

VALLEY CLEAN ENERGY ALLIANCE**Staff Report – Item 11**

TO: Board of Directors

FROM: Edward Burnham, Chief Financial Officer

SUBJECT: Approve and Adopt Updated Collections Policy

DATE: September 10, 2026

RECOMMENDATIONS

Approve the attached resolution adopting the updated collections policy for VCE.

BACKGROUND & ANALYSIS

At the March 10, 2022 meeting, the Board adopted ([Item 14](#)) VCE's collection policy to establish a customer-focused process for recovering delinquent accounts returned to Valley Clean Energy (VCE) after PG&E collection efforts have ended.

As part of SMUD's billing and collections services, SMUD recently selected a new collections partner to manage collection activities on behalf of participating agencies. To align VCE's Collections Policy with the new collections provider's practices and capabilities, Staff recommends several administrative updates to improve clarity, operational efficiency, and collection effectiveness.

The proposed amendments:

- Clarify customer notification and pre-collection outreach requirements.
- Clarify when delinquent accounts may be referred to collections.
- Increase settlement authority for collections agent from \$2,500 to \$10,000 for negotiated account resolutions.
- Continue CEO discretion to address customer hardship, unforeseeable events, or other extenuating circumstances for balances under \$2,500.

These updates are intended to support efficient administration of VCE's collections program, improve recovery of outstanding receivables, and ensure the policy remains aligned with current operational practices while maintaining VCE's commitment to fair and customer-centered collections practices. Staff recommends approval of the updated Collections Policy.

CONCLUSION

If adopted, the updated Collections Policy is expected to reduce additional impairment by reducing accounts receivable and bad debt expense and increasing cash receipts.

Attachments

1. Collections Policy Updated Draft (Redline)
2. Resolution 2026-XXX adopting Collections Policy



Valley Clean Energy Alliance

Collections Policy

~~1.~~ **2.1. PURPOSE**

This policy establishes Valley Clean Energy (VCE) rules governing late payment and pre-collection notifications to customers, and the process by which a third-party collection agent will collect past due VCE charges on VCE's behalf. VCE or its agent will make all reasonable efforts to contact a customer and to handle collections with a high degree of sensitivity before sending the account to collections.

2. COLLECTIONS

All customers must pay all outstanding VCE charges for the period in which the customer received service from VCE.

a. Customers ~~should be~~ may be returned to Investor Owned Utility (IOU) services for account balances greater than 120 days and with no payment plan arrangements with Pacific Gas and Electric (PG&E).

~~a.b.~~ Customers that fail to remain current with payment plans may~~will~~ be returned to IOU services.

~~b.c.~~ Late Payment and Return to IOU Notifications

- i. Active customers will be sent multiple late payment notices by PG&E and/or VCE to a customer's last known mailing address or if customer consented to receive electronic notices or electronic bills, at customer's last known e-mail address, if the account has a VCE balance that is 90 days or more past due and the customer is not on a payment arrangement with PG&E.
- ii. Late payment notices will indicate that an outstanding balance is overdue and that failure to pay VCE charges to PG&E or to enter a payment arrangement with PG&E may result in ~~being referred to a collection agent designated by VCE~~ disconnection of service.

~~c.d.~~ Collections Criteria

- i. ~~Except as provided in Section b.ii,~~ Any terminated customer account with an outstanding VCE charge that is not subject to collection by PG&E may be referred for collections to a collection agency designated by VCE.
- ~~ii. Customers enrolled in the California Alternate Rates for Energy (CARE), Family Electric Rate Assistance (FERA), or Medical Baseline programs at the time PG&E returns a receivable to VCE are not subject to the collections criteria in Section c.i. if the balance is \$500 or less.~~

~~d.e.~~ Pre-Collection Notification

- i. When necessary, VCE or its assigned agent will use reasonable business methods, using contact information available through customer information on file with PG&E, to send a multiple pre-collection notices informing any customer account that meets the collections criteria specified in Section 2.c. that the customer charges owed to VCE are outstanding and that the customer's account is collectible through a collection agent designated by VCE .

~~e.f.~~ Collection Agent

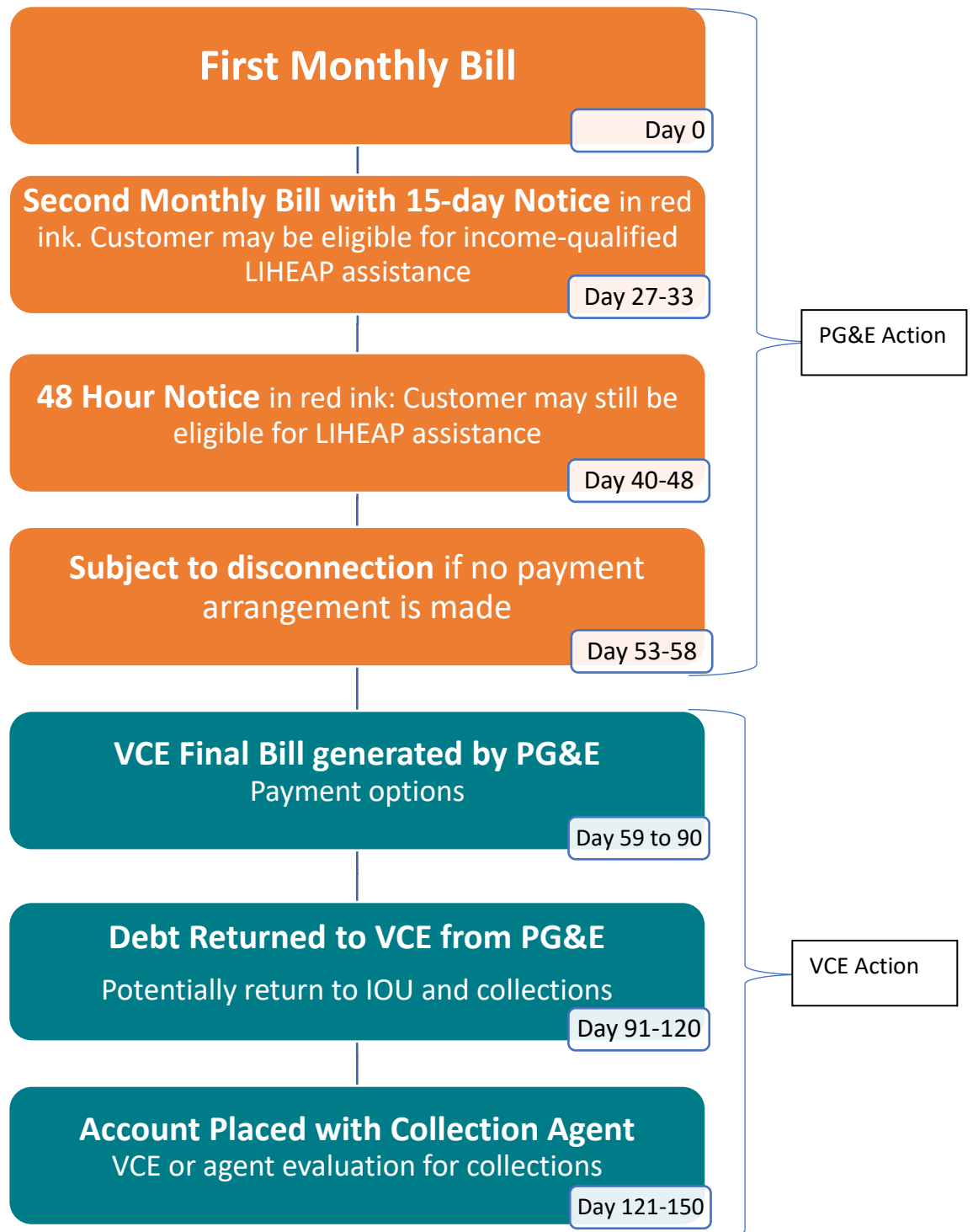
- i. VCE may engage one or more collection agents to collect past due funds from VCE customers on VCE's behalf (Collection Agent).

- ii. Once VCE sends a customer account to the Collection Agent, the customer must work directly with the Collection Agent to resolve outstanding charges owed.
- iii. The Collection Agent retained by VCE shall comply with all laws and regulations relating to consumer protection, credit reporting or monitoring, debt collections, customer confidentiality, or other similar laws or regulations.
- ~~iv.~~ The Collection Agent is prohibited from selling information provided by VCE-
- v. On no less than an annual basis, VCE ~~shall~~may review the practices and results of the Collection Agent and ~~shall take immediate action~~ to may address any performance concerns.
- vi. VCE may authorize the Collection Agent to reach settlements with customers that result in the recovery of past due funds. Settlements may be negotiated by ~~Collections-the Collection~~ Agent for balances of up to \$10,000 for no less than 80% of the owed balance for accounts ~~placed~~ up to 60 days overdue or 50% for accounts greater than 60 days overdue. Any amount of ~~\$2,500~~\$10,000 or more must be approved by the ~~Interim General Manager~~CEO or the ~~Interim General Manager~~CEO's designee. Negotiated settlements with a customer in excess of a \$50,000 original balance must be approved by the Board of Directors.
- vii. No VCE interest, penalties, or fees will be assessed on any customer account other than payment transaction fees.
- viii. If customer has not paid within 180 days following the initiation of the collections process, the Collection Agent may file credit reporting information on the customer with all applicable credit monitoring agencies.
- ix. Collections Agent is authorized to pursue legal action on behalf of VCE consistent with the Fair Collections Practices Act and any other laws or regulations governing collections.

~~f.g. Executive Director~~Chief Executive Officer Discretion

The ~~Interim General Manager~~CEO or the ~~Interim General Manager's~~CEO's designee may, in their discretion, cancel, recall an account from the Collection Agent, or otherwise deviate from the collection process specified in this policy for reasons including but not limited to cases of unforeseeable events, exigent circumstances, or customer hardship for amounts less than \$2,500.

Exhibit 1 – COLLECTIONS FLOW CHART



VALLEY CLEAN ENERGY ALLIANCE

RESOLUTION NO. 2026-____

**A RESOLUTION OF THE BOARD OF DIRECTORS OF VALLEY CLEAN ENERGY ALLIANCE
ADOPTING A COLLECTIONS POLICY UPDATE**

WHEREAS, Valley Clean Energy Alliance (“VCE”) was formed as a community choice aggregation agency (“CCA”) on November 16, 2016, Under the Joint Exercise of Power Act, California Government Code sections 6500 et seq., among the County of Yolo, and the Cities of Davis and Woodland, to reduce greenhouse gas emissions, provide electricity, carry out programs to reduce energy consumption, develop local jobs in renewable energy, and promote energy security and rate stability in all of the member jurisdictions. The City of Winters, located in Yolo County, was added as a member of VCE and a party to the JPA in December of 2019; and,

WHEREAS, to achieve its strategic goals, VCE must adopt a Collection Policy to govern the collection of accounts receivable to reduce past-due balances and reduce VCE’s bad debt expense, thus reducing upward pressure on rates for all other customers; and,

WHEREAS, VCE or its agent will make all reasonable efforts to contact a customer and to handle collections with a high degree of sensitivity before sending the account to collections; and,

WHEREAS, on March 10, 2022, the VCE Board of Directors adopted a Collections Policy; and,

WHEREAS, VCE and SMUD’s collections partners have changed; and,

WHEREAS, VCE needs to update and align the original Collections Policy agency limits from \$2,500 to \$10,000; and

NOW, THEREFORE, the Board of Directors of Valley Clean Energy Alliance hereby adopts an updated Collections Policy (Exhibit A).

PASSED, APPROVED AND ADOPTED, at a regular meeting of the Valley Clean Energy Alliance, held on the _____ day of _____ 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Jesse Loren, VCE Chair

Alisa M. Lembke, VCE Board Secretary

Attachment: Exhibit A – Collections Policy (Updated)

Exhibit A

Collections Policy (Updated)