed under the Governmental Accounting Standards Board (GASB).

WHEREAS the Fund is an integral part of Ava’s waterfall of liquidity resources and is used for short-term budget cycle liquidity challenges and other financial matters necessary for maintaining rate stability year-to-year for Ava’s customers.

WHEREAS similar agencies refer to funds that provide a similar rate stability mechanism as a Rate Stabilization Fund (RSF).

WHEREAS similar agencies that maintain a RSF have specific policies established that give guidance for management of the RSF.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The GASB 62 Budget Stabilization Fund is hereby renamed the Rate Stabilization Fund (RSF).

Section 2. The Rate Stabilization Fund Policy attached to the staff report associated with this Resolution, is hereby approved.

ADOPTED AND APPROVED this 17th day of September, 2025.

Signed by:

Betsy S Andersen

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Betsy Andersen, Chair

ATTEST:

DocuSigned by:

Adrian Bankhead

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Adrian Bankhead, Clerk of the Board

RATE STABILIZATION FUND POLICY

Policy Number: 22
Approval Date: 9/17/2025
Agenda Item: Staff Report Item 10
Approved by Resolution: R-2025-41

PURPOSE:

The purpose of this Policy is to set guidelines for the processes for funding, utilizing, and managing the Rate Stabilization Fund (RSF) as a source of liquidity to manage financial and operational risk.

POLICY OBJECTIVES:

The establishment of the RSF will allow Ava to defer revenue in years when fiscal results are strong and to apply deferred revenue in years when financial results are negatively impacted by uncontrollable events. The RSF will provide Ava with a mechanism to protect customers from risks related to energy market volatility, extreme events, and regulatory changes, as well as maintain financial covenants, achieve annual budget objectives, and other such fiscal matters.

FUNDING MECHANISM:

Funding the RSF is accounted for under Governmental Accounting Standards Board (GASB) rules which codify and standardize the accounting management of revenue recognition for public agencies. Deferrals of revenue as a transfer to the RSF reduces net revenue recognized on budget statements, and net position in that period of deferral, by the same amount.

The Board of Directors (the "Board") has authorized the Chief Executive Officer (CEO) and the Treasurer, or their designee, to defer revenue to the RSF from time to time such amount as may be determined as appropriate from any source designated as surplus in accordance with the budget previously approved by the Board, as established by resolution R-2020-26.

UTILIZATION MECHANISM:

Recognition of contributions to the RSF is also governed by GASB rules. Recognition of revenues as a transfer from the RSF increases net revenues recognized on budget statements, and net position in that period of recognition, by the same amount.

The Board has authorized the CEO and the Treasurer, or their designee, to utilize deferred revenues from the RSF from time to time in such amounts as necessary to stabilize rates, satisfy financial covenants, achieve budget objectives, and to implement direction provided by the Board.

REPORTING:

The RSF balance is recorded on Ava's Statement of Net Position. Transfers to and from the RSF are recorded in the Statements of Revenues, Expenses, and Changes in Net Position. Both statements are presented quarterly, and audited annually, in Ava's financial statements.

TARGET FUND BALANCE:

The RSF balance target is 20% of operating expenses.

RSF HOLDINGS AND INVESTMENTS:

RSF balances are not required to be held in a separate account and may be commingled with other funds held by Ava for investment purposes but will be accounted for and reported separately. All Ava fund balances, including the RSF, are subject to Ava's Board-approved and State Government Code compliant investment policy.

RESOLUTION NO. R-2024-26
A RESOLUTION OF THE BOARD OF DIRECTORS
OF AVA COMMUNITY ENERGY AUTHORITY TO RELEASE \$10,504,837 FROM THE
FY2022-23 SURPLUS TOWARDS LONG-TERM RENEWABLE ENERGY AND
CLEAN STORAGE INVESTMENTS IN 2027

WHEREAS The Ava Community Energy Authority (“Ava”) was formed as a community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 *et seq.*, among the County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study, promote, develop, conduct, operate, and manage energy-related climate change programs in all of the member jurisdictions. The cities of Newark and Pleasanton, located in Alameda County, along with the City of Tracy, located in San Joaquin County, were added as members of Ava and parties to the JPA in March of 2020. The city of Stockton, located in San Joaquin County was added as a member of Ava and party to the JPA in September of 2022. The city of Lathrop, located in San Joaquin County, was added as a member to Ava and party to the JPA in October of 2023. On October 24, 2023, the Authority legally adopted the name Ava Community Energy Authority, where it had previously used the name East Bay Community Energy Authority since its inception.

WHEREAS with the approval of the 2022-23 fiscal year budget, the Board of Directors (the “Board”) approved a portion of surplus revenues to be allocated for long-term renewable energy and clean storage investments (the “Allocation”).

WHEREAS following the completion of the audit, the Allocation is \$10,504,837 and is held as retained earnings in the GASB 62 Rate Stabilization Fund.

WHEREAS Ava is seeking to procure local, incremental generation and capacity from the 2023 RFO and intends to apply the Allocation to this portfolio of projects as they start delivery in 2027.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF AVA COMMUNITY ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. Release the Allocation to the General Fund in 2027 at staff discretion of the exact date.

ADOPTED AND APPROVED this 20th day of March 2024.

DocuSigned by:

Jack O. Balch

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Jack Balch, Chair

ATTEST:

DocuSigned by:

Adrian Bankhead

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Adrian Bankhead, Clerk of the Board



Fiscal Year 2026-2027 Draft Budget

Howard Chang, CEO | June 17, 2026



Introduction

- Every year in June, Ava Board of Directors (the “Board”) approves the following fiscal year’s budget and staff is seeking formal approval of this proposed final budget at today's regular board meeting
- This budget was reviewed by an ad hoc group of the Ex Comm on 5/6, full board on 5/20, FAP on 5/27, and ExComm on 6/3
- 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

Current Fiscal Year 2025-2026 Performance

- Details on “Actuals” are settlements through April 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 \$7.4MM 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 BUDGET FY 2026	FY 2026 ACTUAL FY 2026	FY 2026 Delta	FY 2026 %D
Wholesale Load (MWh)	8,984,000	8,316,000	(668,000)	-7.4%
Retail Load (MWh)	8,439,000	7,867,000	(572,000)	-6.8%
Revenue & Other Sources				
Electricity Sales	869,170,000	891,462,000	22,292,000	2.6%
Uncollectables	(8,692,000)	(8,933,000)	(241,000)	2.8%
Other Operating Revenue	0	3,204,000	3,204,000	0.0%
GASB 62	35,327,000	0	(35,327,000)	-100.0%
Total Operating Revenue	895,805,000	885,733,000	(10,072,000)	-1.1%
Energy Operations				
Cost of Energy	836,970,000	773,494,000	(63,476,000)	-7.6%
Cost of Energy Services	14,056,000	14,251,000	195,000	1.4%
Total Energy Expenses	851,026,000	787,745,000	(63,281,000)	-7.4%
Overhead Expenses				
Total Overhead Expenses	48,367,000	40,935,000	(7,432,000)	-15.4%
Total Non-Operating Revenue	15,115,000	26,547,000	11,432,000	75.6%
Total Non-Operating Expenses	11,527,000	770,000	(10,757,000)	-93.3%
TOTAL NET REVENUES	0	82,830,000	82,830,000	0.0%

Fiscal Year 2026-2027 Draft Budget



Draft Budget Fiscal Year 2026-2027

- **Revenues:** Energy prices continue to soften and with resolution of the CPUC's Track 1 PCIA proceeding, generation rates and PCIA going into calendar year 2027 remain relatively stable. The fiscal year revenues decline because prior fiscal year included higher rates in calendar 2025
- **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, increasing software costs, and addition of five headcount
- **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 2026-2027 with current fund balance at \$84MM

Ava Community Energy	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	BUDGET	Delta	%D
	FY 2026	FY 2027		
Wholesale Load (MWh)	8,984,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	8,975,000	536,000	6.4%
Revenue & Other Sources				
Electricity Sales	869,170,000	805,476,000	(63,694,000)	-7.3%
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Total Operating Revenue	895,805,000	819,568,000	(76,237,000)	-8.5%
Energy Operations				
Cost of Energy	836,970,000	775,323,000	(61,647,000)	-7.4%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
Total Energy Expenses	851,026,000	789,541,000	(61,485,000)	-7.2%
Overhead Expenses				
Total Overhead Expenses	48,367,000	54,306,000	5,939,000	12.3%
Total Non-Operating Revenue	15,115,000	24,399,000	9,284,000	61.4%
Total Non-Operating Expenses	11,527,000	120,000	(11,407,000)	-99.0%
TOTAL NET REVENUES	0	0	0	0.0%

- *Note: Incorporates the use of the Rate Stabilization Fund (RSF) to offset the forecasted deficit.*
- *Expanded budget view shown in appendix*

Draft Budget: Forecast Uncertainty

- May 15, 2026 PG&E ERRR filing provided a forecast for 2027 rates and PCIA
 - The filing provides an update on a subset of the underlying assumptions but did not provide updated MPBs
 - While a formal updated filing from PG&E is outstanding, we do not anticipate material changes
 - This is separate from potential changes that may come from the General Rate Case (GRC)
 - PG&E's October ERRR filing will provide the next meaningful update on 2027 rates
- 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
- Energy prices are highly volatile and have softened over the last 6 months in response to a mild winter, accelerated melting snowpack, and new energy capacity coming online. Over the last month, we have seen price forecasts increasing
- New power generation project online dates may be delayed or moved forward impacting power portfolio expenses
- 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. 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". 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", along with a copyright notice: "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 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**

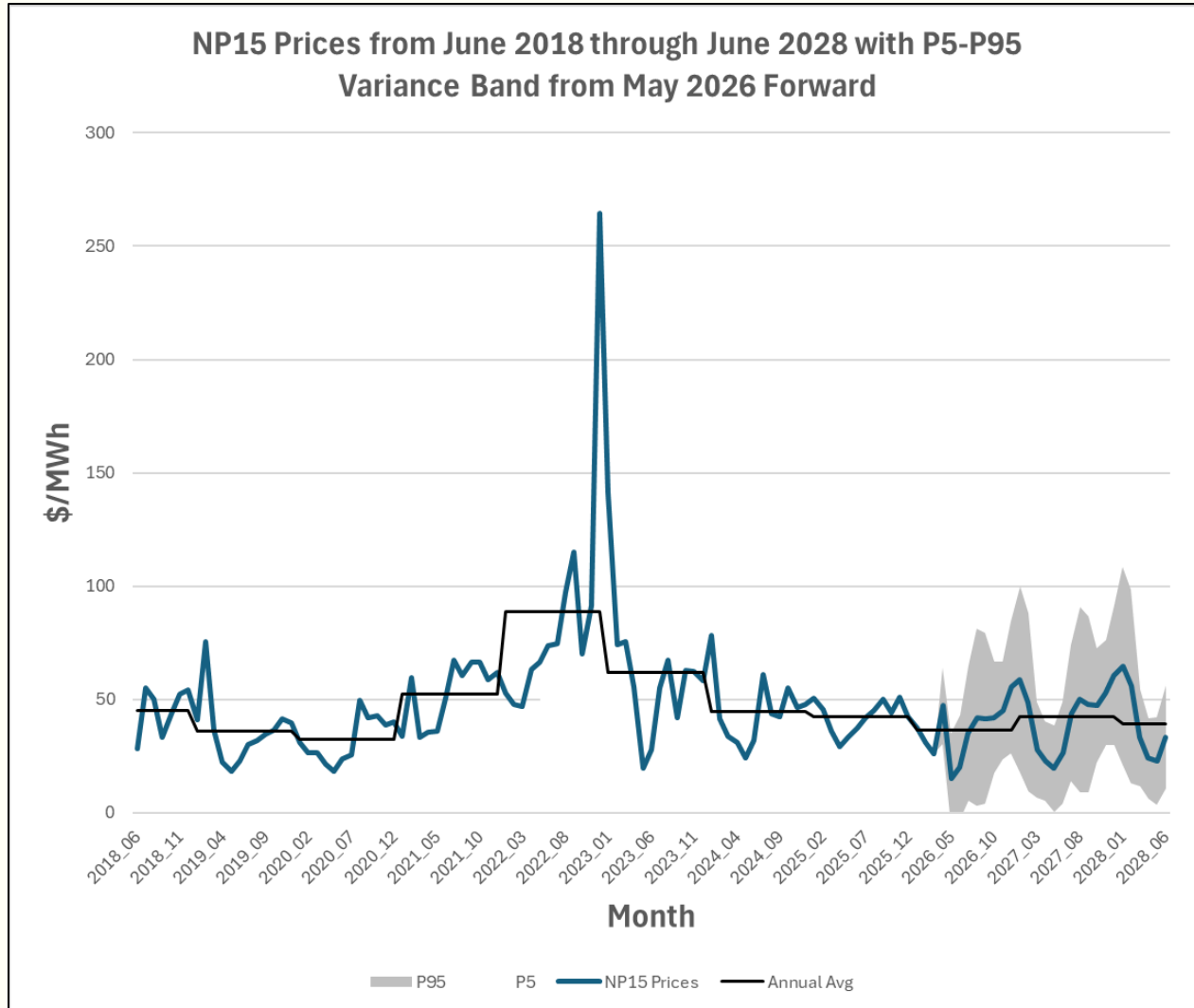
- **Proceeding is ongoing; decision expected in time for inclusion in 2027 rates**
- The CPUC is reviewing the methodology for valuing RECs that PG&E "banked" prior to 2019 but did not actually use for compliance purposes until 2025. An interim methodology values those RECs at \$0. This increases the 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

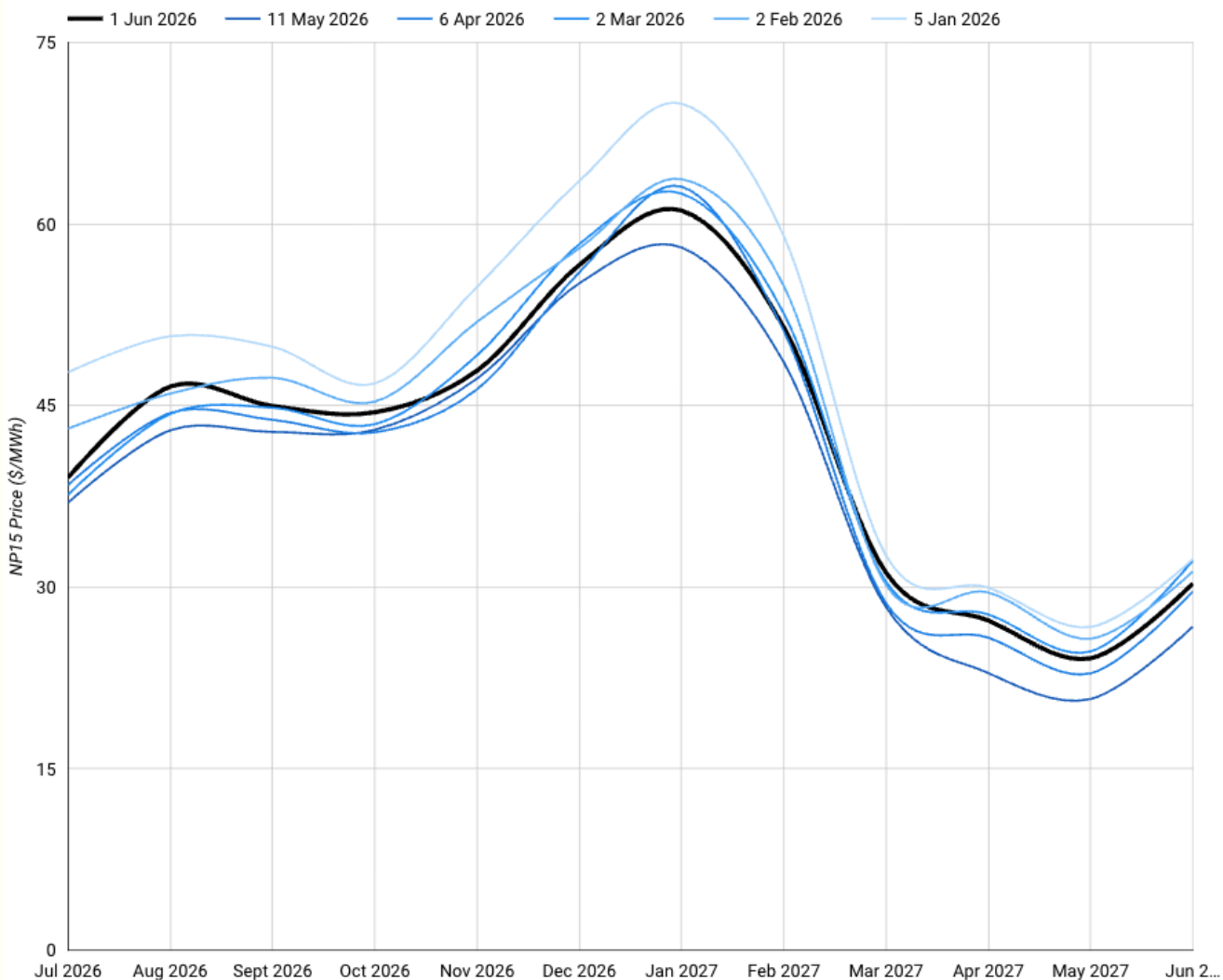


Historical NP15 Energy Price Actuals



- NP15 is the most liquid pricing for the northern CA region as the closest proxy to Ava's wholesale prices
- 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 2026 forecasted prices and trueing up 2025 actualized prices. 2027 rates will be set by 2027 forecasted prices and trueing up 2026 actualized prices.

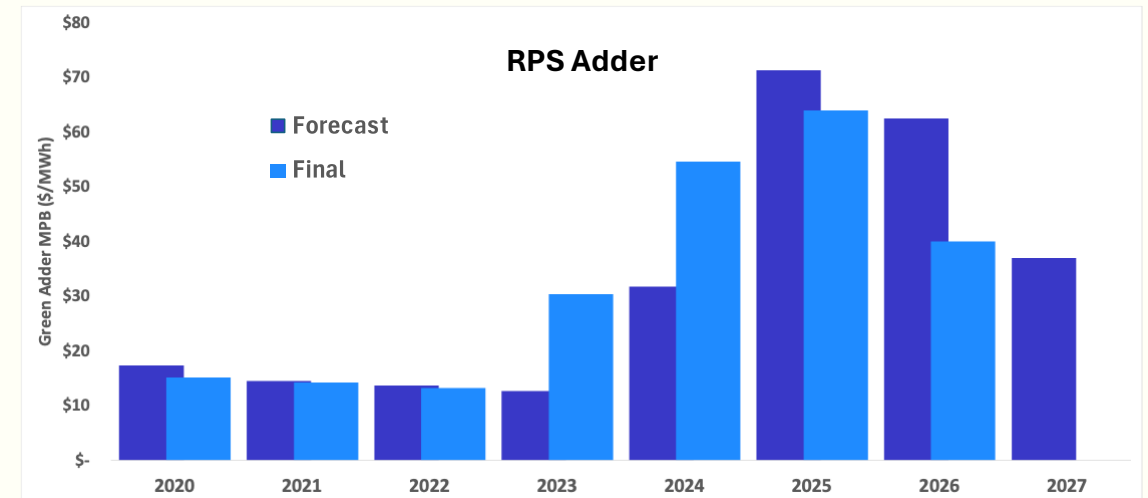
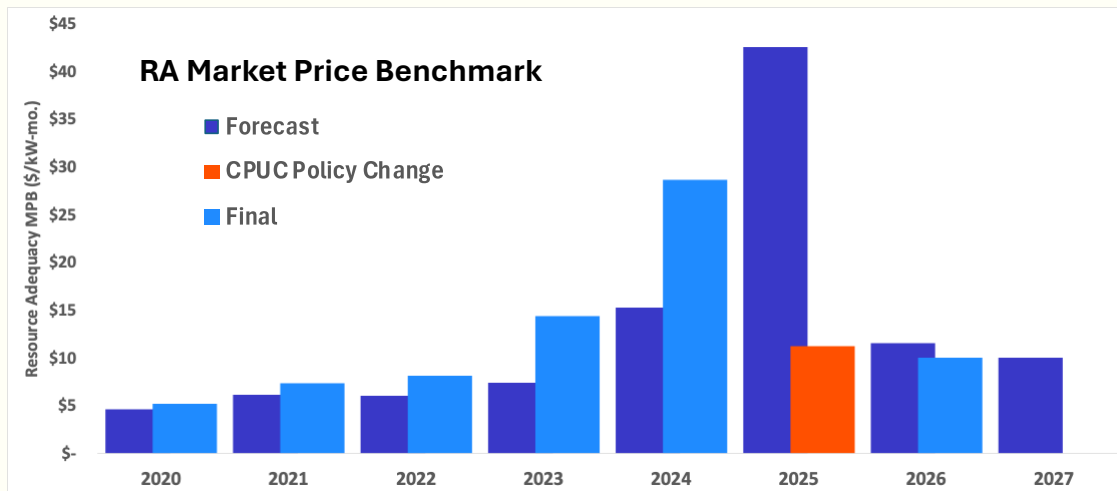
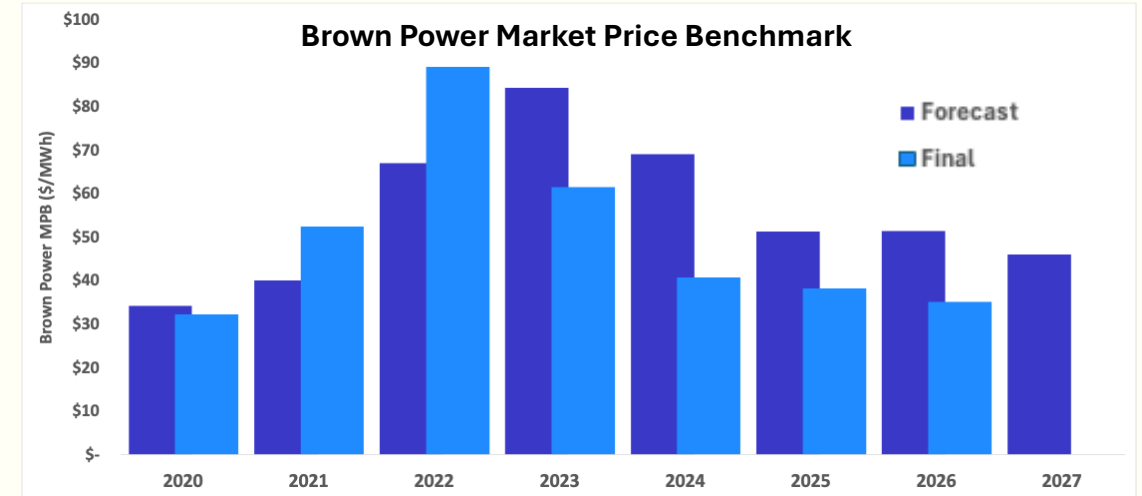
Forward NP15 Energy Price Forecasts



- This graph reflects forward pricing for FY 2026-2027 pricing broken out by month
 - The individual lines reflect the forward curve at different points in time over the past 6 months
- The spread between the lines ranges from \$5 to \$15 depending on the month, which reflects the volatility in forward pricing

Market Price Benchmark Trends 2020-2027

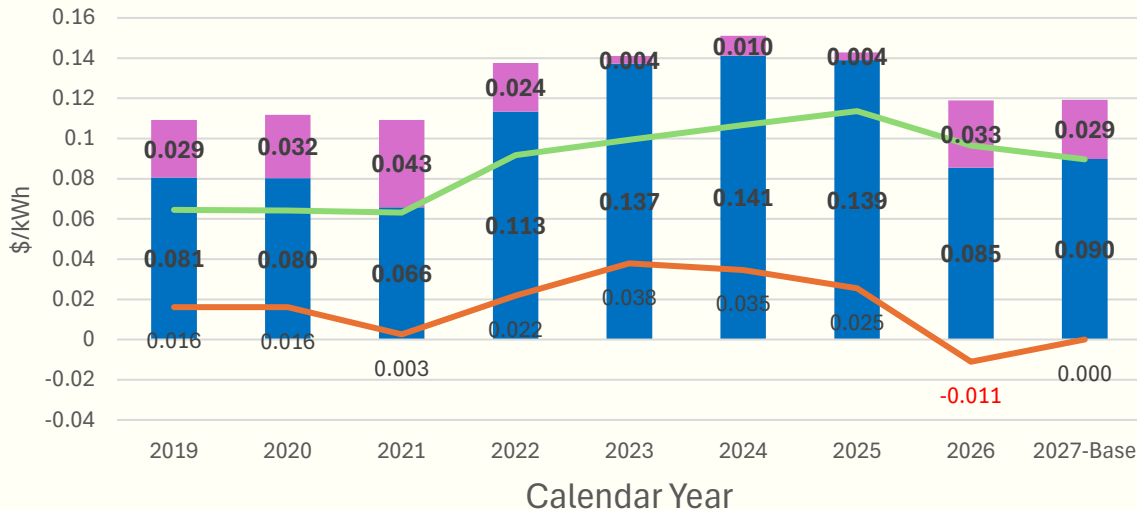
- Forecast MPBs used to develop PCIA and generation rates are calculated in Sept each year:
 - Energy: Avg forward price during Sept for delivery the following year
 - REC: Avg executed contract price in the past 15 months for delivery in following year
 - RA: Avg executed contract price in the past 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



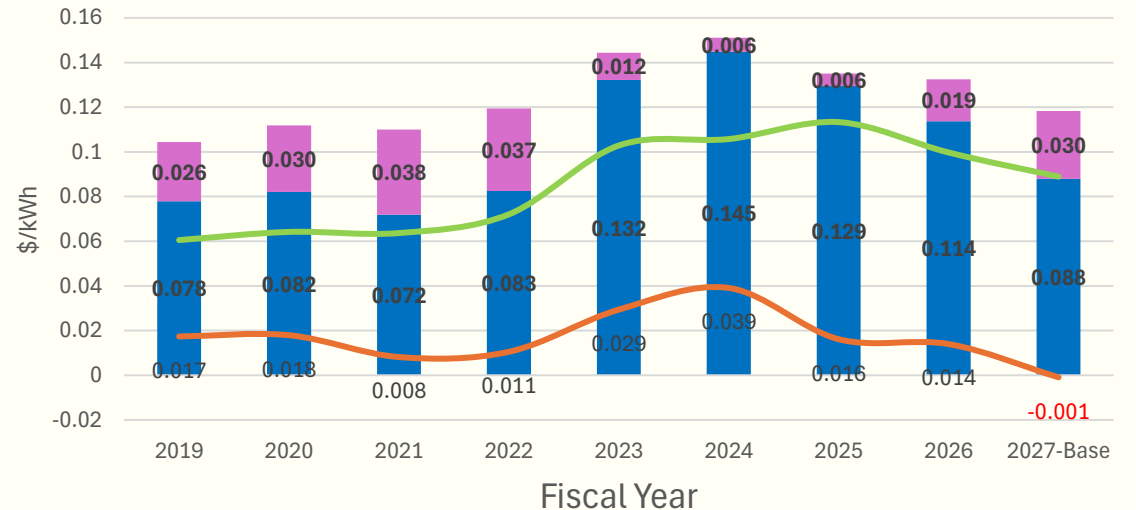
Historical Generation Rates & PCIA

- 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 0.3% (inclusive of PCIA)
 - Between fiscal year 2025 and 2026, customer rates dropped 2%, and between 2026 and 2027, rates are expected to drop another 11%

Customer Rate Revenue Profile



Customer Rate Revenue Profile



■ Ava Average Rates ■ PCIA Fees ■ Operating Expenses ■ Margin

■ Ava Average Rates ■ PCIA Fees ■ Operating Expenses ■ Margin

Draft Budget: Revenues

Ava Community Energy	FY 2026	FY 2026	FY 2027		
	BUDGET	ACTUAL	BUDGET	<i>FY 2027</i>	<i>FY 2027</i>
	FY 2026	FY 2026	FY 2027	<i>Delta</i>	<i>%D</i>
Wholesale Load (MWh)	8,984,000	8,310,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	7,863,000	8,975,000	536,000	6.4%
Revenue & Other Sources					
Electricity Sales	869,170,000	891,515,000	805,476,000	(63,694,000)	-7.3%
Uncollectables	(8,692,000)	(8,931,000)	(10,068,000)	(1,376,000)	15.8%
Other Operating Revenue	0	3,204,000	0	0	0.0%
GASB 62	35,327,000	0	24,160,000	(11,167,000)	-31.6%
Total Operating Revenue	895,805,000	885,788,000	819,568,000	(76,237,000)	-8.5%

- Despite higher load, revenue from electricity sales is expected to decrease for the fiscal year with Ava's generation rates declining ~11%. Note: calendar rates are flat and fiscal year rates are down because calendar 2025 rates were significantly higher.
- 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
- \$24.1MM recognition from GASB 62 deferred revenue
 - \$18.9MM from the Rate Stabilization Fund
 - \$5.2MM related to resolution R-2024-26, which is half of the \$10,504,837 deferred for incremental clean energy generation and storage 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	\$ 35.04	\$ 62.45	\$ 40.00	\$ 11.53	\$ 10.00
2027	\$ 46.02	\$ 46.02	\$ 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
Revenues	800,658,000	722,789,000	885,732,000
Cost of Energy	789,541,000	769,507,000	833,389,000
Overhead	54,306,000	54,306,000	54,306,000
Net Non-Op	24,279,000	15,988,000	23,849,000
Net Revenues	(18,910,000)	(85,036,000)	21,886,000
<i>Load (MWh)</i>	9,553,000	9,553,000	9,553,000

Case estimates do not include RSF contributions in order for scenarios to have an equivalent comparison.

	Base Case		Low End		High End	
MPBs	2026	2027	2026	2027	2026	2027
Power	35.04	46.02	23.70	33.28	40.90	47.61
RPS	40.00	36.92	40.00	36.92	62.45	62.45
RA	10.00	10.00	10.00	10.00	11.53	11.53

Draft Budget: Overview of Operating Expenses

Ava Community Energy	FY 2026	FY 2026	FY 2027		
	BUDGET	ACTUAL	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2026	FY 2027	Delta	%D
Energy Operations					
Cost of Energy	836,970,000	773,264,000	775,331,000	(61,639,000)	-7.4%
Cost of Energy Services	14,056,000	14,251,000	14,218,000	162,000	1.2%
Total Energy Expenses	851,026,000	787,515,000	789,549,000	(61,477,000)	-7.2%
Overhead Expenses					
Personnel	29,639,000	25,997,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	2,467,000	3,771,000	(101,000)	-2.6%
Legal, Policy, & Regulatory Affairs	4,243,000	3,186,000	4,258,000	15,000	0.4%
Other Professional Services	3,518,000	2,359,000	4,387,000	869,000	24.7%
General & Administrative	7,095,000	6,926,000	10,420,000	3,325,000	46.9%
Total Overhead Expenses	48,367,000	40,935,000	54,306,000	5,939,000	12.3%
Total Operating Expenses	899,393,000	828,450,000	843,855,000	(55,538,000)	-6.2%

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 93.6% 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 6.4% 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

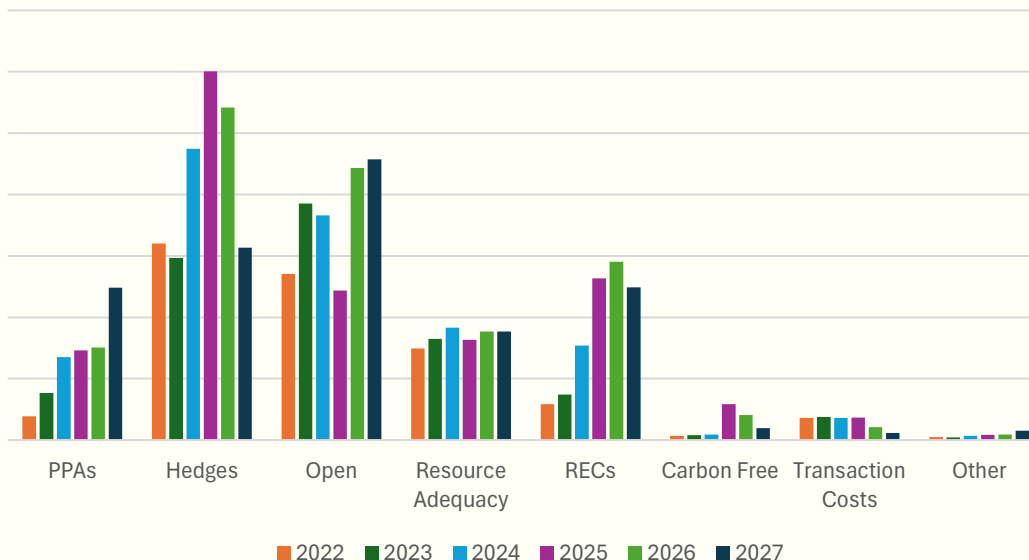
Draft Budget: Energy Operations

Ava Community Energy	FY 2026	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	ACTUAL	BUDGET	Delta	%D
	FY 2026	FY 2026	FY 2027		
Energy Operations					
Cost of Energy	836,970,000	773,264,000	775,323,000	(61,647,000)	-7.4%
Energy Services					
Data Management/CRM	10,080,000	10,238,000	9,980,000	(100,000)	-1.0%
Billing & Metering	3,208,000	3,270,000	3,446,000	238,000	7.4%
Scheduling	768,000	743,000	792,000	24,000	3.1%
Cost of Energy Services	14,056,000	14,251,000	14,218,000	162,000	1.2%
Total Energy Expenses	851,026,000	787,515,000	789,541,000	(61,485,000)	-7.2%

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: Marketing & Communications

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
MARKETING				
Advertising & Promotions	1,130,000	157,000	913,000	-19.2%
Required Mailings	635,000	557,000	308,000	-51.5%
Communications	1,270,000	769,000	1,540,000	21.3%
Sponsorships	661,000	152,000	930,000	40.7%
Software & Subscriptions	176,000	509,000	80,000	-54.5%
Total	3,872,000	2,144,000	3,771,000	-2.6%

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: General & Administrative

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
GENERAL OPERATIONS				
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%
Total	7,095,000	6,966,000	10,420,000	46.9%

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: 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
	Total	\$83,600,000	\$69,400,000

[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
Total	\$11,990,000	\$29,450,000	

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%
2025-2026**	-	-	330,873,400	844,230,000	FY 2026-2027	39.2%

*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

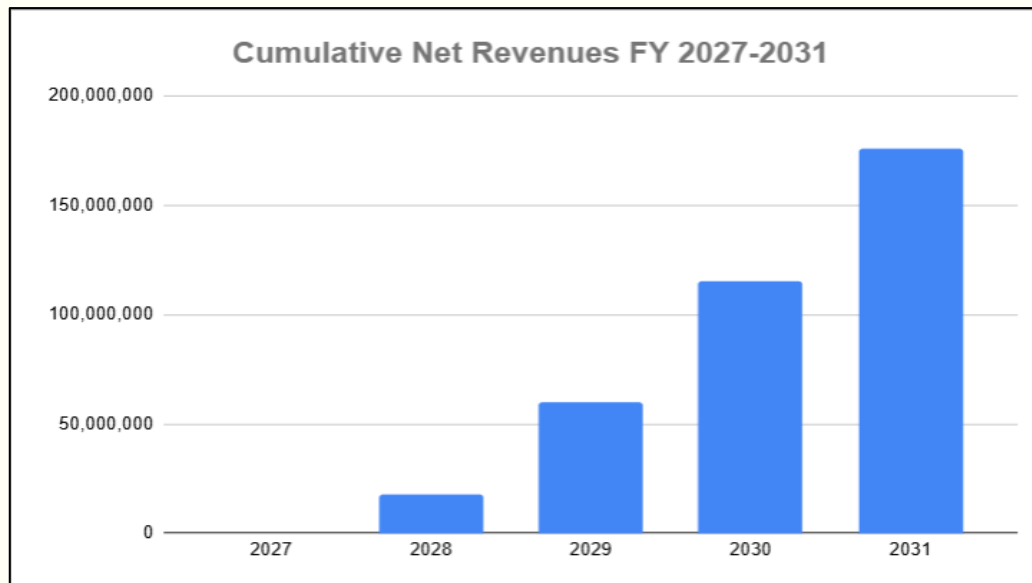
- Current reserve fund balance covers 40.1% of projected operating expenses for FY 2027
- Current FY surplus estimate of \$83MM not included in balances
- Staff will bring recommendations for allocation of the surplus to the Board after completion of the annual audit in November
- Budget includes a release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

Deferred Revenue Balances After Utilization	Balance
Rate Stabilization Fund	143,636,828
Clean Energy Investments	5,252,419

5-Year Forecast

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2027	2028	2029	2030	2031
Revenue & Other Sources					
Total Operating Revenue	819,568,000	907,788,000	918,848,000	963,137,000	1,042,726,000
Energy Operations					
Cost of Energy	775,323,000	844,170,000	829,014,000	861,563,000	936,044,000
Cost of Energy Services	14,218,000	15,450,000	15,529,000	15,614,000	15,704,000
Total Energy Operations	789,541,000	859,620,000	844,543,000	877,177,000	951,748,000
Total Overhead Expenses	54,306,000	56,148,000	57,984,000	59,916,000	61,980,000
Total Non-Operating Revenue	24,399,000	25,542,000	26,299,000	29,165,000	32,011,000
Total Non-Operating Expenses	120,000	120,000	120,000	120,000	120,000
Total Net Revenues	0	17,442,000	42,500,000	55,089,000	60,889,000
Wholesale	9,552,943	9,862,296	9,895,603	10,033,986	10,313,390
Retail	8,974,899	9,285,850	9,341,734	9,478,486	9,754,651



- 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 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.

Conclusion & Authorization

- Staff is seeking approval of the presented fiscal year 2026-2027 budget, including the expectation to utilize \$18.9MM from the Rate Stabilization Fund to fully offset the forecasted deficit
 - Actuals will change relative to budget scenarios based on energy market conditions, developments in CPUC proceedings, and updates to PG&E ERRAs and GRC filings
- Staff will provide a review with the board mid-year, incorporating 2026 actuals and final 2027 rates
 - PG&E's October ERRA filing will provide a meaningful update

FY 2026-2027 Draft Budget Expanded View

Ava Community Energy	FY 2026	FY 2027		
	BUDGET	BUDGET	FY 2027	FY 2027
	FY 2026	FY 2027	Delta	%D
Wholesale Load (MWh)	8,984,000	9,553,000	569,000	6.3%
Retail Load (MWh)	8,439,000	8,975,000	536,000	6.4%
Revenue & Other Sources				
Electricity Sales	869,170,000	805,476,000	(63,694,000)	-7.3%
Uncollectables	(8,692,000)	(10,068,000)	(1,376,000)	15.8%
GASB 62	35,327,000	24,160,000	(11,167,000)	-31.6%
Total Operating Revenue	895,805,000	819,568,000	(76,237,000)	-8.5%
Price Stress				
Energy Operations				
Cost of Energy	836,970,000	775,323,000	(61,639,000)	-7.4%
Cost of Energy Services	14,056,000	14,218,000	162,000	1.2%
Total Energy Expenses	851,026,000	789,541,000	(61,477,000)	-7.2%
Overhead Expenses				
Personnel	29,639,000	31,470,000	1,831,000	6.2%
Marketing & Communication	3,872,000	3,771,000	(101,000)	-2.6%
Legal, Policy, & Regulatory Affairs	4,243,000	4,258,000	15,000	0.4%
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%
Total Overhead Expenses	48,367,000	54,306,000	5,939,000	12.3%
Total Operating Expenses	899,393,000	843,847,000	(55,538,000)	-6.2%
NET OPERATING REVENUES	(3,588,000)	(24,279,000)	(20,699,000)	576.9%
Non-Operating Revenue				
Interest Income	15,066,000	24,351,000	9,285,000	61.6%
Other Non-Operating Revenue	49,000	48,000	(1,000)	-2.0%
Total Non-Operating Revenue	15,115,000	24,399,000	9,284,000	61.4%
Non-Operating Expenses				
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%
Total Non-Operating Expenses	11,527,000	120,000	(11,407,000)	-99.0%
NET NON-OPERATING REVENUES	3,588,000	24,279,000	20,691,000	576.7%
TOTAL NET REVENUES	0	0	(8,000)	0.0%

Appendix



PCIA & Operating Headroom

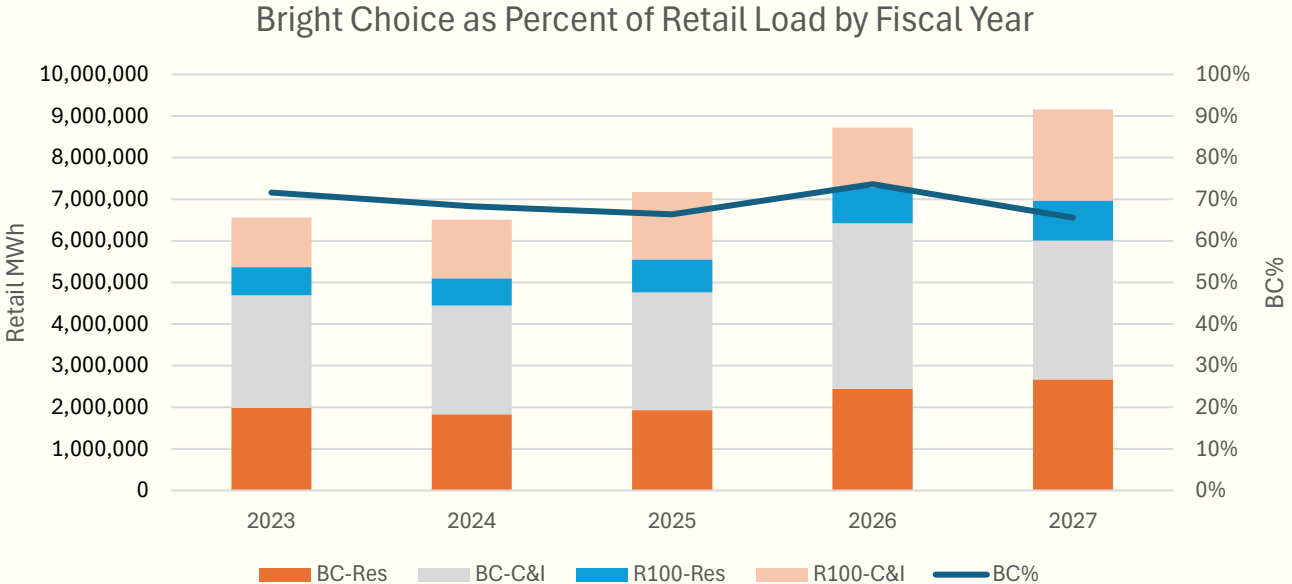
- Ava's generation rates to customers are indexed to PG&E's generation rate
- A portion of the generation cost is a charge from PG&E for the Power Charge Indifference Adjustment (PCIA)
 - The PCIA is how PG&E recovers "stranded costs or credits" for legacy generation resources



- 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

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

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%
Period*	57.3%	23.7%	80.9%	57.4%	24.9%	82.3%	1.4%

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%
Total	29,639,000	26,564,000	31,470,000	6.2%

- 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: Legal, Policy, & Regulatory Affairs

	BUDGET FY2026	ACTUALS FY2026	BUDGET FY2027	%Change
LEGAL, POLICY, & REGULATORY AFFAIRS				
Legal Consultants	3,143,000	262,000	3,110,000	-1.0%
Policy & Legislative Consultants	740,000	2,318,000	705,000	-4.7%
Software & Subscriptions	281,000	487,000	325,000	15.7%
Memberships & Sponsorships	79,000	7,000	123,000	55.7%
Total	4,243,000	3,074,000	4,263,000	0.5%

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
PROFESSIONAL SERVICES				
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%
Total	3,518,000	2,424,000	4,387,000	24.7%

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: Non-Operating Activity

Ava Community Energy	FY 2026	FY 2027	FY 2027	FY 2027
	BUDGET	BUDGET	Delta	%D
Non-Operating Revenue				
Interest Income	15,066,000	24,351,000	9,285,000	61.6%
Other Non-Operating Revenue	49,000	48,000	(1,000)	-2.0%
Total Non-Operating Revenue	15,115,000	24,399,000	9,284,000	61.4%
Non-Operating Expenses				
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%
Total Non-Operating Expenses	11,527,000	120,000	(11,407,000)	-99.0%
NET NON-OPERATING REVENUES	3,588,000	24,279,000	20,691,000	576.7%

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 8th 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