



Staff Report Item 6

To:	Ava Community Energy Authority Executive Committee
From:	Kelly Brezovec, Sr. Director, Account Services
Subject:	Seeking feedback from the Executive Committee on a recommended extension of Ava's agreement with Sacramento Municipal Utility District for Call Center and Data Management Services, starting at the end of the current agreement, January 1, 2027, concluding on December 31, 2029.
Date:	October 7, 2026

Summary/Recommendation

Sacramento Municipal Utility District (SMUD) provides critical Customer Care and Data Management Services (CCDMS) to Ava via a contract priced at a per-meter monthly service fee. The current two-year contract started on January 1, 2025, and ends on December 31, 2026.

The proposed agreement was discussed at the [January 2026 Executive Committee](#) meeting in connection with Ava's [updated procurement policy](#). The Board-adopted policy classifies Customer Care and Data Management Services as a "Mission Critical Service," which does not require a public Request for Proposals when three criteria are met.

These services meet all three criteria: they are essential to issuing more than 8 million bills annually and receiving customer payments; alternatives are limited, and transitioning providers would be complex and disruptive; and any service interruption could cause significant financial and reputational harm by affecting billing, payments, and customer interactions. SMUD is meeting Ava's needs, and the Executive Committee recommended continuing the partnership.

The proposed new contract sees a price increase from \$1.10 to \$1.13 per meter with an annual escalation tied to inflation. Staff has negotiated elements of the agreement, such as lower fixed fees for customer credits, included twice-annual updates of customer-facing web, phone, and email templates, and tighter schedule controls for billing system enhancements.

Staff seeks feedback from the Executive Committee on a recommended contract extension with SMUD for Call Center and Data Management Services for a three-year term, from January 1, 2027, through December 31, 2029.

Financial Impact

Ava has worked with SMUD since 2018, when Ava first started serving customers. The contract has been priced at a monthly, per meter rate with additional fees for new programs or enhancements.

	Per Meter Price	% Annual Increase	Estimated Annual
2018-2021	\$1.05		\$7 MM - \$8.8 MM
2022-2024	\$1.00	-4.7%	\$8.5 MM (including Share My Data fee)
2025-2026	\$1.10	10%	\$10.9 MM
2027	\$1.13	2.7%	\$11.1 MM
2028	\$1.15 - \$1.17	2-3.5%	\$11.5 MM
2029	\$1.19 - \$1.20	2-3.5% (based on \$1.16 in 2028)	\$12.1 MM

Table 1: Historical and proposed future pricing of Ava's contract with SMUD for CCDMS services

The annual cost, based on meters served, is expected at \$11.1 million in 2027, increasing in 2028 and 2029 due to both an increase in per meter fee and growth, to \$11.5 to \$12.1 million per year. The growth figure was aligned with California's Housing Element Law.

Term

In January 2026, staff brought an [item to the Executive Committee](#) to identify that this set of services would be exempt from a Request for Proposal (RFP), due to changes to the Procurement Policy. The Executive Committee agreed that no RFP was needed, agreeing that SMUD provides mission-critical products and services, which is exempt from the RFP requirement, even though the last RFP was more than five years prior. The Policy referenced in that memo was amended by a [new adopted policy in April 2026](#); this new policy does not change the RFP requirements for "mission-critical products and services."

Analysis and Context

Service and history

CCAs contract with third parties for data management services, and often, call center services (Call Center and Data Management Services, or CCDMS). SMUD, as Ava's CCDMS provider, is responsible for critical operational services, including:

- Billing operations
- Data management
- Call center/customer service representatives

Sample activities:

Service	Activities
Billing operations	Ingest billing determinants from PG&E Send bill-ready billing information to PG&E Apply payments to customer accounts
Data management	Data feed conduit between PG&E and Ava Develop and share customer characteristic reports Ingest and share interval data feeds
Call center	Respond to customer inquiries via chat, email, and phone Manage customer enrollment via web forms and IVR service Continue to update knowledge base with information about Ava programs

Table 2: Sample Activities of a CCDMS provider

Select updates to the new agreement

While the bulk of the services SMUD provides are standard, such as providing the billing information to PG&E, there are some opportunities for negotiation and inclusion of updated pricing and services. Table 3 highlights some of these differences.

Item	2025-2026	2027-2029
Per meter fee	\$1.10	\$1.13
Common enhancements and updates	Scheduled pricing, set at current rates	Scheduled pricing, increased due to inflation. Lower prices for customer on-bill credits.
Updates to customer-facing phone, webform, email	\$50k spent in 2026	Twice annual updates included
Returning client credit	n/a	\$1 million credit available as part of a 3-year term
Project management standards	n/a	Both parties to agree to deadlines for planned enhancement projects

Table 3: Agreement updates

Special consideration: alternative providers

Staff regularly monitors the energy services market and engages with potential providers and peer agencies to assess available alternatives. Based on this ongoing market review, staff has not identified another provider that currently offers the combination of customer call center capabilities, service customization, and utility operations expertise Ava receives from SMUD. CCAs in California work with either SMUD or Calpine Energy Solutions for data management requirements. Staff's evaluation indicates that Calpine, acquired by energy provider Constellation in 2025, does not fully meet Ava's customized operational and customer service needs. Staff will continue to monitor the market and evaluate emerging alternatives and intends to conduct a formal competitive process when market conditions and Ava's needs make doing so appropriate.

Next Steps

Staff will bring the recommendation and feedback from the Executive Committee to the Board of Directors on Wednesday, October 21, 2026 as an item on the consent agenda.

Attachment

- A. PowerPoint



SMUD Agreement Extension for Customer Care and Data Management Services

Kelly Birdwell Brezovec | October 7, 2026



Agenda

- Background
- Summary
- Pricing
- Alternatives
- Next steps

Background

- Sacramento Municipal Utility District (SMUD) provides critical Customer Care and Data Management Services (CCDMS) to Ava via a contract priced at a per-meter monthly service fee
- SMUD has provided these critical services since the start of service in 2018
- The current two-year contract started on January 1, 2025, and ends on December 31, 2026
- Services qualify as "mission critical," under Ava's 2025 and new 2026 procurement policy, which removes the requirement for an RFP
 - Essential operations are dependent upon product or service
 - Difficulty of finding and transitioning to an alternative supplier
 - Degree of financial and/or reputational harm due to an outage in this service
- Staff proposes entering into a three-year agreement starting January 1, 2027

Summary: New Agreement

- The proposed new contract sees a price increase from \$1.10 to \$1.13 per meter with an annual escalation tied to inflation.
- Staff has updated and negotiated elements of the agreement, including
 - Lower fixed fees for customer credits
 - Included twice-annual updates of customer-facing web, phone, and email templates
 - Tighter schedule controls for billing system enhancements

Pricing Detail

	Per Meter Price	% Annual Increase	Estimated Annual
2018-2021	\$1.05		\$7 MM - \$8.8 MM
2022-2024	\$1.00	-4.7%	\$8.5 MM (including Share My Data fee)
2025-2026	\$1.10	10%	\$10.9 MM
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2028-2029 are forecast, based on expected inflation and growth

Alternatives

- Staff regularly monitors the market and engages with potential providers and peer agencies
- Current options for California CCAs are limited to SMUD and Calpine Energy Solutions
 - Calpine does not fully meet Ava's customized operational and customer service needs
- Staff will continue evaluating alternatives and conduct a formal competitive process when appropriate

Next Steps

- Staff seeks feedback from the Executive Committee on a contract extension with SMUD for Call Center and Data Management Services for a three-year term, from January 1, 2027, through December 31, 2029.
- Ava legal team finalizes the agreement
- Staff to bring the item to the October Board meeting on the Consent Agenda



Community Energy