

Exhibit to Agenda Item #13

Adopt resolution to make changes to SMUD's Rates, Rules and Regulations proposed by Chief Executive Officer and General Manager's Report and Recommendations on Rates and Services (Volumes 1 & 2) dated June 15, 2023 ("CEO & GM Report").

Board of Directors Meeting

Thursday, September 21, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Proposed changes to SMUD rates

Rate Proposal	Rate Increase & Effective Date	Customer Groups Impacted
2024 – 2025 rate increases	<ul style="list-style-type: none"> • 2.75% effective on 1/1/2024 • 2.75% effective on 5/1/2024 • 2.75% effective on 1/1/2025 • 2.75% effective on 5/1/2025 	All Customers
Additional discount for our most vulnerable Energy Assistance Program Rate (EAPR) customers	Increase benefit from \$70/month up to \$105/month. \$2M/year funded with non-rates revenue.	EAPR customers with income within 0 – 50% of the Federal Poverty Level (FPL)

Miscellaneous changes:

- **Rate Holidays:** Align SMUD rate holidays to federal holidays. Remove Lincoln’s Birthday and add Juneteenth.
- **Generator Standby Charge:** Clarify application to facilities that use SMUD as backup service.
- **Hydro Generation Adjustment:** Add WAPA* hydro generation to the HGA tariff and change measurement station.
- **Commercial Power Theft:** Simplify estimation of unrecovered commercial revenue with simple \$/kWh rate.
- **Clean-up items:** Remove residential and commercial legacy rate and general clean up of tariffs.

* Western Area Power Administration

2023 Rate Process Summary

Apr 18

Board Committee Meeting @ 6 p.m.
Overview of the 2023 rate process

Public outreach process contacts:

- 30+ direct presentations
- 1,200+ community & business leaders
- 55 local elected officials
- 125 community & business partners
- 300+ commercial customers

Aug 30

- Public rates hearing @ 6 p.m.
- Draft rate resolution introduced

Jun 15

Released the CEO & GM Reports
and Recommendations on Rates
and Services

Jul 13 & Aug 3

Hosted public rates workshops

Sep 21

Final decision on rate
resolution at SMUD Board
meeting

EXTENSIVE PUBLIC OUTREACH THROUGHOUT

Apr

Jun

Jul

Aug

Sep

Public outreach process: direct engagement

276,000+

Emails to customers, local organizations and to our Listserv subscribers.

Community & business leaders received emails, letters and/or phone calls to offer meetings & information.



1,200+



Community & business partners were provided information and fact sheets to share with their constituents, members and networks.

300+

Local elected officials were mailed info packets and offered to meet.



55



~125

Community organizations or neighborhood associations received presentations, attended a roundtable or received a recorded presentation.

Summary of alternative recommendations

- **Alternative recommendation 1**: Implement new “FlexEquity” rate with tiered rates in every hour, using kilo volt-amp-hour (kVAh) as the unit of measure for energy charges to capture Power Factor (PF).
 - **Response**: This rate would be a significant change from current rates and would be extremely complex for customers to understand and follow.
- **Alternative recommendation 2**: Proposal to reduce existing residential rates revenue due to a scalar.
 - **Response**: SMUD follows widely accepted rate making methods, the change would reduce retail revenue and impact SMUD’s ability to meet minimum financial metrics.
- **Alternative recommendation 3**: Publicize the smart meter opt out program and the analog meter option.
 - **Response**: This recommendation is not relevant to the 2023 rate process.

Summary of alternative recommendations

- **Alternative recommendation 4**: Begin rate process over again with added expense data to comply with Public Utilities Code, section 14404.3(e).
 - **Response**: The 2023 CEO & GM Report provides information in sufficient detail to permit an assessment of the need for any proposed changes.
- **Alternative recommendation 5**: Provide cost justification for the proposed rates and start the rate process over again.
 - **Response**: The 2022 Rate Study demonstrates that cost components increased and reasonably justifies the proposed rates.
- **Alternative recommendation 6**: Do not increase rates.
 - **Response**: Not increasing rates would result in inadequate revenue for 2024 and 2025 to meet minimum financial metrics.

Requested Action

Adopt resolution to make changes to SMUD's Rates, Rules and Regulations by Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated June 15, 2023 ("CEO & GM Report").