

# Board of Directors Meeting Agenda

Date: September 21, 2023

Time: 6:00 p.m.

Location: SMUD Headquarters Building, Auditorium  
6201 S Street, Sacramento, California



## •AMENDED AGENDA

•*Agenda Item 9 has been removed.*

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
BOARD OF DIRECTORS MEETING  
SMUD HEADQUARTERS BUILDING  
AUDITORIUM – 6201 S STREET  
SACRAMENTO, CALIFORNIA**

**Remote Telephonic Location:**

**Grand Hyatt Washington  
1000 H Street NW  
Washington, DC 20001**

***September 21, 2023 – 6:00 p.m.***

**Virtual Viewing or Attendance:**

Live video streams (view-only) and indexed archives of meetings are available at:  
[http://smud.granicus.com/ViewPublisher.php?view\\_id=16](http://smud.granicus.com/ViewPublisher.php?view_id=16)

**Zoom Webinar Link: [Join SMUD Board of Directors Meeting Here](#)**

**Webinar/Meeting ID: 160 208 1532**

**Passcode: 732878**

**Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)**

**Verbal Public Comment:**

Members of the public may provide verbal public comment by:

- Registering in advance of a meeting by sending an email to [PublicComment@smud.org](mailto:PublicComment@smud.org), making sure to include the commenter's name, date of the meeting, and topic or agenda item for comment. Microphones will be enabled for virtual or telephonic attendees at the time public comment is called and when the commenter's name is announced.
- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing \*9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

**Written Public Comment:**

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to [PublicComment@smud.org](mailto:PublicComment@smud.org) or by mailing or bringing physical copies to the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

Call to Order.

a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

a. Committee Chair report of September 12, 2023, Strategic Development Committee

b. Committee Chair report of September 13, 2023, Policy Committee

c. Committee Chair report of September 19, 2023, Finance and Audit Committee

d. Committee Chair report of September 20, 2023, Energy Resources & Customer Services Committee

- **Items 8, 9 and 14 were reviewed by the September 13, 2023, Policy Committee. Items 10 through 12 were reviewed by the September 19, 2023, Finance and Audit Committee.**

*Comments from the public are welcome when these agenda items are called.*

### Consent Calendar:

3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 23-06-02) for the period of August 16, 2023, through September 15, 2023.

4. Approval of the minutes of the regular meeting of August 17, 2023.

5. Approval of the minutes of the special meeting of August 30, 2023.

6. Approve non-substantive revisions to all **SMUD Board Policies (Strategic Directions SD-1A through SD-17 and SD-19, Board-Staff Linkages BL-1 through BL-14, and Governance Processes GP-1 through GP-15)** update formatting and position titles where applicable. **Board Workshop 2/22 & Board Workshop 8/21. (President Sanborn)**

7. Appoint Crystal Henderson to the position of **Special Assistant to the Board** effective September 25, 2023. **Closed Session 8/9. (President Sanborn)**

8. Accept the monitoring report for **Strategic Direction SD-7, Environmental Leadership. Policy Committee 9/13. (Frankie McDermott)**

- ~~9. Approve proposed revisions to **Strategic Direction SD-7, Environmental Leadership. Policy Committee 9/13. (President Sanborn)**~~

10. Authorize the Chief Executive Officer and General Manager to negotiate and execute the **Country Acres Clean Power, LLC Power Purchase Agreement (PPA)** with a 30-year term for 344 MW of solar photovoltaic power and a 20-year term for 172 MW of battery storage, substantially in form attached, as well as all other agreements necessary to facilitate the Country Acres project. **Finance and Audit Committee 9/19. (Lora Anguay)**

11. Authorize the Chief Executive Officer and General Manager to execute **Appendix Firm Storage Service** documents with **Wild Goose Storage LLC** for:
  - a. Five-year Firm Storage Agreement for 2 Bcf of natural gas storage for the period April 1, 2024, through March 31, 2029; and
  - b. Natural gas injection services for the period December 1, 2023, through March 31, 2024.

**Finance and Audit Committee 9/19. (Lora Anguay)**

12. a. Approve contract change to Contract No. 4500110473 with **United Health Care Insurance Company** approving 2024 medical insurance premium rates and extending the contract by one year for the period January 1, 2024, through December 31, 2024; 2024 cost estimated at \$39.1 million; and
- b. Approve contract change to Contract No. 4500043215 with **Kaiser Permanente** approving 2024 medical insurance premium rates and extending the contract by one year for the period January 1, 2024, through December 31, 2024; 2024 cost estimated at \$30.7 million.

**Finance and Audit Committee 9/19. (Jose Bodipo-Memba)**

\* \* \* \* \*

**Discussion Calendar:**

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

***Presenter: Alcides Hernandez***

14. Cast vote on **Sacramento Local Agency Formation Commission (LAFCo)** ballot regarding i) the election of a Special District Representative; ii) distribution of ballots by email; and iii) submission of completed ballots by email. **Policy Committee 9/13. (Laura Lewis)**

***Presenter: President Sanborn***

\* \* \* \* \*

**Public Comment:**

15. Items not on the agenda.

\* \* \* \* \*

**Board and CEO Reports:**

16. Directors' Reports.

- 17. President's Report.
- 18. CEO's Report.
  - a. Board Video

**Summary of Board Direction**

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**Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

September 19, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium*	6:00 p.m.
September 20, 2023	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 10, 2023	Strategic Development Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 11, 2023	Policy Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 17, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
October 18, 2023	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.

\* \* \* \* \*

*\*The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

**Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

October 19, 2023

Auditorium\*

6:00 p.m.

*\*The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.*

*Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the [smud.org](http://smud.org) website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email [Toni.Stelling@smud.org](mailto:Toni.Stelling@smud.org), or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.*





**DRAFT**

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 23-06-02) for the period of August 16, 2023, through September 15, 2023.



The Board of Directors of the Sacramento Municipal Utility District met in regular session simultaneously in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, and via virtual meeting (online) at 6:01 p.m.

Roll Call:

Presiding: President Sanborn

Present: Directors Rose, Bui-Thompson, Fishman, Herber, Kerth, and Tamayo

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, other members of SMUD's executive management; and SMUD employees and visitors.

Director Bui-Thompson shared the 2030 Clean Energy tip.

President Sanborn called for approval of the agenda. Director Fishman moved for approval of the agenda, Director Bui-Thompson seconded, and the agenda was unanimously approved.

President Sanborn announced that a portion of the President's Report would be given now. She stated that she had many passions, including her passion for the planet and making it more sustainable for humanity, and she noted she had a particular passion in the area of mental health and the role that the National Alliance on Mental Illness (NAMI) plays in supporting those who are struggling. She stated she had co-chaired the NAMI-Walks event on May 6<sup>th</sup>, which had raised 103% of its goal for a total of almost \$180,000. She noted the walks had raised awareness of mental health in our community, and she was proud that SMUD played a part in raising the awareness. She introduced a NAMI-Walks video in which she shared some of her family history and was joined by three SMUD employees who also shared their experiences with mental illness: Anya-Jael Woods, Drew Wigington and Dana McCargo. After the video was played, she thanked them for sharing their stories and then thanked the

Corporate Communications team, especially Steve Anselmino and Sarah Sciandri, for their great work to bringing the video to life. She then invited Andrew Crotto, NAMI Sacramento's Director of Development and Outreach and David Bain, NAMI Sacramento's Executive Director, to say a few words.

Mr. Crotto thanked President Sanborn and SMUD for their dedication to NAMI's cause. He stated that NAMI Sacramento provides free mental health support services and resources for anyone, and he encouraged attendees to reach out via their website, <https://namisacramento.org>.

Mr. Bain stated that SMUD had previously invited NAMI Sacramento to provide presentations to staff, which is another avenue to help reduce the stigma of mental illness and makes it easier for people to tell their stories. He thanked SMUD for its support.

President Sanborn thanked Sacramento County Supervisors Rich Desmond and Patrick Kennedy, who also co-chaired the event.

Director Bui-Thompson, Chair, presented the report on the Strategic Development Committee meeting held on August 8, 2023.

Director Tamayo, Chair, presented the report on the Policy Committee meeting held on August 9, 2023.

Director Kerth, Chair, presented the report on the Finance and Audit Committee meeting held on August 15, 2023.

Director Rose, Chair, presented the report on the Energy Resources & Customer Services Committee meeting held on August 15, 2023.

President Sanborn then called for public comment for items on the agenda.

Steve Uhler commented in Agenda Item 9 and asked whether the Board had considered the effect of the Extended Day-Ahead Market (EDAM) on SMUD's ability to meet Renewables Portfolio Standard (RPS) requirements. He stated that SMUD's 2017-2020 RPS Compliance Report had not been approved by the California Energy Commission (CEC). He referenced case law on renewable energy credits and encouraged the Board to remove the item from consent in order to examine the effects of RPS.

President Sanborn then addressed the consent calendar consisting of Items 3 through 9. Director Fishman moved for approval of the consent calendar, Vice President Herber seconded, and Resolution Nos. 23-08-01 through 23-08-06 were unanimously approved.

**RESOLUTION NO. 23-08-01**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 23-06-02) for the period of July 16, 2023, through August 15, 2023.

Approved: August 17, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**RESOLUTION NO. 23-08-02**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-5, Customer Relations**, substantially in the form set forth in **Attachment A** hereto and made a part hereof.

Approved: August 17, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**OFFICE MEMORANDUM**

**TO:** Board of Directors

**DATE:** July 25, 2023

**FROM:** Claire Rogers *CR 7/25/23*

**SUBJECT: Audit Report No. 28007607**  
**Board Monitoring Report; SD-5:Customer Relations**

Audit and Quality Services (AQS) received the SD-5 *Customer Relations* 2022 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to AQS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2022

## Strategic Direction

### SD-5, Customer Relations



#### 1) Background

Strategic Direction SD-5 states that:

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent.

In addition, the Board establishes an overall customer experience “value for what you pay” target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

- a) SMUD customers shall be treated in a respectful, dignified and civil manner.
- b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

#### 2) Executive summary

To ensure customers are receiving the highest quality of service, SMUD measures the satisfaction of key interactions with SMUD: Outages, Tree Trimming, Bill Inquiries, New Connections, IVR Payments, and IVR Payment Arrangements.

In addition, we measure Value for What You Pay as value drives customer loyalty. Value is defined as the trade-off between the perceived benefits a customer gets to the cost they have to pay for the benefits. Knowing what customers value allows SMUD to tailor services, products, and offerings to sustain customer relationships as the utility market evolves. SMUD is measuring customer perceived value because SMUD believes it is an effective early indicator of customer loyalty. When customers have options to choose alternatives, whether alternatives in energy, energy advisement, and other related services, we want our customers to continue choosing SMUD.

High satisfaction in these key interactions below and a high Value for What You Pay score support SMUD’s purpose and vision to act in the best interests of our customers and community.

**a. SMUD is in compliance with SD-5.**

- SMUD has exceeded the target of 95% with an overall Customer Satisfaction of **97%**. All six components exceeded the goals.
- SMUD achieved a **71%** overall Value for What You Pay score, with neither Residential nor Commercial falling below their prescribed floors.

<b>Metric</b>	<b>2022 performance</b>	<b>2021 performance</b>	<b>2020 performance</b>	<b>2019 performance</b>	<b>2018 performance</b>
<b>Customer Satisfaction Level</b>	97%	97%	97%	97%	97%
Tree Trimming	95%	96%	95%	95%	95%
New Connects	98%	99%	99%	98%	98%
Bill Inquiries	96%	96%	96%	96%	95%
Outage Communication	96%	94%	95%	96%	96%
IVR Payment	98%	98%	97%	96%	96%
IVR Payment Arrangement	95%	94%	93%	98%	98%
<b>Value for What You Pay</b>	71%	76%	77%	67%	71%
Commercial	73%	79%	79%	69%	73%
Residential	70%	73%	75%	66%	69%

**3) Additional supporting information**

**Respectful Customer Treatment:** Compliant

SMUD customers are treated in a respectful, dignified and civil manner. SMUD employees are trained to deliver quality customer experience through extensive, multi-channel employee competency development.

Respectful Customer Treatment Supporting Information:

- Virtual Classroom Training Attendees: 762
- Web/ E-Learning: 94
- Real Time Training – 2022 Bulletins: 231
- Customer Journey Mapping and Design thinking sessions: 25

**Hearing Appeal Process:** Compliant

Customers are made aware of SMUD’s Hearing and Appeal process through multiple channels. The back page of every paper bill describes the process. In addition, the

process is described in detail on the SMUD website and is linked from the digital bill in My Account.

Zero hearings were conducted in 2022, as staff successfully resolved all escalations within standard customer communication channels.

#### **4) Challenges**

SMUD has an aggressive and important goal to reach zero carbon in our power supply as outlined in the 2030 Clean Energy Vision. Bringing our customers along in our zero carbon journey is critical. We recognize customer adoption of clean energy solutions is more challenging with some customer segments, including within our historically underserved communities, low-income customers and our small/midsize business customers. Our Community Impact Plan aims to reach deep into these segments to meet customers where they're at to help ensure they also benefit from a clean energy future.

SMUD is not immune from economic conditions. Inflation, supply chain challenges and a variety of other external factors are putting upward pressure on our rates, which are a key driver of customer satisfaction and Value for what you Pay. In addition to Operational Excellence and other efforts to contain costs to reduce rate impacts, we'll continue to provide our customers with tools and information to help reduce their energy usage and their bills.

#### **5) Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-5.

#### **6) Appendices**

Not applicable.

**RESOLUTION NO. 23-08-03**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-15, Outreach and Communication**, substantially in the form set forth in **Attachment B** hereto and made a part hereof.

Approved: August 17, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**OFFICE MEMORANDUM**

**TO:** Board of Directors

**DATE:** July 25, 2023

**FROM:** Claire Rogers *CR 7/25/23*

**SUBJECT: Audit Report No. 28007608**  
**Board Monitoring Report; SD-15: Outreach and**  
**Communication**

Audit and Quality Services (AQS) received the SD-15 *Outreach and Communication* 2022 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to AQS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2022

## SD-15 Board Strategic Direction on Outreach and Communication



### 1) Background

Strategic Direction 15 states:

Providing broad outreach and communication to SMUD's customers and the community is a key value of SMUD.

Specifically:

- a. SMUD shall provide its customers the information, education, and tools they need to best manage their energy use according to their needs.
- b. SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
- c. SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.

### 2) Executive summary

Strategic Direction 15 requires SMUD's communication and community outreach activities to reflect the diversity of SMUD and the community we serve, using a broad mix of communication channels. In accordance, we look at the level of our marketing and outreach activities by communication channel, as well as the customer awareness of various programs and services by ethnicity.

#### **SMUD is in compliance with SD-15 Outreach and Communication.**

In 2022, our community and the region began to move out of the pandemic. Early in the year we launched communications, including tools and resources to help customers manage their bill, to support the reinstatement of late fees, collections and disconnects. We also continued to engage with the community through virtual events, but saw more and more events go back to in-person events as the year went on.

We launched the second phase of our Clean PowerCity campaign – Clean Power Progress - to support SMUD's Clean Energy Vision and the 2030 Zero Carbon Plan. Clean Power Progress focused on what SMUD is doing to meet the objectives of the Zero Carbon Plan and Clean Energy Vision and what customers can do to be part of the journey to zero carbon.

In the summer of 2022, we also experienced a historic heatwave in our region and throughout our state, resulting in a potential energy emergency. We launched a series of emails, social media posts and other tactics to keep our customers informed and encourage conservation,

particularly during peak hours. We also updated our Time-of-Day messaging and launched a summer campaign to remind our customers of shifting their energy usage to off-peak times, promoting tips and tools for managing energy use and their bills and conserving power when it was needed most.

We could be seen or heard in 15 customer-facing communication channels (in addition to events), including information in up to 14 languages. We implemented over 20 marketing campaigns and participated in 1,414 community events, workshops, and partnerships. All the events and partnerships included at cultural, ethnic and/or special populations, including LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, electric vehicles, faith, homeowner associations, young adults (18-30) and youth (0-17). See Appendices A and B.

Our activities accounted for more than 855,298,145 customer impressions in 2022. Of these, 465,282,191 were ethnic customer impressions. Looking at TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 34 times in 2022.

We look at trends related to the overall awareness of a cross-section of SMUD’s programs and services, segmented by ethnicity. The segments include Asian and Pacific Islander, Hispanic, Black and White. The programs measured are Rebates, Energy Assistance Program Rate (EAPR), Greenergy, Electric Vehicle (EV) discount rate, SMUD Energy Store, SMUD Mobile App, the 2030 Zero Carbon Plan which was added in 2021 and, new in 2022, Gas-to-Electric Appliance Conversion. See charts in Appendix B.

SD Requirement	Program/initiative/policy	Purpose	Outcome	Notes
Education and tools to manage energy use	In 2022, we implemented communications and outreach efforts about how SMUD is here to help with resources and tips for customers to manage energy use and their bills as we reinstated late fees, disconnects and collections. This also included a summer campaign to support customers through a historic heatwave and statewide power emergency. In all, we implemented more than 20 campaigns in 2022 promoting customer programs and services, including EAPR, MED Rate, My Energy Tools and Bill Alerts, electric vehicles, rebates, SMUD Energy Store, Budget Billing and Customer Due Date.	To provide customers with the education and tools for managing their energy use and their bills, as it related to the lingering effects of the pandemic and record inflation, as well as a historic summer heat wave, while also engaging customers with tools to help them manage energy use in relation to reducing carbon.	Successfully implemented campaigns that informed our customers of resources and tools available to them. Also successfully participated in over 1,400 community events with employees volunteering more than 11,000 hours. Awareness of most programs and were steady year-over-year. All the 1,414 events and partnerships included at least some cultural, ethnic and/or special populations, including LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, Electric Vehicles, faith, homeowner	Our Clean PowerCity campaign, which launched in support of the 2030 Zero Carbon Plan, also offers programs and services to help customers reduce energy use and reduce carbon. In 2022, we launched the next phase of the campaign focused on what SMUD is doing to meet the 2030 Zero Carbon goal and promoted the 37 tips to Join the Charge.

			associations, young adults (18-30) and youth (0-17). (Appendices A, B)	
Integrated and consistent communication that recognizes unique customer segments	Implemented communications, including collateral and advertisements in as many as 14 languages and in 15 communication channels to ensure we reach our customers in the channel they prefer, at the time they need it and with information specifically targeted to them. We also participated in hundreds of community events to reach our customer segments.	To have consistent, integrated messages available for various customer segments, including those based on ethnicity or those who may not see our messages in mainstream communication channels.	More than 465 million ethnic customer impressions, with all the 1,414 community events we participated in including some cultural, ethnic and/or special populations. Special populations include arts, LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM, agriculture, all electric, Electric Vehicles, faith, homeowner associations, young adults (18-30) and youth (0-17). (See Appendices A, B).	
Broad mix of communication channels	In 2022, we used 15 customer-facing communication channels to reach our customers, including community outreach events and partnerships, digital search and display, social media, broadcast and streaming television and radio, billboards and bus boards, surveys, direct mail, and email and both the paper and digital customer bill. We also had presence at more than 1,400 community events. By leveraging customer behavior data and using a broad mix of channels, we can reach customers in the communication channel they prefer with information that is pertinent to them. (See Appendix B)	To reach customers with our messages in the communication channels they prefer.	More than 855 million customer impressions across multiple communication channels and support of 1,414 community outreach events and partnerships in 2022 (see Appendices A, B).	

**3) Additional supporting information for SD-15, Outreach and Communication**

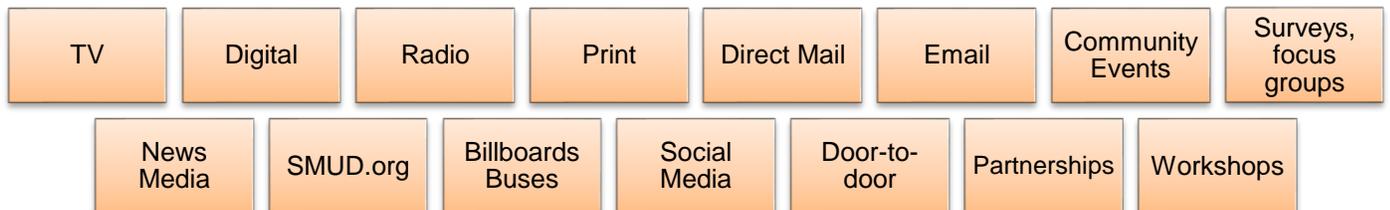
**a) SMUD shall provide its customers the information, education, and tools they need to best manage their energy use according to their needs.**

In 2022, we developed and implemented over 20 marketing and communication campaigns, including:

- Clean PowerCity
- Budget Billing & Custom Due Date
- Community-Owned, Not-For-Profit
- Complete Energy Solutions
- Energy Assistance Program Rate (EAPR)
- Economic Development
- Electric Vehicles
- EnergyHELP
- Express Energy Solutions
- Go Electric rebates
- Greenergy
- HomePower
- Integrated Design Solutions
- Paperless Billing/My Account
- Powering Futures
- Safety (Car Pole, Wildfire)
- SMUD Energy Store
- Shade Trees
- Shine Neighborhood Awards
- Time-of-Day Summer campaign

**b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.**

In 2022, our marketing and communications could be seen and heard in as many as 14 languages in 15 customer-facing channels, including:



**c) SMUD’s communication and community outreach activities shall reflect the diversity of the communities that we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD’s major decisions and programs.**

With hundreds of events and sponsorships, millions of emails and bill inserts, tens of thousands of websites and apps and multiple social media channels where customers could see our ads, and our schedule of broadcast and streaming TV and radio and print advertisements, it’s clear that we used a broad mix of channels to reach all our customers in the channels they prefer. This includes in-language media such as broadcast and streaming TV and radio, print advertising, digital and social media, and customer collateral in up to 14 languages.

These tactics account for 855,298,145 customer impressions in 2022. Of these, 465,282,191 were ethnic impressions. Just measuring TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 34 times in 2022.

- 13,410,582 bill package inserts
- 22,061,698 emails
- 7 Social Media Channels
- 434 billboards, transit boards
- 33 print publications
- 933,968 direct mail pieces
- 26 radio stations
- 108,382 websites & app's
- 23 broadcast, cable & streaming TV stations

#### 4) **Challenges**

In 2022 we also continued to experience challenges related to the effects of the COVID-19 pandemic, as well as other societal pressures including record inflation and a historic heatwave and statewide energy emergency presenting unique challenges to pivot summer messaging to encourage conservation.

In the first and second quarters of 2022, SMUD reinstated late fees, disconnects and collections which had been paused since the start of the pandemic in 2020. We supported this with targeted as well as broad communications and outreach to ensure customers were aware of the transition, while offering programs and services to help manage energy use and bill impacts.

Our use of a broad mix of channels and tactics to ensure SMUD messages reach our customers in the communication channels they prefer is an ongoing challenge as customer communication preferences continue evolving. We always look to new opportunities to reach customers, but communication channels can be limited based on our service territory especially for those that prefer communications in languages that may have limited communication channels.

Not all programs and services are intended for all customers, which is why we use target marketing, segmentation and leverage machine learning and artificial intelligence to target our communications and outreach to customers most likely to qualify and benefit from a particular program or service.

#### 5) **Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-15 Outreach and Communication.

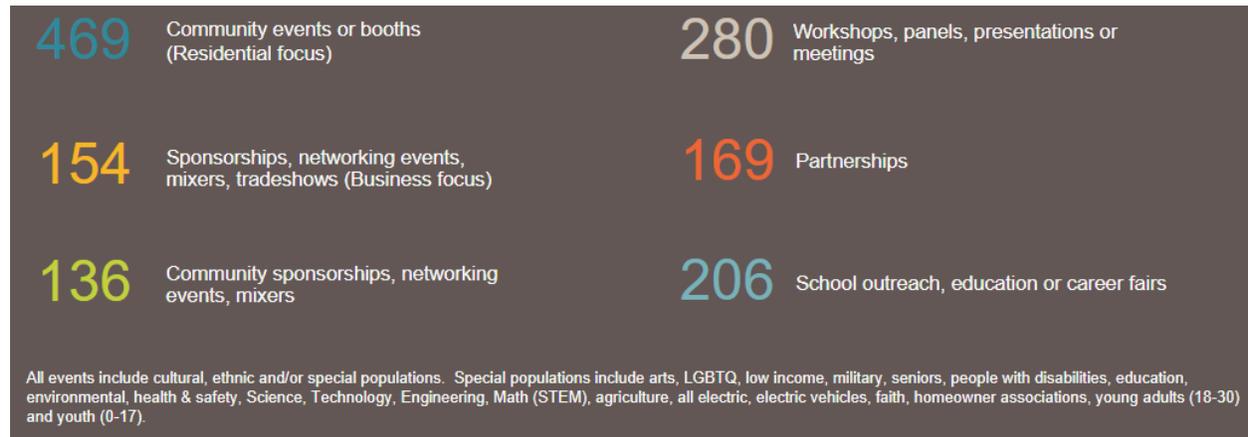
#### 6) **Appendices**

**APPENDIX A**  
**Community Outreach and Engagement**

In 2022, we continued to be very active in the community through our support of efforts that improve the quality of life in our region. SMUD participated in 1,414 events and sponsorships, and SMUD employees volunteered 11,067 hours.

**1,414**  
**Total events & partnerships**

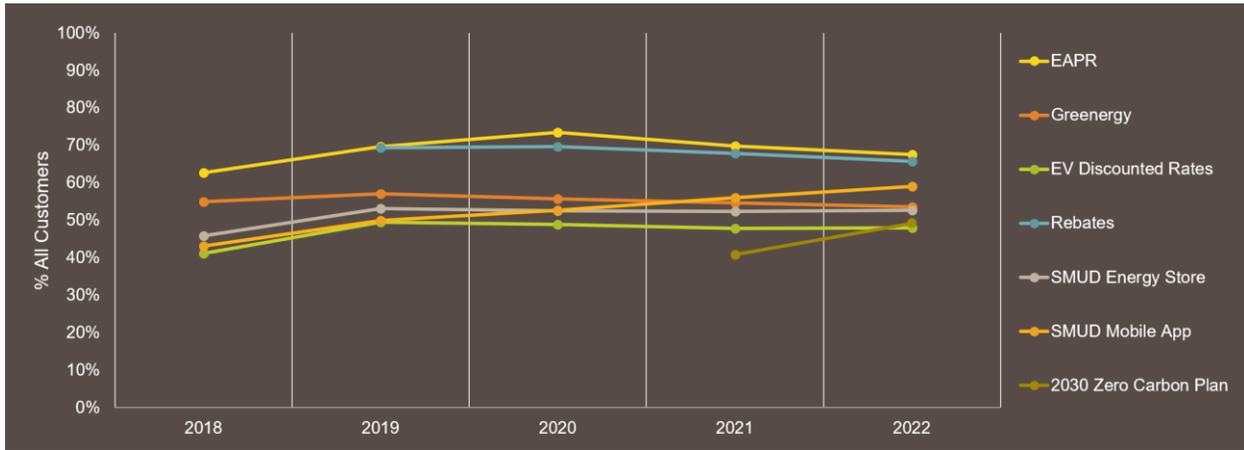
**11,067**  
**Total volunteer hours**



## APPENDIX B Awareness of Programs by Ethnicity

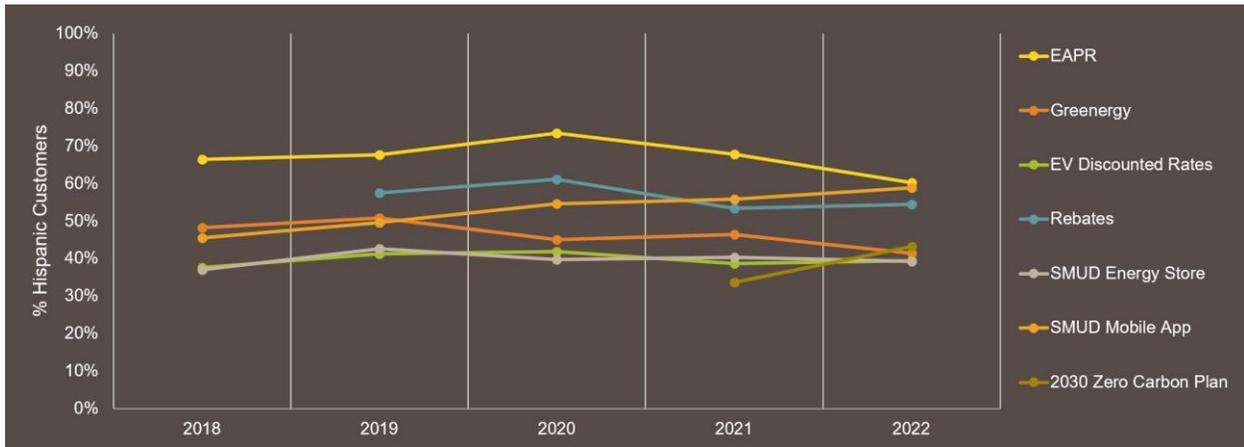
### All Customers – Overall Awareness Trends

Notable increases in awareness of 2030 Zero Carbon Plan and mobile app. All other programs were relatively steady year over year.



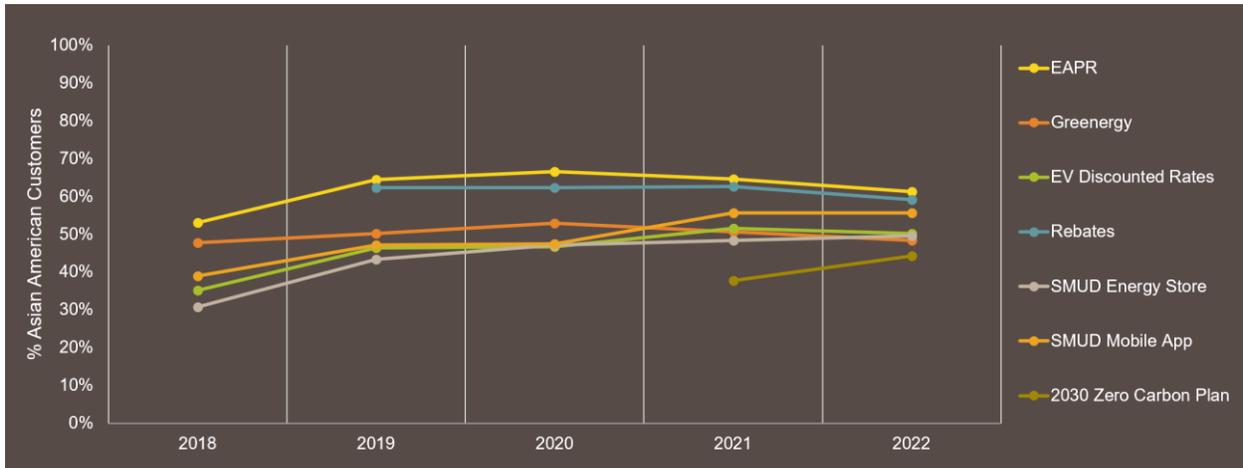
### Hispanic – Overall Awareness Trends

Most notable changes were increased awareness of the 2030 Zero Carbon Plan and decreased awareness of EAPR, which has trended back up in 2023.



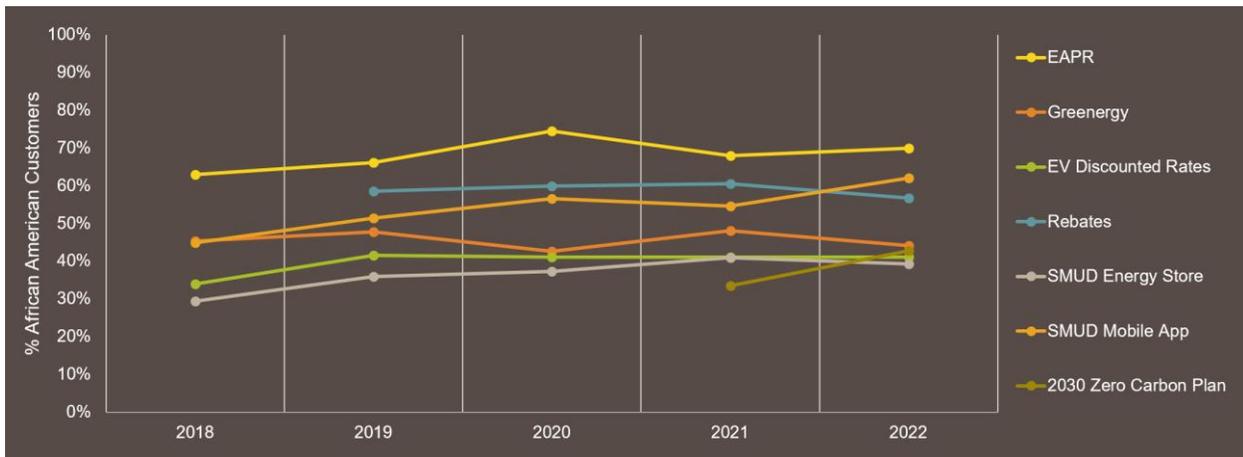
### Asian Pacific Islander – Overall Awareness Trends

Most notable increase in awareness of the 2030 Zero Carbon Plan. Minimal change for other programs.



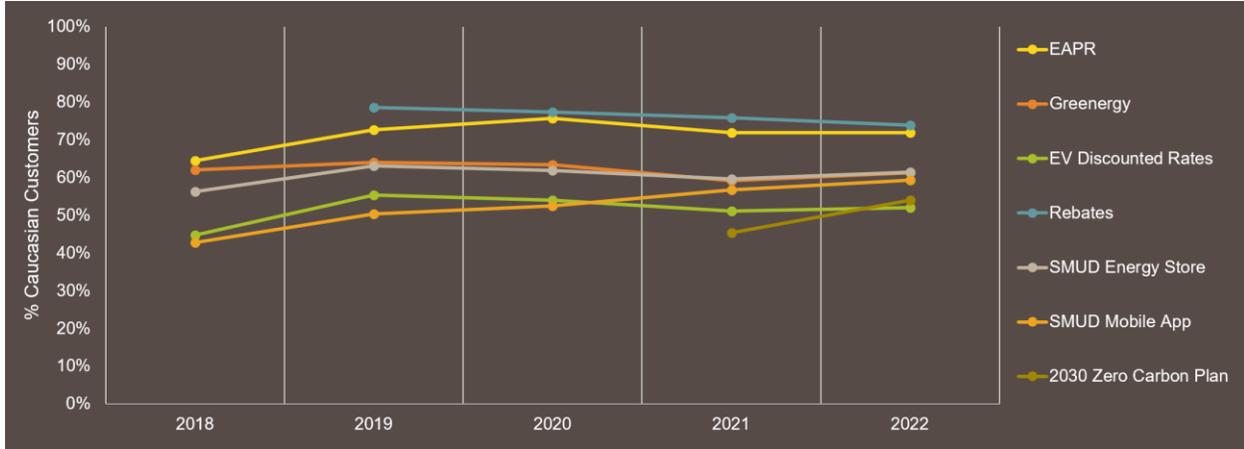
### Black – Overall Awareness Trends

Awareness increased for the 2030 Zero Carbon Plan and the mobile app. All other programs were consistent or had minimal movement from the previous year.



### White – Overall Awareness Trends

Most notable increase in awareness of the 2030 Zero Carbon Plan. Minimal changes in awareness for other programs.



**RESOLUTION NO. 23-08-04**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-13, Economic Development Policy**, substantially in the form set forth in **Attachment C** hereto and made a part hereof.

Approved: August 17, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**OFFICE MEMORANDUM**

**TO:** Board of Directors

**DATE:** July 28, 2023

**FROM:** Claire Rogers *CR 7/28/23*

**SUBJECT: Audit Report No. 28007605**  
**Board Monitoring Report; SD-13: Economic Development**  
**Policy**

Audit and Quality Services (AQS) received the SD-13 *Economic Development Policy* 2022 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to AQS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2022

## Strategic Direction

### SD-13, Economic Development



#### 1. Purpose & Background

Strategic Direction 13 (SD-13) Economic Development states that:

Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

- a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
- b) SMUD shall align its economic development activities with regional economic development initiatives.
- c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
- d) SMUD shall offer economic development rates and program incentives.
- e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

#### 2. Executive summary

**SMUD is in compliance** with SD-13, Economic Development.

SMUD continues to be a nationally recognized leader for our long-standing commitment to the economic health of the greater Sacramento region. In 2022, built on the successes in helping businesses recover from the COVID-19 pandemic, and through multiple business community listening sessions, we identified the top main issues faced by our local businesses (which account for 50% of SMUD's revenue) and applied Community Impact Plan (CIP) resources to begin to mitigate these challenges. Through CIP, we also expanded and deepened our partnership base to enhance our ability to raise awareness and adoption of the 2030 Zero Carbon Plan for all SMUD's service area. We collaborated through key partnerships to support a shared vision of economic recovery while delivering greater collective impact and advance an inclusive and equitable economy. Additionally, we aligned our economic development efforts with SMUD's vision to be a trusted and impactful partner in achieving an inclusive, zero carbon economy. We leveraged our relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all.

Our strategy to enhance the economic vitality of the Sacramento region is comprehensive. Key tactics to engage, inform and support the regional business community include:

- Advancing SMUD's 2030 Zero Carbon Goal in inclusive, regional economic development efforts
- Leveraging Community Impact Plan funding to establish key business partnerships in mostly under-resourced business corridors
- Broadening support of the region's emerging innovation ecosystem, including the California Mobility Center

- Supporting business formation, attraction, retention, and expansion efforts
- Providing a spectrum of business development resources for entrepreneurs
- Enhancing accessibility to the Supplier Education and Economic Development (SEED) contracting program for local small businesses
- Continuing to offer and enhance economic development rates
- Providing energy efficiency programs and electrification incentives and rebates
- Expanding local agency and nonprofit partnerships to support community development
- Deploying significant resources to support a Sustainable Communities plan that can be replicated and measured for effectiveness and impact
- Ensuring our commercial and industrial service connection costs are in-line with other West Coast electric utilities
- Supporting the developer community

Through outreach and education, SMUD's Supplier Education and Economic Development (SEED) team teaches local small businesses how to contract with SMUD and positively impact their bottom line. SEED offers incentives to local small businesses that participate in SMUD's competitive bid process. It also helps prime contractors find local sub-contractors, which helps them gain a competitive edge when developing their bids or proposals. In 2022, the SEED program partnered with Supply Chain Services, conducting a variety of outreach and education events and awarding 31% of SMUD's contracts to SEED-certified small businesses, exceeding the Board-established goal of 20%. 71 SEED contracts were awarded in 2022, totaling more than \$102 million dollars.

SMUD works with over 50 local economic development organizations to enhance regional economic vitality. Our leadership roles in the Greater Sacramento Economic Council (GSEC), Valley Vision, Sacramento Metro Chamber, Urban Land Institute, Downtown Sacramento Partnership, Sacramento Black Chamber, Sacramento Hispanic Chamber, Sacramento Asian Pacific Chamber, SACOG, SacPAC and many others help ensure our activities support the region's efforts to attract, retain and expand companies in our service area. It also means SMUD has a seat at the table early on in economic development conversations. Other major tactics to encourage regional economic development include our dedicated Commercial Development and Commercial Delivery teams.

Business attraction was a key economic development focus in 2022. We participated in 32 business attraction, retention and expansion projects, supporting the attraction/expansion of 12 companies and the creation of an estimated 3,263 local jobs in multiple sectors including mobility, manufacturing, technology expansion and pharmaceutical and biosciences.

**3. Information about our 2022 efforts to achieve the specific elements outlined in SD-13 is provided in the following section.**

**a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.**

As SMUD adopted our bold 2030 Clean Energy Vision to reach zero carbon, we heightened our focus on opportunities to promote awareness, innovation, and job creation with local startups in electrification, transportation, and clean technology. We continued to collaborate and amplify the California Mobility Center (CMC), engage the clean tech community through CleanStart, and inspire the future workforce through partners like HackerLab and StartupSac. All of these efforts are increasing investments to develop new solutions for clean energy, workforce development, and a thriving inclusive economy.

CMC continued its member and client recruitment activities in 2022. By year end, CMC reached a total of 62 additional members, with 188 representatives registered in the online portal. Additionally, CMC conducted/organized various monthly CMC Thought Leadership webinar series.

The CMC continued to refine the Career Pathways labor supply chain model. The emphasis for 2022 was to optimize the recruiting and training stages of the model per the High Road Training Partnership grants. Strong partnerships were established with community-based organizations and a training provider that has a direct line of communication with underrepresented communities. They include Waking the Village, Women's Empowerment, Saint John's, Next Move, and Charles A Jones Training Center. A one-week, 30-hour Assembler training course was developed and piloted. The course is designed to lower the barrier to technical training while providing a bridge to advanced training programs or employment. The course was also conducted in Farsi and piloted at the Internal Rescue Committee local facility. Partnership with the regional industry collaborative organization, Sacramento Valley Manufacturing Alliance, was also strengthened, which includes Siemens Mobility. 83 people were trained by end of 2022. Additional funding was secured for 2023 to allow the Workforce Development unit and partners to optimize the advanced training and employment stages of the model. They include \$2M from Community Project Funding (Matsui) and \$877K from Connecticut's National Advanced Manufacturing Apprenticeship Program. The agreements are expected to be signed in 2023.

SMUD continues to effectively balance our goal of fostering innovation with our commitment to keeping rates low. SMUD's average rates will remain competitive even after the adopted rate increases for 2022 and 2023. In 2022, SMUD's system average rate was 45.5% below PG&E. PG&E's proposed 2023 General Rate Case includes revenue requirement increases for calendar years 2023 (9.6%), 2024 (2.4%), 2025 (1.9%), and 2026 (1.5%). A detailed summary of SMUD's rate competitiveness is provided in Appendix A.

**b) SMUD shall align its economic development activities with regional economic development initiatives.**

SMUD played a leadership role in regional economic development initiatives in 2022.

**Grant Funding:** SMUD's Economic Development & Partnerships team played a key role in the Sacramento region receiving over \$5.2 million in federal and state grant funding toward local economic development and recovery initiatives and access to broadband. This effort was in alignment with, and support of, SMUD's overall grant efforts.

**Community Economic Resilience Fund (CERF):** SMUD played a key role in the Sacramento region's successful \$5 million grant application to the State of California CERF program. SMUD joined the Prosperity Partnership (the Greater Sacramento Economic Council, the Sacramento Metropolitan Chamber of Commerce, the Sacramento Asian-Pacific Chamber of Commerce, the Sacramento Area Council of Governments and Valley Vision) in providing public commit to the CERF Draft Planning Phase Guidelines. Also, SMUD signed a Sacramento CERF Collective Partnership Agreement affirming SMUD's ongoing commitment to the Sacramento region's CERF grant planning efforts.

**Cap-to-Cap:** SMUD sent a 12-member delegation to the Metro Chamber's 50<sup>th</sup> Anniversary Cap-to-Cap program in Washington D.C. to advocate for issues of regional significance to SMUD and our community partners and to further cultivate relationships with influential elected, business and non-profit leaders from the six county Sacramento region. SMUD subject matter experts reviewed and contributed content to issue papers related to future

mobility, wildfire and forest management, broadband infrastructure, the Greater Sacramento Region Prosperity Strategy and workforce development. Also, SMUD staff lead the Economic Development Policy Team and served as 2nd vice chair of the overall program.

**MBARK:** SMUD continued as a lead supporter of the Minority Business Assistance and Recovery Kickstart (MBARK) program, a comprehensive, multi-pronged approach geared to assist minority small business owners in the community. MBARK utilizes understanding and expertise on the needs of minority small business owners and showcases how to proactively engage them in order to stabilize and grow their businesses. In 2022, MBARK provided 1,402 consulting hours to 2,256 separate businesses in SMUD's service area.

**Property and Business Improvement District (PBID) Outreach:** Recognizing the increasingly important role that PBIDs play in representing the interests of key commercial corridors in SMUD's service area, SMUD established new partnerships with 14 PBIDs.

**Internal and External Study Missions:** As a member of the steering committees for both the Metro Chamber Study Mission to San Diego and the Sacramento Asian Pacific Chamber of Commerce's Internal Study Mission, SMUD helped set the agenda and drive the dialogue with community leaders around key business issues and promote awareness of SMUD's 2030 Zero Carbon Plan.

**Small and Mid-size (SMB) Support:** SMUD's SMB Team of Strategic Account Advisors (SAA) continued to assist our customers by directing them to appropriate SMUD programs. As the nation continued recovery efforts from the global pandemic, SAAs continued to support our small business community by sharing information regarding grants and changing regulations, including those regarding al fresco dining. The team found creative ways to educate customers on the importance of electrification, including in-person events and demonstrations, as well as language-specific and cuisine-specific induction cooking. 2022 also provided SMUD the opportunity to work on a large-scale business district recovery project. For a detailed description of the efforts of the SMUD Small & Mid-size Business Team of Strategic Account Advisors, please see Appendix B.

**Greater Sacramento Economic Council (GSEC):** SMUD's partnership with GSEC is critical to the community as it contributes to regional prosperity by growing the economic base. In addition to Paul Lau's participation on the GSEC Board, the Commercial Development & Solutions team participates in GSEC's Economic Development Directors' Task Force. Given the focus on corporate Environmental, Social, and Governance (ESG) efforts, and its alignment to SMUD's 2030 Clean Energy Vision, we have played an increasingly important role in business attraction, retention, expansion and in helping brand the region.

**Sustainable Communities Program:** To promote regional workforce and equitable community development, SMUD continues targeting economic development, community/environmental health, and neighborhood engagement activities in vulnerable and under-resourced communities through its Sustainable Communities program. SMUD has invested \$14.6 million into this effort, leveraging partnerships to increase impact in these areas of need. Additional information regarding Sustainable Communities can be found in Appendix B.

**c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.**

**Business Attraction:** SMUD provided support in the attraction of 12 new companies that will create 3,263 jobs in SMUD's service territory.

**Commercial Development:** SMUD actively engaged in 202 commercial, industrial, mixed-use and residential projects throughout our service territory. The team additionally partners with community organizations and municipalities to create economic opportunity and growth. Detailed information about SMUD’s role in business attraction and commercial development is provided in Appendix C.

**d) SMUD shall offer economic development rates and program incentives.**

In 2022, SMUD offered an Economic Development Rate (EDR) to incentivize the attraction, retention, and expansion of businesses within our service area. A description of the current EDR can be found in Appendix D.

SMUD conducted strategic outreach and engagement to developers and builders of residential subdivisions and multifamily developments about its Smart Homes program offerings and incentives for All-Electric Smart Homes, SolarShares, and battery storage.

**e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.**

Our SEED program offered certified small businesses incentives to participate in SMUD’s competitive bid process. It also helped prime contractors find local subcontractors to gain an advantage in developing their bids or proposals, providing 199 lists of SEED-qualified vendors to contractors in specific categories to leverage the SEED program in their bid responses.

The SEED team held 29 workshops, orientations or panel discussions and coordinated participation in 113 outreach events, reaching approximately 17,804 individuals. In addition, the team translated SEED materials into Vietnamese, Chinese, Hmong, and Spanish.

SMUD’s annual goal is to award no less than 20% of all contracts to certified small businesses. We exceeded that goal in 2022, awarding 31% of contracts to SEED qualified vendors, totaling more than \$102 million.

The SEED team also coordinated the Business Advisory Council (BAC) which raises local business awareness about contracting with SMUD and makes recommendations for improvements to our contracting process. SMUD hosts quarterly meetings for over 40 member agencies, including regional Chambers of Commerce and Property and Business Improvement Districts. For more information about our 2022 efforts to promote our SEED program, and the achievement of our SEED goals, please see Appendix E.

- 4. Challenges:** California’s business climate, cost of doing business, decarbonization goals and regulatory standards present challenges to development. Permitting costs and delays pose barriers to market leading companies to relocate to other states. Limited availability of a trained workforce present hurdles to growth. SMUD continues to work with regional and state partners, such as GSEC, The Governor’s office of Business and Economic Development (GO-Biz) and the California Association of Local Economic Development (CALED), to address the state and local regulatory challenges that limit our ability to attract or develop new businesses.
- 5. Recommendation:** It is recommended that the Board accept the Monitoring Report for SD-13, Economic Development.

## APPENDIX A

### **SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.**

SMUD's approach to innovation includes investments in regional accelerators, incubators, and curriculum delivery that supports business development, growth and entrepreneurship for inclusive economic opportunity. Benefits to the community include job creation, increased revenue, innovation, community involvement, diversity, and improved infrastructure. SMUD's approach is to continue to identify the problem-solvers within our community and strategically invest in the programs that are inclusive, dynamic and will accelerate our clean energy regional economy. Key 2022 partnerships in the innovation and entrepreneurship ecosystem include:

**CleanStart Inc.** assists clean tech companies in the Sacramento region to make their innovations a commercial success through education, access to capital, and connections. In 2022, CleanStart coached 14 companies, saw 3 successfully receive grants to develop their ideas and helped many more prepare to pitch their ideas to investors and get funded. CleanStart offerings include monthly meetups, a Perspectives webinar series, 109 real-time events reaching over 3,000 attendees on topics such as decarbonization, energy storage, recycling, clean tech investment, and mobility. CleanStart also created a recorded video library of resources, with over 7,500 views this last year. CleanStart 2022 Progress Report in 2022 showed the core cleantech cluster had grown to 9,900 jobs (up 96% in three years) and \$4.03 billion in revenues (up 29%).

**Hacker Lab**, an all-in-one makerspace, coworking facility and workforce incubator, is one of the region's most recognized centers for innovation. It serves as the hub for programs including MADE Studio (a studio-style maker space), MAKER EDU Pathways (a workforce development program), and MAKEHERS (a women's small business incubator where 30 participants in two, eight-week women's small business accelerators included seed funding at \$1,000 per graduate. 40 women participated in 2022. Eight Pathways participants received eight months of mentorship, education, and entrepreneurship support. 50 local makers attend Maker Markets each month, and monthly women's marketplace on First Fridays average 50 women / month. MADE Studio provides 20 classes a month and skills up 1,200 participants annually.

**InnoGrove** continued to offer networking and educational workshops focused on startup and small business development, hosting 9 events reaching 186 attendees, including Women-in-Tech Workshops as well as Startup Founder Workshops. InnoGrove spotlighted 8 startups in collaboration with StartupSac and the City of Elk Grove on their Startup Pitch Elk Grove event.

**StartupSac** StartupSac accelerates Sacramento's startup and innovation ecosystem through educating, empowering, and connecting startups to founders and innovators. This included three Mentor Sacramento Office Hours Sprints, offered in collaboration with the Carlsen Center, which matched over 100 early-stage entrepreneurs with expert mentors, investors, advisors, subject matter experts, and experienced entrepreneurs in three 15-minute sprint sessions each. StartupSac held two Scale-Up! Workshops, educating 46 entrepreneurs about founder stock, equity compensation and due diligence. StartupSac relaunched its Warm-Up Pitch bootcamp where 9 startup founders were trained to present to investors for funding. At the Mock Investor Salon, 55 people attended including local venture capitalists and investors. StartupSac held a total of 26 events, which attracted over 1,100 attendees, including 10 StartupSac Happy Hour Events featuring seven veteran founders and 441 attendees, and ten founder education workshops with a total of 313 attendees.

**Growth Factory** is a startup accelerator and early-stage venture fund with a mission to create an entrepreneurial engine that scales high growth companies and catalyzes innovation in the Greater Sacramento region, supporting 45 startup companies (42% from SMUD service area) through core accelerator and activating over 100 mentors. SMUD also supplied thought leadership throughout the programming, particularly in areas of clean tech and operational excellence. The first annual **GFX Venture Conference and Startup Showcase** attracted over 600 attendees and featured 23 startup presentations, 12 breakout sessions and a tradeshow floor with 50 participating organizations including SMUD.

SMUD partnered with the **Carlsen Center for Innovation & Entrepreneurship** at CSU Sacramento on the Startup Challenge and Global Entrepreneurship Week. At the Startup Challenge, the Carlsen Center supported over 55 participants in either forming a new startup team or supporting the growth of existing startups with 30 final pitches. SMUD sponsored **Global Entrepreneurship Week** (GEW), and the Carlsen Center stewarded the region's largest campaign with over 43 events and activities, including all of our other innovation partners, attracting over 1,500 attendees, making CSUS the #1 University hub for GEW in the nation for 2022.

SMUD also sponsored **FourthWave**, a local accelerator program for women-led technology in collaboration with the Carlsen Center for Innovation & Entrepreneurship. In 2022, FourthWave supported 12 startups ranging from agtech to medtech-based companies. Over 25 mentors, leadership coaches, and subject matter experts supported the cohort over the 16-week program.

SMUD became a founding partner of the **Sacramento Entrepreneurial Growth Alliance** (SEGA) which meets quarterly to discuss areas to collaborate and grow entrepreneurship in the region. The Alliance launched the [NorCal Entrepreneur Hub](#), an online tool/platform connecting entrepreneurs to organizations, resources, and events. The platform highlights 169 organizations, and 461 resources on it available to all businesses for free.

**Commitment to Low Rates:** SMUD continues to maintain rates that are below PG&E's, both at a system level and by rate class.

				Average Annual Rate		Difference	Difference
Customer		Rate Categories		PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2022	2022	2022	2021
Residential	Standard	E-1	TOD	\$0.3377	\$0.1757	-48.0%	-40.54%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.2100	\$0.1218	-42.0%	-34.0%
<b>All Residential</b>				<b>\$0.2932</b>	<b>\$0.1673</b>	<b>-42.9%</b>	<b>-35.4%</b>
Small Commercial****	<= 20 kW	B-1	GFN, CITS-0	\$0.3252	\$0.1701	-47.7%	-40.8%
	21 - 299 kW	B-6	CITS-1	\$0.3098	\$0.1576	-49.1%	-41.3%
Medium Commercial****	300 - 499 kW	B-10	CITS-2, CITP-2	\$0.3016	\$0.1459	-51.6%	-41.7%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	\$0.2605	\$0.1365	-47.6%	-36.8%
Large Commercial****	=> 1 MW	B-20	CITS-4, CITP-4, CITT-4	\$0.2060	\$0.1145	-44.4%	-31.5%
Lighting	Traffic Signals	TC-1	TS	\$0.3178	\$0.1346	-57.6%	-50.4%
	Street Lighting	various	SLS,NLGT	\$0.3668	\$0.1517	-58.6%	-47.5%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2940	\$0.1510	-48.6%	-41.9%
<b>System Average</b>				<b>\$0.2803</b>	<b>\$0.1526</b>	<b>-45.5%</b>	<b>-37.0%</b>

Notes:

\* Projected 2022 average prices for SMUD with rates effective 1-1-22 and 3-1-22. PG&E average prices in 2022 reflect rates effective 6-1-22, per Advice Letter 6603-E. The rate difference in year 2021 reflects PG&E average rates as of 12-1-21, per Advice Letter 6415-E dated 11-30-21, and SMUD rates effective 1-1-21 and 10-01-21.

\*\* CARE vs EAPR includes EAPR & EAPRMED customers.

\*\*\* There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.

\*\*\*\* Commercial rates include WAPA credits.

**Figure 1:** Provides a detailed picture of the difference between SMUD's and PG&E's projected average rates by rates class in 2022 as well as the difference between rates in 2021. The rate competitiveness by class varies for the different customer classes and is at least 42.0% below comparable PG&E class average rates. Since the creation of the annual rate monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E.

## APPENDIX B

**SMUD shall align its economic development activities with regional economic development initiatives.**

**Leadership Roles:** Throughout 2022, SMUD staff held visible leadership roles in regional economic development initiatives and organizations, helping ensure regional stakeholders are working in concert on business development, attraction, retention and expansion efforts and that our efforts are aligned with regional priorities. SMUD's leadership roles in regional economic development organizations included:

- 50 Corridor Transportation Management Authority, Board of Directors
- Business Environmental Resource Center, Advisory Committee
- Capitol Area Development Authority, Board of Directors
- Cap-to-Cap, Steering Committee Member
- California Mobility Center, Board of Directors
- Carmichael Chamber of Commerce, Board of Directors
- Citrus Heights Chamber of Commerce, Board of Directors
- Cleaner Air Partnership, Executive Committee
- Downtown Sacramento Partnership, Board of Directors
- El Dorado Chamber of Commerce
- Folsom Tourism and Economic Development Corporation, Board of Directors
- Greater Sacramento Economic Council, Board of Directors
- Greater Sacramento Economic Council, Economic Development Directors Taskforce
- Greater Sacramento Urban League, Board of Directors
- Internal Study Mission, Steering Committee
- Metro EDGE, Leadership Council
- Midtown Business Association, Board of Directors
- National Association of Women Business Owners (Sacramento Region), Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- North State Building Industry Association, Board of Directors
- Northern California World Trade Center, Board of Directors
- Power Inn Alliance, Board of Directors
- Project Attain, Board of Directors
- R Street Sacramento Partnership, Board of Directors
- Rancho Cordova Chamber of Commerce, Board of Directors
- River District (Sacramento), Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Board of Directors
- Sacramento Black Chamber of Commerce, Board of Directors
- Sacramento Employment and Training Agency, Board of Directors
- Sacramento Hispanic Chamber of Commerce, Board of Directors
- Sacramento Metro Chamber of Commerce, Executive Committee
- Sacramento Metro Chamber Foundation, Board of Directors
- Sacramento Transportation Management Authority, Board of Directors
- Solano County Farm Bureau, Board of Directors

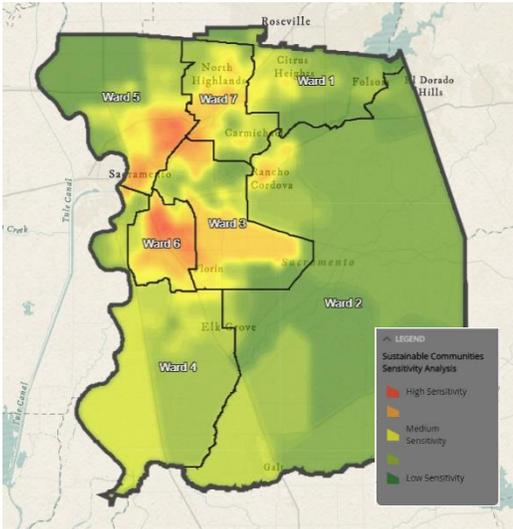
- Study Mission, Steering Committee
- Urban Land Institute, Executive Committee
- Valley Vision, Executive Committee
- Winters Chamber of Commerce, Board of Directors

**Sustainable Communities Program:** Our Sustainable Communities program helps bring environmental equity and economic vitality to all communities in our service area, with special attention given to historically under-resourced neighborhoods. We believe in the ability to make a greater collective community impact through partnerships, and collaborate with private industry, government agencies and nonprofits to invest in and implement programs that provide equitable access to indicators of sustainable community success, with a focus on social wellbeing, healthy environment, prosperous economy, and mobility.

Involvement of all our communities is foundational to our 2030 Zero Carbon plan. SMUD recognizes the importance of partnering with all the communities we serve. We commit to reaching impacted communities as we work toward our goal of zero carbon. Under-resourced communities lack equitable access to the multiple essential community components necessary to ensure a high quality of life, including but not limited to livable wage employment and training opportunities, affordable housing options, transportation and connectivity, economic development, nutrition, education opportunities, and a healthy environment.

Our Sustainable Communities program strategically establishes long-term partnerships with community-based organizations and businesses, working together on projects to help our under-resourced communities, increase inclusion and close the disparity gap in the region. These partnerships create trusted relationships and serve as a foundation for the community outreach, engagement, collaboration, and education needed to build livable, diverse, and resilient communities. We partner with policy makers, transit, technology companies, health care providers and community-based organizations, leverage our investments, and create collective impact to enhance workforce training, transportation access, clean energy, job creation and inclusive economic development in under-resourced neighborhoods.

**SMUD’s Sustainable Communities Priority Map:** To answer the call for a just and equitable clean energy transition, SMUD revised its Sustainable Communities Resource Priorities Map to include Justice 40 Climate and Justice Economic Screening Tool, CalEnviroScreen 4.0, and other data sets. The Sustainable Communities Resource Priorities Map helps inform resource allocation, reduce growing economic disparity in Sacramento County and ensure the benefits of SMUD’s 2030 Zero Carbon Plan are equitably shared among all communities. SMUD and its partners will better understand where clean energy infrastructure, customer programs, facility improvements, economic development investment and workforce development opportunities need to occur to achieve our ambitious decarbonization goals in an equitable manner.



**Regional Workforce Development Strategic Plan:** In 2022, SMUD developed a Regional Workforce Development Strategic Plan, with a goal of training at least 3,000 people to position them for clean energy and other economic opportunities and facilitating the employment of at least 1,000 people high paying jobs by 2024. This coherent regional strategy will galvanize and

prepare the region for an inclusive, diverse, creative, and empowered future workforce. The Regional Workforce Development Strategic Plan aims to rapidly deploy workforce development and training throughout the Sacramento Region, with a high emphasis on bringing opportunities to under-resourced communities. By fostering a responsive career ecosystem, SMUD aims to make the Sacramento Region an increasingly enviable and attractive place to live and work and attract new business investments to the region.

**Energy Career Pathway's Program:** SMUD's 2022 Energy Career Pathway's Program recruited and trained individuals from SMUD's Sustainable Communities target neighborhoods in solar, battery, EV, and electrification technologies. Our training partner, Grid Alternatives, supported graduates with employment services such as connecting with employers, resume help, and career coaching. Our effort closed the year graduating 66 individuals and placing 39 in relatively high paying new jobs. In the broader regional workforce development space, SMUD established partnership agreements with 57 community organizations to reach 3,647 youth and adults with career education and train 484 adults in new skills. SMUD worked with its partners to place 241 of these trainees into relatively high paying new careers. Participants were engaged in a number of industries with emphasis given to skills and careers that will help SMUD meet its regional zero carbon goals.

**Shine Program:** In its sixth year, the Shine program invests in local nonprofit partners that execute inclusive and equitable projects through collaborations and partnerships supporting our historically under-resourced communities. In 2022, 112 organizations submitted applications with compelling and competitive projects. We received requests for over \$3.8 million in funding for projects to improve access to workforce development trainings, STEM education, energy efficiency and environmental education and stewardship. Shine will fund 22 projects totaling \$513,000. With a diverse and inclusive set of deliverables supporting our under-resourced, underrepresented communities, the Shine partners impact include energy efficiency in buildings supporting children with special needs, Veterans, and Seniors. We will support the economic development and revitalization around Cesar Chavez Park, Alhambra Blvd, Sunrise Marketplace, Rosemont and the 80-Watt District areas. We will increase access to workforce skills programs for 160 transition age, underrepresented, and under-resourced youth in the region. Also, we will increase access to STEM education and career exploration activities to over 120 under-resourced youth.

**Community Resource Liaison (CRL) Program:** The SMUD's CRL loaned employee program supports key chamber and nonprofit partners and is also an internal workforce development opportunity. For up to 12-month terms, CRLs advanced SMUD's initiatives, programs and services, as well as the partners' operations, to support local businesses, increase membership participation and foster community impact with a focus on reinforcing the under-resourced business community. In 2022, five business partners participated: Sacramento Hispanic Chamber, Sacramento Black Chamber, Sacramento Rainbow Chamber, Rancho Cordova Chamber, and the Minority Business Assistance Recovery Kickstart Program (MBARK). Through the CRL Program, SMUD enhanced partners' bandwidth to develop and implement new and existing services and to expand their reach. All five of 2022 partner participants expanded their capacity to serve their respective under-resourced business communities. In addition, all 5 CRLs (100%) in 2022, and 11 of 13 all CRLs overall, have been promoted within SMUD during or immediately following their CRL tenure.

**COVID-19 Small and Mid-size Business (SMB) Support:** State mandates, supply chain delays/shortages, changes in consumer buying habits, and employee retention issues continued to threaten small and mid-size businesses throughout 2022.

As a result, Gardenland Northgate Neighborhood Association (GNNA) requested recovery assistance from SMUD. In response, the SMB Team was able to secure \$1.5 million in ARPA funding for the Northgate “recovery” project. The partnership between the SMUD Complete Energy Solutions (CES) program, GNNA, the Hispanic Chamber of Commerce, and Sacramento City District 3 Councilmember Jeff Harris will provide recovery assistance for aging business infrastructure and enhance long-term community energy resilience.

To execute the GNNA project, Strategic Account Advisors undertook 60 separate walks through Northgate Business district’s nine square-mile footprint. SAAs were able to meet with 133 business owners, ultimately securing the participation of 33 of those businesses in the recovery project. Internally, this project inspired the Business District Electrification portion of the SMUD Community Impact Plan (CIP) for 2023.

In addition to continuing virtual meetings and virtual site assessments for our busy small business owners, the SMB team made a concerted effort throughout 2022 to educate their customers on what “electrification” means. As part of that education, six all-electric kitchen demonstrations were held, including a Spanish-language cooking demonstration for the Gardenland restaurant owners, where dishes typically found on Hispanic restaurant menus were prepared and sampled by local restaurant owners and chefs.

Our Complete Energy Solutions (CES) and Express Energy Solutions (EES) programs were positioned well to lead electrification and energy efficiency projects for SMB customers in 2022. SMB customers continued to take advantage of a comprehensive list of incentive opportunities and financing options through CES, and they enjoyed the ease of the deemed incentives available through EES. Many more customers learned about building electrification through Business Go Electric campaigns. CES and EES completed 272 projects with our SMB customers in 2022, providing us with a number of successful electrification projects that now serve as case studies for other interested customers.

## APPENDIX C

### **SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.**

In 2022, SMUD staff along with Commercial Development, dedicated significant time and resources to developing a Transformer issuance policy with specific criteria to deal with supply chain issues and transformers. This impacted our work significantly in residential housing and commercial development projects throughout the service territory.

Projects announced in 2022 include twelve new companies creating and 3,263 new jobs:

- **Bay City Electric** – Portable power, generator & engine solutions company secured a site in Galt with (40 jobs).
- **HCL Technologies** – Global technology consulting in financial services, retail & health care sectors (663 jobs) over next 4 years
- **SIR Robotics** – Italian industrial robotics company chosen CMC site for North American headquarters office (15 jobs)
- **Creative Noggin** – Branding, advertising & marketing agency (5 jobs)
- **Blocktac** – Blockchain digital authentication/certification company (5 jobs)
- **Elevai Labs** - Regenerative skin care products company expanding lab, production & offices to Folsom (50 jobs)
- **Nivagan Pharmaceutical** – Expansion to add a new manufacturing site for a prescription drug company specializing in productions and sales of generic prescription drugs (91 jobs)

- **Solidigm** – Korean semiconductor company (Intel spinoff) picked Rancho Cordova office as its global HQ location (1,900 jobs)
- **Deloitte Sacramento** – Consulting company expanding its presence in Sacramento (114 jobs)
- **Vesta Homes** – Modular home building startup located its facility in Sacramento (80 jobs)
- **PowerSchool** – Existing cloud-based K-12 solution company consolidating office space, (200 jobs).
- **ThermoGenesis** – Advanced cell & gene therapies & products company added new manufacturing facility in Rancho Cordova (100 jobs).

**Commercial Development:** In 2022, our Commercial Development team actively engaged with approximately 202 commercial, mixed-use, and residential project developers throughout our service area. Highlights include:

- Outreach to builders and developers on 2030 Clean Energy Vision program opportunities
- SMUD Liaison for Statewide Community Infrastructure Program (SCIP) resulting in two acquisition agreements for SMUD Fees and Infrastructure.
- Distribution of “Developer Connections” e-newsletters, with an average 48%+ open rate.
- High-profile and critical projects include transitional and low-income projects, and transformational and major developments at UC Davis and Aggie Square.

**Central City Growth:** The Central City continued to see sustained growth in 2022, with a variety of projects completing construction in Downtown Sacramento.

- The former Marshall hotel was redeveloped as a Hyatt Centric hotel, in early 2022.
- The California Fruit Building rehab was completed after 5 plus years of coordination.
- The Exchange Hotel at the intersection of 4<sup>th</sup> and J Street.
- Anthem United is in construction of two mixed-use buildings anticipated to be completed in 2023: 15S and Cathedral Square.
- The CFY Development project located at 1717 S Street is anticipated to be completed in mid-2023 targeted to serve low- and moderate-income residents.
- Mercy Housing Capitol Hotel project at 9<sup>th</sup> and L street is anticipated to be completed in 2023, with 134 units of transitional housing for the region’s unhoused residents.
- The new Sacramento Courthouse project at 5<sup>th</sup> and H Street, has a targeted completion date of Q4, 2023.
- Railyards and River District areas will show continued growth in the downtown core, with an emphasis on multifamily projects.

*Other Noteworthy developments:* Successful coordination continued on many fronts at the UC Davis Medical Center Campus. Staff supported initial design plans for: the Replacement Hospital Tower; new Ambulatory Surgical Center; Parking Structure 5 and 6; and Aggie Square, the region’s first innovation hub with over 1 million square feet of research, wet labs, commercial space, and housing. Additional SMUD coordination efforts kicked off at Aggie Square with the Mixed-Use & Residential Building and Academic Office Building. SMUD also worked closely with staff from Kindred Healthcare in successfully installing permanent power for the new neurological rehabilitation hospital on the southern edge of the UC Med Center campus.

**Northern Territory Growth:** At Metro Air Park, NorthPoint Development and Buzz Oates Development opened numerous distribution warehouses. Additionally, Badiie Development opened the first of their warehouse projects. It is anticipated by the end of 2023, that the park will be 40% built out. SMUD plans to commence construction of a new substation in the park in 2023, to add additional capacity in Metro Air Park. At buildout, SMUD will have 3 – substations to feed the ultimate load in Metro Air Park. North Lake, former Greenbriar project, Lennar and Integral Communities have started construction on phase 2 of the project. Phase 1 is nearly

completed, with over 1,000 homes constructed. Phase 2 consists of an additional 1,000 homes and will be completed over the next two years. Alleghany Properties has completed site improvements for their properties at Arena Drive and I-5, on both the east and west sides of the freeway. Sustained growth is anticipated in this area of Natomas for the balance of 2023.

**Eastern Territory Growth:** In Folsom South, SMUD supported new residential development that will eventually bring over 11,000 new housing units over several years. Major builders such as Toll Brothers, Lennar, KB Home, Richmond American, The New Home Company, and Tri-Pointe Homes completed their initial phases in 2022. SMUD worked closely with Dignity Health and UC Davis staff on two new medical campuses who broke ground on their sites. Growth in Rancho Cordova continues both commercial and residential fronts. SMUD worked closely with developers at Rio Del Oro with its initial subdivision and substation, as well as two significant industrial customers. KHovnanian completed its initial phases of homes in The Ranch Development that includes participation in SMUD All-Electric program. Significant construction was underway including the extension of Chrysanthy Blvd at Woodside Homes' Arista del Sol development. Initial homes planned to be occupied in 2023.

**Southern Territory Growth:** In Elk Grove, SMUD worked with several builders and developments at Elliott Springs, Souza Dairy, and Sheldon Farms, and expansion at Kabota in the newly planned Southeast Industrial area. Kubota plans to open their facility in Q4 2023. Additionally, ground has broken on the largest affordable housing project in the City of Elk Grove. The 387-unit Poppy Grove apartment project is anticipated to open in 2024.

**Business Walks and Email Outreach to SMB Customers:** As organizations slowly got back to pre-pandemic operations and in-person events, the SMUD Small and Mid-size Business Team (SMB) supported in-person business walks and Chamber "New Member Orientations" meetings with SAA introductions and presentations on SMUD programs with the Rancho Cordova Chamber, the Elk Grove Chamber, the Carmichael Chamber, MBARK's business walk, and the Folsom Cordova Community Partnership.

Throughout 2022 the SMB Team continued their proactive outreach efforts through a series of bi-weekly emails to over 5,000 small and mid-size business customers. The emails focused on energy saving tips, local assistance programs, Federal and State loans, available grants, and links to informative webinars focused on the struggles of small and mid-size businesses. These outreach emails received positive customer feedback and strengthened customer relationships with their assigned Strategic Account Advisor.

**Indoor Cultivation:** The Commercial Delivery team continued to support the cannabis industry in 2022. Although new facilities coming online were fewer than in 2021, SMUD saw a 22% increase in demand and 32% increase in revenue from existing operators. Total annual revenue was \$22.7 million. Many operators began experimenting with different lighting strategies by replacing their HID lighting, installing higher output LED grow lighting and installing LED under canopy grow lighting all in an effort to increase production. The industry continued to struggle with ever-changing regulations and taxation, market saturation and the illicit market.

## APPENDIX D

### **SMUD shall offer economic development rates and program incentives.**

SMUD offers economic incentives to help attract new businesses and expand existing ones to grow the regional economy. Incentives range from helping design new construction to offering energy-efficient upgrades for equipment to proposing our Economic Development Rate (EDR).

**Economic Development Rate:** Customers that exceed 299kW for three consecutive months may qualify for the EDR. This rate has multiple options for our customers, including a frontloaded rate to help reduce initial operating costs, or a fixed discount over the ten-year period. Customers who locate in a disadvantaged community have the same options, but with a larger discount. Additionally, the Greater Sacramento Economic Council verifies the economic impact of the project. This ensures the customer is aware of other economic development programs and incentives.

Size	Term	Industry Requirements	Job Requirements	Full Service Requirement	Discount
300kW+	10 years	No limitations	No minimum requirement	No	<p>Two options for customers to choose:</p> <p><b>Standard EDR</b>  <u>Opt A:</u> 6% for years 1-5, declining 1% per year for years 6-10  <u>Opt B:</u> 4.5% for 10 years</p> <p><b>Rate for Disadvantaged Communities</b>  <u>Opt A:</u> 8% for years 1-5, declining 1.5% per year for years 6-10  <u>Opt B:</u> 6% for 10 years</p>

**Program Incentives:** SMUD offered energy efficiency and electrification incentives to help meet the financial responsibility goals and growing sustainability needs of all our commercial customers, including incentives to help customers install new energy-saving equipment and make electrification modifications to their buildings as part of SMUD’s goal to achieve 100% net-zero-carbon by 2030. Incentives offered included but are not limited to energy efficient heating and cooling, domestic hot water, induction cooking, and vehicle electrification. Overall, we provided incentives for improvements to 258 commercial premises for a combined total program energy savings of 24.57 GWh, equating to a reduction of 41,404 lifetime carbon emissions.

## APPENDIX E

**SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.**

In 2022, we exceeded our SEED Program goal of awarding at least 20% of all contracts to certified small businesses. Specifically, we awarded 30.9% through over 100 SEED contracts totaling approximately \$102 million to local small businesses within SMUD service area.

Award Type	2022		
	Total Award \$	Award Count	Program %
SEED Prime	\$ 69,982,236.95	69	68%
SEED Sub-Contractors	\$32,342,762.57	139	31%
Sheltered Market	\$ 152,112.02	2	1%
<b>Grand Total</b>	<b>\$102,477,111.54</b>	<b>210</b>	<b>100%</b>

The SEED team focused its efforts on the following key outreach initiatives:

- **Business Walks:** The SEED team conducted 9 business walks throughout the region with an emphasis on high priority areas identified on the SC Priorities Map. Business walks helped the SEED team identify language barriers and opportunities preventing under resourced businesses from participating in SMUD’s competitive bid process and SEED program.

- **PBID Partnerships:** The SEED Team utilized Community Impact Plan funding to strengthen SMUD’s relationships by successfully establishing 14 formal relationships PBIDs within SMUD’s service territory, allowing SMUD to support and engage with under-resourced businesses within high sensitivity areas as outlined on the SC Priorities Map.
- **Business Advisory Committee (BAC):** SEED hosted four quarterly meetings in 2022 for BAC business organization leaders, raising awareness about the SEED program, the 2030 Zero Carbon Plan, best practices, sponsored events, incentives, commercial programs and contracts awarded to BAC members’ constituents.
- **How to Do Business with SMUD:** The SEED team used virtual formats and collaborated with community partners to deliver 8 educational workshops on SMUD’s procurement program and promote SEED participation opportunities.
- **“Meet the Buyers” Conference:** SEED’s 11<sup>th</sup> Annual Meet the Buyers Conference returned in as a hybrid event; offering an in-person kick-off mixer. SEED partnered with the SMB team again this year to offer commercial program/resource information and promote electric kitchen demos. The successful event drew 286 registrants, offering 13 panel sessions and education workshops, over 25 speakers and 15 virtual exhibitors. The event was very well-received, resulting in 12 new SEED vendors, 109 virtual match-making participants, 11 new Power Voice participants and a 22.13% increase in Ariba open solicitation views.
- **SEED Marketing Updates/Translations:** The SEED team assisted with translating SEED and Meet the Buyers materials, providing marketing materials in Spanish, Chinese, Hmong and Vietnamese. 2030 Zero Carbon language was also added to SEED marketing material.
- **Sheltered Market Initiatives:** The SEED team continually explores innovative ways to foster small business participation in solicitations and worked closely with Supply Chain to identify 2 sheltered market contracting opportunities in the areas of commodities and professional services. The contracts are specific only to verified SEED vendors and totaled \$152,112.02.
- **SEED Quarterly Newsletter:** The SEED team distributed over 576 electronic copies of the quarterly newsletter to external partners and SEED Ambassadors to highlight information on SEED program resources, contracting opportunities, free government contracting services, SEED supplier success stories, recent contract awards, upcoming bid opportunities, and small business events and workshops. It is also available on smud.org. The open rate, click rate and click-to-open rate for the external SEED recipients was higher than all SMUD emails on average, with an open rate of 51.92 percent, click rate of 9.34% and click-to-open rate of 17.99%.
- **Reciprocity Partner of the Year Award:** The SEED program again was recognized by the California Department of General Services as the “Reciprocity Partner of the Year” at their State Agency Recognition Awards (SARA) as a successful contracting incentive program that uses DGS’s certification designation for SEED vendors. This is the second time the SEED program has received the award in the 3 years since its inception.

**RESOLUTION NO. 23-08-05**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-14, System Enhancement**, substantially in the form set forth in **Attachment D** hereto and made a part hereof.

Approved: August 17, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**OFFICE MEMORANDUM**

**TO:** Board of Directors

**DATE:** July 28, 2023

**FROM:** Claire Rogers *CR 7/28/23*

**SUBJECT: Audit Report No. 28007606**  
**Board Monitoring Report: SD-14, System Enhancement**

Audit and Quality Services (AQS) received the SD-14, *System Enhancement* 2022 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to AQS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2022

## Strategic Direction

### SD-14, System Enhancement



#### 1. Background

Strategic Direction 14, the System Enhancement Board policy states that:

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:
  - i) Identified, after consultation with SMUD, a specific system enhancement project;
  - ii) Determined the project is in the public interest;
  - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
  - iv) Obtained and provided SMUD with all easements necessary for the project.
  
- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
  - i) Project scale and/or cost when measured against available SMUD resources.
  - ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
  - iii) Extent to which the costs are borne by others.

## 2. Executive summary

SD-14 states that SMUD “will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements.” However, as a result of SMUD’s financial challenges caused by the COVID-19 pandemic, on June 9, 2020, the Board of Directors approved suspension of funding *new* projects under SD-14 for 2020, 2021 and 2022 (Resolution 20-06-03). Previously committed projects (a total of three) under the Policy continued to progress during these years with construction planned for 2024-2025.

SMUD is in compliance with SD-14, System Enhancement.

The planning and execution of SD-14 projects is typically a multi-year process that starts with a preliminary work scope that is used to determine a ballpark cost estimate, to the finalization of the work scope that includes a detailed design and detailed cost estimate. After necessary permits and easements are obtained, the project is released for execution/construction. Table 1 below shows the committed projects and their design and construction schedules. The budget for these three multi-year projects were included in the approved operational plans and budgets. Two of the three projects were planned for 2022, but schedule changes driven by the local agencies moved the project design and construction to future years.

Table 1: Committed Projects in Progress

Local Jurisdiction	Project Title	Total Cost Estimate	2022 Project Budget	2022 Project Spend	Project Status
Sacramento County	Greenback Lane Road Improvements (0.8 miles)	\$1,000K	\$0	\$0	Design in 2024; Construction in 2025
City of Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	\$2,900K	2,100K <sup>(a)</sup>	\$3.3K	Design in 2023; Construction in 2025
City of Elk Grove	Elk Grove Blvd. Waterman to School St. (0.5 miles)	\$1,500K	\$757K <sup>(a)</sup>	\$0	Design in 2023; Construction in 2025

(a) The original schedule called for the project construction to start in 2022 but the local agency deferred construction to later years.

### 3. Additional supporting information

Since the adoption of the SD-14 policy, eleven projects have been funded through the policy for a total of \$12.06 million. Table 2 below lists the projects completed by year.

Table 2: Completed Projects Since Policy Adoption

<b>Local Jurisdiction</b>	<b>Project Description</b>	<b>SMUD Construction Completion</b>	<b>SMUD Project Cost</b>
Sacramento County	Fair Oaks Blvd Landis to Angelina (0.3 miles)	2021	\$0.25 M
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 miles)	2021	\$1.22 M
City of Sacramento	Sutter Village (~200 feet)	2019	\$0.12 M
City of Sacramento	Ice Blocks Project R Street b/w 16th & 18th Streets (1,000 ft.)	2017	\$0.47 M
Sacramento County	Hazel Avenue Phase 2 b/w Curragh Downs & Sunset Ave. (1 mile)	2017	\$2.3 M
Sacramento County	Fair Oaks Blvd. b/w Landis Ave. & Engle Rd. (0.5 miles)	2016	\$1.2 M
City of Sacramento	16th and O Streets (1,000 ft.)	2013	\$0.3 M
Citrus Heights	Auburn Blvd. b/w Sylvan Corners & Rusch Park (1 mile)	2013	\$2.6 M
Sacramento County	North Highlands Town Ctr. at Watt Ave. & Freedom Park Dr. (0.5 mile)	2012	\$1.1 M
City of Sacramento	7th St. b/w North B & Richards Blvd. (1,500 ft.)	2012	\$1.3 M
City of Sacramento	Richards Blvd. b/w North 5th & North 7th Streets (1,000 ft.)	2012	\$1.2 M

#### **4. Challenges**

There were no challenges encountered with the implementation of the Board policy in 2022.

#### **5. Recommendation**

It is recommended that the Board accept the 2022 Monitoring Report for SD-14, System Enhancement.

#### **6. Appendices**

N/A

**RESOLUTION NO. 23-08-06**

**WHEREAS**, by Resolution No. 16-10-16 adopted on October 20, 2016, this Board authorized the Chief Executive Officer and General Manager (CEO/GM) to negotiate and execute all agreements necessary to facilitate SMUD's participation in the **California Independent System Operator Corporation (CAISO) Energy Imbalance Market (EIM)**; and

**WHEREAS**, the **Balancing Authority of Northern California (BANC)** retained consultants, as well as utilized SMUD staff, to study and evaluate the costs and benefits of joining the **Extended Day-Ahead Market (EDAM)** operated by **CAISO**; and

**WHEREAS**, **CAISO's EDAM** builds upon the existing real-time Western **EIM** by providing a day-ahead market to increase regional coordination, support energy policy goals, and meeting demand cost-effectively; and

**WHEREAS**, based on the results of **BANC's** evaluation, staff recommends participating in **EDAM** as the market will not only provide additional decarbonization, economic and operational/reliability benefits but will also build on the favorable working partnership between SMUD and **CAISO** and the broader Western region; and

**WHEREAS**, due to SMUD's existing participation in the Western **EIM** since 2019, it is feasible for SMUD to implement **EDAM** through **BANC** as the host Balancing Authority; and

**WHEREAS**, following the **BANC Commission's** authorization to participate in **EDAM**, SMUD would then proceed with implementation efforts and negotiating the needed agreements to join the **EDAM** as early as the 2025-2026 timeframe; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** The Chief Executive Officer and General Manager, or his designee, is authorized to negotiate and execute all agreements necessary to

facilitate SMUD's participation in the **California Independent System Operator Corporation (CAISO) Extended Day-Ahead Market (EDAM)**.

Approved: August 17, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR HERBER				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

President Sanborn then called for statements from the public regarding items not on the agenda.

Kate Riley from Trees 4 Sacramento stated it was her understanding that Mr. Lau would be providing a report, and she requested that he speak first.

Mr. Lau provided some background with regard to the removal of redwood trees on the SMUD campus. He stated that during the storms in January, one of the trees fell into and damaged the Customer Service Center (CSC). He stated that thankfully no employees or other persons were injured, and, as a result of the tree falling, SMUD engaged a certified arborist to inspect the more than 500 trees on campus. As a result of this inspection, 57 trees were found to be in great risk of falling and hitting transmission lines and subtransmission in the area adjacent to the Sacramento Regional Transit line that runs through the campus. He stated that he has committed to the Board to review the removal of the remaining trees and work with the Sacramento Tree Foundation to explore ways to save remaining trees in way that minimizes the risk for both the public, structures, and SMUD employees. He stated that once the analysis is complete, the issue would be brought back to the Board before further action is taken.

Kate Riley stated that the response that Trees 4 Sacramento had received from the Sacramento Tree Foundation was really heartening, and she appreciated hearing from the Board and staff with regard to the movement they are willing to make to meet with her group. She stated they looked forward to reviewing the data that SMUD would provide to explore alternatives that could lead to preservation of some of the trees. Written materials provided by Ms. Riley are attached to these minutes.

Daniel Pskowski of Trees 4 Sacramento stated he is a degreed arborist with over 45 years of experience and had been the Sacramento City Arborist from 1990 to 2020. He stated he had worked on the project when the CSC was built. He noted that when he heard all of the trees would be removed, it raised a red flag, especially since the canopy coverage in Sacramento has

been reduced more in the last 10 years than the prior 25. He stated redwoods are great carbon absorbers and more analysis needed to be done. He stated he looked forward to reviewing report that SMUD would provide. Written materials provided by Mr. Pskowski are attached to these minutes.

Phyllis Ehlert stated she had seen a history of disregard for trees and spoke of a butternut tree that was 100 years old in West Sacramento that was removed to make it easier to plan their sewage treatment system. She also noted that a giant oak tree by the Crocker Art Museum was removed when the addition to the museum was built. She spoke of a couple hundred trees being removed in downtown Sacramento in order to build an apartment complex, and she noted that work being done at the State Capitol contemplated the removal of trees. She stated that everyone wondered why the City is so hot, but every time you turn around, trees are being taken out.

President Sanborn thanked the commenters and noted that the Board could not have a back-and-forth conversation on the subject since it was not agendized.

Steve Uhler commented that he had provided an alternate rate proposal related to the General Manager's Rate Proposal, but he had yet to see his proposal placed on SMUD's website in its entirety. He requested to hear how the Rate Hearing was agendized because if his report was not on the agenda, the Board would not be allowed to respond to it, vote for it, or take any action on it.

Director Fishman asked General Counsel Lewis whether if the rate hearing was agendized pursuant to the Brown Act, would specific proposals need to be separately agendized for the Board to be able to discuss them. General Counsel Lewis stated that the proposals would not need to be separately agendized to allow for discussion.

Ms. Lewis stated that staff would follow up with Mr. Uhler to ensure his proposal was placed on the website and that he would have a full and fair opportunity to present his alternative proposal.

Public comment on Agenda Item 10, copies of which are attached to these minutes, was received from the following members of the public:

- Debra van Hulsteyn
- Gail Brokaw
- H. E.
- JoAnn Solov
- Will Green
- Marcia Lindberg
- Melanie Loo
- Lynda White
- Will Brieger
- Kate Riley for Trees 4 Sacramento
- Kerry Freeman
- Dave van Hulsteyn
- Karen Jacques
- Francesca Reitano
- Daniel Pskowski for Trees 4 Sacramento

President Sanborn then turned to Directors' Reports.

Director Rose reported on his attendance at the Citrus Heights Chamber of Commerce Elected Official Night and the Carmichael Chamber Luncheon. He stated he had participated in working the SMUD booth at the State Fair where they collected enough food to fill the 4' x 4' x 3' bin in less than an hour. He concluded by reporting on his participation in a SMUD stroll at the SMUD East Campus Operations Center (ECOC) where he learned more about the efficiency measures incorporated into the building as well as getting a chance to see the new roof.

Director Bui-Thompson reported on her attendance at the Offroad to Net Zero Webinar where Chief Zero Carbon Officer Lora Anguay was a speaker. She then reported on her participation in the SMUD Cares charity bowling event and noted that General Counsel Lewis is an excellent bowler.

Director Fishman reported that he had the opportunity to say a few words at the Josh's Heart Homeless Connect event at California State University, Sacramento, of which SMUD was a sponsor and he was able to meet Sac State's new President, Lou Wood, whom he looked forward to working with. He then reported on his tour of the Safe Stay Tiny Home facility just inside his ward at Florin Road and Power Inn. He stated it was a project that Supervisor Kennedy had been working on for a long time but had stalled due to some

trouble getting electricity hooked up. He stated that SMUD had gone above and beyond to install a new transformer and get the facility up and running.

Vice President Herber thanked SMUD Federal Affairs Program Manager Lawrence Luong for his help in preparation for her attendance at the American Public Power Association's Policy Makers Council. She then reported on her attendance at the Elk Grove Chamber of Commerce's State of the County Address and her speaking engagement at the Nueva Epoca commencement event. She concluded her report by reminding everything that the Sacramento History Museum Burnette Awards would be occurring on October 5<sup>th</sup> to honor La Esperanza, North Sacramento Land Company, Pucci's Pharmacy, the Firehouse Restaurant, and the Sacramento Pioneer Association.

Director Kerth reported that he had visited a school in Rio Linda where SMUD is teaming up with the Sacramento Republic to introduce young people to a beginning STEM program. He then reported on his participation in a Ward 5 Neighborhood Walk in Strawberry Manor where he and SMUD staff introduced residents to all the programs SMUD has available and encouraged them to take advantage of the programs.

Director Tamayo reported on his attendance, along with Director Fishman, at the Friends of the Front Street Animal Shelter fundraising event. He then reported on his attendance at the Fountainhead Brewery, a microbrewery in his ward that SMUD had assisted, via a Shine Award, with the conversion of their food trailer to being all-electric.

President Sanborn thanked those who were able to go to the Front Street Animal Shelter fundraiser, which has resulted in their emptying the shelter via adoptions. She reported on her speaking engagement at the Greater Arden Networking Mixer where many people were very interested in hearing about the 2030 Zero Carbon Plan. She stated she had met with Michael Korpiel, the CEO and President of Dignity Health Mercy San Juan Medical Center., who is interested in leading the charge for green hospitals, so she put him in touch with SMUD staff. She stated she had spoken with the County of Napa at their Climate Action Committee based on SMUD's CivicWell presentation, and they

are interested in implementing some of the things that SMUD is doing. She thanked SMUD employees Amy Killer and Juliet Swinger for their assistance with the SMUD Cares bowling event. She reported on her ride along with a SMUD line crew and thanked them for their assistance. She reported that she had met with Dr. Cheung, the President of the California Northstate University, who has been working with SMUD staff to get their hospital ready to open in North Natomas. She then reported that the third annual “We Can Do It” STEM event will be held on September 15<sup>th</sup> at the Aerospace Museum at McClellan Business Park. She closed by thanking Interim Special Assistant to the Board Karen Wilfley and her staff for all of their hard work during a very busy year.

Paul Lau, Chief Executive Officer and General Manager, reported on the following items:

- 1) **J.D. Power Award.** I would like to kick off my report by proudly sharing that J.D. Power has recognized SMUD as the nation’s top scoring utility in its 2023 Sustainability Index. SMUD ranked Number 1 in the comprehensive evaluation of the country’s largest electric utilities. The study measures customers’ awareness, engagement and advocacy related to their local climate sustainability programs and goals. This recognition shows that we are continuing to lead the way in environmental leadership, and our customers are increasingly aware of our efforts to take sustainability to the next level. Our customers are an important partner to creating a clean energy future. We will continue working with them to leave a lasting impact on our environment and benefit future generations to come. I want to say a special thanks to the Board and our staff – I know you work tirelessly out in the community sharing the clean energy vision with everyone you can and your constituents and how our staff is out at the community meetings, and the results are showing in the J.D. Power results.

2) **EVs2Scale2030**. This month, SMUD signed on to be a founding member of the Electric Power Research Institute's, or EPRI's, new EVs2Scale2030 initiative. This initiative brings together more than 500 stakeholders including Amazon, the U.S. Department of Energy and leading electric companies. The effort aims to ready the electric grid in support of accelerating the development of electrical vehicle (EV) charging infrastructure across the nation. Collaboration, coordination and standardization are critical for the U.S. to meet its 2030 EV goals, and initiatives like this are what is needed to drive toward an affordable, equitable and reliable clean energy future. I am also proud to announce that I was just notified that the American Public Power Association (APPA) has nominated me to serve on the EPRI Board.

3) **California State Fair**. The California State Fair has come and gone - once again, and we were out there proudly connecting with our customers and community in many ways. First, we partnered with the Elk Grove Food Bank and Cal Expo to collect food at the Fair entrance for the community on two Giving Monday Canned Food Drives. All told, we collected more than 20,000 pounds of food. We also helped educate fairgoers about our 2030 Zero Carbon Plan. More than 500 people "Joined the Charge" to be Clean PowerCity Champions. We also educated fairgoers on the benefits of induction cooking at our cooking theater demonstrations. Thanks to all who came out to support SMUD at the fair, and thanks to all the volunteers for giving your time to connect with our community. Great job to the team for putting on such a successful event!

4) **Station G**. Finally, I am excited for next week when we will officially be cutting the ribbon on Station G, our newest substation. Next week's event will officially celebrate Station G,

which is an important part of our ongoing commitment to providing safe, reliable and affordable power to our community. Station G is a critical part of SMUD's network which helps to power downtown Sacramento. There is a lot of growth going on downtown, and this state-of-the-art substation will help us continue to deliver reliable and cost-efficient power to our customers and community for decades to come. I am looking forward to joining you all for this milestone and Supervisor Serna will be in attendance as well. It was great to have representatives from National Alliance on Mental Illness (NAMI) here for the video portion of tonight's meeting to celebrate the SMUD team's great work. This concludes my report.

President Sanborn requested the Summary of Board Direction, but there were no items.

President Sanborn called for comments on the closed session agenda, but none were forthcoming.

President Sanborn then announced the Board would enter into closed session to discuss the following item:

1. **Conference with Real Property Negotiators**.

Pursuant to Section 54956.8 of the Government Code:

Property: Land in **Placer County**

APNs 017-130-015, 017-090-024, 017-130-016, 017-130-057, 017-130-058, 017-130-061, 017-152-003, 017-090-024, 017-090-056, 017-152-002, 017-090-057, 017-090-058, 017-101-045, 017-152-001

SMUD Negotiators:

Ellias van Ekelburg, Director of Environmental, Safety & Real Estate Services  
Blandon Granger, Supervisor, Real Estate Services

Negotiating Party:

Placer 2130, J.V.; Hillsdale College; Silver Streak Ranches

Under negotiation: price and terms.

The Board entered into closed session at 7:08 p.m.

President Sanborn re-opened the meeting at 8:07 p.m. and reported that the Board provided direction to staff regarding the price and terms for real property negotiations.

No further business appearing, President Sanborn adjourned the meeting at 8:08 p.m.

Approved:

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

**From:** [Debra V](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Redwoods  
**Date:** Wednesday, August 16, 2023 6:51:12 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear SMUD board;  
I am shocked to learn that SMUD intends to remove its own urban forest -- that is, 57 redwood trees that form not only a micro forest in itself, but also a precious example of survival of a tree community.

Please reconsider!

Debra van Hulsteyn  
916-459-8107

**From:** [Gail Brokaw](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Stop removing trees.  
**Date:** Wednesday, August 16, 2023 6:53:33 PM

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CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please stop the removal of trees at SSt near your office. We need these trees! Gail Brokaw

Sent from my iPhone

**From:** [H E](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] TREES  
**Date:** Wednesday, August 16, 2023 7:20:52 PM

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CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I'm a 50 yo lifelong Sacramento resident and want you to know that the trees at the SMUD building are some of the ones that fostered my lifelong love and appreciation for trees. I've always pointed to SMUD as an example of tree stewardship, and you've been an asset to the City. Please don't follow through on taking out all of the redwoods. I know trees are a big investment, but they are for sure a good one and the benefits are so worth it. I know I won't be the only one missing them if they go- we'll all feel the difference. If everyone abandons the urban trees, what a terrible thing that would be. Keep setting the example SMUD! Thank you for your consideration

Thank you,  
H. E.

**From:** [Jo Ann Solov](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Redwood Tree removal from SMUD S Street Headquarters  
**Date:** Wednesday, August 16, 2023 7:41:29 PM

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As a 45-year resident of Sacramento and member of our congregation's sustainability committee, I am discouraged, disheartened and frustrated to hear that redwood trees are being removed from SMUD's S Street Headquarters in Sacramento. I ask that you please put a halt to this removal pending public review of arborist reports and staff analysis. This is too precious a natural resource to destroy without proper review.

Thank you very much.  
JoAnn Solov  
5737 Raybel Ave.  
Sacramento, CA 95841  
916-334-1214

**From:** [wgreen](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Stop removal of the SMUD redwoods forest  
**Date:** Wednesday, August 16, 2023 7:59:45 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Further review and discussion/ education of the public needs to be completed.

Thanks,  
Will Green  
50 year resident of East Sacramento

Sent from my Verizon, Samsung Galaxy smartphone

**From:** [m.lindberg](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Redwood Tree removal at Headquarters  
**Date:** Wednesday, August 16, 2023 8:34:22 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi, Please stop. I live very close to this. As i was driving home today from downtown where the temperature was 98 at 11:00 I noticed when I got to my neighborhood it was 93 degrees.

How could this be a wise decision?

Marcia Lindberg

2533 54th St.

Thank You for your consideration

**From:** [Loo, Melanie W](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Save your redwoods  
**Date:** Wednesday, August 16, 2023 9:54:12 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Please save the 50+ redwoods at your S Street property as an example of redwoods and their service to the environment. This small grove deserves valuation as habitat for many organisms, shade, beauty, and carbon capture.

Thank you.

Melanie Loo

**From:** [Lynda White](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] REDWOOD REMOVAL AT SMUD  
**Date:** Wednesday, August 16, 2023 10:51:12 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

It is shocking that Sacramento's own utility company wants to remove it's urban forest in the city of trees. There must be public review of arborists' reports and staff analysis before any more of these trees are removed.

Lynda White

**From:** [Will Brieger](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Please retain the trees  
**Date:** Thursday, August 17, 2023 3:56:58 AM

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CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

At headquarters

Will Brieger  
(916) 215-3873

Will  
(916) 215-3873

**From:** [Kate Riley](#)  
**To:** [Rosanna J. Herber](#); [Brandon Rose-Contact](#); [Nancy Bui-Thompson](#); [gbfishman@gmail.com](mailto:gbfishman@gmail.com); [Heidi Sanborn](#); [Rob Kerth External](#); [davetamayo2@gmail.com](mailto:davetamayo2@gmail.com); [Public Comment](#)  
**Cc:** [trees4sacto@sbcglobal.net](mailto:trees4sacto@sbcglobal.net)  
**Subject:** [EXTERNAL] Urgent Request to Pause Redwood Tree Removal at SMUD Headquarters  
**Date:** Thursday, August 17, 2023 5:56:38 AM  
**Attachments:** [SMUD board letter 8 16 23 final.pdf](#)  
**Importance:** High

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good Evening Board Members and Staff:

Attached is a letter from Trees 4 Sacramento, a local urban forest advocacy group. We are requesting that the Board pause the removal of the redwood trees at the SMUD headquarters in order to provide time for public review and input on the removal. We will be sharing this letter tomorrow at the Board meeting under Public Comment. We will provide a paper copy for the CEO, as his email address is not available on the website.

Thank you for considering this letter.

Kate Riley  
For Trees 4 Sacramento



August 16, 2023  
Board of Directors  
Sacramento Municipal Utilities District  
6301 S St.  
Sacramento, CA 95817

**Re: Urgent Request to Stop Removal of 57 Redwoods at SMUD Offices**

Dear Chairperson Tamayo and Board of Directors;

We are Trees for Sacramento, a volunteer group of tree advocates seeking to preserve and grow our Sacramento Urban Forest. As such, we have thought of SMUD as a supporter of that Urban Forest. SMUD is a key sponsor of the region-wide Sacramento Shade Program. SMUD has also shown itself to be an active supporter of preserving Sacramento's historic resources – preserving a huge Wayne Thibaud mural in 2019 as part of an \$83 million renovation. The Office Building itself was designed around the redwood grove.

Because of SMUD's reputation as an advocate for the urban forest and for preservation of historic resources, and because of SMUD's status as a public corporation with a transparent relationship with the community and its ratepayers, we were shocked to learn that SMUD intends to remove its own urban forest -- that is, 57 redwood trees that form not only a micro forest in itself, but also a unique example of survival of a tree community. Some redwoods were removed last Saturday. **We have learned that more trees will be removed this Saturday.**

We heard about this decision over social and legacy media. Ratepayers were not informed. This decision was rolled out without public engagement. It doesn't reflect the public trust that ratepayers, Sacramento citizens, and urban forest advocates expect from SMUD.

Please help us regain our trust in you. **Please postpone any further tree removals until the public can review all arborist and staff reports regarding the trees. We respectfully request an opportunity to meet with staff, review this data and determine if there are options to preserve some of the trees.**

Thank you for your attention to this request. We look forward to working with SMUD to preserve as much of this precious urban forest as possible.

**TREES FOR SACRAMENTO**

*Jude Lamare*

*Karen Jacques*

*June Stefon*

*Daniel B. Kowski*

*Kate Riley*

CC: Paul Lau, Chief Executive Officer and General Manager

**Respond and advise of future public hearings via email [trees4sacto@sbcglobal.net](mailto:trees4sacto@sbcglobal.net)  
Postal address 5601 Monalee Ave, Sacramento, CA 95819**

**From:** [sacpeach@aol.com](mailto:sacpeach@aol.com)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] Stop the Tree Removal  
**Date:** Thursday, August 17, 2023 8:59:49 AM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

SMUD,  
Please Stop removing the redwood trees on S Street. I live in Elmhurst and know these trees well. They provide habitat to our animals in this beautiful established area and obviously are part of our tree rich region. What is the purpose of removing these trees? Development can occur including these established beautiful trees. Stop removing them please, especially without Public comment and review.

Kerry Freeman  
Elmhurst

**From:** [Dave van Hulsteyn](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] 57 redwood trees?  
**Date:** Thursday, August 17, 2023 12:11:57 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi SMUD,

Can you please not remove those redwood trees? Unless they are sick or are in danger of falling/dropping branches, I can't imagine why you'd want to take them out. They provide shade! You'd be setting a really poor example.

Sincerely,

Dave van Hulsteyn

**From:** [Karen Jacques](#)  
**To:** [Public Comment](#)  
**Cc:** [Rob Kerth External](#)  
**Subject:** [EXTERNAL] Comment re: Item not on the Agenda: Removal of Redwood Grove at SMUD Headquarters  
**Date:** Thursday, August 17, 2023 12:36:20 PM

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CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

While I know the SMUD redwood grove removal is not on tonight's (August 17th) agenda, I am submitting the following urgent comment about SMUD's redwood grove. I am in Rob Kerth's District and have cc'd him on this email.

Like so many other people in the Sacramento community, I was shocked and appalled to learn that SMUD is planning to remove an entire redwood grove (57 trees) located at its headquarters. I understand the need to remove trees that pose a safety hazard or are in serious decline, but this is a mass removal of 57 trees and I find it hard to believe that all are in need of removal. (I understand that some have already been removed.) I support the request of Trees 4 Sacramento and other concerned community members that the Board immediately pause the removal process, have each remaining tree thoroughly evaluated individually and make those evaluations available to the public. I am hopeful that individual evaluation will show that it is safe and possible to preserve some of the trees.

The SMUD redwood grove is a community treasure. It merits the kind of evaluation that I and others are requesting.

Thanks you for your consideration -

Karen Jacques, SMUD Ward 5

**From:** [Francesca Reitano](#)  
**To:** [Public Comment](#)  
**Cc:** [Trees Sacramento](#)  
**Subject:** [EXTERNAL] Public Comment period for 8/17 meeting  
**Date:** Thursday, August 17, 2023 1:06:27 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear SMUD Board,

I am a member of Trees4Sacramento.

I was shocked to learn that SMUD is intending to remove its own urban forest -- that is, 57 redwood trees that form not only a micro forest in itself, but also a precious example of survival of a tree community.

It is our understanding that a number of redwoods have been removed as of last Saturday. We have learned that more trees will be removed this Saturday.

Please help us regain our trust in you. I understand that SMUD does not have to inform the public that trees are/were being removed, but in the name of transparency and keeping faith with the public, why wouldn't you? **Please suspend further tree removals pending public review of all arborist reports regarding the trees, and any staff analysis. We request an opportunity to review this data and to respond to the Board before any additional removals occur.**

Thank you for your attention to this request. We look forward to working with the SMUD Board to preserve as much of this precious urban forest as possible.

Best,

Francesca Reitano

Elmhurst Neighborhood

Member: Trees4Sacramento

SMUD Ward 3 - Greg Fishman

**From:** [Daniel Pskowski](#)  
**To:** [Public Comment](#)  
**Cc:** [jennifer.davidson@smud.org](mailto:jennifer.davidson@smud.org); [Trees for Sacramento](#)  
**Subject:** [EXTERNAL] Redwood Tree Removals at Customer Service Center  
**Date:** Thursday, August 17, 2023 2:52:13 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear S.M.U.D. Board Members,

I'm a member of Trees for Sacramento which is a 501 c 3 nonprofit that formed over 10-years ago. Its goal is the protection, preservation, and enhancement of Sacramento's urban forest. This group formed in response to the paradigm shift that occurred in the City of Sacramento's Urban Forestry section. The new direction per city management was the removal and replacement of trees when it came to development projects. There was no longer protection and preservation of trees.

I was a Sacramento City Arborist back in 1998 and worked with S.M.U.D. staff and contractors on the preservation of these coast redwoods (*Sequoiadendron sempervirens*) when the Customer Service center was built. During that period the city would require preservation of not just heritage size trees but other trees on site which were healthy, structurally sound, and could be incorporated into the project. Ed Stirtz, the project arborist, did excellent tree preservation work during construction. It showed that a large office building can get built with existing trees on-site.

I went by on my bicycle this past Monday evening and observed in the redwood grove out front along S Street (photo #1) three or four trees exhibiting signs of past drought stress (photo # 3). However, I did not see any indications that the whole grove warranted removal. Coast redwoods contain high levels of tannins, a chemical, which keeps the tree insect and rot resistant. A few of the drought stressed trees are putting out new shoots along the trunk indicating recovery. But I look forward to the reports on the advanced assessments performed to provide detailed information about specific tree parts, defects, and site conditions.

On the north side of the Customer Service Center there are approximately 14, coast redwoods which appear healthy (photos # 4 & 5). I understand why S.M.U.D. would want to remove these coast redwoods. The majority of Sacramento's winter storm winds blow in from the south/southeast. If a tree fell over due to a storm event it could come in contact with the high voltage wires that are north of these trees. These are electrical conductors coming from the substation which provides power for a broad area. There are Regional Transit Light Rail tracks which would also be impacted. However, to address this risk S.M.U.D could install a protection system consisting of utility poles with steel cables. This could be done inhouse with S.M.U.D. engineers designing it and their line crew installing it. Therefore, if a tree blew over the poles and cables would protect the high voltage wires. Was this option explored during the assessment of these coast redwoods? This would eliminate the risk and preserve the coast redwoods. A couple of coast redwoods on the north side of the building should be removed due to their proximity to the high voltage wires (photo # 6).

I understand the SMUD Board's concern that once the removal decision is made the liability is too great to reverse it. However, as a Sacramento City Arborist for 29.5 years there were times when I reversed my decision to remove a tree. This was due to additional information brought to my attention or I did not perform an advance assessment process due to time constraints.

Is the S.M.U.D. Board aware that the S.M.U.D. Tree Division can remove any city or private protected tree without any public notice? This change occurred during the city's tree ordinance revision process. City officials claimed the revised tree ordinance passed by the City Council in August of 2016 protected more trees but in reality this is not true. The removal of these coast redwood 32-inches in diameter or greater is just one example.

I understand that there has been a pause of the proposed removals and Trees for Sacramento will get to review the arborists reports that recommended removal of all the coast redwoods around the Customer Service Center. Thank you for listening to Trees for Sacramento's concerns and upon receiving the arborist reports would like permission to examine these coast redwoods..

Sincerely,

Daniel Pskowski - Trees for Sacramento  
[B.Sc.](#) Landscape Horticulture (Colorado State University)  
ISA Certified Arborist WE-0964A  
ISA Tree Risk Assessment Qualified  
916-451-1033









THE MEZZO



DRUG FREE ZONE  
SECURITY CAMERAS IN USE

This area is patrolled by Signal 88 Security #PPO120876  
DIRECT PHONE: 916.644.0442 // FOR AN EMERGENCY CALL: 911





# The Healing Power of Trees

TREE CITY USA®  
BULLETIN

No. **71** Editor: Dr. James R. Fazio • \$3.00



*A*n emotional attachment to trees is deeply ingrained in the human spirit. Whether it is a spiritual connection with something larger and unseen or a practical way to reduce stress and live a healthier life, urban foresters and tree boards would do well to recognize and build upon these important benefits.

Who is not familiar with the good feeling that comes from a pleasant walk in the woods?

The noises of streets and people are left behind. The cares of work or personal problems are eased as focus shifts to the majesty of trees and their sweet essence fills the air. It is at once an escape and a refreshment of mind and spirit, the very meaning of 're-create' in recreation. The Japanese have another term for the leisurely woodland walk – 'forest bathing' – and research suggests that it goes beyond being an emotional experience or providing the benefits of exercise. It actually has a physiological effect that can bolster the immune system.

John Muir said of the woodland walk that it is "the clearest way into the universe" and promised that when you go to the forest "Nature's peace will flow into you as sunshine flows into trees." Muir and philosophers throughout the ages saw the healing potential of trees, whether in a wilderness, a sacred grove, an urban park or, like the poet Joyce Kilmer observed – a single tree "that looks at God all day, and lifts her leafy arms to pray."

Although most of us are not philosophers or poets, we all have a favorite tree or special remembrance of it. It was likely to have been part of a life-shaping experience in youth or part of treasured family memories. It may still be a place of solace or relaxation. In the pages that follow, read about what science is telling us of these connections with trees and green spaces – and how they can actually help heal us physically and mentally.

James R. Fazio



**Arbor Day Foundation**  
100 Arbor Avenue • Nebraska City, NE 68410

# From Intuition to Scientific Fact

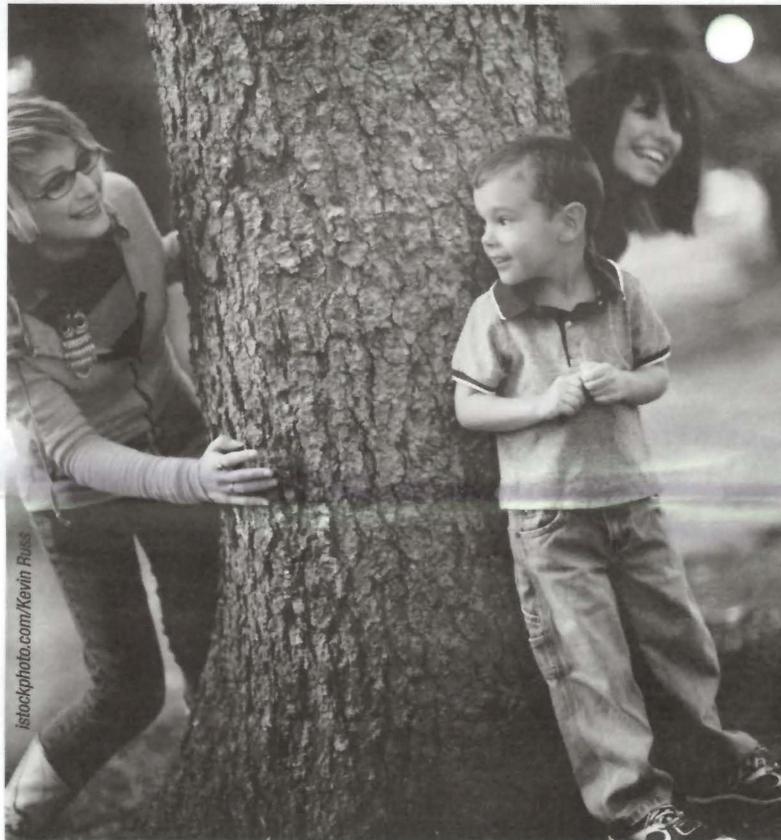
Humans have recognized a special connection with trees since the dawn of history. Every major religion includes trees in its earliest stories. The Egyptians had their sacred groves and the Bible mentions trees no less than 120 times. The Celts saw magical powers in trees that varied by species. Philosophers like Rousseau and Thoreau proclaimed moral value or goodness that comes from associating with trees and the outdoors. So did J. Sterling Morton, founder of Arbor Day, who said, "Children reared among trees and flowers growing up with them will be better in mind and in heart than children reared among hogs and cattle."

As parks began to be established in American cities in the nineteenth century, efforts began at the same time to define just what these intrinsic values might be. Pioneering landscape architect Frederick Law Olmsted believed they improved the mental health of urbanites as more and more people left the more healthful countryside to reside in cities. But he also felt that the topic was "too complex, subtle and spiritual...to be checked off, item by item, like a jeweler's or a florist's wares." In other words, it defied research and understanding.

Social scientists today would disagree with Olmsted. Hundreds of studies worldwide have established a relationship between trees, green spaces and myriad mental health benefits. In a 1963 essay, psychology professor Robert Greenway even coined the term 'ecopsychology' and in the Spring/Summer 2009 edition of *Taproot*, a publication of The Coalition for Education in the Outdoors, Denise Mitten succinctly listed the psychological-emotional values of spending time in nature (of which trees are a major component):

- Mental restoration
- Stress reduction and its impacts
- Attention restoration
- Improved mood states
- Reduction of depression
- Reduction of anger and anxiety
- Enhanced feelings of pleasure
- Increased mental acuity
- Reduced mental fatigue
- Improved problem solving-ability
- Improved concentration
- Improved body image for women
- Increased feelings of empowerment
- Encouragement of nurturing characteristics
- Decreased risk of seasonal affective disorder (SAD)
- Mitigation of the impact of dementia

To this list might be added important spiritual and religious benefits.



## THERAPY AND HEALING – SOME DIFFERENCES

**THERAPY** is the treatment of disease or disorders, as by some remedial, rehabilitating, or curative process.

**HORTICULTURAL THERAPY** is the engagement of a person in gardening and plant-based activities, facilitated by a trained therapist, to achieve specific therapeutic treatment goals.

**HEALING GARDEN** OR **THERAPEUTIC GARDEN** is a space in which a person can build on or find inner strength. This is a space anyone can create or use and, by extension of the meaning, can include special places with trees. It is designed to meet the physical, psychological, social and spiritual needs of the people using the garden as well as their caregivers, family and friends. These spaces are typically found around hospitals, nursing homes, assisted living residences and retirement communities.

**HORTICULTURAL HEALING GARDEN** is a space professionals use to encourage active involvement of clients or patients. The therapist matches plants and chores with the needs of individuals that are challenged physically, emotionally or socially.

# Some Amazing Relationships

Research is showing some strong correlations between trees and the green spaces around them and human health consequences.

## HOSPITAL RECOVERY

Studies by Dr. Roger Ulrich gained world-wide attention and made a huge impact on the idea that the healing power of nature is real. Dr. Ulrich tracked the recovery rates of 46 hospital patients who had gall bladder operations. Half were assigned to recovery rooms facing a brick wall. The other half could see a small stand of trees outside their windows. He found that patients who could see trees spent 8.5 percent fewer post-operative days in the hospital and needed fewer pain-killing medicines than patients viewing the brick wall. The study has been replicated many places and with similar results.

## THE WORKPLACE

Stephen and Rachel Kaplan were also modern pioneers who looked at human-nature relationships, including office workers and their surroundings. As with many studies that have followed theirs, they found that workers with windows looking out at green elements were more satisfied at work and had more patience, less frustration, increased enthusiasm for work, and fewer health problems than their colleagues in windowless offices. Similar relationships have been shown to reduce absenteeism and increase efficiency.

## INNER CITY GIRLS

Work by Drs. Ming (Frances) Kuo and William Sullivan have uncovered a trove of amazing relationships. One famous study showed the positive social effects of landscape around public housing projects. Another focused on young girls living in Chicago apartments. They found that girls in apartments with greener, more natural views scored better on tests of self-discipline than a matched group of girls with more barren



At Sacred Heart Medical Center at RiverBend in Springfield, Oregon, doctors as well as patients and their families find peace and restoration in the wooded grounds behind and beside the hospital. Here a doctor takes advantage of the natural view while enjoying a break at the cafeteria. Urban foresters and tree boards have an

opportunity to encourage and assist with institutional landscaping that provides emotional/psychological benefits as well as eco-services.

views. The young ladies fortunate to have green views showed better concentration, less impulsive behavior and were better able to postpone immediate gratification. This means they can better handle things like peer pressure, sexual pressure and can generally do better in school and prepare more responsibly for later life.



# Some Amazing Relationships Continued

## CHILDREN



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The Dimensions Educational Research Foundation is the repository for scores of studies that show the positive influence of unstructured outdoor play. Trees, of course, are a large part of the spaces that make this possible. The studies of these benefits point out that, in addition to physical benefits, outdoor play opportunities help make children “smarter, better able to get along with others, healthier and happier.” And then there are those who are challenged with Attention Deficit

Hyperactivity Disorder, or as it is often called in shorthand, ADHD. With over 2 million children in the U.S. diagnosed with ADHD, considerable attention has been focused on how natural settings might be of help. These studies have come to the same conclusion – children with ADHD show reduced symptom severity when they live in more natural settings or have “green time” during the day.

## PREGNANT WOMEN

One of the most amazing recent studies was led by Dr. Geof Donovan in Portland, Oregon. In short, the researchers found a strong relationship between leafy neighborhoods and the health of newborn babies. First they carefully controlled for factors such as income and then looked at tree canopy density within 164 feet of the homes of pregnant women. For each 10 percent increase in tree canopy in this zone around a house, the rate of undersized newborns decreased by 1.42 per 1,000 births.

## SENIOR CITIZENS

In a Dutch study that controlled for income and other factors, the proximity of nature was found to affect the health of the elderly. In a greener environment, people reported fewer poor health symptoms and perceived better health in general. The researchers concluded that “10% more green space in the living environment leads to a decrease in the number of symptoms that is comparable with a decrease in age by 5 years.”

## MORE STUDIES

Links to more studies and to the authors of findings mentioned on these pages are provided at the website shown on page 8.



istockphoto.com/Steve Cole

# How Does it Work?

*The Druids and other ancients attributed the healing power of trees and other plants to magic. At first glance, one may conclude they were right. But now science is looking more closely not only at the relationship between nature and mental health, but the cause(s) behind the consequences.*

Some writers have argued that human affinity for trees – and resulting benefits – stems from our genetic base. That is, it is somehow linked to our primordial past. This is difficult to test and affirm or deny. The spiritual aspect of trees is equally murky. At this level of what might be called tree worship, the theory has been suggested that trees help us become more aware of our connection with something larger than ourselves. In her book, *Between Earth and Sky: Our Intimate Connections to Trees*, Dr. Nalini Nadkarni adds that trees put us in a state of “mindfulness,” or “the need to be aware of and compassionate towards one’s surroundings.”

For those who want more concrete evidence of the healing power of trees, there is a growing body of knowledge. Brain chemistry is certainly involved. Perhaps it is as simple as greenery stimulating a dopamine pulse, the neurotransmitter that sends signals to other nerve cells, including the so-called pleasure centers of the brain. But it is probably more than that. Research has focused on a number of physical effects of being around trees, gardens and other green or natural surroundings. For example, environmental psychologist Terry Hartig did an experiment using 112 young adults. They were assigned a variety of stressful tasks and then some were placed in a windowless room and some were exposed to tree views and walked through a nature preserve. He then measured blood pressure and found that the latter group showed blood pressure declining and better feelings commencing sooner than in the control group.

Japanese enjoying the ‘forest baths’ (walks in the woods) mentioned on page 1 were found to benefit from lower pulse rates, lower blood pressure and lower concentrations of cortisol, a chemical that, among other unhealthy things, suppresses the immune system.

## THE KEY

The bottom line that explains the healing power of trees points to stress reduction. Stress is our nervous system giving our body the so-called ‘fight-or-flight’ response to various stressors. While this was useful to cave dwellers – and still is in many circumstances – it is not so good as a reaction to the workplace, domestic situations, grief, brain fatigue and the other unavoidable circumstances of modern life. Stress triggers higher heart rates, muscle tension (and subsequent headaches), a weakened immune system, sweating and other unhealthy physical responses.

According to Dr. Marc Berman, as reported in *The Wall Street Journal*, trees and other components of nature engage our attention as something interesting and that do not require intense focus. They are something pleasant and give our minds and bodies time to restore themselves. In an experiment, Dr. Berman found that his subjects performed 20 percent better on memory and attention tests after they paused for a walk through an arboretum. Subjects that strolled down a busy street showed no cognitive boost on the tests.

## A SUMMARY OF BENEFITS

Dr. Kathleen Wolf sums up the benefits of exposure to nature in cities saying that the urban forest “can help us to calm and cope, to recharge our ability to carry on.” The healing – and preventative – effects of trees and green space on human health include:

- **PHYSICAL ACTION** or the eco-benefits that come from filtering air and water pollutants and reducing heat.
- **PHYSICAL ACTIVITY** by providing settings that encourage people to engage in walking, jogging and other outdoor exercises.
- **SOCIAL SUPPORT** by providing inviting places that promote social interaction, a sense of inclusion, and that can lead to reducing social annoyances and preventing crimes.
- **RESTORATION**, the result of reducing stress and helping people restore their cognitive functions and ability to cope with the demands of life.

*If a greener environment can play a role in managing ADHD (Attention Deficit Hyperactivity Disorder), few, if any, studies have explicitly examined whether the converse is also true: that ADHD may be a set of symptoms initiated or aggravated by lack of exposure to nature...*

*If that's the real ailment, a walk in the woods would be the ideal treatment: It's not stigmatizing, has no serious side effects, and it's free. But such reliance on greenery would underscore the need to scale back industrialism, redesign cities, and expand access to nature – which can't be encapsulated in a pill, but could be equally powerful medicine.*

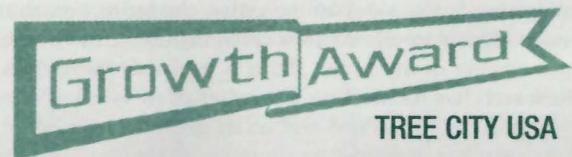
– Richard Louv, Author of *Last Child in the Woods* and six other books, and quoted in the Attention Deficit website, ADDitude

# What it Can Mean to Urban Forestry

*The human health benefits resulting from trees and green spaces are significant. They have even been called the 'green vitamin,' or Vitamin G. And this powerful medicine rests in the hands of urban foresters, tree boards and other stewards of trees and green spaces in our cities and towns.*

## HOW TO USE THIS INFORMATION

- ✔ **PLANT TREES!** With 80 percent of our nation living in stressful urban situations, residents in all neighborhoods need the healing power of trees.
- ✔ **GAIN SUPPORT** The data developed by research can be a powerful tool in gaining the support for urban forestry by city councils, potential donors and grant organizations.
- ✔ **BROADEN YOUR AUDIENCE** Expand beyond traditional partners by showing health care providers and insurance companies the benefit of trees. For example, based on the Portland study of tree canopy density and healthy babies mentioned on page 4, the findings suggest that by increasing tree cover by 33 percent, there would be 3 fewer undersized newborns per 1,000 births. More trees would lower the costs of health care in this and many other ways.
- ✔ **CREATE HEALING GARDENS AND TREE GROVES** Spaces designed for this purpose will gain public attention and appreciation. Parks and other public land can be dedicated as healing spaces. Guidance for the creation and maintenance of these places can be provided to hospitals, care centers and similar institutions.
- ✔ **HAVE A MEMORIAL TREE PROGRAM** If your community does not have a way for residents to donate funds for a memorial tree, find out how these programs elsewhere provide a source of funding for trees while at the same time providing a humanitarian service.
- ✔ **SPONSOR A NATURE EXPLORE CLASSROOM** These carefully designed outdoor spaces not only connect children with nature, they can provide a place for family bonding. Domestic violence centers are among the many institutions using this means to provide solace to troubled children and parents.



Activities to initiate or expand the use of trees to take advantage of their healing power may qualify for points needed to earn the Tree City USA Growth Award. For more information, visit [arborday.org](http://arborday.org) and navigate to the Growth Award section.



istockphoto.com/simonox

## MEMORIAL TREES AND GROVES



The Grove of Remembrance is a program of the New Jersey Tree Foundation. The memorial grove is an 11-acre tract at Liberty State Park where 750 trees were planted in remembrance of the terrorist attack of September 11, 2001. Planning and development of the grove included involving the victims' families, an important element when considering a memorial grove. Besides the trees, features of The Grove of Remembrance include planting beds, donated shrubbery, and walkways that lead to a circular area with a plaque containing the names of all New Jersey residents who were lost on that fateful day.

Trees provide the psychological benefits described throughout this bulletin as well as eco-services such as cleaner, cooler air and stormwater retention. But they also offer one additional opportunity. When death occurs in a family or tragedy strikes on a larger scale, loved ones are often at a loss as to how to memorialize or properly celebrate the life of the deceased. Planting memorial trees can help – in two ways. First, it truly continues the contributions of an individual beyond his or her lifetime, and at the same time it provides an uplifting avenue of action for the bereaved.

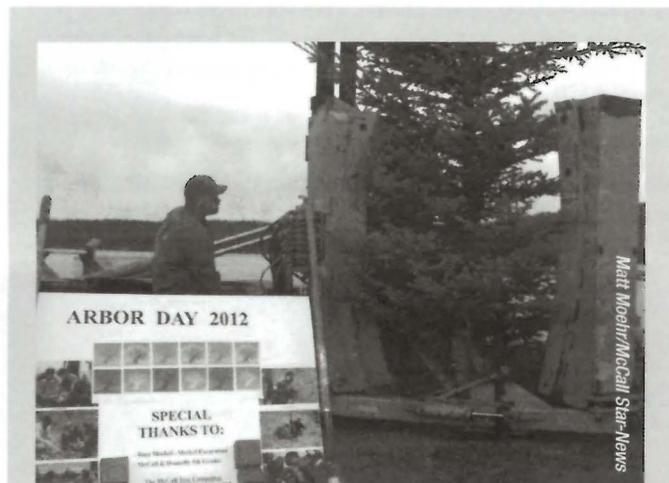
A community program that enables donations for memorial trees usually takes one of several forms:

- A special tree is planted somewhere in town or on an institution's grounds where it is needed, paid for with donations, and identified with a plaque or marker. The latter is sometimes flat on the ground or surrounded by mulch to address maintenance issues.
- Same as above but in a place designated for memorial trees such as along bike paths or in greenways, cemeteries, or arboreta.
- In both cases, the addition of individual trees is ongoing as the need arises and should be publicized with specific costs, rules and opportunities clearly spelled out in a brochure. Distribution of the brochure should include all funeral directors and churches in the area.
- A memorial grove might be created for the commemoration of a person or event. This usually entails the dedication of a piece of land for the purpose and the addition of infrastructure such as walks, lighting and appropriate signage.

## AN ADDED DIMENSION TO ARBOR DAY

Each year tree boards are faced with the question about where to plant trees and hold an Arbor Day celebration. When planning, consider using trees to meet the emotional/psychological needs of people in your community. Consider retirement homes or convalescent homes, hospitals, and similar spaces, or start a memorial grove where trees can be added in the future.

With a little thought, there may be other ways to get 'extra duty' from Arbor Day trees. Here is what the 2012 Arbor Day tree means to the residents of McCall, Idaho: A few years earlier a beautiful young spruce tree was spotted by resident Janet Meckel at a local tree farm. It was then marked with a ribbon as "Janet's Tree" and she planned to have it moved to her yard. But life for Janet took an unexpected turn and she found herself fighting for her life against acute myeloblastic leukemia. After a grueling bone marrow transplant and a long but successful struggle with the disease, Janet's family decided to have "Janet's Tree" donated to the city's park as part of the 2012 Arbor Day celebration. In a letter published in McCall's *Star-News*, Janet wrote that when she first saw the tree that she wanted for her yard, she saw it as "...as a beautiful and grand symbol of life and second chances. Now, where it stands in the middle of Legacy Park, our hearts celebrate knowing its branches will provide to everyone comfort in the heat and shelter in a storm, just as the arms of this community did for us. It is our prayer and desire that the tree will stand as a monument of gratitude and as a symbol of hope for generations to come."



A special Arbor Day tree is lowered into place by Troy Berheim of Meckel Excavation in McCall, Idaho's Legacy Park. The tree was donated by a family grateful for the recovery of a loved one from a life-threatening disease.

# Plant Trees in Celebration or Memory

The Arbor Day Foundation provides a way for individuals to recognize the important milestones in life and share the uplifting joy of trees with others.

**TREES IN CELEBRATION** Through this donor program trees are planted where needed in one of our nation's national forests. The donor or honoree receives a beautiful certificate that shows the species planted, the name of the national forest, and the number of trees planted. Trees in Celebration are especially appropriate for birthdays, employee recognition, anniversaries, new births, graduations and at other times where a gift is customary.

**TREES IN MEMORY** This program also helps plant trees where needed in our national forests and provides a means to express sympathy while at the same time providing benefits for future generations. The tribute is recognized with an attractive card telling the recipient what trees are being planted in honor of the deceased and in what national forest. The program is a way to inspire energy, faith, devotion and to memorialize the departed in a living, vital way that grows grander with the years.

'Trees for Pets' is a similar way to memorialize the loss of a faithful companion or to bring comfort to a friend or relative after the loss of a pet.

**GIFT TREES** Seedlings of a variety of species can be ordered for distribution at Arbor Day celebrations, weddings, graduations and other events. The seedlings come as rooted plugs in plastic, recyclable containers. An attractive, customized label can be included with a photo and/or wording of your choice.

For more information about any of these programs, please visit [arborday.org](http://arborday.org) and enter 'Trees in Celebration' in the search box.



## Tree City USA Bulletin ORDER FORM

Name \_\_\_\_\_  
 Organization \_\_\_\_\_  
 Address \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
 Phone \_\_\_\_\_

Other Bulletins that are particularly helpful when considering the healing power of trees or other benefits to the community through a planting program. For a complete list, visit [arborday.org](http://arborday.org)

	1 Issue \$3.00 ea.
4. The Right Tree for the Right Place	4. \$
10. Plant Trees for America!	10.
12. What City Foresters Do	12.
17. How to Landscape to Save Water	17.
18. Tree City USA Growth Award	18.
19. How to Select and Plant a Tree	19.
22. Tree City USA: Foundation for Better Mgt.	22.
28. Placing a Value on Trees	28.
33. How to Interpret Trees	33.
34. How to Fund Community Forestry	34.
36. How to Work with Volunteers Effectively	36.
42. Working with Children	42.
43. Selling Tree Programs	43.
47. How to Bring Nature Explore to Community	47.
48. Teamwork Strengthens Community Forestry	48.
50. Tree Campus USA	50.
54. How to Grow a Great Tree Board	54.
57. Trees and Public Health	57.
58. Community Engagement	58.
61. Trees and Green Space Make Economic Sense	61.
64. Saving Our Heritage Trees	64.
65. Create an Arboretum	65.
69. Make Room for Trees	69.
70. Embracing Diversity	70.
---- Tree City USA Annual Report	
TOTALS:	\$

Annual Friends of Tree City USA	
Membership .....	\$15.00 \$
Tree City USA Bulletin 3-Ring Binder .....	\$ 5.00 \$
Complete Bulletin Set, in binders.....	\$99.00 \$
TOTAL PAYMENT: .....	\$

Order Tree City USA Bulletins online at [arborday.org](http://arborday.org) or send this form and mail with your payment to:

Arbor Day Foundation • 211 N. 12th Street • Lincoln, NE 68508  
 (Make checks payable to: Arbor Day Foundation)

888-448-7337

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### FOR MORE INFORMATION...

For links to the hundreds of examples of the healing power of trees and related research, please visit [arborday.org/bulletins](http://arborday.org/bulletins) and click on Bulletin 71.



The Board of Directors of the Sacramento Municipal Utility District met in special session simultaneously in the Auditorium of the SMUD Headquarters Building at 6201 S Street, Sacramento, telephonically at 999 Resorts World Avenue, Las Vegas, Nevada, and via virtual meeting (online) at 6:01 p.m.

Roll Call:

Presiding: President Sanborn

Present: Directors Rose, Fishman, Herber, Kerth, and Tamayo

Absent: Director Bui-Thompson

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

President Sanborn called for approval of the agenda. Director Tamayo moved for approval of the agenda, Vice President Herber seconded, and the agenda was approved by a vote of 6-0, with Director Bui-Thompson absent.

President Sanborn then turned the meeting to Agenda Item 2, to hold a Public Rate Hearing on the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated June 15, 2023 ("CEO & GM Report"). President Sanborn announced the public hearing would be transcribed by a court reporter, and, under the rate ordinance, members of the public who have not submitted a request for additional time at least 10 days in advance of today's meeting will have up to three minutes to speak on the Chief Executive Officer and General Manager's rate report. President Sanborn asked speakers to confine their comments to the rate report, and that if the public had comments on other SMUD matters, they would have an opportunity to speak during the public comment period for items not on the agenda.

At 6:06 p.m. President Sanborn convened a public hearing on the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated June 15, 2023. A copy of the court reporter's transcript is attached to the minutes.

At 7:50 p.m. President Sanborn closed the public hearing.

The public hearing was transcribed. For a complete record of the public hearing, please refer to the transcript.

President Sanborn then turned to Discussion Calendar Item 3, to introduce the draft rate resolution to make changes to SMUD's Rates, Rules and Regulations proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated June 15, 2023 ("CEO & GM Report").

President Sanborn asked Ms. Lewis to describe the procedure for introducing the draft rate resolution.

General Counsel Lewis stated that the Board would not be taking final action tonight but would instead be introducing a draft rate resolution, either the recommendation contained in the CEO & GM Report or an alternative, which would trigger a public comment period. She stated the draft rate resolution would be brought back to the Board on September 21<sup>st</sup>, when the Board would receive the summarized public comment and would be asked to take final action.

President Sanborn called for public comment on Discussion Calendar Item 3.

Steve Uhler stated that the primary thing that he wanted the Board to take away from his presentation was hourly tiers. He stated this would mean that there was a low rate that would be allowed to cover essential needs. He stated that Director Rose had asked a question about the holidays, and he wanted to note that the California Independent System Operator (CAISO) has often had the highest ramping on holidays. He stated he would put some materials together so that the Board could review it and see the power of a data system.

Mark Graham stated that he would return to the question as to whether electric rates are imposed and asked the Board to read the entire quotation from the *Redding* case. He asked the Board why staff has not provided case law about the interpretation that electric rates are not imposed. He then spoke of scenarios to illustrate why he believed his position.

Ms. Lewis stated that the CEO & GM Report includes an entire section on compliance with reasons why the rate is consistent with Proposition 26. She stated that SMUD's argument that the rate is not "imposed" has not yet been decided, and the more relevant factor is that SMUD's rate does not exceed the reasonable cost of providing service. She concluded that she is quite confident that SMUD is complying with Proposition 26.

Public comment was received and entered into the record regarding Discussion Calendar Item 3, a copy of which is attached to these minutes, from the following member of the public:

- Raymond Thill

There being no discussion, Director Fishman moved for approval of Discussion Calendar Item 3, Director Kerth seconded, and Resolution No. 23-08-07 was approved by a vote of 6-0, with Director Bui-Thompson absent.

**RESOLUTION NO. 23-08-07**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board hereby approves introduction of a draft rate resolution to make changes to SMUD's Rates, Rules and Regulations proposed by the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated June 15, 2023 ("CEO & GM Report"), substantially in the form set forth in **Attachment A**.

Approved: August 30, 2023

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR KERTH				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
SANBORN	X			
ROSE	X			
BUI-THOMPSON				X
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, on June 15, 2023, the Chief Executive Officer and General Manager released the “Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services, *Volumes 1 and 2*” (the CEO & GM Report), which is incorporated by reference herein; and

**WHEREAS**, by Resolution 23-06-06, adopted June 15, 2023, a public hearing on the CEO & GM Report was scheduled for August 30, 2023, at 6:00 p.m.; and

**WHEREAS**, notices of the hearing were duly published in the *Sacramento Bee* on June 22, June 28 and July 3, 2023; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on July 13, 2023, and August 3, 2023, to receive and respond to customer comments and questions; and

**WHEREAS**, in compliance with Government Code Section 54999, SMUD sent 168 written notifications by certified mail on June 28, 2023, and June 29, 2023, describing the rate proposal to local school districts, county offices of education, community college districts, California State University, the University of California, and state agencies; and

**WHEREAS**, SMUD held two qualifying public workshops, contacted over 1,200 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 276,000 customers and organizations, conducted over 30 individual presentations to community neighborhood and business organizations, over 300 community and business partners

were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 55 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and

**WHEREAS**, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on [www.smud.org/RateInfo](http://www.smud.org/RateInfo), which received approximately 1,333-page views; and

**WHEREAS**, SMUD received from members of the public written questions and, as well as comments and alternative recommendations to the rate changes proposed; and

**WHEREAS**, the public hearing was held on August 30, 2023, and was conducted in a hybrid format; on ZoomGov/Granicus and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, this resolution was introduced on August 30, 2023 by this Board to be circulated for a minimum of ten calendar days for public review, input, and comment; and

**WHEREAS**, the CEO & GM Report set forth in detail the factors necessitating the proposed rate action, including the need to meet SMUD's financial targets in years 2024 and 2025, consisting of:

- Increased capital spending of approximately \$370 million toward key projects such as the Solano 4 Wind Turbine Project, several solar and storage projects, our long-duration energy storage projects, substation and line capacity projects to ensure our grid stays reliable, and

reliability projects for our hydro facilities and thermal generation plants;  
and

- Commodity costs are increasing by approximately \$85 million annually to meet new state Renewable Portfolio Standards requirements.

SMUD is investing in clean energy resources like more wind, solar, geothermal, hydropower, battery storage and biogas to meet updated state requirements; and

- Increased spending of approximately \$10 million to prevent and mitigate wildfires. We're also investing to improve our reliability and visibility into outage responses to severe winter storms; and
- Increased spending of about \$15M in electric vehicles, rooftop solar and battery storage, and electrification of homes & businesses; and
- Inflationary impacts, including higher cost of labor, materials, services, and equipment are increasing our operating costs by approximately \$25 million annually; and
- Global supply chain impacts that have disproportionately impacted costs for certain key items, for example, a 72% increase in costs for distribution substation transformers, a 40% increase in costs for line transformers and station equipment, and a 24% increase in costs for wood and steel; and

**WHEREAS**, SMUD continues to use a risk-based approach to prioritize spending while looking to find ways to offset higher costs and ensure that the required rate increases stay within general inflation; and

**WHEREAS**, SMUD launched an Operational Excellence process to identify ways to deliver significant, sustainable savings and create permanent cost reductions and operational efficiencies, which has resulted in savings of approximately \$60 million through a combination of one time and ongoing savings that reduced the amount of the proposed rate increases; and

**WHEREAS**, SMUD developed an integrated Grant Strategy Framework, which will best position us to secure alternative sources of funding to help offset or reduce costs for new infrastructure, electricity supply resources and help meet customer needs; and

**WHEREAS**, it is necessary for SMUD to increase all rate components of its retail rates by two and three quarters percent (2.75%) for all customers effective January 1, 2024, and two and three quarters percent (2.75%) for all customers effective May 1, 2024, and two and three quarters percent (2.75%) for all customers effective January 1, 2025, and two and three quarters percent (2.75%) for all customers effective May 1, 2025, in order to continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and

**WHEREAS**, the recommendations in the CEO & GM Report include minor language amendments in Rate Schedules R and R-TOD to remove legacy residential rates that are no longer applicable; consolidate holidays into one section; remove an unused Critical Peak Pricing (CPP) rate category; and clarify that the CPP rate is

required only for customers participating in certain Solar and Storage Rate (SSR) incentive programs; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifications to the language related to the residential three-phase rate option to allow for flexibility for multi-family residential buildings that have been converted from commercial facilities; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifying Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4 to remove all sections, references, tables and rates related to the Legacy Commercial Rates and the transition to the restructured rates, and to reflect that the rates in the tariffs are standard rates as opposed to mandatory; and

**WHEREAS**, SMUD's Energy Assistance Program Rate (EAPR) provides discounts based on customers' Federal Poverty Level (FPL). SMUD recognizes that EAPR customers will be impacted the most by the rate increases, especially those customers in the 0-50% FPL category, whose incomes are some of the lowest in Sacramento. To help these customers, SMUD will create a new EAPR Stabilization Fund (ESF) to provide an additional monthly discount of up to \$35 funded by discretionary non-retail rates revenue; and

**WHEREAS**, the Hydro Generation Adjustment (HGA) tariff specifies that precipitation will be measured at Pacific House, however, that measuring station may not be able to continue reporting precipitation data in the future; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifying Rate Schedule HGA to change the precipitation measuring station from

Pacific House to Fresh Pond and updating the generation adjustment to account for the change in geographical location; and

**WHEREAS**, the Western Area Power Administration (WAPA) produces hydro generation power through its Central Valley Project (CVP), and SMUD has a contract to purchase some of the power. SMUD currently has a WAPA Rate Stabilization Fund (WRSF) that is used to balance variances in energy received – in years with more hydro generation than is forecasted funds are added into the WRSF, and in years with less hydro generation than forecast, funds are transferred out of the WRSF to reduce the impact of having to purchase power and/or fuel on the open market; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding the WAPA hydro generation mechanism to Rate Schedule HGA, which will help stabilize commodity costs by balancing years of higher precipitation and WAPA energy deliveries with years of lower precipitation and WAPA energy deliveries; and

**WHEREAS**, the recommendations in the CEO & GM Report include updating the language in Rate Schedule Campus Billing (CB) to improve clarity and reflect current practices, including removing all references to the Data Service Meter Rental fee; updating the “Transmission – 69 kV or higher” service voltage to “Subtransmission – 69 kV or higher”; replacing the term “grandfathered” with “legacy”; and updating outdated references to staff titles; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language to Rate Schedule DWS clarifying that SMUD has the right to use

available distribution capacity to serve its own customer load before providing capacity to third parties to wheel power across SMUD's distribution system; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language in Rate Schedules AG, CI-TOD1, CI-TOD2, CI-TOD3, CI-TOD4, R, and R-TOD clarifying that customers installing, interconnecting and operating equipment to self-supply all of their power needs and use SMUD to only supply backup power will be subject to the Generator Standby Service Charge. The recommendations also include updating the name of the charge to the Standby Service Charge to accommodate the different types of technology that may be used by to reflect current practices; and

**WHEREAS**, the recommendations in the CEO & GM Report include aligning SMUD rate holidays with the current holidays established by the federal government. This change will remove Lincoln's Birthday, add Juneteenth National Independence Day as a rate holiday, and rename Columbus Day to Indigenous Peoples' Day/Columbus Day. The recommendations also include modifying the text prior to the list of holidays in the rate schedules to improve clarity in Rate Schedules AG, CI-TOD1, CI-TOD2, CI-TOD3, CI-TOD4, GS-TDP and R-TOD; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language to Rule and Regulation 10 to establish the method to bill for unauthorized use of non-residential service, simplifying the current process, moving the language regarding unauthorized use of residential electrical service from Rate Schedule R to Rule and Regulation 10, and modifying the language slightly to allow time-of-day rates to be used if meter data is available; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding a definition for distribution system to clearly identify what is considered part of SMUD's distribution system in Rule and Regulation 1; and

**WHEREAS**, the recommendations in the CEO & GM Report include updating Rule and Regulation 18 to clarify existing practice that tenants of mobile home parks that use submetering are charged the Master-Metered Multifamily Accommodation and Mobile Home Park (RSMM) rate; and

**WHEREAS**, the recommendations in the CEO & GM Report, on balance, meet the competitive rate targets and the rate design metrics in Strategic Direction 2, Competitive Rates, including:

- The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class;
- SMUD's rates shall be competitive with other local utilities on a system average basis;
- In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - Reflect the cost of energy when it is used or exported to the SMUD grid;
  - Reduce consumption during periods of high system demand;
  - Encourage energy efficiency, conservation and carbon reduction;

- Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage and energy reduction applications);
- Minimize the rate of change in the transition from one rate design to another;
- Provide customers flexibility and choices;
- Be as simple and easy to understand as possible;
- Address the needs of people with low incomes and severe medical conditions; and
- Equitably allocate costs across and within customer classes; and

**WHEREAS**, the recommendations in the CEO & GM Report will ensure SMUD meets or exceeds the financial targets in Strategic Direction 3, Access to Credit Markets, and continues to meet the metrics and targets in the other Strategic Direction adopted by this Board, including those addressing reliability, customer relations, environmental leadership, and resource planning; and

**WHEREAS**, in light of the adoption of Proposition 26 on November 2, 2010, which precludes certain new fees, levies or charges but is not retroactive as to local governments, this Board desires to maintain certain pre-Proposition 26 rates. This Board understands that Proposition 26 does not vitiate legislation adopted prior to November 3, 2010, and any changes in rates since this date are cost-justified under the analysis in the respective Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services that supported the adoption of the rates; and

**WHEREAS**, the recommendations to increase all rate components of SMUD retail rates 2.75% on January 1, 2024, 2.75% on May 1, 2024, 2.75% on January 1, 2025 and 2.75% on May 1, 2025 for all customer classes are made on an across-the-board basis to reflect SMUD's cost increases of proportionate impact on all customer classes on average and therefore does not require an examination of the allocation of costs among customer classes or of class definitions; and

**WHEREAS**, the recommendation to establish a WAPA hydro generation mechanism to Rate Schedule HGA will mitigate the financial impact of variations in the amount of energy delivered by WAPA. Because the cost of service includes the cost of maintaining sufficient reserves, the proposed rate change does not violate Proposition 26; and

**WHEREAS**, the recommendation to apply the Generator Standby Service Charge to microgrids that self-supply their own power and rely on SMUD only for back-up service as needed, recovers the cost of this standby service and therefore does not violate Proposition 26; and

**WHEREAS**, the recommendation to establish and maintain an ESF that provides an additional discount to customers with income below 50% of the FPL will be funded by available sources of discretionary revenue. The additional discount will be determined on an annual basis and will depend on the amount of available discretionary, non-rate revenue from proceeds of late fees, wholesale charges, transmission sales, or any other discretionary source of revenue. While Proposition 26 restricts the use of retail rate revenue to subsidize low-income discounts that were not

in place when the measure was adopted, it does not restrict the use of discretionary revenue and therefore this additional discount is not subject to Proposition 26; and

**WHEREAS**, this Board has carefully considered the CEO & GM Report public comment, input, and alternatives from community meetings, public rate workshops, the noticed public hearing, and comments received by mail, telephone and email; and

**WHEREAS**, this Board finds that the proposed action is reasonable and in the best interests of the public and SMUD's customers; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1. RATE INCREASE FOR RESIDENTIAL RATES:**

a. Effective January 1, 2024, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the System Infrastructure Fixed Charge (SIFC), as well as the electricity usage charges and miscellaneous charges on customer bills.

b. Effective May 1, 2024, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the SIFC, as well as the electricity usage charges and miscellaneous charges on customer bills.

c. Effective January 1, 2025, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the SIFC, as well as the electricity usage charges and miscellaneous charges on customer bills.

d. Effective May 1, 2025, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the SIFC, as well as the electricity usage charges and miscellaneous charges on customer bills.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 2. MODIFICATIONS TO RATE SCHEDULES R AND R-TOD:**

a. Effective September 22, 2023, remove Section I, Subsection B of Rate Schedule R.

b. Effective September 22, 2023, remove Section II, Subsection B of Rate Schedule R.

c. Effective September 22, 2023, remove Section I, Subsection A, Subsection 2 of Rate Schedule R-TOD.

d. Effective September 22, 2023, modify Section I, Subsection A, Subsection 3 of Rate Schedule R-TOD as follows:

*This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown ~~below~~. ~~Holidays are detailed in Section V.~~*

*Conditions of Service **along with the holidays.***

e. Effective September 22, 2023, consolidate and move the time-of-day tables from Section I, Subsection A, Subsection 3 and Section I, Subsection C, Subsection 5 to Section V, Subsection A in Rate Schedule R-TOD.

f. Effective September 22, 2023, remove Section I, Subsection B of Rate Schedule R-TOD.

- g. Effective September 22, 2023, modify Section I, Subsection C, of Rate Schedule R-TOD as follows:

*Optional Critical Peak Pricing (CPP) Rate (rate categories ~~RTC1 and RTC2~~)*

- h. Effective September 22, 2023, modify the language in Section I,

Subsection C, Subsection 1 of Rate Schedule R-TOD as follows:

*The CPP rate is available as of June 1, 2022 for customers who are participating in a qualifying program. Customers that have accepted a storage incentive under ~~the certain~~ Solar and Storage Rate incentive programs are required to enroll in this rate for a duration as determined by SMUD program rules posted on [www.smud.org](http://www.smud.org).*

- i. Effective September 22, 2023, modify Section I, Subsection C,

Subsection 5 of Rate Schedule R-TOD as follows:

*This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown ~~below. Holidays are detailed~~ in Section V. Conditions of Service **along with the holidays**.*

- j. Effective September 22, 2023, remove Section II, Subsection B of

Rate Schedule R-TOD.

- k. Effective September 22, 2023, modify Section II, Subsection D of

Rate Schedule R-TOD as follows:

*Plug-In Electric Vehicle Credit (rate categories ~~RT02, RT04 and~~ RTC1 ~~and RTC2~~)*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 3. MODIFICATIONS TO THE THREE-PHASE CHARGE:**

- a. Effective September 22, 2023, modify Section IV, Subsection J of

Rate Schedule R as follows:

*This option is open to customers located in areas where three-phase service is available. A Special Facilities fee ~~is~~ **may be** charged to cover the additional costs for providing this service. This charge is in addition to the SIFC.*

- b. Effective September 22, 2023, modify Section IV, Subsection H of

Rate Schedule R-TOD as follows:

*This option applies to customers located in areas where three-phase service is available. A Special Facilities fee ~~is~~ **may be** charged to cover the additional costs for providing this service. This charge is in addition to the System Infrastructure Fixed Charge.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 4. RATE INCREASE FOR AGRICULTURAL AND**

**COMMERCIAL & INDUSTRIAL RATES:**

a. Effective January 1, 2024, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Services, and Combined Heat & Power Distributed Generation rates (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;

- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

b. Effective May 1, 2024, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Service, and Combined Heat & Power Distributed Generation rates, (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

c. Effective January 1, 2025, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Services, and Combined Heat & Power Distributed Generation rates (Rate Schedules

AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

d. Effective May 1, 2025, Commercial & Industrial Time-of-Day,

General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Service, and Combined Heat & Power Distributed Generation rates, (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;

- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 5. MODIFICATIONS TO RATE SCHEDULES CI-TOD1, CI-TOD2, CI-TOD3 AND CI-TOD4**

a. Effective September 22, 2023, remove all sections, references to and prices for the metered Legacy Commercial Rates, and the transition to the new time-of-day rates in Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4.

b. Effective September 22, 2023, remove all sections and references to the term “restructured” in Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4.

c. Effective September 22, 2023, replace the term “mandatory” with the phrase, “includes the standard rates” in Section I of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4.

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 6. RATE INCREASE FOR STREET/TRAFFIC/LIGHTING RATES**

a. Effective January 1, 2024, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and

maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

b. Effective May 1, 2024, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

c. Effective January 1, 2025, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

d. Effective May 1, 2025, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

The prices in the tariff may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 7. MODIFICATIONS TO RATE SCHEDULE ENERGY**

**ASSISTANCE PROGRAM RATE (EAPR)**

a. Effective September 22, 2023, modify Section III of Rate Schedule EAPR as follows:

Eligible residential customers will receive a discount based on qualifying federal poverty level income guidelines. The EAPR discount will include ~~two components~~:

1. A \$10 System Infrastructure Fixed Charge discount per month; and
2. An additional discount is applied as a 100% reduction in the electricity usage cost per kilowatt hour up to the maximum discount according to the following income guidelines:

Federal Poverty Level	Maximum Electricity Usage Discount
0-50%	\$60
>50 to 100%	\$32
>100 to 150%	\$10
>150 to 200%	\$0

3. **For certain eligible residential EAPR customers per the table below, an EAPR Stabilization Fund (ESF) will be established and maintained to provide an additional discount applied as a reduction in the electricity usage cost per kilowatt hour up to the maximum discount. On an annual basis the Accountant will determine if available sources of discretionary non-retail rate revenue exist and apply those funds to cover up to the maximum ESF additional discount. The additional monthly discount amount will begin January 1, 2024 and will be determined prior to the year the value is in effect.**

Federal Poverty Level	ESF Additional Discount
0-50%	\$0-\$35

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 8. EAPR REGULATORY ACCOUNTING**

Authorize SMUD’s Accountant to defer recognition of revenue from discretionary non-retail rates revenue as regulatory liabilities and then match revenue recognition to the subsidy bill credits for EAPR customers. This authorization will allow the Accountant to

defer and recognize discretionary non-retail rates revenue in the appropriate accounting period for rate making purposes.

**Section 9. MODIFICATIONS TO RATE SCHEDULE HYDRO**

**GENERATION ADJUSTMENT**

a. Effective September 22, 2023, modify the measuring station and other related changes in the HGA tariff to continue reporting reliable and consistent precipitation data into the future as described in the following table:

Item	Current	Proposed
Measuring Station	The National Weather Service Pacific House Cooperative Observer	Fresh Pond Measuring Station
Measuring Station Replacement	Suitable replacement	Suitable replacement representative of the UARP watershed.
Precipitation Variance	N/A	If the measuring station changes, the number of years used to determine the median precipitation may vary depending on the volume of historical data available.
Generation Conversion Value	30,000 MWh/inch	28,000 MWh/inch
Generation Conversion Note	N/A	If the measuring station changes, the MWh per inch may vary.
AP Historical Data Comparison	50-year median	Median of up to a maximum of 50 years of data.
Calculation of Budget Effects	Simple average of actual NP15 prices as of April 1, and the second, third and fourth monthly forecast NP15 prices.	The monthly average of actual NP15 prices through April 1 and the monthly forecasted NP15 prices for the balance of the year.

b. Effective September 22, 2023, modify the current defined terms in the HGA tariff to indicate when they apply specifically to the SMUD hydro generation as described in the following table:

Item	Current	Proposed
Budget Impact Definition	Budget Impact (BI)	SMUD Budget Impact (SBI)
HGA Definition	HGA	SMUD HGA

c. Effective September 22, 2023, add WAPA's CVP hydro generation to the HGA tariff and start evaluating energy delivery variances for the Water Year beginning April 1, 2023, as described the in following table:

Item	Proposed
Water Year	April 1 through March 31.
Forecasted Delivery	As provided by WAPA.
Actual Delivery	As identified by SMUD.
Market Cost of Energy	The average NP15 price for each month of the Water Year.
Energy Delivery Variance (EDV)	Forecasted delivery minus the actual delivery.
WAPA Budget Impact (WBI)	Energy Delivery Variance multiplied by the Market Cost of Energy, not to exceed 2% of budgeted annual gross retail revenue.
WAPA Rate Stabilization Fund (WRSF)	Reserve fund used to balance the budget impact of deliveries from WAPA, with money transferred into the fund in years with higher than forecast deliveries, and money transferred out of the fund in years with lower than forecast deliveries.
Maximum allowed balance of WAPA Rate Stabilization Fund	4% of budgeted annual gross retail revenue.
Calculated WRSF	WAPA Rate Stabilization Fund minus the WAPA Budget Impact.
If Calculated WRSF <0	The Accountant will transfer the remaining balance of the WRSF to Operating Revenues and the WAPA HGA will be set at:

	$\frac{\text{Calculated WRSF}}{\text{Budgeted annual retail kWh sales}}$ <p>Any funds collected through the WAPA HGA will be deposited into the WRSF.</p>
If Calculated WRSF is $\geq 0$ and $\leq 4\%$ of budgeted annual gross retail revenue	The Accountant will transfer the positive WBI out of the WRSF and into Operating Revenues and transfer the negative WBI into the WRSF from Operating Revenues.
If Calculated WRSF is $> 4\%$ of budgeted annual gross retail revenue	<p>The Accountant will transfer the negative WBI into the WRSF from Operating Revenues up to 4% of budgeted annual gross retail revenue. The Board may authorize the WAPA HGA or direct the funds for another purpose. At the Board's discretion, the WAPA HGA will be set at:</p> $\frac{(\text{Calculated WRSF} - 4\% \text{ of budgeted annual gross retail revenue})}{\text{Budgeted annual retail kWh sales}}$
HGA	<p>The HGA will be comprised of the SMUD HGA and the WAPA HGA, to show one line item on the bill.</p> <p>HGA = SMUD HGA + WAPA HGA</p>

d. Effective September 22, 2023, modify Section VII of Rate Schedule

HGA as follows:

~~The HGA became effective July 1, 2008. The HGA is recalculated for each Water Year and will be applied to all the rate schedules May 1 until April 30 of the following year.~~

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 10. WAPA REGULATORY ACCOUNTING**

Authorize SMUD's Accountant to defer recognition of operating revenue from the WAPA hydro generation as regulatory liabilities and then match revenue recognition to offset replacement energy costs for below average hydro generation. This authorization will allow the Accountant to defer and recognize the WAPA hydro generation revenue in the appropriate accounting period for rate making purposes.

**Section 11. MODIFICATIONS TO RATE SCHEDULE CAMPUS BILLING**

(CB)

a. Effective September 22, 2023, modify Section II, Subsection B of Rate Schedule CB as follows:

*The customer must pay a Campus Meters Charge for all but the first meter. The Campus Meters Charge recovers costs for the meters, Current Transformer (CT), Potential Transformer (PT), meter testing, ~~data management services~~, auxiliary metering equipment and additional billing services. The Campus Meters Charges vary by service voltage level. Information on the associated monthly charges is available on SMUD's website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.*

b. Effective September 22, 2023, delete Section II, Subsection C of Rate Schedule CB.

c. Effective September 22, 2023, modify Section II, Subsection D of Rate Schedule CB as follows:

*Campus billing prices will be subject to any applicable changes to the Commercial & Industrial Time-of-Day rates **and**, the Campus Meter Charges, ~~and the Data Services Meter Rental Charge~~.*

d. Effective September 22, 2023, modify Section IV, Subsection E of Rate Schedule CB as follows:

1. ~~Transmission~~ **Subtransmission** – 69 kV or higher
2. Primary – 12 kV or 21 kV
3. Secondary – all voltages lower than 12 kV

e. Effective September 22, 2023, modify the last paragraph in Section IV of Rate Schedule CB as follows:

*Campus accounts created before January 1, 2014, are considered **legacy accounts** ~~grandfathered~~ under the prior rate option with regard to subsection K, and subsection L. If a ~~grandfathered-legacy~~ **legacy** account requests that additional meters be added to the campus, the addition will be allowed if the service is fed from a substation already part of the campus account.*

f. Effective September 22, 2023, modify Section V of Rate Schedule

CB as follows:

*A customer can request campus billing from a **SMUD Representative Energy Advisor**. The ~~SMUD Representative Energy Advisor~~ will verify the customer's accounts meet the requirements and the eligibility for campus billing. If the ~~SMUD Representative Energy Advisor~~ determines the accounts are eligible the **SMUD Representative Energy Advisor** will provide a Request for Campus Billing Option form for the customer detailing the startup costs and the ongoing monthly costs. Once the Request form is returned with the customer's signature acknowledging the costs the ~~SMUD Representative Energy Advisor~~ will submit the request to Billing. Campus billing will start on the bill after all accounts have been **approved and** prepared for campus billing.*

g. Effective September 22, 2023, modify Section VII of Rate Schedule

CB as follows:

*The customer can elect to revert back to individual accounts at any time by contacting ~~Billing~~ or an **SMUD Representative Energy Advisor**. All meters will be converted to single accounts and the corresponding current rates will be assigned based on usage and demand. It may take more than one billing cycle to change the campus account back to individual accounts.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 12. MODIFICATIONS TO RATE SCHEDULE DISTRIBUTION**

**WHEELING SERVICE (DWS):**

- a. Effective September 22, 2023, update Section I of Rate Schedule

DWS as follows:

*This Rate Schedule DWS is optional for customers requesting Distribution Wheeling Service. SMUD may, at its sole discretion, provide Distribution Wheeling Service to Independent Power Producers and Cogenerators, also referred to as Merchant Generators, within SMUD territory, who establish a need for this service. Wheeling service requests will be evaluated on a case by case basis and may be limited by availability of distribution system capacity. **SMUD, as the incumbent utility with native load service obligations, will determine the amount of excess distribution system capacity based on SMUD's forecasted customer loads. Any available distribution capacity in excess of SMUD's native load needs may be available to third parties requesting service under this Rate Schedule DWS.** This rate has been developed for wholesale power transactions and SMUD will not wheel non-SMUD power to its retail customers under this rate.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 13. MODIFICATIONS TO GENERATION STANDBY CHARGE:**

a. Effective September 22, 2023, update Section V, Subsection D of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4 by removing the term “Generator” from all references to “Generator Standby Service”.

b. Effective September 22, 2023, update Section V, Subsection D of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4 by adding the following sentence to the last paragraph:

***The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.***

c. Effective September 22, 2023, update Section IV, Subsection E of Rate Schedule R and Section IV, Subsection D of Rate Schedule R-TOD by removing the term “Generator” from all references to “Generator Standby Service”.

d. Effective September 22, 2023, update Section IV, Subsection E of Rate Schedule R and Section IV, Subsection D of Rate Schedule R-TOD by adding the following sentence to the last paragraph:

***The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.***

e. Effective September 22, 2023, update Section IV, Subsection A of Rate Schedule AG by removing the term “Generator” from all references to “Generator Standby Service”.

f. Effective September 22, 2023, update Section IV, Subsection A of Rate Schedule AG by adding the following sentence to the last paragraph:

***The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.***

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 14. MODIFICATIONS TO RATE HOLIDAYS:**

a. Update the holiday list in rate schedules AG Section V, Subsection D, CI-TOD1 Section VII, Subsection B, CI-TOD2 Section VII, Subsection B, CI-TOD3

Section VII, Subsection B, CI-TOD4 Section VII, Subsection B, GS-TDP Section V, Subsection D and R-TOD Section V, Subsection A to the following:

<b>Holiday</b>	<b>Month</b>	<b>Date</b>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
<del>Lincoln's Birthday</del>	<del>February</del>	<del>12</del>
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
<b>Juneteenth National Independence Day</b>	<b>June</b>	<b>19</b>
Independence Day	July	4
Labor Day	September	First Monday
<b>Indigenous Peoples' Day/Columbus Day</b>	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

b. Effective September 22, 2023, update Section VII, Subsection B of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4 as follows:

***The holidays recognized for the Time-of-Day Billing Pperiods are as follows: ~~shall apply during the following holidays:~~***

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 15. MODIFICATIONS RELATED TO UNAUTHORIZED USE:**

a. Effective September 22, 2023, remove Section I, Subsection A, Subsection 8 of Rate Schedule R.

b. Effective September 22, 2023, modify Section IV of Rule 10 as follows:

*Where SMUD determines that there has been unauthorized use of electrical service, SMUD may bill the customer for SMUD's estimate of such unauthorized use. ~~for the substantiated period of the infraction.~~*

**a. Residential Customers**

***The Fixed Rate (see Rate Schedule R) may be used for the collection of revenue associated with unauthorized use of residential electrical service regardless of the date(s) or time(s) in which the use occurred.***

**b. Non-Residential Customers**

***The applicable rate, including revenue associated with demand charges, electricity usage charges and power factor adjustment or waiver charges, will be used for the collection of revenue associated with unauthorized use of non-residential electrical service, in addition to the applicable System Infrastructure Fixed Charge as appropriate, regardless of the date(s) or time(s) in which the use occurred.***

*Nothing in this rule shall be interpreted as limiting SMUD's right under any provisions of any applicable law.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 16. MODIFICATIONS TO RULE AND REGULATION 1:**

a. Effective September 22, 2023, add the following language to Rule and Regulation 1 in alphabetical order:

***Distribution System***

***The Distribution System consists of the three voltage classes available to customers, where SMUD provides service below 100 kV. This includes subtransmission service at a voltage level of 69 kV or as otherwise defined by SMUD, primary service at a voltage level of 12 kV or 21 kV, as well as secondary service at a voltage level below 12 kV or at a level not otherwise defined as "primary" or "subtransmission".***

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 17. MODIFICATIONS TO RULE AND REGULATION 18:**

- a. Effective September 22, 2023, modify Section IV of Rule and

Regulation 18 as follows:

*1. Mobile home parks for which submetering was permitted prior to August 1, 1971, and for which electric service is included in the facilities furnished to their tenants, may employ submetering equipment as a means of reselling SMUD electricity by retroactively adjusting rental charges for energy consumption, provided that the portion of such charges allocable to electricity **will be charged the RSMM rate** ~~may not exceed the rates SMUD would charge if it served the tenants directly~~. Specifically, the mobile home park master-meter customer may resell electricity to their submetered tenants provided the following conditions are met:*

- a. The tenants shall ~~not pay more than what SMUD would charge if the tenant is served directly by SMUD~~ **be charged the RSMM rate**.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 18. ALTERNATIVE RECOMMENDATION 1: ~~To be added.~~**

SMUD received a recommendation to use kilo volt ampere hour (kVAh) as the unit of measure for energy charges, as well as utilizing power factor (PF) to determine the amount of waste occurring when a customer uses electricity. This new rate structure would be called FlexEquity.

FlexEquity would offer tiered rates in every hour. The hour's first tier exists to ensure a reasonable amount of energy for basic needs would be affordable. The second tier would be market rate for that hour. The FlexEquity System Infrastructure Fixed Charge (FlexEquity SIFC) would add a reasonable amount of energy usage for basic needs charged at the rate for the first tier. If a customer were to be charged 400 kVAh at \$0.10

per kVAh per billing period, the bill would be \$40.00 of electricity plus \$23.50 fixed charge, for a total of \$63.50.

The recommendation includes the possibility of waiving taxes by the local jurisdictions, and potentially offering a discount to customers for prepaying annually in full on one bill to reduce billing costs.

The Board has considered this alternative recommendation 1 and has determined not to adopt the alternative recommendation for the following reasons:

- The concept of potentially replacing SMUD's current rate structures with a FlexEquity rate is very creative, as it includes a tiered structure with hourly baseline price for basic needs and a second hourly price based on market rates. While it is described as flexible, it would be a significant change in rate structure and extremely complex for a regular customer. It also brings a lot of risk since before the adoption of any new rate structure, SMUD's policy is usually to test or conduct a pilot to explore the concept, evaluate rate performance, customer experience, and acceptance of the rate. For example, before the adoption and implementation of the standard residential TOD rate, SMUD conducted a comprehensive pilot known as the Smart Pricing Options study. SMUD has not done any tests or studies with the alternate rate recommendation.
- The goal of SD-2 is to maintain competitive rates, and states SMUD's rates shall be designed to balance and achieve nine goals, including be as simple and easy to understand as possible. The widely accepted industry standard among electric utilities is using kWh as a measurement of electricity sales. Since kVAh is not typically used as a measurement to bill electricity usage, customers are

unfamiliar with that measurement. The alternative recommendation is complex and would be difficult to explain the proposed unit of measure. As such, it would not meet the goal of being as simple and easy to understand as possible.

- The recommendation would be difficult to implement. It would require SMUD to spend a significant amount of resources to upgrade, set up systems, modify, and test our current systems to accommodate the new FlexEquity tiered hourly structure. There would need to be a significant amount of customer outreach to educate customers on the new rate structure and units of measure. Customers are used to seeing kilowatt hour (kWh) as the billing measure for energy consumption.
- Our commercial rate customers are already being assessed and charged a PF adjustment or waiver for the energy loss due to inefficiencies in their energy use. The PF charge is not standard for residential rate customers. It would require a significant amount of customer outreach to educate residential customers on the PF charge.
- The FlexEquity SIFC would create significant bill impacts for customers that do not use much electricity. The monthly fixed charge would include 400 kVAh, which could be more electricity than a low user customer consumes on a monthly basis. SMUD is exploring other concepts to redesign the SIFC in the future.
- SMUD does not have the authority to waive taxes.
- Prepaying annually would not reduce costs since a bill/statement would still need to be produced monthly informing the customer how much energy was used and the cost associated with the usage.

Section 19. ALTERNATIVE RECOMMENDATION 2: SMUD received a recommendation to back out the “9.2% scalar” built into the original time of day (TOD) rates adopted in 2017, plus all of the across the board rate increases since 2017 that have increased that scalar before applying the proposed rate increases.

This Board has considered this alternative recommendation 2 and has determined not to adopt the alternative recommendation for the following reasons:

- This rate action does not address the current or prior residential rates, which were approved by the Board in prior rate actions.
- The use of a scalar is described in the 2017 CEO & GM Report, under Appendix I. The scalar was used to reconcile marginal cost to achieve a revenue neutral restructured TOD rate design prior to adjusting the rates with the proposed 2018 rate increase adopted in 2017.
- Increasing marginal cost rates by a scalar (or equal percentage of marginal cost) is an accepted practice by the industry and is used to ensure sufficient collection of revenue to meet costs.
- Reducing rates by the scalar would result in inadequate revenues for 2024 and 2025 to meet financial obligations, and also negatively impact SMUD’s financial position. Rating agencies could downgrade SMUD’s credit rating, which would increase costs of borrowing that is needed to fund capital projects, and the increased borrowing cost would make future rate increases higher.

Section 20. ALTERNATIVE RECOMMENDATION 3: SMUD received a recommendation to publicize the smart meter opt out program and the analog meter option.

This Board considered this alternative recommendation 3 and has determined it is not relevant to the 2023 CEO & GM Report.

**Section 21. ALTERNATIVE RECOMMENDATION 4:** SMUD received a recommendation to begin the rate process all over again and complete it, with added expense data to comply with the Public Utilities Code, section 14404.3 (e).

This Board has considered this alternative recommendation 4 and has determined not to adopt the alternative recommendation for the following reason:

- The 2023 CEO & GM Report provides information in sufficient detail to permit an assessment of the need for any proposed changes, including a statement of each category of expense for the preceding two years, and estimates of each category of expense for the two years following. Table 14 – Pro Forma Consolidation Income Statement shows the two years following and the Audited Financial Statements show the preceding two years.

**Section 22. ALTERNATIVE RECOMMENDATION 5:** SMUD received a recommendation to provide cost justification for the proposed rates and start the rate process all over again. The alternative recommendation includes doing a new rate design study or a new rate costing study, which would show the reasonable costs of providing electricity service, as the original rate design study for RT02 showed in 2017-2018.

This Board has considered this alternative recommendation 5 and has determined not to adopt the alternative recommendation for the following reasons:

- A rate design study is used when designing a new rate structure and SMUD is not proposing any new rate structures in this rate action. The CEO & GM Report

proposes rate increases across the board on all components of the existing rates.

- The cost-of-service analysis in the SMUD Rate Costing Study (2022 Rate Study) demonstrates that cost components increased and reasonably justifies the proposed rates.

**Section 23. ALTERNATIVE RECOMMENDATION 6: SMUD received multiple comments to not increase rates.**

This Board has considered this alternative recommendation 6 and has determined not to adopt the alternative recommendation for the following reasons:

- The Board of Directors supports maintaining a strong financial plan for years 2024 and 2025 and in the future. If we did not increase rates as proposed, it would result in inadequate revenues for 2024 and 2025 to meet financial obligations.

- Among other things, this would reduce the ability to meet California's Renewables Portfolio Standard requirements, and add risk to SMUD's system reliability, which are key drivers of the rate increase.

—Not increasing rates, or even postponing the implementation of the proposed rate increases, would negatively impact SMUD's financial position. Rating agencies could downgrade SMUD's credit rating, which would increase costs of borrowing which is needed to fund capital projects, and the increased borrowing costs would make future rate increases higher.

- The alternative recommendation would negatively impact future rate increases, as avoiding rate increases now would result in a larger rate increase in the future. This would create significant bill impacts to all customers in the future.

~~Section 18.~~**Section 24.** MODIFICATIONS: The Chief Executive Officer and General Manager, or his or her designee, is authorized to make non-substantive revisions to the Rates, Rules and Regulations.

~~Section 19.~~**Section 25.** ENVIRONMENTAL COMPLIANCE:

1.0 Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits;
- (2) Purchasing or leasing supplies, equipment, or materials;
- (3) Meeting financial reserve needs and requirements;
- (4) Obtaining funds for capital projects necessary to maintain service within existing service areas; or
- (5) Obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

2.0 Section 15061(b) (3) of the CEQA Guidelines provides that where it can be said with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

3.0 The proposed actions to increase the residential, agricultural, commercial, and street/traffic/lighting rates, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

4.0 The proposed action to make modifications to Rate Schedules R and R-TOD, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

5.0 The proposed action to modify the three-phase charge application, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

6.0 The proposed action to remove references to legacy rates and other modifications to CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

7.0 The proposed action to modify Rate Schedule Hydro Generation Adjustment, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

8.0 The proposed action to modify Rate Schedule Campus Billing, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

9.0 The proposed action to modify Rate Schedule Distribution Wheeling Service, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

10.0 The proposed action to adopt an ESF Additional Discount for the 0-50% FPL low-income customers, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

11.0 The proposed action to update the applicability of the Generator Standby Charge (or Standby Service Charge), is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

12.0 The proposed action to update the Rate Holidays, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

13.0 The proposed action to modify Rule 10 to address unauthorized use of electrical service, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

14.0 The proposed action to modify Rule 1, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

15.0 The proposed action to modify Rule 18, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

~~Section 20.~~Section 26. The new and revised Rate Schedules and Rules and Regulations referenced in this Resolution are attached and incorporated herein as **Attachment \_\_\_\_\_**.

~~Section 21.~~Section 27. To the extent there is a discrepancy between this Resolution and the new and revised Rate Schedules and Rules and Regulations attached hereto, the new and revised Rate Schedules and Rules and Regulations shall control.

# **Rates, Rules and Regulations Effective in 2023**

# DRAFT

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The following listed sheets contain all effective rates, rules and regulations affecting rates and service, and information relating thereto, in effect on and after the date indicated. All rates are applicable to the territory served by SMUD.

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**Territory Served by SMUD**

SMUD supplies electric service in most of Sacramento County and in a portion of Placer County.

**Description of Service**

A description of service available is contained in SMUD's Rule and Regulation 2.

The service available at any particular location should be ascertained by inquiry at SMUD's Customer Services Department office at 6301 S Street, Sacramento.

**Procedure to Obtain Service**

Any person or corporation whose premises are within the outer boundaries of SMUD may obtain service by applying for service at the Customer Services Department office establishing credit as hereinafter set forth and complying with SMUD's rules and regulations. Where an extension of SMUD's lines is necessary or whenever unusual service requirements are determined, applicant will be informed as to the conditions under which service will be supplied.

**Establishment of Credit and Deposits**

After making proper application for electric service, it will be necessary for applicant to establish his credit in accordance with Rule and Regulation 6.

**General**

1. MEASUREMENT OF ELECTRIC ENERGY

All electric energy supplied by SMUD to its customers shall be measured by means of suitable standard electric meters, except as otherwise specifically provided in SMUD's Rules and Regulations.

2. DISCOUNTS

All rates hereinafter listed are net rates and are not subject to discount unless specifically stated in the Rates.

# DRAFT

## Agricultural Service Rate Schedule AG

### I. Applicability

This Rate Schedule AG applies to single- or three-phase nonresidential agricultural service, delivered at standard voltages designated by SMUD as available at the customer’s premises. The electricity must be for pumping loads where a preponderance of the load is devoted to agricultural purposes such as farm lighting, feed choppers, milking machines, heating for incubators, brooders, and other farm uses; drainage pumping loads where a preponderance of the area drained is agricultural; and irrigation pumping loads for nonagricultural purposes where the entire loads, except for minor incidental uses, are devoted to such pumping.

This schedule is mandatory for agricultural accounts with monthly maximum demand that does not exceed 499 kW for three or more consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Firm Service Rate

#### A. Small Agricultural Service, Nondemand Rates – ASN

This rate applies to agricultural accounts having a monthly maximum demand of 30 kW or less. If the account does not have a meter that registers demand, and monthly usage is at least 12,000 kWh for three consecutive months, a demand meter will be installed. Whenever monthly maximum demand exceeds 30 kW for three consecutive months, the customer will be billed on the applicable demand rate. To return to the nondemand rate, the account’s monthly maximum demand must fall below 31 kW and usage must be below 12,000 kWh for 12 consecutive months.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>ASN</b>					
<b>Winter Season (November - April)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$12.85	\$13.20	\$13.55	\$13.95	\$14.30
Electricity Usage Charge					
All day <i>\$/kWh</i>	\$0.1428	\$0.1467	\$0.1508	\$0.1549	\$0.1592
<b>Summer Season (May - October)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$12.85	\$13.20	\$13.55	\$13.95	\$14.30
Electricity Usage Charge					
All day <i>\$/kWh</i>	\$0.1564	\$0.1607	\$0.1651	\$0.1696	\$0.1743

# DRAFT

## Agricultural Service Rate Schedule AG

### B. Large Agricultural Service, Demand Rates – ASD

This rate applies to agricultural accounts having a monthly maximum demand greater than 30 kW but less than 499 kW for three consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. The customer will be billed on the demand-metered rate until the demand falls below 31 kW and energy is less than 12,000 kWh for 12 consecutive months before being returned to the ASN Rate.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>ASD</b>					
<b>Winter Season (November - April)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$29.80	\$30.60	\$31.45	\$32.30	\$33.20
<b>Site Infrastructure Charge per 12 months max kW or contract capacity</b>					
First 30kW	No Charge	No Charge	No Charge	No Charge	No Charge
Additional kW per month	\$2.951	\$3.032	\$3.116	\$3.201	\$3.289
<b>Electricity Usage Charge</b>					
Base Usage 8,750 kWh per month	\$0.1580	\$0.1623	\$0.1667	\$0.1714	\$0.1761
Base Usage Plus kWh over 8,750 per month	\$0.1240	\$0.1275	\$0.1310	\$0.1346	\$0.1382
<b>Summer Season (May - October)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$29.80	\$30.60	\$31.45	\$32.30	\$33.20
<b>Site Infrastructure Charge per 12 months max kW or contract capacity</b>					
First 30kW	No Charge	No Charge	No Charge	No Charge	No Charge
Additional kW per month	\$2.951	\$3.032	\$3.116	\$3.201	\$3.289
<b>Electricity Usage Charge</b>					
Base Usage 8,750 kWh per month	\$0.1514	\$0.1556	\$0.1599	\$0.1643	\$0.1688
Base Usage Plus kWh over 8,750 per month	\$0.1095	\$0.1125	\$0.1156	\$0.1188	\$0.1221

### C. Small Agricultural Optional Time-of-Day – AON

This optional rate is for small agricultural accounts having a monthly maximum demand of 30 kW or less. Customers transferring to the small agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>AON</b>					
<b>Winter Season (November - April)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$17.25	\$17.75	\$18.25	\$18.75	\$19.25
<b>Electricity Usage Charge</b>					
On-peak \$/kWh	\$0.1641	\$0.1686	\$0.1732	\$0.1780	\$0.1829
Off-peak \$/kWh	\$0.1399	\$0.1437	\$0.1477	\$0.1518	\$0.1560
<b>Summer Season (May - October)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$17.25	\$17.75	\$18.25	\$18.75	\$19.25
<b>Electricity Usage Charge</b>					
On-peak \$/kWh	\$0.2379	\$0.2444	\$0.2512	\$0.2581	\$0.2652
Off-peak \$/kWh	\$0.1279	\$0.1314	\$0.1350	\$0.1387	\$0.1425

# DRAFT

## Agricultural Service Rate Schedule AG

### D. Large Agricultural Optional Time-of-Day – AOD

This optional rate is for large agricultural accounts with demand greater than 30 kW and less than 499 kW. Customers transferring to the agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>AOD</b>					
<b>Winter Season (November - April)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$103.80	\$106.65	\$109.60	\$112.60	\$115.70
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$2.940	\$3.021	\$3.104	\$3.189	\$3.277
<b>Electricity Usage Charge</b>					
On-peak <i>\$/kWh</i>	\$0.1634	\$0.1679	\$0.1725	\$0.1773	\$0.1821
Off-peak <i>\$/kWh</i>	\$0.1388	\$0.1426	\$0.1465	\$0.1506	\$0.1547
<b>Summer Season (May - October)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$103.80	\$106.65	\$109.60	\$112.60	\$115.70
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$4.110	\$4.223	\$4.339	\$4.458	\$4.581
<b>Electricity Usage Charge</b>					
On-peak <i>\$/kWh</i>	\$0.2528	\$0.2598	\$0.2669	\$0.2742	\$0.2818
Off-peak <i>\$/kWh</i>	\$0.1348	\$0.1385	\$0.1423	\$0.1462	\$0.1502

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges:

A. **Hydro Generation Adjustment (HGA)**. Refer to Rate Schedule HGA.

### IV. Rate Option Menu

#### A. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. These charges include System Infrastructure Fixed Charges and Site Infrastructure Charges, as well as Electricity Usage and Maximum Demand Charges for SMUD-provided power.

# **DRAFT**

## **Agricultural Service Rate Schedule AG**

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**B. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**C. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**D. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is taken according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

# DRAFT

## Agricultural Service Rate Schedule AG

### C. Power Factor Adjustment

#### 1. Adjustment (charge per month varies)

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer's monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer's monthly power factor or 95 percent

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

#### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

$$\text{Excess KVAR} \times \text{Waiver Rate}$$

*Excess KVAR:* Maximum 12-month KVAR in excess of 32.868 percent of kW

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

### D. Time-of-Day Billing Periods

Winter season is from November 1 through April 30. Summer season is from May 1 through October 31.

<b>Winter On-Peak</b>	Weekdays between 7:00 a.m. and 10:00 a.m. and 5:00 p.m. and 8:00 p.m.
<b>Summer On-Peak</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.

# DRAFT

## Agricultural Service Rate Schedule AG

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

### VI. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage allowances, System Infrastructure Fixed Charge, Maximum Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Commercial & Industrial Campus Billing Rate Schedule CB

### I. Applicability

This Rate Schedule CB is optional for Commercial & Industrial customers served at a common address or industrial campus that have several accounts or service entrances on the same contiguous campus. Campus Billing provides for either hardwire or post-metering of a combination of these accounts to a single load shape for billing purposes. Under this option the customer receives one bill for the entire campus and the aggregated monthly maximum kW is used to determine the applicable rate schedule under which the campus account will be billed. Campus billing is available to customers where at least one existing account to be included in the campus account is on Rate Schedules CI-TOD2, CI-TOD3, or CI-TOD4.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Pricing Structure

#### A. System Infrastructure Fixed Charge

The customer pays a single System Infrastructure Fixed Charge to recover the cost of maintaining or replacing one meter and the overhead costs for billing and customer service.

#### B. Campus Meters Charge

The customer must pay a Campus Meters Charge for all but the first meter. The Campus Meters Charge recovers costs for the meters, Current Transformer (CT), Potential Transformer (PT), meter testing, auxiliary metering equipment and additional billing services. The Campus Meters Charges vary by service voltage level. Information on the associated monthly charges is available on SMUD’s website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.

#### C. Rate Changes

Campus billing prices will be subject to any applicable changes to the Commercial & Industrial Time-of-Day rates and the Campus Meter Charges.

### III. Site Infrastructure Charge

When the accounts are aggregated through Campus Billing, SMUD creates a new account with no billing history. As a result, the 12-months maximum kW basis for the Site Infrastructure Charge is initially set by the first month’s maximum kW on the campus account.

### IV. Conditions of Service

The following criteria define the conditions under which campus rates would be permitted. Failure to comply with any of these conditions will revoke the option for campus billing and the campus will be returned to individual accounts on their applicable rate.

- A. All accounts are under the same legal entity buying and consuming the power at the site.
- B. The term “legal entity” means the name on each account must be the same company/organization.
- C. All meters are on a contiguous site. The parcels of land are physically adjacent; the parcels may be separated by public streets or railways.
- D. No meter provides sub-metering on campus to third parties.
- E. All meters are served at the same service voltage. SMUD recognizes the following three voltage classes:
  - 1. Subtransmission – 69 kV or higher
  - 2. Primary – 12 kV or 21 kV
  - 3. Secondary – all voltages lower than 12 kV

**Commercial & Industrial Campus Billing  
Rate Schedule CB**

- F. Each meter is capable of interval metering on each service entrance.  
If a meter is not capable of interval metering the customer will be charged for the cost of installing such a meter.
- G. Agricultural Service and CI-TOD1 accounts.  
  
AG and CI-TOD1 can be included in a campus account, however, a campus account cannot consist of solely accounts on Agricultural service or solely on CI-TOD1 or a combination of Agricultural and CI-TOD1 cannot combine into a campus account.
- H. The campus account maintains or exceeds CI-TOD2 eligibility.
- I. No use of parallel systems for shifting load between different rate offerings.  
  
Should this occur, SMUD shall have the right to corrective billing on a single rate and full reimbursement of waived System Infrastructure Fixed Charges.
- J. The customer provides SMUD with a single point of contact for billing and service questions.
- K. At least one of the proposed campus accounts is on rate schedule CI-TOD2, CI-TOD3 or CI-TOD4 as defined in the applicable rate schedules at the time campus billing is requested.
- L. All the meters must feed off the same substation as determined by SMUD. For subtransmission customers, all meters must be fed off the same bank at the substation as determined by SMUD.

Campus accounts created before January 1, 2014, are considered legacy accounts under the prior rate option with regard to subsection K, and subsection L. If a legacy account requests that additional meters be added to the campus, the addition will be allowed if the service is fed from a substation already part of the campus account.

**V. Setting Up a Campus Account**

A customer can request campus billing from a SMUD Representative. The SMUD Representative will verify the customer’s accounts meet the requirements and the eligibility for campus billing. If the SMUD Representative determines the accounts are eligible the SMUD Representative will provide a Request for Campus Billing Option form for the customer detailing the startup costs and the ongoing monthly costs. Once the Request form is returned with the customer’s signature acknowledging the costs, the SMUD Representative will submit the request to Billing. Campus billing will start on the bill after all accounts have been approved and prepared for campus billing.

**VI. Billing**

**A. Service Rendered**

Service rendered in accordance with this rate is at SMUD’s sole discretion.

**B. Proration of Charges**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is less than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is more than 34 days	
Price changes within billing period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

**C. Contract Capacity**

Use of Contract Capacity for billing is at SMUD’s sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

## Commercial & Industrial Campus Billing Rate Schedule CB

### VII. Terminating a Campus Billing Account

If after a rolling twelve-month period the demand for the campus account falls below the minimum demand for a CI-TOD2 rate, the campus account will be terminated. All meters will revert to individual accounts. The accounts will not be eligible to return to a campus account for twelve months thereafter and only if they meet all the criteria for the Campus Billing Option listed in Section IV Conditions of Service. This rule applies to all Campus accounts regardless of the date they were created.

The customer can elect to revert back to individual accounts at any time by contacting a SMUD Representative. All meters will be converted to single accounts and the corresponding current rates will be assigned based on usage and demand. It may take more than one billing cycle to change the campus account back to individual accounts.

### VIII. Reinstating a Campus Billing Account

After terminating the Campus Billing Option, the campus account, or dropping one or more meters from the campus account, the customer cannot have any of the meters that comprised the campus account reinstated on an existing or new campus account for 12 months from the date of removal from the option.

After 12 months, the meters can be used to create a new campus account or be added to an existing campus.

If the original campus account no longer exists, the procedure for setting up a Campus Account must be followed. See section V.

*(End)*

**Combined Heat and Power (CHP) Distributed Generation  
Rate Schedule CHP**

**I. Applicability**

This Rate Schedule CHP is optional for customers who wish to sell all excess generation to SMUD from an eligible Combined Heat and Power (CHP) generation facility with a capacity of 3 MW or less operating in parallel with SMUD’s distribution system, or with a capacity of 20 MW or less operating in parallel with SMUD’s subtransmission system. The facility must continuously meet the qualifications in Section IV General Conditions. This schedule applies solely to the excess generation delivered to SMUD.

**II. Pricing Structure**

Under this schedule, SMUD will pay the customer the applicable price for metered energy delivered by the eligible CHP facility during the time periods specified in this schedule.

**A. Excess Generation Prices**

The CHP excess generation prices will be posted at SMUD’s website, www.smud.org. Prices will be differentiated by delivery voltage, season and time-of-day. CHP excess generation prices will be reset each January 1 and apply for that calendar year to all CHP excess generation delivered to SMUD, regardless of the date of the CHP commissioning and interconnection to SMUD’s system, or the effective date of the Power Purchase Agreement (PPA) and Interconnection Agreement.

The CHP excess generation prices reflect SMUD’s underlying avoided costs for procurement and delivery of comparable power during the specified terms and time periods. The avoided cost is made up of the following components:

- Market Energy Price
- Losses by voltage level
- Transmission and Distribution

SMUD will typically pay for CHP excess generation based on the voltage at the point of delivery to the SMUD system. However, to the extent that SMUD must step up the excess generation to a higher voltage level in order to serve its customers, the pricing for the excess CHP generation will be based on the higher voltage level.

**B. Time-of-Delivery Periods**

Season	Months	Super Peak	On Peak	Off Peak
Summer	June - Sept	2:00 to 8:00 p.m. Mon – Sat except holidays	6:00 a.m. to 2:00 p.m. & 8:00 p.m. to 10:00 p.m. Mon - Sat except holidays	All other hours
Fall & Winter	Oct - Feb			
Spring	Mar - May			

Off-peak pricing shall apply during the following holidays:

Holiday	Month	Date
New Year’s Day	January	1
Memorial Day	May	Last Monday
Independence Day	July	4
Labor Day	September	First Monday
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

**Combined Heat and Power (CHP) Distributed Generation  
Rate Schedule CHP**

**III. Charges**

**A. Reserved Capacity Charge**

The customer shall pay a monthly Reserved Capacity Charge to compensate SMUD for standing ready to supply supplemental service, backup electricity, and other services/electricity during interruptions in the CHP facility’s operation. The Reserved Capacity Charge is based on the greater of the following:

- The customer’s Maximum Anticipated Demand or actual monthly demand, if higher, multiplied by the Reserved Capacity Rate per kW shown below; or
- The Generator Installed Capacity of the CHP facility multiplied by the Reserved Capacity Rate per kW shown below.

<b>Reserved Capacity Rate <i>per kW</i></b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.423	\$7.423	\$7.133
Effective January 1, 2024	\$7.627	\$7.627	\$7.329
Effective May 1, 2024	\$7.837	\$7.837	\$7.531
Effective January 1, 2025	\$8.052	\$8.052	\$7.738
Effective May 1, 2025	\$8.274	\$8.274	\$7.951

**1. Maximum Anticipated Demand**

The initial maximum anticipated demand will be the customer’s maximum monthly demand in the prior 18 months at the time the PPA is executed.

**2. Generator Installed Capacity**

The Generator Installed Capacity of the facility will be set forth in the PPA.

**3. Reset of Reserved Capacity Basis**

If, at any time, the customer’s actual monthly demand exceeds the Generator Installed Capacity of the CHP facility, the demand used to calculate the Reserved Capacity Charge will be reset to use the newly established demand as the basis for the charge.

**B. Data Communications Charges**

The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data. Ongoing data communication charges paid by SMUD on behalf of the customer will be passed through to the customer and will appear on the customer’s monthly SMUD bill.

**C. Other Charges**

SMUD will continue to bill for all appropriate charges under the applicable rate schedule for SMUD supplied power to the customer. These charges include without limitation System Infrastructure Fixed Charge, Electricity Usage charges, surcharges, and taxes. Site Infrastructure Charges and Summer Peak Demand Charges are applicable if the sum of these two charges is greater than the Reserved Capacity Charge. Each month, the Reserved Capacity Charge will be compared to the sum of the Site Infrastructure Charge plus any Summer Peak Demand Charge. On the monthly bill, the customer will be charged the greater of the two calculations, but not both. The monthly bill will also include applicable metering and data communications charges.

**Combined Heat and Power (CHP) Distributed Generation  
Rate Schedule CHP**

**IV. Conditions of Service**

**A. Eligible CHP Facility**

To be eligible for this schedule, the CHP facility shall maintain without interruption certification by the California Energy Commission (CEC) as outlined in the CEC’s “Guidelines for Certification of Combined Heat and Power Systems Pursuant to the Waste Heat and Carbon Emissions Reduction Act - Public Utilities Code, Section 2840 *Et Seq.*” CHP systems placed into operation before January 1, 2008 are not eligible for this schedule.

**B. Territory**

The CHP facility must be located entirely within SMUD’s service territory.

**C. Required Contract**

An eligible CHP facility operating under this schedule shall execute a Power Purchase Agreement (PPA) with SMUD. The PPA shall be offered for contract durations of up to 10 years at the option of the customer.

**D. Participation in Other SMUD Programs**

An eligible CHP facility operating under this schedule may not also obtain benefits for the same facility from any of the following:

1. A separate contract with SMUD for deliveries from the same facility; or
2. Incentives from SMUD under customer programs implemented in compliance with SB1 requirements or similar program; or
3. The net metering option for energy deliveries from the same facility.

**E. Electrical Interconnection**

An eligible CHP facility under this schedule shall be interconnected within SMUD’s service territory and shall be required to comply with SMUD’s Rule and Regulation 21 process for interconnection and execute an Interconnection Agreement with SMUD. Facilities not meeting the Rule and Regulation 21 requirements will **not** be eligible for service. Any costs for system upgrades and facilities required for interconnection are the responsibility of the customer.

**F. Metering Requirements**

The eligible CHP facility operating under this schedule shall comply with all applicable rules in installing, at the customer’s expense, a bi-directional time-of-use meter appropriate for excess sale agreements, that can be read daily by electronic means acceptable to SMUD. SMUD will pay for and install a gross output meter to measure the generator output and provide for SMUD data requirements. The customer shall provide and pay for the meter socket and cabinet, and all required current transformers and potential transformers.

**G. Energy and Green Attributes**

The customer shall, in accordance with the terms and conditions of the PPA, provide and convey to SMUD excess energy produced by the eligible CHP facility net of all station use and any and all site host load. Such conveyance shall include all related Green Attributes.

*(End)*

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### I. **Applicability**

This Rate Schedule CI-TOD1 applies to single- or three-phase service delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand that does not exceed 299 kW for three or more consecutive months. Commercial & Industrial Time-of-Day customers include commercial and nonagricultural irrigation pumping accounts. This schedule also applies to Commercial & Industrial Time-of-Day accounts with contract capacity of 299 kW or less. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

#### A. **C&I Secondary 0-20 kW (rate category CITS-0)**

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of 20 kW or less. Whenever the monthly maximum demand exceeds 20 kW for *any* three consecutive months and the monthly energy usage is at least 7,300 kWh for *any* three consecutive months within a 12-month period, the account will be billed on the applicable rate. To return to the CITS-0 rate, the monthly maximum demand must be 20 kW or less for 12-consecutive months or the usage must be less than 7,300 kWh for 12 consecutive months.

#### B. **Small Nondemand, Nonmetered Service (rate category GFN)**

This rate applies to Commercial & Industrial accounts where an account's monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD, at its discretion, and with the customer's consent, will calculate electricity consumed in lieu of providing metering equipment.

#### C. **C&I Secondary 21-299 kW (rate category CITS-1)**

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of at least 21 kW but does not exceed 299 kW for *any* three consecutive months **and** monthly energy usage of at least 7,300 kWh for *any* three consecutive months within a 12-month period. The customer will be billed on this rate unless the monthly usage is less than 7,300 kWh for 12 consecutive months; or the maximum demand falls below 21 kW for 12 consecutive months; or the monthly maximum demand exceeds 299 kW for three consecutive months.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### II. Firm Service Rates

#### A. Commercial & Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$35.15	\$36.65	\$37.65	\$39.20	\$40.30
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$0.000	\$0.713	\$0.733	\$1.505	\$1.546
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1440	\$0.1446	\$0.1485	\$0.1491	\$0.1532
Off-Peak <i>\$/kWh</i>	\$0.1364	\$0.1335	\$0.1371	\$0.1341	\$0.1377
Off-Peak Saver <i>\$/kWh</i>	\$0.1323	\$0.1276	\$0.1311	\$0.1261	\$0.1295
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$35.15	\$36.65	\$37.65	\$39.20	\$40.30
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$0.000	\$0.713	\$0.733	\$1.505	\$1.546
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.2554	\$0.2718	\$0.2792	\$0.2968	\$0.3049
Off-Peak <i>\$/kWh</i>	\$0.1349	\$0.1359	\$0.1396	\$0.1410	\$0.1448
<b>CITS-1: C&amp;I Secondary 21-299 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$158.30	\$231.60	\$237.95	\$317.30	\$326.05
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$7.568	\$7.106	\$7.302	\$6.806	\$6.993
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1230	\$0.1283	\$0.1319	\$0.1374	\$0.1412
Off-Peak <i>\$/kWh</i>	\$0.1158	\$0.1170	\$0.1202	\$0.1214	\$0.1248
Off-Peak Saver <i>\$/kWh</i>	\$0.1030	\$0.0971	\$0.0998	\$0.0932	\$0.0958
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$158.30	\$231.60	\$237.95	\$317.30	\$326.05
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$7.568	\$7.106	\$7.302	\$6.806	\$6.993
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$3.468	\$5.351	\$5.498	\$7.525	\$7.732
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1983	\$0.2056	\$0.2113	\$0.2192	\$0.2252
Off-Peak <i>\$/kWh</i>	\$0.1119	\$0.1129	\$0.1160	\$0.1171	\$0.1203

Commercial rates beyond 2025 are effective as shown in Section VIII. Transition Schedule.

#### B. GFN Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>GFN</b>					
<b>All Year</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$10.50	\$10.80	\$11.10	\$11.40	\$11.70
Electricity Usage Charge					
All day <i>\$/kWh</i>	\$0.1539	\$0.1581	\$0.1624	\$0.1669	\$0.1715

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD1**

**III. Electricity Usage Surcharges**

Refer to the following rate schedules for details on these surcharges:

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar/Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Maximum Demand Charge, Summer Peak Demand Charges and electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Options**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

### V. Conditions of Service

#### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

#### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

#### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \quad \times \quad [ (95\% \div \text{Power Factor}) - 1 ] \quad \times \quad \text{Power Factor Adjustment Rate}$$

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer’s monthly power factor or 95 percent

*Power Factor Adjustment Rate per excess KVAR*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

#### Excess KVAR x Waiver Rate

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Billing Periods

### A. Time-of-Day Billing Periods

#### 1. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD1**

**VII. Billing**

**A. Meter Data**

Meter data for service rendered in accordance with this Rate Schedule will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

**B. Proration of Charges**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge, Maximum Demand Charge, and Site Infrastructure Charge will be prorated as shown in the following table.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

**C. Contract Capacity**

Use of Contract Capacity for billing is at SMUD’s sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

**D. Discontinuance of Service**

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD’s sole discretion.

*(End)*

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### VIII. Transition Schedule

Season and Charge Component**	Unit	2026*	2027*	2028*
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>				
System Infrastructure Fixed Charge	per month	\$40.80	\$41.35	\$41.90
Maximum Demand Charge	per kW	\$2.320	\$3.093	\$3.866
Non-Summer Peak	per kWh	\$0.1495	\$0.1457	\$0.1420
Non-Summer Off-Peak	per kWh	\$0.1307	\$0.1237	\$0.1166
Non-Summer Off-Peak Saver	per kWh	\$0.1208	\$0.1118	\$0.1029
Summer Peak	per kWh	\$0.3151	\$0.3251	\$0.3354
Summer Off-Peak	per kWh	\$0.1423	\$0.1397	\$0.1370
<b>CITS-1: C&amp;I Secondary 21-299 kW</b>				
System Infrastructure Fixed Charge	per month	\$400.85	\$474.00	\$474.00
Site Infrastructure Charge	per kW	\$6.266	\$5.539	\$5.539
Summer Peak Demand Charge	per kW	\$9.670	\$11.609	\$11.609
Non-Summer Peak	per kWh	\$0.1435	\$0.1456	\$0.1456
Non-Summer Off-Peak	per kWh	\$0.1227	\$0.1206	\$0.1206
Non-Summer Off-Peak Saver	per kWh	\$0.0862	\$0.0770	\$0.0770
Summer Peak	per kWh	\$0.2273	\$0.2293	\$0.2293
Summer Off-Peak	per kWh	\$0.1179	\$0.1157	\$0.1157

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VII.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### I. Applicability

This Rate Schedule CI-TOD2 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer’s premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand of at least 300 kW for three consecutive months, but not greater than 499 kW for three consecutive months during the preceding 12 months. Accounts served at the secondary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand falls below 300 kW for 12 consecutive months or exceeds 499 kW for three consecutive months. Accounts served at the primary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand exceeds 499 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 300 kW, but not greater than 499 kW. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Firm Service Rates

#### A. Commercial & Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$428.35	\$667.50	\$685.85	\$954.30	\$980.55
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.597	\$4.797	\$4.929	\$5.144	\$5.286
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.1236	\$0.1286	\$0.1321	\$0.1373	\$0.1410
Off-Peak \$/kWh	\$0.1000	\$0.1043	\$0.1072	\$0.1117	\$0.1148
Off-Peak Saver \$/kWh	\$0.0990	\$0.0959	\$0.0985	\$0.0947	\$0.0973
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$428.35	\$667.50	\$685.85	\$954.30	\$980.55
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.597	\$4.797	\$4.929	\$5.144	\$5.286
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.877	\$10.254	\$10.536	\$10.950	\$11.251
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.2195	\$0.2246	\$0.2308	\$0.2362	\$0.2427
Off-Peak \$/kWh	\$0.1333	\$0.1312	\$0.1348	\$0.1322	\$0.1359
<b>CITP-2: C&amp;I Primary 300-499 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$204.95	\$256.80	\$263.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.551	\$3.436	\$3.530	\$3.392	\$3.485
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.1249	\$0.1370	\$0.1407	\$0.1556	\$0.1598
Off-Peak \$/kWh	\$0.1033	\$0.1156	\$0.1188	\$0.1340	\$0.1377
Off-Peak Saver \$/kWh	\$0.0939	\$0.0893	\$0.0917	\$0.0850	\$0.0873
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$204.95	\$256.80	\$263.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.551	\$3.436	\$3.530	\$3.392	\$3.485
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.401	\$10.074	\$10.351	\$11.084	\$11.389
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.2016	\$0.1971	\$0.2025	\$0.1958	\$0.2012
Off-Peak \$/kWh	\$0.1277	\$0.1233	\$0.1267	\$0.1207	\$0.1240

Commercial rates beyond 2025 are effective as shown in Section VIII. Transition Schedule.

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD2**

**III. Electricity Usage Surcharges**

Refer the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. These charges include System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, as well as electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as amicrogrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org)

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD2**

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

**C. Power Factor Adjustment or Waiver**

**1. Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer’s monthly power factor or 95 percent

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

#### Excess KVAR x Waiver Rate

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Commercial & Industrial Time-of-Day Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that falls within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### VIII. Transition Schedule

Season and Charge Component**	Unit	2026*	2027*	2028*
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>				
System Infrastructure Fixed Charge	per month	\$1,244.60	\$1,508.75	\$1,770.90
Site Infrastructure Charge	per kW	\$5.377	\$5.458	\$5.539
Summer Peak Demand Charge	per kW	\$11.367	\$11.482	\$11.609
Non-Summer Peak	per kWh	\$0.1428	\$0.1443	\$0.1461
Non-Summer Off-Peak	per kWh	\$0.1164	\$0.1180	\$0.1197
Non-Summer Off-Peak Saver	per kWh	\$0.0905	\$0.0838	\$0.0770
Summer Peak	per kWh	\$0.2416	\$0.2405	\$0.2394
Summer Off-Peak	per kWh	\$0.1293	\$0.1227	\$0.1163
<b>CITP-2: C&amp;I Primary 300-499 kW</b>				
System Infrastructure Fixed Charge	per month	\$331.40	\$331.40	\$331.40
Site Infrastructure Charge	per kW	\$3.485	\$3.485	\$3.485
Summer Peak Demand Charge	per kW	\$11.389	\$11.389	\$11.389
Non-Summer Peak	per kWh	\$0.1598	\$0.1598	\$0.1598
Non-Summer Off-Peak	per kWh	\$0.1377	\$0.1377	\$0.1377
Non-Summer Off-Peak Saver	per kWh	\$0.0873	\$0.0873	\$0.0873
Summer Peak	per kWh	\$0.2012	\$0.2012	\$0.2012
Summer Off-Peak	per kWh	\$0.1240	\$0.1240	\$0.1240

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VI.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### I. **Applicability**

This Rate Schedule CI-TOD3 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of at least 500 kW for three consecutive months, but not greater than 999 kW for three consecutive months during the preceding 12 months. Accounts will remain on this schedule unless monthly maximum demand falls below 500 kW for 12 consecutive months or exceeds 999 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 500 kW, but not greater than 999 kW. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### II. Firm Service Rates

#### A. Commercial Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-3: C&amp;I Secondary 500-999 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$781.65	\$1,479.90	\$1,520.60	\$2,276.85	\$2,339.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.152	\$4.692	\$4.821	\$5.391	\$5.539
Electricity Usage Charge					
Peak \$/kWh	\$0.1225	\$0.1275	\$0.1310	\$0.1367	\$0.1405
Off-Peak \$/kWh	\$0.0992	\$0.1045	\$0.1074	\$0.1129	\$0.1160
Off-Peak Saver \$/kWh	\$0.0906	\$0.0811	\$0.0832	\$0.0730	\$0.0750
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$781.65	\$1,479.90	\$1,520.60	\$2,276.85	\$2,339.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.152	\$4.692	\$4.821	\$5.391	\$5.539
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.732	\$10.350	\$10.635	\$11.298	\$11.609
Electricity Usage Charge					
Peak \$/kWh	\$0.2111	\$0.2141	\$0.2200	\$0.2232	\$0.2294
Off-Peak \$/kWh	\$0.1212	\$0.1138	\$0.1170	\$0.1088	\$0.1118
<b>CITP-3: C&amp;I Primary 500-999 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.127	\$3.213	\$3.301	\$3.392	\$3.485
Electricity Usage Charge					
Peak \$/kWh	\$0.1314	\$0.1350	\$0.1387	\$0.1425	\$0.1465
Off-Peak \$/kWh	\$0.1141	\$0.1172	\$0.1205	\$0.1238	\$0.1272
Off-Peak Saver \$/kWh	\$0.0727	\$0.0747	\$0.0768	\$0.0789	\$0.0811
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.127	\$3.213	\$3.301	\$3.392	\$3.485
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$10.218	\$10.499	\$10.788	\$11.084	\$11.389
Electricity Usage Charge					
Peak \$/kWh	\$0.2131	\$0.2190	\$0.2250	\$0.2312	\$0.2375
Off-Peak \$/kWh	\$0.1084	\$0.1114	\$0.1144	\$0.1176	\$0.1208
<b>CITT-3: C&amp;I Subtransmission 500-999 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,237.65	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.427	\$3.521	\$3.618	\$3.718	\$3.820
Electricity Usage Charge					
Peak \$/kWh	\$0.1138	\$0.1169	\$0.1201	\$0.1234	\$0.1268
Off-Peak \$/kWh	\$0.0950	\$0.0976	\$0.1003	\$0.1031	\$0.1059
Off-Peak Saver \$/kWh	\$0.0618	\$0.0635	\$0.0652	\$0.0670	\$0.0689
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,237.65	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.427	\$3.521	\$3.618	\$3.718	\$3.820
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.960	\$10.234	\$10.515	\$10.805	\$11.102
Electricity Usage Charge					
Peak \$/kWh	\$0.1913	\$0.1966	\$0.2020	\$0.2075	\$0.2132
Off-Peak \$/kWh	\$0.0922	\$0.0946	\$0.0972	\$0.0999	\$0.1027

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD3**

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, and electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer’s monthly power factor or 95 percent

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

#### Excess KVAR x Waiver Rate

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Commercial Industrial Time-of-Day Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### I. **Applicability**

This Rate Schedule CI-TOD4 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of 1,000 kW or greater for three consecutive months during the preceding 12 months. Accounts will remain on this rate schedule unless monthly maximum demand falls below 1,000 kW for 12 consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. This schedule also includes the standard rates for accounts with contract capacity of 1,000 kW or greater.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### II. Firm Service Rates

#### A. Commercial Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-4: C&amp;I Secondary 1000+ kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge per month per meter	\$2,319.35	\$3,592.75	\$3,691.55	\$3,793.10	\$3,897.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.876	\$5.106	\$5.246	\$5.390	\$5.539
Electricity Usage Charge					
Peak \$/kWh	\$0.1284	\$0.1330	\$0.1367	\$0.1404	\$0.1442
Off-Peak \$/kWh	\$0.1048	\$0.1094	\$0.1124	\$0.1154	\$0.1186
Off-Peak Saver \$/kWh	\$0.0833	\$0.0705	\$0.0724	\$0.0744	\$0.0765
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge per month per meter	\$2,319.35	\$3,592.75	\$3,691.55	\$3,793.10	\$3,897.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.876	\$5.106	\$5.246	\$5.390	\$5.539
Summer Peak Demand Charge \$ per monthly Peak max kW	\$6.937	\$10.701	\$10.996	\$11.298	\$11.609
Electricity Usage Charge					
Peak \$/kWh	\$0.2048	\$0.2182	\$0.2242	\$0.2304	\$0.2367
Off-Peak \$/kWh	\$0.1143	\$0.1061	\$0.1090	\$0.1121	\$0.1151
<b>CITP-4: C&amp;I Primary 1000+ kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge per month per meter	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.400	\$4.521	\$4.645	\$4.773	\$4.904
Electricity Usage Charge					
Peak \$/kWh	\$0.1295	\$0.1331	\$0.1367	\$0.1405	\$0.1444
Off-Peak \$/kWh	\$0.1051	\$0.1080	\$0.1110	\$0.1140	\$0.1172
Off-Peak Saver \$/kWh	\$0.0679	\$0.0697	\$0.0716	\$0.0737	\$0.0757
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge per month per meter	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.400	\$4.521	\$4.645	\$4.773	\$4.904
Summer Peak Demand Charge \$ per monthly Peak max kW	\$10.218	\$10.499	\$10.788	\$11.084	\$11.389
Electricity Usage Charge					
Peak \$/kWh	\$0.1997	\$0.2052	\$0.2108	\$0.2166	\$0.2226
Off-Peak \$/kWh	\$0.1014	\$0.1042	\$0.1071	\$0.1100	\$0.1130
<b>CITT-4: C&amp;I Subtransmission 1000+ kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge per month per meter	\$1,178.85	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge per 12 months max kW or contract capacity	\$3.479	\$3.521	\$3.618	\$3.718	\$3.820
Electricity Usage Charge					
Peak \$/kWh	\$0.1228	\$0.1295	\$0.1330	\$0.1367	\$0.1404
Off-Peak \$/kWh	\$0.0998	\$0.1058	\$0.1087	\$0.1117	\$0.1148
Off-Peak Saver \$/kWh	\$0.0774	\$0.0684	\$0.0703	\$0.0722	\$0.0742
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge per month per meter	\$1,178.85	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge per 12 months max kW or contract capacity	\$3.479	\$3.521	\$3.618	\$3.718	\$3.820
Summer Peak Demand Charge \$ per monthly Peak max kW	\$6.636	\$10.234	\$10.515	\$10.805	\$11.102
Electricity Usage Charge					
Peak \$/kWh	\$0.1699	\$0.1824	\$0.1874	\$0.1926	\$0.1978
Off-Peak \$/kWh	\$0.1050	\$0.1014	\$0.1042	\$0.1071	\$0.1100

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD4**

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar/Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, and electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD4**

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is provided according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

**C. Power Factor Adjustment or Waiver**

**1. Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Commercial Industrial Time-of-Day Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is less than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is more than 34 days	
Price changes within billing period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Distribution Wheeling Service Rate Schedule DWS

### I. Applicability

This Rate Schedule DWS is optional for customers requesting Distribution Wheeling Service. SMUD may, at its sole discretion, provide Distribution Wheeling Service to Independent Power Producers and Cogenerators, also referred to as Merchant Generators, within SMUD territory, who establish a need for this service. Wheeling service requests will be evaluated on a case by case basis and may be limited by availability of distribution system capacity. SMUD, as the incumbent utility with native load service obligations, will determine the amount of excess distribution system capacity based on SMUD's forecasted customer loads. Any available distribution capacity in excess of SMUD's native load needs may be available to third parties requesting service under this Rate Schedule DWS. This rate has been developed for wholesale power transactions and SMUD will not wheel non-SMUD power to its retail customers under this rate.

This Rate Schedule DWS is available to entities owning generating facilities that meet the following conditions:

- The entity's generating facility is connected to SMUD's distribution system; and
- The entity has a power purchase (offtake) agreement for the output of the generating facility with an entity other than SMUD; and
- Power delivery under the power purchase agreement occurs at a location outside of the SMUD system.

Under this service, the power from the associated generating facility will be wheeled (transferred) across SMUD's distribution system from the point of interconnection to SMUD's distribution system (Interconnection Point) to SMUD's bulk power system. Entities taking service under this rate schedule will also be required to take Transmission Wheeling Service from SMUD under the SMUD Open Access Transmission Tariff (OATT).

Service under this schedule is on a first-come, first-served basis and is available unless the usage of these wheeling facilities would be detrimental to SMUD. This schedule is available for interconnection of the qualified generating facility to the SMUD distribution system, wherever that may occur within the SMUD service territory.

### II. Rates

#### Distribution Wheeling Charge

\$/kilowatt-month	12/21 kV*	69 kV*
Effective January 1, 2023	\$11.152	\$1.737
Effective January 1, 2024	\$11.459	\$1.785
Effective May 1, 2024	\$11.774	\$1.834
Effective January 1, 2025	\$12.098	\$1.884
Effective May 1, 2025	\$12.430	\$1.936

\* includes all path charges to SMUD's bulk power system

### III. Conditions of Service

#### A. Application for Service

Any entity requesting service under this rate schedule must submit an application for Distribution Wheeling Service. Application for such service is available at the SMUD website, [www.smud.org](http://www.smud.org).

#### B. Required Service Contract

The entity taking wheeling service under the rate schedule shall execute a Distribution Wheeling Agreement (DWA) in accordance with SMUD Policy and Procedure 8-05.

#### C. Reservation Deposit

The entity requesting service under this rate schedule will be required to submit a deposit equal to one month of service under this rate. The deposit will be refundable up until the time that the entity commits to service by execution of the DWA. Once the DWA is executed, the reservation deposit becomes a nonrefundable payment for the first month of service under the rate schedule.

## Distribution Wheeling Service Rate Schedule DWS

### D. Term

Applicant must specify, at the time of application, the start date for the requested service. Applicant must also specify the duration that is requested for service. SMUD will accept applications for service up to 20 years.

### E. Application Under SMUD'S OATT

Applicants must also make application for Transmission Service under SMUD's Open Access Transmission Tariff.

### F. Definitions

The following definitions apply to this schedule:

1. Applicant: The entity requesting service under this rate schedule.
2. Distribution Wheeling: The transfer of Merchant Generator power at 12 kV, 21 kV, or 69 kV for delivery to a third party outside SMUD service territory.

### G. Electrical Interconnection

Applicant must also make a request for interconnection that complies with SMUD's Rule and Regulation 21 process for interconnection and must meet the requirements of Rule and Regulation 21, which include executing an Interconnection Agreement with SMUD. Any resources *not* meeting the Rule and Regulation 21 requirements will not be eligible for service under this schedule.

### H. Metering Requirements

Distributed generation resources receiving service under this schedule shall comply with all applicable rules in installing metering equipment appropriate for full output monitoring agreements, and which can be read daily by electronic means acceptable to SMUD. The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data.

## IV. Line Losses

Merchant Generators taking service under this rate schedule will be assessed a line loss factor. Line losses will be applied as the electricity transitions from one voltage level to another. The line losses by voltage level are as follows:

<u>Voltage Level</u>	<u>Loss Factor</u>
12/21kV	4.06%
69kV	1.53%

SMUD reserves the right to update the line loss factor annually on January 1.

Line losses will be applied to the amount of generated electricity that is measured at the point of interconnection between the Merchant Generator's facility and SMUD's electrical system.

(End)

## Residential and Commercial & Industrial Energy Assistance Program Rate Schedule EAPR

### I. Applicability

This Rate Schedule EAPR applies to customers receiving service under residential or Commercial & Industrial rates who meet specific eligibility requirements.

### II. Eligibility for Residential Customers

Eligibility for the Energy Assistance Program (EAPR) is determined by the following:

- A. The total gross household income must conform to the Income Guidelines as specified on the application;
- B. The customer must not be claimed as a dependent on another person's income tax return; and
- C. The service address on the application must be the customer's primary residence.

### III. Discount for Residential Customers

Eligible residential customers will receive a discount based on qualifying federal poverty level income guidelines. The EAPR discount will include:

- 1. A \$10 System Infrastructure Fixed Charge discount per month; and
- 2. An additional discount is applied as a 100% reduction in the electricity usage cost per kilowatt hour up to the maximum discount according to the following income guidelines:

Federal Poverty Level	Maximum Electricity Usage Discount
0-50%	\$60
>50 to 100%	\$32
>100 to 150%	\$10
>150 to 200%	\$0

- 3. For certain eligible residential EAPR customers per the table below, an EAPR Stabilization Fund (ESF) will be established and maintained to provide an additional discount applied as a reduction in the electricity usage cost per kilowatt hour up to the maximum discount. On an annual basis the Accountant will determine if available sources of discretionary non-retail rate revenue exist and apply those funds to cover up to the maximum ESF additional discount. The additional monthly discount amount will begin January 1, 2024 and will be determined prior to the year the value is in effect.

Federal Poverty Level	ESF Additional Monthly Discount
0-50%	\$0 - \$35

### IV. Eligibility for Nonprofit Organizations

To be eligible for EAPR the nonprofit organization must meet the following requirements:

- A. The organization's qualifying site takes service directly from SMUD; and
- B. The organization meets the qualifications for a nonprofit public or private organization, as specified on the application; and
- C. The organization operates the qualifying site as residential unit(s) whose residents meet the EAPR income guidelines.
  - 1. The primary function of the site shall be to provide a home (sleeping quarters) for low-income residents who would otherwise meet the residential EAPR guidelines defining low-income if permanently residing in a residence.

## Residential and Commercial & Industrial Energy Assistance Program Rate Schedule EAPR

2. In support of the primary function that is provided by the nonprofit organization, associated facilities that provide daytime services for the homeless (such as personal hygiene facilities, laundry facilities, kitchen and/or dining facilities, etc.) may also qualify for the discount. At least 75 percent of the facility's square footage must be directly related to meeting these functions.

An energy survey of the residential unit(s) is recommended at the time of being placed on this program and implementation of recommended cost-effective energy efficiency measures is encouraged.

### V. Discount for Nonprofit Organization

All eligible non-profit organization accounts on a residential rate will receive the maximum residential discount.

Eligible Commercial & Industrial customers will receive discounts as follows:

- A. All eligible Commercial & Industrial customers will receive a discount of 15 percent of the Electricity Usage Charge (kWh), Maximum Demand Charge (kW), Site Infrastructure Charge (kW), and Summer Peak Demand Charge (kW) each billing period.
- B. The Commercial & Industrial rate schedule CI-TOD1 System Infrastructure Fixed Charge will receive a discount of 35 percent each billing period.
- C. The Commercial & Industrial rate schedules CI-TOD2, CI-TOD3 and CI-TOD4 System Infrastructure Fixed Charge will receive a 15 percent discount applied each billing period.

### VI. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

- A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### VII. Conditions of Service

#### A. Application

To qualify for EAPR, the customer must complete a SMUD application and submit requested supporting documents. Applications are processed by SMUD or SMUD's designated agent.

Residential applications are available at SMUD's website, [www.smud.org](http://www.smud.org), or by calling SMUD customer service at 1-888-742-7683.

Nonprofit organizations must provide a copy of a valid determination or ruling letter from the Internal Revenue Service attesting to their charitable nonprofit status. Nonprofit Organization applications are available by calling SMUD customer service at 1-888-742-7683.

#### B. Verification

Upon request, applicants shall provide proof, satisfactory to SMUD or its designated agent, that they meet the eligibility requirements. Failure to provide proof as requested will be considered just cause for denial to enroll in EAPR. It is the customer's responsibility to immediately notify SMUD or its designated agent when eligibility requirements change to the extent that the applicant no longer qualifies for this program. Applicants served under this program may be subject to annual review and/or verification. Any intent to defraud SMUD will result in rebilling of the applicant's bill and removal from EAPR. SMUD reserves the right to take appropriate legal action as warranted.

## Residential and Commercial & Industrial Energy Assistance Program Rate Schedule EAPR

### VIII. Billing

The effective date of EAPR will be the beginning of the billing period in which the request is approved. If participation is terminated, the effective termination date will be the beginning of the billing period in which the request is received or the cancellation date. The maximum electricity usage discount will not be prorated, regardless of the number of days in the billing period or the spanning of multiple seasons. The discount may be reflected on the customer's bill with a rate-based identifier code or line item description. The monthly System Infrastructure Fixed Charge discount will be prorated for bill periods shorter than 27 days as shown in the table below.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.

*(End)*

## General Service Temperature-Dependent Pricing/Economic Retention Rate Schedule GS-TDP (*Closed to new customers*)

### I. Applicability

This Rate Schedule GS-TDP applies to single- or three-phase service, delivered at the subtransmission voltage level. The rate charged the customer shall vary depending on the maximum forecasted temperature during the summer season (June through September). SMUD is utilizing temperature-dependent pricing as an additional rate option for economic retention.

This rate schedule was closed to new participants effective January 1, 1998.

To be eligible for this schedule, customers must have met the following requirements:

1. Certify to SMUD that serving their load has become competitive as shown through evidence of viable competitive energy sources from relocation, self-generation, cogeneration, etc.;
2. Verify that electricity costs are at least 10 percent of their variable production costs; and
3. Agree to remain a full-requirements SMUD customer for a minimum period of five years. If the customer chooses to bypass SMUD before the five year period has expired, the customer shall reimburse SMUD for all cumulative savings received under the temperature-dependent pricing rate compared to the standard rate. The customer may elect to terminate SMUD service after four years, with a one-year advance notification, without penalty.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Firm Service Rate

GS-TDP	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Winter Season (January - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$334.10	\$343.30	\$352.75	\$362.45	\$372.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$0.652	\$0.670	\$0.688	\$0.707	\$0.726
<b>Electricity Usage Charge</b>					
On-peak <i>\$/kWh</i>	\$0.1156	\$0.1188	\$0.1221	\$0.1254	\$0.1288
Off-peak <i>\$/kWh</i>	\$0.0826	\$0.0849	\$0.0872	\$0.0896	\$0.0921
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$334.10	\$343.30	\$352.75	\$362.45	\$372.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$0.652	\$0.670	\$0.688	\$0.707	\$0.726
<b>TDP Summer Super-Peak Demand Charge (\$/kW)</b>					
Per kW of maximum demand during Super-Peak Period per day if forecasted daily maximum temperature (T) for the following day is:					
"Heat Storm" if $T \geq 100^\circ$ for 2 or more consecutive days; or	\$6.709	\$6.893	\$7.083	\$7.278	\$7.478
"Extremely Hot" if $T \geq 100^\circ$ for a single day; or	\$6.305	\$6.478	\$6.657	\$6.840	\$7.028
"Very Hot" if $100^\circ > T > 95^\circ$ for a single day; or	\$1.170	\$1.202	\$1.235	\$1.269	\$1.304
"Mild to Hot" if $95^\circ \geq T$	No Charge	No Charge	No Charge	No Charge	No Charge
<b>Electricity Usage Charge</b>					
Super-peak <i>\$/kWh</i>	\$0.1572	\$0.1615	\$0.1660	\$0.1705	\$0.1752
On-peak <i>\$/kWh</i>	\$0.1382	\$0.1420	\$0.1459	\$0.1499	\$0.1540
Off-peak <i>\$/kWh</i>	\$0.1039	\$0.1068	\$0.1097	\$0.1127	\$0.1158

The TDP Summer Super Peak Maximum Demand Charge varies depending on the forecasted maximum temperature, based on a mutually agreed upon weather forecast source for the Sacramento area, for the following day.

#### Minimum Demand Charge Day

A “Minimum Demand Charge Day” may be declared on days when the forecast maximum daily temperature is greater than 95°F and less than 50 percent of SMUD’s available peaking resources are being utilized. On a “Minimum Demand Charge Day” there is no charge for super-peak TDP maximum demand.

**General Service  
Temperature-Dependent Pricing/Economic Retention  
Rate Schedule GS-TDP (Closed to new customers)****Notification of Minimum Demand Charge Day**

It is the responsibility of the customer to communicate with SMUD to determine whether the SMUD system operator has declared a “Minimum Demand Charge Day.” SMUD reserves the right to cancel a “Minimum Demand Charge Day” if necessary. Any such update will be provided to the customer no later than one hour prior to application of the TDP super-peak maximum demand charge.

**III. Electricity Usage Surcharges**

Refer to the following rate schedules for details on electricity usage surcharges.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**IV. Rate Option Menu****A. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org)

**B. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**V. Conditions of Service****A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Service Voltage Definition***1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

**General Service  
Temperature-Dependent Pricing/Economic Retention  
Rate Schedule GS-TDP (Closed to new customers)**

**C. Power Factor Adjustment or Waiver**

**1. Adjustment (charge per month varies)**

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

**Electricity Usage x [ (95% ÷ Power Factor) - 1 ] x Power Factor Adjustment Rate**

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

**2. Waiver Contract (charge per month is set for the term of the waiver)**

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

**D. Large General Service Time-of-Use Billing Periods**

<b>Winter On-Peak: October 1 - May 31</b>	Weekdays between noon and 10:00 p.m.
<b>Summer On-Peak: June 1 - September 30</b>	Weekdays between noon and 2:00 p.m. and between 8:00 p.m. and 10:00 p.m.
<b>Summer Super-Peak: June 1 - September 30</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.

**General Service  
Temperature-Dependent Pricing/Economic Retention  
Rate Schedule GS-TDP (Closed to new customers)**

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year’s Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples’ Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

**VI. Billing**

**A. Meter Data**

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

**B. Proration of Charges**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be prorated as shown in the following table.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

**C. Contract Capacity**

Use of Contract Capacity for billing is at SMUD’s sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

**D. Discontinuance of Service**

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD’s sole discretion.

*(End)*

## Hydro Generation Adjustment Rate Schedule HGA

### I. Applicability

This Rate Schedule HGA applies to all customers receiving retail electric service from SMUD. Annually, SMUD will calculate how the yearly variation of precipitation affects hydro generation from SMUD's Upper American River Project (UARP) and impacts the SMUD budget. As of April 1, 2024, SMUD will also calculate how the annual hydro generation delivery variances from the Western Area Power Administration's (WAPA) Central Valley Project (CVP) impact the SMUD budget.

### II. Conditions

#### A. General Conditions

1. The Hydro Generation Adjustment (HGA) precipitation period begins April 1 of the previous year and ends on March 31 of the current year (Water Year).
2. The price of power delivered into the area designated as North Path 15 (NP15) will be used to determine the dollar impact of any excess or shortfall of energy. If NP15 is no longer available, then a suitable replacement will be used.

#### B. SMUD Conditions

1. The actual inches of precipitation (AP) for each period shall be measured at the Fresh Pond measuring station or suitable replacement representative of the UARP watershed.
2. The AP will be compared to the median (midpoint) of inches of precipitation (MP), with the most recent years of data available at the established measuring station, up to a maximum of 50 years.
3. SMUD estimates that each inch of precipitation at Fresh Pond results in 28,000 megawatt hours (MWh) of generation in the UARP.
4. The AP will be capped at a maximum of 80 inches per Water Year to accommodate for spill at the hydroelectric facilities in the UARP.

#### C. WAPA Conditions

1. The monthly Forecasted Delivery (FD) is provided by WAPA.
2. The FD will be compared to the Actual Delivery (AD) as identified by SMUD.

### III. Budget Impact Determination

#### A. SMUD Budget Impact Determination

The following calculations will be used to determine the SMUD budget impact (SBI) from precipitation variances:

##### 1. Precipitation Variance

$$\text{Inches of Precipitation Variance } (\pm \text{IPV}) = \text{MP} - \text{AP}$$

The variance of precipitation equals the difference between the 50-year median and the actual inches of precipitation. If the measuring station changes, the number of years used to determine the median precipitation may vary depending on the volume of historical data available.

##### 2. Generation Conversion

$$\pm \text{IPV} \times 28,000 \text{ MWh/inch} = \pm \text{MWh}$$

The variance of hydro generation, in megawatt hours, equals the inches of precipitation variance x 28,000 MWh/inch at Fresh Pond. If the measuring station changes, the MWh per inch may vary.

##### 3. Calculation of Budget Effects

The market cost of energy is the monthly average of the actual NP15 prices through April 1 and the monthly forecasted NP15 prices for the balance of the year. If NP15 is no longer available, then a suitable replacement will be used.

$$\pm \text{MWh} \times \text{market cost of energy } (\$/\text{MWh}) = \pm \text{SMUD budget impact } (\$)$$

## Hydro Generation Adjustment Rate Schedule HGA

### B. WAPA Budget Impact Determination

The following calculations will be used to determine the WAPA budget impact (WBI) from energy delivery variances on a monthly basis:

#### 1. Energy Delivery Variance

$$\text{MWh Energy Delivery Variance } (\pm \text{ EDV}) = \text{FD} - \text{AD}$$

The energy delivery variance equals the difference between the monthly forecasted energy delivery and the monthly actual energy delivery.

#### 2. Calculation of Budget Effects

The market cost of energy is the average NP15 price.

### IV. Rate Stabilization Funds

#### A. Hydro Rate Stabilization Fund

The SBI will first be compared to the Hydro Rate Stabilization Fund (HRSF). In Water Years with above median precipitation, funds shall be deposited to the HRSF from Operating Revenues until the HRSF reaches a maximum of 6% of budgeted annual gross retail revenue, at which time subsequent excesses may be returned to the customer through the SMUD HGA. In Water Years with below median precipitation, funds will be withdrawn from the HRSF and applied to Operating Revenues until the HRSF balance reaches zero, at which time the SMUD HGA will be levied as a surcharge on electricity usage.

The SBI will not exceed  $\pm 4$  percent of budgeted annual gross retail revenue.

#### B. WAPA Rate Stabilization Fund

The WBI will first be compared to the WAPA Rate Stabilization Fund (WRSF). In Water Years where actual energy deliveries exceed the forecasted energy deliveries, funds shall be deposited to the WRSF from Operating Revenues until the WRSF reaches a maximum of 4% of budgeted annual gross retail revenue, at which time subsequent excesses may be returned to the customer through the WAPA HGA. In Water Years where actual energy deliveries are below the forecasted energy deliveries, funds will be withdrawn from the WRSF and applied to Operating Revenues until the WRSF balance reaches zero, at which time the WAPA HGA will be levied as a surcharge on electricity usage.

The WBI will not exceed  $\pm 2$  percent of budgeted annual gross retail revenue.

### V. Rate Charges

#### A. SMUD Rate Charges

The SMUD HGA deposits into or transfers out of the Hydro Rate Stabilization Fund will be calculated as follows:

$$\text{HRSF} - \text{SBI} = \text{Calculated HRSF}$$

##### A. If Calculated HRSF is $< 0$

The Accountant will transfer the remaining balance of the HRSF to Operating Revenues and the SMUD HGA will be set at:

$$- \frac{\text{Calculated HRSF}}{\text{Budgeted annual retail kWh sales}} = \text{SMUD HGA}$$

## Hydro Generation Adjustment Rate Schedule HGA

- B.** If Calculated HRSF is  $\geq 0$  and  $\leq 6$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the positive SBI out of the HRSF and into Operating Revenues and transfer the negative SBI into the HRSF from Operating Revenues.

- C.** If the Calculated HRSF is  $> 6$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the negative SBI into the HRSF from Operating Revenues up to 6 percent of budgeted annual gross retail revenue. The Board may authorize the SMUD HGA or direct the funds for another purpose. At the Board's direction, the SMUD HGA will be set at:

$$- \frac{(\text{Calculated HRSF} - 6\% \text{ of budgeted annual gross retail revenue})}{\text{Budgeted annual retail kWh sales}} = \text{SMUD HGA}$$

**B. WAPA Rate Charges**

The WAPA HGA deposits into or transfers out of the WAPA Rate Stabilization Fund will be calculated as follows:

$$\text{WRSF} - \text{WBI} = \text{Calculated WRSF}$$

- A.** If Calculated WRSF is  $< 0$

The Accountant will transfer the remaining balance of the WRSF to Operating Revenues and the WAPA HGA will be set at:

$$- \frac{\text{Calculated WRSF}}{\text{Budgeted annual retail kWh sales}} = \text{WAPA HGA}$$

Any funds collected through the WAPA HGA will be deposited into the WRSF.

- B.** If Calculated WRSF is  $\geq 0$  and  $\leq 4$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the positive WBI out of the WRSF and into Operating Revenues and transfer the negative WBI into the WRSF from Operating Revenues.

- C.** If the Calculated WRSF is  $> 4$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the negative WBI into the WRSF from Operating Revenues up to 4 percent of budgeted annual gross retail revenue. The Board may authorize the WAPA HGA or direct the funds for another purpose. At the Board's direction, the WAPA HGA will be set at:

$$- \frac{(\text{Calculated WRSF} - 4\% \text{ of budgeted annual gross retail revenue})}{\text{Budgeted annual retail kWh sales}} = \text{WAPA HGA}$$

**C. Rate Charges**

The HGA will be comprised of the SMUD HGA and the WAPA HGA.

$$\text{HGA} = \text{SMUD HGA} + \text{WAPA HGA}$$

**VI. Application**

The HGA is recalculated for each Water Year and will be applied to all rate schedules May 1 until April 30 of the following year.

(End)

## Outdoor Night Lighting Service Rate Schedule NLGT

### I. Applicability

This Rate Schedule NLGT applies to SMUD-owned and maintained outdoor overhead lighting service where Street Lighting Service Rate Schedule SLS does not apply. Service furnished under this schedule may be discontinued at any location where SMUD's overhead distribution facilities are relocated or converted to underground distribution facilities.

Lamps shall be supported on SMUD-owned poles that are used to carry distribution system circuits used for other SMUD purposes and shall be at locations approved by SMUD.

### II. Rate

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>NLGT</b>					
<b>Electricity and Switching Charge \$ per watt of connected load</b>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based upon the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to existing wood poles that are used to carry distribution system circuits.

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Lamp Servicing and Relocations

- A. Upon receipt of notice from the customer that light fails to operate as scheduled, SMUD will, within a reasonable period of time, make the necessary repairs.
- B. SMUD will, at the customer's request, relocate existing outdoor lighting service equipment, provided the customer reimburses SMUD for the relocation cost.

### V. Conditions of Service

- A. Service shall be alternating current at a frequency of approximately 60 hertz, single phase.
- B. Where new facilities are required in order to provide service for an applicant under this rate, SMUD may require a contract for service for a period not to exceed three years.
- C. Information on equipment that qualifies for this rate schedule and the associated monthly charge is available on the SMUD website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least annually and update as appropriate. SMUD retains the right to modify the listing of approved fixtures and lamps to accommodate changing technology or other business needs criteria.

### VI. Billing

#### A. Connected Load

The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

## Outdoor Night Lighting Service Rate Schedule NLGT

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

*(End)*

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## **Residential Service Rate Schedule R**

### **I. Applicability**

This Rate Schedule R applies to single- and three-phase service for the following types of residential premises:

1. Individually metered residences including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes; and
3. Master-metered service to a qualifying multifamily accommodation or mobile home park that is submetered to all single-family units or individual mobile homes.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

#### **A. Fixed Rate (rate category RF01)**

1. The Fixed Rate is the alternative rate to SMUD’s Time-of-Day (TOD) (5-8 p.m.) Rate (rate category RT02) under Rate Schedule R-TOD.
2. The Fixed Rate is required for customers serviced with analog meters and digital non-communicating meters.
3. Customers who qualify for Rate Schedule NEM1 and have an eligible renewable electrical generation facility that was approved for installation prior to January 1, 2018 are eligible to enroll in the Fixed Rate and may remain on the Fixed Rate after December 31, 2022.
4. Customers who have an eligible renewable electrical generation facility under Rate Schedule NEM1 that was approved for installation on or after January 1, 2018 are not eligible to enroll in the Fixed Rate.
5. Customers who have an eligible renewable electrical generation facility under Rate Schedule SSR are not eligible to enroll in the Fixed Rate.
6. Customers who have a storage facility without an associated eligible generating facility are not eligible to enroll in the Fixed Rate.
7. Customers who have master meters, including those enrolled on the RSMM rate category, are not eligible to enroll in the Fixed Rate.

#### **C. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM)**

1. This rate is closed to new customers unless SMUD determines that it is not reasonable or feasible to provide service and meter the individual units directly.
2. The master-metered customer’s electricity consumption will be billed using the total kWh usage of the master-meter divided by the number of occupied single-family accommodations. The billing calculation will include applicable discounts to all kWh Usage Charges and System Infrastructure Fixed Charge (SIFC) for qualifying energy assistance and medical equipment discount program participants. The customer must advise SMUD within 15 days following any change in the number of occupied single-family accommodations wired for electric service.

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## Residential Service Rate Schedule R

### II. Firm Service Rates

#### A. Fixed Rate Customers (rate category RF01)

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Fixed Rate (RF01)</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1194	\$0.1227	\$0.1261	\$0.1295	\$0.1331
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1907	\$0.1959	\$0.2013	\$0.2069	\$0.2126

#### B. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM) Closed

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Master Metered Multifamily and Mobile Home Park Billing (Closed)</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per unit</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1324	\$0.1360	\$0.1398	\$0.1436	\$0.1476
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per unit</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1516	\$0.1558	\$0.1601	\$0.1645	\$0.1690

### III. Electricity Usage Surcharges

Refer to the following rate schedule for details on electricity usage surcharges that apply to all kWh.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Rate Option Menu

A. **Energy Assistance Program Rate.** Refer to Rate Schedule EAPR.

B. **Medical Equipment Discount Program.** Refer to Rate Schedule MED.

C. **Joint Participation in Medical Equipment Discount and Energy Assistance Programs.** Refer to Rate Schedule MED.

D. **Time-of-Day Rate.** Refer to Rate Schedule R-TOD.

E. **Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) have a combined nameplate rating of less than 100 kW; and
3. The generator(s) are connected to SMUD's electrical system; and

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## **Residential Service Rate Schedule R**

4. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

**Standby Charge January 1 through December 31**

**\$/kW of Contract Capacity per month**

Effective January 1, 2023	\$7.713
Effective January 1, 2024	\$7.925
Effective May 1, 2024	\$8.143
Effective January 1, 2025	\$8.367
Effective May 1, 2025	\$8.597

In addition to the Standby Charge, SMUD will continue to bill for all applicable charges under this rate. These charges include SIFC and electricity usage charges for SMUD-provided power.

The Standby Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

- F. Customer Energy Generation Option.** Refer to Rate Schedule NEM1.

**G. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**H. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

- I. Plug-In Electric Vehicle (PEV) Option.** Refer to Rate Schedule R-TOD.

**J. Residential Three-Phase Service Option**

This option is open to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the SIFC.

**Three-Phase Service – January 1 through December 31**

**Special Facilities fee per month**

Effective January 1, 2023	\$50.45
Effective January 1, 2024	\$51.85
Effective May 1, 2024	\$53.25
Effective January 1, 2025	\$54.75
Effective May 1, 2025	\$56.25

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## **Residential Service Rate Schedule R**

### **V. Billing**

KWh usage may be prorated for nonstandard billing periods, when billing period spans a price change, and/or when the billing period spans more than one season. The monthly SIFC will be prorated when the bill period is shorter than 27 days. The following table shows the basis for the proration in these circumstances. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days (SIFC and kWh)	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days (kWh)	
Seasons overlap and price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective season or pricing periods.

*(End)*

## Residential Time-of-Day Service Rate Schedule R-TOD

### I. Applicability

This Rate Schedule R-TOD applies to single- and three-phase service for the following types of residential premises:

1. Individual or dual metered residences with digital communicating meter installed, including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes.
3. Customers who have an eligible renewable electrical generation facility under Rate Schedules NEM1 or SSR that was approved for installation by SMUD on or after January 1, 2018, or who establish service at a premises that has an electrical generation facility that is fueled by a renewable fuel source on or after January 1, 2018 must be on this Rate Schedule R-TOD.

Master-metered service to a qualifying multifamily accommodation or mobile home parks are not eligible for Time-of-Day rates under rate schedule R-TOD.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

#### A. Time-of-Day (5-8 p.m.) Rate (rate category RT02)

1. The TOD (5-8 p.m.) Rate is the standard rate for SMUD’s residential customers. Eligible customers can elect the Fixed Rate under Rate Schedule R as an alternative rate.
2. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.

#### B. Optional Critical Peak Pricing (CPP) Rate (rate category RTC1)

1. The CPP rate is available as of June 1, 2022 for customers who are participating in a qualifying program. Customers that have accepted a storage incentive under certain Solar and Storage Rate incentive programs are required to enroll in this rate for a duration as determined by SMUD program rules posted on [www.smud.org](http://www.smud.org).
2. A maximum of 30,000 customers may be enrolled in this rate at any given time.
3. CPP Events may range from one to four hours, but not more than once per day. CPP Events may be called during any hour of the day during summer months, including holidays and weekends, up to 50 hours per summer. CPP Events may span multiple time-of-day periods.
4. CPP Events will be announced by SMUD a day in advance. However, in the event of a system emergency, announcements may occur the same day as the event.
5. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.

## Residential Time-of-Day Service Rate Schedule R-TOD

### II. Firm Service Rates

#### A. Time-of-Day (5-8 p.m.) Rate

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Time-of-Day (5-8 p.m.) Rate (RT02)</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1547	\$0.1590	\$0.1633	\$0.1678	\$0.1724
Off-Peak <i>\$/kWh</i>	\$0.1120	\$0.1151	\$0.1183	\$0.1215	\$0.1248
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.3279	\$0.3369	\$0.3462	\$0.3557	\$0.3655
Mid-Peak <i>\$/kWh</i>	\$0.1864	\$0.1914	\$0.1967	\$0.2021	\$0.2077
Off-Peak <i>\$/kWh</i>	\$0.1350	\$0.1387	\$0.1425	\$0.1464	\$0.1505

#### B. Optional Critical Peak Pricing Rate

- The CPP Rate base prices per time-of-day period are the same as the prices per time-of-day period for TOD (5-8 p.m.).
- The CPP Rate provides a discount per kWh on the Mid-Peak and Off-Peak prices during summer months.
- During CPP Events, customers will be charged for energy used at the applicable time-of-day period rate plus the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).
- During CPP Events, energy exported to the grid will be compensated at the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).
- The CPP Rate Event Price and discount will be updated annually at SMUD’s discretion and posted on [www.smud.org](http://www.smud.org).

#### C. Plug-In Electric Vehicle Credit (rate categories RT02 and RTC1)

This credit is for residential customers who have a licensed passenger battery electric plug-in or plug-in hybrid electric vehicle.

Credit applies to all electricity usage charges from midnight to 6:00 a.m. daily

Electric Vehicle Credit..... -\$0.0150/kWh

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges.

- Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Rate Option Menu

- Energy Assistance Program Rate.** Refer to Rate Schedule EAPR.
- Medical Equipment Discount Program.** Refer to Rate Schedule MED.
- Joint Participation in Medical Equipment Discount and Energy Assistance Program Rate.** Refer to Rate Schedule MED.

## Residential Time-of-Day Service Rate Schedule R-TOD

### D. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) have a combined nameplate rating less than 100 kW; and
3. The generator(s) are connected to SMUD’s electrical system; and
4. SMUD is required to have resources available to provide supplemental service, backup electricity and/ or to supply electricity during generator(s) maintenance service.

#### Standby Service – January 1 through December 31

##### \$/kW of Contract Capacity per month

Effective January 1, 2023	\$7.713
Effective January 1, 2024	\$7.925
Effective May 1, 2024	\$8.143
Effective January 1, 2025	\$8.367
Effective May 1, 2025	\$8.597

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under the selected residential TOD rate. These charges include System Infrastructure Fixed Charges and electricity usage charges for SMUD-provided power. All energy provided to the customer by SMUD will be billed at the applicable residential TOD rates.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

### F. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org)

### G. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

## Residential Time-of-Day Service Rate Schedule R-TOD

### H. Residential Three-Phase Service Option

This option applies to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the System Infrastructure Fixed Charge.

#### Three-Phase Service – January 1 through December 31

Special Facilities fee per month

Effective January 1, 2023	\$50.45
Effective January 1, 2024	\$51.85
Effective May 1, 2024	\$53.25
Effective January 1, 2025	\$54.75
Effective May 1, 2025	\$56.25

### V. Conditions of Service

#### A. Time-of-Day Billing Periods

<b>Summer (Jun 1 - Sept 30)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Mid-Peak</b>	Weekdays between noon and midnight except during the Peak hours.
	<b>Off-Peak</b>	All other hours, including weekends and holidays <sup>1</sup> .
<b>Non-Summer (Oct 1 - May 31)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Off-Peak</b>	All other hours, including weekends and holidays <sup>1</sup> .

<sup>1</sup> See Section V. Conditions of Service

Off-Peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

### VI. Billing

#### A. Proration of Charges

The electricity usage charge will not be prorated, regardless of the number of days in the billing period or the spanning of multiple seasons. The monthly System Infrastructure Fixed Charge will be prorated when the bill period is shorter than 27 days as shown in the following table. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.

(End)

# DRAFT

## Street Lighting Service Rate Schedule SLS

### I. Applicability

This Rate Schedule SLS applies to outdoor lighting service facilities for:

1. Streets; and
2. Highways, and bridges; and
3. Public parks; and
4. Elementary schools, secondary schools, and colleges.

This schedule covers the following service categories:

- **Customer-Owned and Maintained — Rate Category SL\_COM**
- **Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M**
- **Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM**
- **SMUD (District)-Owned and Maintained — Rate Category SL\_DOM**

For the purposes of the following prices a "month" is considered to be a single billing period of 27 to 34 days.

### II. Customer-Owned and Maintained — Rate Category SL\_COM

Where the customer owns and maintains the street lighting equipment, SMUD will furnish electricity and switching. This rate is available to customers that are not eligible for the default SL\_COM\_M metered rate or as determined by SMUD. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_COM</b>					
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

### III. Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M

Eligible street lighting customers requesting new installations of lamps or additions of new lamps to existing accounts will default to the metered SL\_COM\_M rate. Eligible street lighting customers will be served under the default rate or as determined by SMUD.

Where the customer owns and maintains street lighting equipment, that is controlled to **operate solely during dusk to dawn hours**, SMUD will furnish electricity, the meter, and switching. The charges will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_COM_M</b>					
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$10.70	\$11.00	\$11.30	\$11.60	\$11.95
<b>Electricity Usage Charge</b> <i>All day \$/kWh</i>	\$0.0925	\$0.0950	\$0.0976	\$0.1003	\$0.1031

# DRAFT

## Street Lighting Service Rate Schedule SLS

### IV. Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM (Closed to new customers and installations)

This rate is closed to new customers and installations effective January 23, 2014. Where the customer owns the street lighting equipment and SMUD supplies electricity, switching and, lamp servicing and maintenance, such service will be rendered for lamps and fixtures of sizes and types as SMUD has approved. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_CODM (closed)</b>					
<b>Electricity and Switching Charge \$ per watt of connected load</b>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

There is a separate monthly charge for maintaining each fixture and/or lamp. SMUD maintains a list of acceptable lamps and fixture types with standard ratings and the corresponding monthly maintenance charge.

This service is restricted to SMUD-approved locations.

### V. SMUD (District)-Owned and Maintained — Rate Category SL\_DOM

Where the customer requests that SMUD own, install, operate, and maintain the entire street lighting system, such service will be provided with fixtures and lamps of sizes and types as approved by SMUD. This rate is restricted to streets that are defined as right-of-way held in public trust, and maintained by the applicable governmental jurisdiction. At SMUD’s sole discretion, streets not readily accessible to the general public will be served under the customer owned and maintained rates only.

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based on the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to poles that are used to carry distribution system circuits.

When additional or alternative facilities are installed at the customer’s request, monthly charges will be assessed according to SMUD’s published charge schedule.

#### A. Pricing

Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_DOM</b>					
<b>Electricity and Switching Charge \$ per watt of connected load</b>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

#### B. Relocations and Changes

At the customer’s request, SMUD may, at its sole discretion, relocate existing equipment provided the customer reimburses net expense to SMUD incurred in connection therewith, including appropriate engineering and general expense.

**DRAFT**  
**Street Lighting Service**  
**Rate Schedule SLS**

At the customer's request, SMUD may, at its sole discretion, replace existing equipment with new equipment prior to expiration of the existing equipment's service life, provided the customer pays to SMUD an amount equal to the unrecovered cost, less salvage value, of the existing equipment to be retired and executes a fifteen-year contract for service effective with installation of the new equipment.

**C. New Service**

New service will require an initial contract term of 15 years effective with installation of the service. If service is terminated before the contract term, the customer will be responsible for an amount equal to the unrecovered cost, less salvage value, of the equipment installed.

**VI. Electricity Usage Surcharges**

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**VII. Conditions of Service**

- A.** Service will be alternating current at a frequency of approximately 60 hertz, single phase, at voltages specified by SMUD. Lamps shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
- B.** When a customer requests that SMUD finance as well as install customer-owned street lighting equipment, provisions of Rule and Regulation 2 apply.
- C.** Information on equipment that qualifies for rates on this schedule and the associated monthly charges is available, on SMUD's website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.
- D.** SMUD will furnish a meter to provide service under the metered rate categories.

**VIII. Billing**

**A.** The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

**B. Proration of Charges (SL\_DOM, SL\_COM, and SL\_CODM)**

Billing periods for nonstandard lengths will be billed as follows:

- 1.** Service connected for 15 or more days during a billing period will be billed for a full month's service.
- 2.** Service connected for 1-14 days during a billing period will not be billed for such partial month's service.
- 3.** Service discontinued for 15 or more days during a billing period will not be billed for such partial month's service.
- 4.** Service discontinued for 1-14 days during a billing period will be billed for a full month's service.

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**Street Lighting Service**  
**Rate Schedule SLS**

**C. Proration of Charges (SL\_COM\_M)**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge will be prorated as shown in the following table.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

*(End)*

## Traffic Control Intersection Lighting Service Rate Schedule TC ILS

### I. Applicability

This Rate Schedule TC ILS applies to electric service for the benefit of cities, counties, and other public agencies for pedestrian and vehicular traffic signal units, together with related control devices for the purpose of traffic safety and management and associated intersection lighting where the mounting, standards, control supports, signal equipment, and luminaires are owned and maintained by the customer.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

### II. Rates (Rate Categories TS\_F, TS)

TS_F, TS	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
System Infrastructure Fixed Charge <i>for metering point per month or portion thereof</i>	\$6.36	\$6.53	\$6.71	\$6.90	\$7.09
Electricity Usage Charge <i>All day \$/kWh</i>	\$0.1161	\$0.1194	\$0.1226	\$0.1259	\$0.1294

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD, and at service points mutually agreed upon between the customer and SMUD.
2. Lamps for intersection lighting shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
3. Where the monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD may, with customer's consent, calculate electricity consumed in lieu of providing metering equipment (TS\_F).

### V. Billing

For billing periods of less than 27 days or more than 34 days, System Infrastructure Fixed Charges will be prorated on the basis of the relationship between the length of the billing period and 30 days. No proration will be made on first-time billing when the total period of service is less than 30 days.

(End)

## Traffic Signal Service Rate Schedule TSS (Closed to new customers)

### I. Applicability

This Rate Schedule TSS applies to electric service for pedestrian and vehicular traffic signal units, together with related control devices where the mounting standards, control supports, and signal equipment are owned and maintained by the customer.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Rate (Rate Category SL\_TSF)

#### Monthly Charges

SL_TSF	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
For units not larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per unit</b> per month	\$4.61	\$4.74	\$4.87	\$5.00	\$5.14
For units larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per lamp per watt</b>	\$0.0323	\$0.0332	\$0.0341	\$0.0350	\$0.0360
Total charge per month being not less than	\$4.61	\$4.74	\$4.87	\$5.00	\$5.14

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD.
2. No additional service will be provided by SMUD under Rate Schedule TSS. Upon notification by SMUD and installation of metering facilities, individual accounts will be transferred from Rate Schedule TSS to Rate Schedule TC ILS.

### V. Billing

#### A. Connected Load

“Connected load” as used in this rate schedule shall be the sum of the capacities of all of the customer’s equipment that may be operated from SMUD’s lines at the same time.

#### B. Billing Periods of Nonstandard Length

Billing periods of nonstandard length will be billed as follows:

1. Service connected for 15 or more days during a billing period will be billed for a full month’s service.
2. Service connected for 1-14 days during a billing period will not be billed for such partial month’s service.
3. Service discontinued for 15 or more days during a billing period will not be billed for such partial month’s service.
4. Service discontinued for 1-14 days during a billing period will be billed for a full month’s service.

(End)

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## **Definitions**

### **Rule and Regulation 1**

#### ***Applicant***

A person, corporation, or agency in whose name service is rendered for a particular account as evidenced by the signature on the application, by contract or by verbal request for service. In the absence of a signed instrument, a customer will be identified by the receipt and payment of bills regularly issued in the name of the person, corporation, or agency, regardless of the identity of the actual user(s) of the service.

#### ***Connected Load***

The sum of the rated capacities of all of the customer's equipment that can be simultaneously served by electricity supplied by SMUD.

#### ***Contract Capacity***

A nonvariable maximum kW to be used for customer billing purposes. At SMUD's sole discretion the nonvariable maximum kW may be based on either 1) a customer-tailored rate agreement, or 2) the maximum load a customer can receive based on the following applicable options:

1. Capacity rating of an interconnected, customer-owned generator (Generator Installed Capacity); or
2. Capacity rating of a customer-requested or customer-dedicated transformer (Transformer Installed Capacity); or
3. SMUD sizing of customer-related equipment based on customer's application for service or actual service; or
4. The customer's connected load metered or aggregated at a single point.

#### ***Customer***

The person, corporation or agency in whose name service is rendered for a particular account as evidenced by the signature on the application, contract or verbal request for service. In the absence of a signed instrument, a customer shall be identified by the receipt of bills regularly issued in the name of the person, corporation or agency or the actual user(s) of the service.

#### ***Customer-owned Generation***

An electric generator, owned by the customer, interconnected with, and operated in parallel with, SMUD's facilities.

#### ***Demand***

The delivery of power to the customer at defined point in time and measured in kW.

#### ***Distribution System***

The Distribution System consists of the three voltage classes available to customers, where SMUD provides service below 100 kV. This includes subtransmission service at a voltage level of 69 kV or as otherwise defined by SMUD, primary service at a voltage level of 12 kV or 21 kV, as well as secondary service at a voltage level below 12 kV or at a level not otherwise defined as "primary" or "subtransmission".

#### ***Energy***

The measure of power (kW) over a period of time (hour), referred to as kilowatt-hour or kWh.

#### ***Generator Installed Capacity***

The nameplate rating of a customer-owned generator. For photovoltaic generation facilities, generation capacity is measured using the California Energy Commission Alternating Current (CEC AC) rating. For all other electrical generation facilities, the nameplate Alternating Current (AC) rating will be used to measure generation capacity.

#### ***Heat Pump***

A unit for space conditioning which is capable of heating by refrigeration and which may or may not include the capability for cooling. Heat pumps may utilize auxiliary resistance heating to the extent required by standard design techniques.

#### ***Interval Data***

The meter measures and stores the amount of energy delivered to the customer or the customer's energy usage for fixed intervals of time. The meter records the date and time period of each interval as well.

# DRAFT

## Definitions Rule and Regulation 1

### **Multiplier**

A meter multiplier is applied for locations which have electrical load that is too large for a meter to measure its total usage. In these situations, current and potential transformers are installed allowing a portion of the total usage to be measured. The measured usage is then multiplied by the appropriate amount (the multiplier) to determine the actual kWh used for billing purposes.

### **Nonagricultural Irrigation**

The irrigations of areas such as highway landscaping and golf courses.

### **Peak Demand**

The maximum 15-minute delivery of power to the customer during the defined period, measured in kW.

### **Pole Attachment**

Equipment owned by an external party and attached to a SMUD distribution pole that distributes electricity at less than 50 kilovolts. SMUD approval is required and the external party must pay the actual costs incurred by SMUD to facilitate the Pole Attachment plus ongoing attachment fees. If a Pole Attachment draws energy from SMUD, the applicable rate charges and energy rate shall also apply.

### **Power Factor**

The percent of total power delivery (KVA) which does useful work. For billing purposes, power factor is defined as the ratio of active power (KW) to apparent power (KVA). The formula to determine power factor is:

$$\text{Power Factor} = \frac{\text{KW}}{\text{KVA}}$$

where:  $\text{KVA}^2 = \text{KVAR}^2 + \text{KW}^2$       KW = maximum monthly billing demand      KVAR = maximum monthly billing KVAR demand

### **Power Theft**

*Energy Theft* – The use or receipt of the direct benefit of all or a portion of electrical service with knowledge of, or reason to believe that, a diversion, tampering, or unauthorized connection existed at the time of the use or that the use or receipt was without the authorization or consent of SMUD.

*Diversion* – To change the intended course of electricity without the authorization or consent of SMUD.

*Tampering* – To rearrange, injure, alter, interfere with, or otherwise prevent from performing normal or customary function, any property owned by SMUD for the purpose of providing utility services.

*Unauthorized Connection* – To make, or cause to be made, any connection or reconnection with property owned or used by SMUD to provide utility service without the authorization or consent of SMUD.

*Unauthorized Use* – Unauthorized use is defined as the use of electricity in noncompliance with SMUD's normal billing practices or applicable law. It includes, but is not limited to meter tampering, unauthorized connection or reconnection, theft, fraud, and intentional use of electricity whereby SMUD is denied full compensation for electric service provided.

### **Ratcheted Demand**

The highest kW recorded over the past twelve months.

# DRAFT

## Definitions

### Rule and Regulation 1

#### **Rate Charges**

Charges that may include the following:

*System Infrastructure Fixed Charge* – That portion of the charge for service which is a fixed amount without regard to connected load, maximum demand, or electricity usage in accordance with the rate.

*Site Infrastructure Charge* – That portion of the charge which applies to site-related distribution facilities.

*Maximum Demand Charge* – That portion of the charge which varies with the billing demand in accordance with the rate.

*Summer Peak Demand Charge* – That portion of the charge which varies with the billing demand in accordance with the rate.

*Electricity Usage Charge* – That portion of the charge for service which varies with the quantity of electricity consumed in accordance with the rate.

*Standby Charge* – That portion of the charge for standby service which is a fixed amount based on the maximum load SMUD stands ready to supply in accordance with the rate.

#### **Rating of Installations**

The ratings that are established by the higher of the manufacturer's name-plate rating or actual test, at the option of SMUD.

#### **Reserved Capacity Charge**

The charge assessed when a customer operates a combined heat and power facility interconnected to SMUD's system and SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator maintenance service.

#### **Resistance Heating**

Any apparatus employing the resistance of conductors to transform electric energy into heat.

#### **Site Infrastructure Charge**

A component of SMUD's monthly billing for most commercial customers which is presently based on the twelve months maximum demand. This charge is levied to cover the fixed cost of capacity related facilities such as transmission and distribution facilities.

#### **Subordination**

The process by which a creditor is placed in a lower priority for the collection of its debt from its debtor's assets than the priority the creditor previously had.

#### **Summer Peak Demand Charge**

A component of some of the time-of-use (TOU) rate bills to recover, levied during the summers months of June through September based on summer peak hours that are specified in the Commercial Industrial rate schedules.

#### **System Infrastructure Fixed Charge**

The monthly flat rate charge that covers a small portion of the shared fixed costs necessary to run SMUD operations, including service drops, transformers, trucks, and the customer call center. All SMUD customers contribute and benefit from the upkeep of these services and resources.

#### **Transformer Installed Capacity**

The power handling capability of a customer-requested or customer-dedicated transformer with an assumed unity power factor; expressed in kVa.

(End)

## Adjustment for Errors in Electric Bills Rule and Regulation 10

### I. Investigation of Billing Error

Whenever the correctness of any bill for electric service is questioned, SMUD will cause an investigation to be made. Where the bill is questioned by the customer, SMUD may require such customer to deposit the amount of such disputed bill as evidence of good faith. Bills that do not reflect the correct charges for electric service actually rendered to the customer in accordance with applicable SMUD electric rates shall be adjusted to a correct basis as determined by SMUD's investigation.

### II. Adjustment of Bills for Billing Error

A billing error is a bill that does not reflect the correct charges for electric service rendered to the customer, which may include but is not limited to incorrect meter reads or clerical errors such as applying the wrong rate and/or rate option, wrong billing factor or an incorrect calculation. Billing error does **not** include a meter error or unauthorized use; switch or mismarked meters by other than SMUD; improper customer wiring; inaccessible meter; failure of the customer to notify SMUD of changes in the customer's equipment or operation; or failure of the customer to take advantage of a rate or condition of service for which the customer is eligible and has been given notification through a bill insert.

Where SMUD overcharges or undercharges a customer as a result of a billing error, SMUD may render an adjusted bill for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, for the period of the billing error, but not to exceed three years from the date of discovery in the case of an undercharge or overcharge.

### III. Adjustment of Bills for Meter Error

Adjustments to bills for meter error shall be made in accordance with the provisions of Rule and Regulation 17.

### IV. Adjustment of Bills for Unauthorized Use

Where SMUD determines that there has been unauthorized use of electrical service, SMUD may bill the customer for SMUD's estimate of such unauthorized use.

#### a. Residential Customers

The Fixed Rate (see Rate Schedule R) may be used for the collection of revenue associated with unauthorized use of residential electrical service regardless of the date(s) or time(s) in which the use occurred.

#### b. Non-Residential Customers

The applicable rate, including revenue associated with demand charges, electricity usage charges and power factor adjustment or waiver charges will be used for the collection of revenue associated with unauthorized use of non-residential electrical service, in addition to the applicable System Infrastructure Fixed Charge as appropriate, regardless of the date(s) or time(s) in which the use occurred.

Nothing in this rule shall be interpreted as limiting SMUD's right under any provisions of any applicable law.

### V. Limitation on Adjustment of Bills for Energy Use

For any error in billing not defined as a billing error, meter error, or unauthorized use, SMUD is not required to adjust the bill. However, any billing adjustment not specifically covered in the rules and regulations for an undercharge or overcharge shall not exceed three years from the date of discovery.

Where information required for correct billing is not subject to exact determination or is questioned, SMUD shall make such estimates as may be necessary by means of tests, analysis, or inquiry in a manner and to the extent SMUD considers appropriate in the circumstances.

*(End)*

## Service to Premises and Use of Energy Rule and Regulation 18

### I. General Statement of Rule

SMUD's rates are based upon supplying service in the manner described below. In order to render electric service to all customers at standard rates and under equitable and nondiscriminatory service conditions SMUD will:

1. Meter directly all premises that have separate street or mall entrances and/or exits.
2. Not permit customers to resell electricity that SMUD supplies.
3. Require ready access to all meters and service equipment.

### II. Definitions

**Premises** means all structures, apparatus, or portions thereof occupied or operated by an individual, a family, or a business enterprise, and situated on an integral parcel of land undivided by a public highway, street, or railway.

**Resell electricity** is the resale of electricity for profit.

**Central system** is defined as, but not limited to, air conditioning, heating, domestic hot water, compressed air, fire or security alarms, or an energy management system.

### III. Exceptions to Requirement That SMUD Serve All Premises Directly

1. A customer may obtain nonresidential service at a single point of delivery for two or more premises operating as a single enterprise, adjacent to each other but separated only by streets, railways, or highways if the customer provides and maintains the necessary electrical facilities between SMUD's point of delivery and the electrical apparatus in accordance with the applicable statutes, ordinances, or regulations of the governmental agencies having jurisdiction thereof, and in such a manner that the convenience of SMUD and the safety of its personnel are not adversely affected.
2. Customers for which master metering was authorized prior to August 1, 1978, may continue to obtain service at a single point of delivery through a single metering installation for two or more single-family dwelling units in the same building or for two or more multifamily dwelling buildings, provided such buildings are adjacent to each other on an integral parcel of land undivided by a public highway, street, or railway. After August 1, 1978, all multifamily residential premises will be metered individually.
3. A building, a portion of a building, a group of buildings, or an automobile trailer camp containing more than one premises will receive service through a single point of delivery if SMUD determines that it is not reasonable or feasible to serve each premises directly.
4. A separate single meter may be used for a building's central system that serves more than one premises. When exceptions as described above are granted, the cost of electric service may be included in the rent.
5. Submetering for nonbilling purposes will be allowed for use in production measurement or budget allocation, with the prior approval of SMUD.

### IV. Exceptions to Prohibition on Resale of Electricity

1. Mobile home parks for which submetering was permitted prior to August 1, 1971, and for which electric service is included in the facilities furnished to their tenants, may employ submetering equipment as a means of reselling SMUD electricity by retroactively adjusting rental charges for energy consumption, provided that the portion of such charges allocable to electricity will be charged the RSMM rate. Specifically, the mobile home park master-meter customer may resell electricity to their submetered tenants provided the following conditions are met:
  - a. The tenants shall be charged the RSMM rate.
  - b. The mobile home park shall bill each tenant for electricity use based on the tenant's submeter. The tenant's bill shall be generally in accordance with the form and content of SMUD bills, and include the amount of usage metered for the billing period, include the beginning and ending meter readings, and the amount of the bill.
  - c. Discounts for low income and medical equipment shall be passed through to the qualifying tenant; net metering discounts under Rate Schedule NEM shall be passed through to tenants.

## Service to Premises and Use of Energy Rule and Regulation 18

d. The mobile home park shall post SMUD's applicable rate schedule(s) in a conspicuous place on the mobile home park's premises.

2. Electric utilities and governmental agencies may submeter and resell electricity supplied to them by SMUD.

### V. Enforcement

SMUD reserves the right to verify any submetering program, associated records and submetering bills for the purposes of determining compliance with SMUD's Rates, Rules and Regulations.

Customers who are receiving service in conflict with this rule and who fail to bring themselves into conformity within a reasonable time after receiving written notice from SMUD shall have their service discontinued.

*(End)*

President Sanborn then called for statements from the public regarding items not on the agenda.

Steve Uhler stated that he was concerned the California Energy Commission (CEC) has not adopted or verified SMUD's Renewables Portfolio Standard (RPS) for 2017-2020. He referenced the case *Fong v. PG&E* 1988 and encouraged SMUD to prod them along to determine whether SMUD is meeting the standard. He then asked the Board to assist him in his quest to determine the viability of hourly tiers. He stated his belief that smart meter data was underutilized. He stated he would like to know the procedure for getting on the agenda so that he could give a more in-depth presentation on how to get a more equitable rate system.

No further business appearing, President Sanborn adjourned the meeting at 8:02 p.m.

Approved:

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President

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Secretary

STATE OF CALIFORNIA  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
BOARD OF DIRECTORS MEETING

REPORTER'S TRANSCRIPT OF  
SMUD SPECIAL BOARD OF DIRECTORS MEETING  
PUBLIC RATE HEARING

**CERTIFIED**

Meeting held  
Wednesday, August 30th, 2023  
6:00 p.m. to 7:58 p.m.  
at  
SMUD Headquarters Building  
6201 S street, Auditorium  
Sacramento, California

--oOo--

Reported by CHERYL L. KYLE, CSR No. 7014

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PUBLIC RATE HEARING

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INDEX OF APPEARANCES

SMUD BOARD OF DIRECTORS:

- Ward 7: HEIDI SANBORN, President
- Ward 4: ROSANNA HERBER, Vice President
- Ward 1: BRANDON D. ROSE
- Ward 3: GREGG FISHMAN
- Ward 5: ROB KERTH
- Ward 6: DAVE TAMAYO

SMUD STAFF:

- PAUL LAU, CEO and General Manager
- LAURA LEWIS, Chief Legal & Government Affairs  
Officer and General Counsel
- JENNIFER DAVIDSON, Chief Financial Officer
- BRANDY BOLDEN, Chief Customer Officer
- ALCIDES HERNANDEZ, Manager, Revenue Strategy
- JOSUE GARCIA, Technical Support
- TONI STELLING, Executive Assistant
- And other SMUD staff

PUBLIC COMMENT SPEAKERS:

- Steve Uhler
- Mark Graham
- Ramona Landeros, Benito Juárez Association
- Maria Rangel, Benito Juárez Association
- Roger L. Blackwell
- Guillermo Miralrio, Benito Juárez Association
- Robin Durston
- Alfonso Caro, Benito Juárez Association
- Tina Seatris
- Mariela Garcia, Benito Juárez Association
- Juanita, Benito Juárez Association

IN-PERSON AND REMOTE ATTENDANCE:

Members of the public

--oOo--

PUBLIC RATE HEARING

1 (Meeting commenced at 6:01 p.m.)

2 (Proceedings held, not transcribed.)

3 --oOo--

4 (Public hearing opened at 6:05 p.m.)

5 PRESIDENT DIRECTOR SANBORN: So at this  
6 time, I would like to open the public hearing.

7 Before taking public comment, there will  
8 be several presentations. First, we're going to  
9 have presenters Jennifer Davidson, Chief Financial  
10 Officer; and Alcides Hernandez, the manager of  
11 Revenue Strategy. Jennifer and Alcides will make  
12 their presentations at this time.

13 So we'll go ahead and start with Jennifer  
14 and Alcides. Welcome.

15 SMUD CFO JENNIFER DAVIDSON: Thank you,  
16 President Sanborn. Welcome and thank you for you  
17 all sharing your evening with us at our rate  
18 hearing.

19 So Alcides will be covering the full  
20 proposal, but I really wanted to come up here and  
21 briefly make a few comments as SMUD's Chief  
22 Financial Officer. I wanted to highlight some of  
23 the points about our business, the economy as it  
24 relates to our rate proposal.

25 First of all, the overall economy, we have

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1 all felt firsthand the impacts of inflation on our  
2 life. Economists use the words "persistent,"  
3 "pervasive," and it's the same for SMUD.

4 SMUD has seen in all parts of our business  
5 sharp increases in the cost of goods, services,  
6 energy, the things that we need to keep the lights  
7 on safely, reliably, and to make continued  
8 investments in our grid. And while inflation has  
9 somewhat tamed, it still exists, and prices are  
10 increasing on top of the very sharp increases we  
11 experienced the last two years.

12 A few examples: 72 percent increase in  
13 costs and distribution substation transformers;  
14 40 percent increase in costs for other substation  
15 equipment; 40 percent increase in costs for line  
16 transformer; 24 percent increase for poles and so  
17 on.

18 So in spite of these many cost increases,  
19 we have worked very hard to keep our rate increase  
20 as low as possible. And you'll see evidence of this  
21 in the presentation that Alcides is going to share.

22 Alcides will show what other utilities  
23 have either proposed as rate increases or that  
24 they've already enacted, and you're going to see  
25 that our proposal in comparison to those is much

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1 lower than most. And that is because for all the  
2 cost increases that we've had to bear, we've also  
3 looked very hard to find offset cost savings so that  
4 we can have a lower rate proposal for our customer.

5 So the rate proposal that Alcides is going  
6 to share with you is a carefully planned and  
7 thoughtful proposal. It delivers on our commitment  
8 to provide safe and reliable power. It's in  
9 compliance with many State regulations, and it keeps  
10 our rate increase within the rate of inflation and  
11 also among the lowest in the state.

12 So with that, Alcides.

13 SMUD MANAGER ALCIDES HERNANDEZ: Good  
14 evening, Directors, President Sanborn, and general  
15 public. Thank you for being with us tonight at the  
16 public hearing.

17 As you may remember, we started this  
18 process over a month ago, and I just want to walk  
19 you through each of the step of that process, the  
20 recommendation that we bring before you, and some of  
21 the feedback that we hear so far over the past close  
22 to three months.

23 I just also want to remind that once we  
24 close the public hearing, the Board will take action  
25 on introducing the draft rate resolution and also

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1 that will be up at the special board meeting, part  
2 of this meeting.

3 And just also a reminder that as we go up  
4 through this public process, it's part of the role  
5 of the Board to listen, here the feedback from the  
6 public, and prepare for that decision next month.  
7 It's going to be on September 21st.

8 So with that, here on the screen, as you  
9 can see, we have the timeline. I said earlier --  
10 and Jennifer made reference to it -- that we started  
11 the process in April.

12 Some of you recall that we brought several  
13 recommendations at the time including options of  
14 rate increases. We also brought the Energy  
15 Assistance Program Rate Stabilization Fund. Also  
16 both of those two made it to the proposal. And we  
17 have a third proposal at the time regarding the  
18 System Infrastructure Fixed Charge that we committed  
19 to bring at the next rate action in 2025.

20 And with that, we hosted the meeting on  
21 June 14, and we released the GM Report. We call it  
22 the General Manager -- CEO and General Manager's  
23 Report. We call it, in short, GM Report. We  
24 released that on June 15. That was the official  
25 kickoff of the rate process. And we have had an

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1 extensive public outreach since then, all the way  
2 through August, and will continue through  
3 September 21st and a few days more after that.

4           Through the middle of that window of time,  
5 you see that we hosted two public workshops on  
6 July 13 and August 3rd. We also had other community  
7 engagement activities including roundtables; we  
8 hosted two. We communicated to over 30 direct  
9 presentations that we actually, in between the ones  
10 that we already hosted and the ones we're still  
11 planning to do through the rest of the month. We  
12 shared information with over 1200 community and  
13 business leaders, sent communications to 55 elected  
14 officials, and 125 community and business partners,  
15 and over 300 commercial customers. We also sent  
16 letters to about 168 government-related entities  
17 including schools and universities.

18           So we have been quite busy these past  
19 76 days or so. And three public notices also were  
20 published between June and July. And as I said  
21 earlier, that is the process. We are here on  
22 August 30th with the public hearing, and I'm going  
23 to walk you through the presentation in the next few  
24 slides. And the Board will vote on this decision at  
25 the September 21st board meeting.

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1           Now, here are our proposed changes, and  
2 they are in numerical order: One, two, three. And  
3 I'm going to walk you through individually each one  
4 of the them.

5           First, the rate increase for all our  
6 customers for the year 2024 and 2025, and I'm going  
7 to provide more details in the next few slides and  
8 just want the Board to know and the public that  
9 before coming and presenting a recommendation of  
10 this nature, we focus on cost savings and also  
11 ensure that these rate adjustments are as minimum as  
12 we can and have as little financial impact on our  
13 customers as possible. And we have kept that in  
14 mind as we developed this recommendation.

15           The second part of the rate recommendation  
16 is about providing an additional discount for our  
17 most vulnerable customers. Those are the ones that  
18 we call Energy Assistance Program Rate customers.

19           And, lastly, every time when we bring a  
20 rate recommendation, we take the opportunity to  
21 review some tariff sheets and miscellaneous changes  
22 that, in general, are minimum impact to most of our  
23 customers. With that, I'm going to dive into the  
24 specifics of the rate proposal.

25           We know that having rate increases is

1 difficult, is never easy. We want to make sure that  
2 when we do this, we have it in a transparent way  
3 that bring this conversation and feedback from our  
4 community.

5           The current state of the economy has  
6 created challenges for everyone including SMUD. So  
7 we have seen increases in compliance requirements,  
8 as well as cause increases in food, services, and  
9 energy prices, and all this have created cost  
10 pressures.

11           As you see on the screen, those are the  
12 four, you can call, buckets of cost pressures that  
13 we see, and I will provide more details shortly.  
14 Those include infrastructure and reliability  
15 improvements to keep our grid; compliance to meet  
16 State requirements; increasing costs for wildfire  
17 prevention and insurance; and improving outage  
18 response management for severe weather events; and,  
19 lastly -- you are familiar with this -- inflation  
20 and supply change pressures.

21           Now, maintaining our world-class  
22 reliability is one of the cornerstones of our  
23 mission. We continue to invest in programs and  
24 services and infrastructure to provide safe and  
25 reliable energy. Here are a few of the areas that

1 we see cost increases.

2           You see that we have infrastructure and  
3 large investments in the neighborhood of  
4 \$370 million through our key projects. Some of  
5 those key projects include new generation and  
6 storage capital projects: the Solano 4 Wind  
7 Turbine, along with solar projects and long-duration  
8 energy storage.

9           We also see increases in substation and  
10 line capacity projects to ensure that the grid  
11 remains reliable. Additionally, spending in our  
12 hydro and thermal generation to ensure greater  
13 reliability and reliability of those generation  
14 units.

15           In order to meet our renewable portfolio  
16 standard -- it normally makes reference to RPS -- we  
17 are investing in more clean energy resources, and  
18 those include an impact of about \$85 million a year  
19 that we see in those type of costs. Those include  
20 power from wind, solar, geothermal, hydropower, as  
21 well as battery storage, and biogas for our  
22 generation.

23           Second component of the rate increase  
24 drivers include wildfire risk and severe weather  
25 events. In that sense, as you have observed,

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1 California has continued to suffer of this severe  
2 events, and we continue to invest in vegetation  
3 management to help reduce the risk of fires.

4           Additionally, wildfire insurance continue  
5 to escalate and increase. Many of us have seen it  
6 in our personal level with our home insurance.  
7 Severe weather events are becoming more common. You  
8 hear the news and what happened specifically here in  
9 California in our territory.

10           So we are investing to improve in our  
11 reliability and visibility into outage response for  
12 this kind of severe events, and also we see  
13 increases in the spending of approximately  
14 \$10 million on top of what we already were doing in  
15 preventing wildfires.

16           Our customers and the community are the  
17 key to creating a carbon-free future. So we're also  
18 investing about \$50 million in customer programs.  
19 Those involve electric vehicles, rooftop solar,  
20 battery storage, and helping our customers electrify  
21 their homes and businesses. So our thought is we  
22 will move toward a zero-carbon future with equity in  
23 mind. This will ensure that no one will be left  
24 behind in this transition and will improve air  
25 quality for all of our region.

1           This is the third slide. It relates to  
2 the rate increase drivers. This is specifically on  
3 inflation. We've seen it in our personal spending.  
4 SMUD is no different. Costs of things have gone up.  
5 We have seen sharp increases in cost of materials,  
6 services, labor, almost everything. And we all  
7 experience issues in our daily life ordering  
8 products and services, and it takes more time now to  
9 get them. To repair a vehicle, it takes more time  
10 now than it used to be.

11           So we're not exempt from those, and it has  
12 caused this global supply chain issue that are  
13 impacting us as well. And even though we have  
14 seemed to have improved, but it still takes more  
15 time than it used to be before we had these issues.  
16 And it is anticipated that it will continue for  
17 several years into the future.

18           This has resulted in higher costs and much  
19 longer lead times for key materials and services  
20 that we use every day. Just to cite an example --  
21 and Jennifer made reference to those -- higher costs  
22 of materials, and, for example, transformers, now it  
23 takes 80-plus lead week times to bring them here to  
24 our area, which requires to order more of those, so  
25 that way we take that into account.

1           And Jennifer made reference to those  
2 significant increases of 72 percent in costs of  
3 distribution substations, transformers, and the time  
4 that it takes to bring them here. Those assets are  
5 essential to keep the lights on and stay reliable.  
6 Also, cost increases of those line transformers and  
7 station equipment by 40 percent. That's  
8 significant. All these numbers are since 2019  
9 through 2023. And, lastly, but not least,  
10 24 percent increase in wood and steel poles. We use  
11 them in almost everything we do in our distribution  
12 system.

13           All of that has an impact of about  
14 \$25 million of additional cost that has been added  
15 to our budget. And definitely these kind of costs  
16 are unavoidable. Now, that's the kind of cost that  
17 we are facing.

18           We keep these proposed rate increases as  
19 low as possible in line with our commitment, and we  
20 are focusing on incorporating operational  
21 efficiencies and savings into everything we do,  
22 including prioritization of things that we do.

23           More than ever we're working to creating  
24 permanent cost reductions, as we see them, and  
25 operational efficiencies. Just to give an overview

1 of that, we saved nearly \$60 million in a  
2 combination of one-time things and other kind of  
3 activities that we do regularly.

4           And one example of those are refinancing.  
5 We refinance our debt with lower interest rates.  
6 That contribution to that \$60 million was almost  
7 half of that. In addition, we have recovered some  
8 costs from the Department of Energy. It relates to  
9 the energy for our -- to the Rancho Seco fuel  
10 storage.

11           We also have another example of our loan  
12 portfolio. We used to have one. We sold it to a  
13 local bank, and, with minimum impact to our  
14 customers, that helped us save operating costs and  
15 also have better service for our customers. Those  
16 are just examples of activities and projects that we  
17 done to reduce costs before we come here before you  
18 asking for a rate increase.

19           Additionally, we have partnered with  
20 agencies in our area which has enabled some projects  
21 to get grant funding. For example, one of those  
22 projects is the Neighborhood Electrification  
23 Project. And we also have pending grant  
24 applications -- it's pending to hear the news  
25 whether we are awarded or not. And they may not

1 help us at this moment with this rate proposal, but,  
2 for sure, they will help us in the future and  
3 mitigate some of those potential future rate  
4 increases.

5 Now, here is the details of the rate  
6 recommendation. I know there are a lot of numbers  
7 here on this slide, and i'll walk you through what  
8 is being shown here.

9 The top part of the recommendation, it  
10 shows the four rate increases that we're  
11 recommending. This will sound repetitive, but for  
12 the purposes of the record, I want to make sure that  
13 this is recorded. It's a 2.75 percent rate increase  
14 four times effective on January 1st of 2024; another  
15 2.75 percent effective in May 1st of 2024; a third  
16 rate increase of 2.75 percent effective of  
17 January 1st of 2025; and the last leg, the fourth  
18 rate increase, it will be a 2.75 percent on May 1st  
19 of 2025. Cumulatively, it will be four rate  
20 increases. It will apply to all customer classes.

21 The second part of the slide, that table  
22 that shows several rows of data, is a demonstration  
23 of what will happen to the different customer  
24 classes. So you'll see on the left side the  
25 different customer types. Residential is the first

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1 row, followed by commercial, and toward the bottom  
2 we have agricultural.

3           And just to walk you through, the  
4 residential is a typical customer of 750 kilowatt  
5 hours a month. The average bill is in the \$131.  
6 The billing impact from this proposed rate  
7 increase -- this has not been approved; it's just a  
8 recommendation -- it will be of less than \$4. You  
9 see there, it ranges from 3.61 in the first rate  
10 increase, to 3.72 in the second, to 3.81, and  
11 closing to 3.92 by the time we have the last rate  
12 increase for a cumulative of about \$15 once we have  
13 all of the rate increases in place.

14           The other examples there, you can see  
15 them for different ranges of commercial customers.  
16 We have from very small hair salons, small offices  
17 to gas stations, and large industrial. So that's  
18 why you see the bills ranging from close to 194 all  
19 the way to several hundred thousand. And you see  
20 the impacts of them is 2.75 percent on the bill.

21           The proposed rate increases for all  
22 customers would be applied on all items on the  
23 monthly bill. Important to know that we have our  
24 low-income Energy Assistance Program Rate -- we call  
25 them EAPR -- and Medical Equipment Discount Rate.

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1 They will continue to see the benefit that they have  
2 through the current discounts, and they see a  
3 slightly lower rate increases because of that. We  
4 have also a recommendation to alleviate the bill  
5 impacts of some of those customers, and I will  
6 describe that later in the presentation.

7 Now, this slide illustrates a comparison  
8 of the cumulative rate increases we have had for the  
9 period of 2021 and projected through 2025 with one  
10 reason in mind. Every time that we bring this rate  
11 increases, we're trying to keep them within the rate  
12 of inflation, and they are necessary to balance our  
13 rates to keep them affordable, maintaining financial  
14 viability, meet our Board's strategic directions,  
15 achieve stable reliability targets, and continue to  
16 provide safe and reliable and affordable power.

17 So the proposed rate increases remain  
18 within our commitment to continue to keep our rates  
19 within the rate of inflation, and we do that in this  
20 recommendation and also continue to support  
21 reliability in new renewable and battery storage to  
22 meet State mandates.

23 You see on the graph the yellow colored  
24 line is the cumulative rate increases from 2021  
25 through 2025, compared to the other line above that,

1 the color in blue, is the Consumer Price Index for  
2 the same period including projections between now  
3 and 2025. We will remain below that, inflation.  
4 You can call the Consumer Price Index inflation, and  
5 it is in line with our commitment. It will be about  
6 20.7, the cumulative rate increases for that period,  
7 compared to the projected inflation, close to 25  
8 percent.

9 Now, Jennifer made a reference in the  
10 introduction that we are not alone in facing these  
11 challenges and these cost pressures. Here is an  
12 overview of how other utilities with rate increases  
13 known in 2022, '23, and '24. It provides you that  
14 overview. You can see the trend and the amounts  
15 that they have increased rates.

16 SMUD has been highlighted toward the left  
17 side of the chart. You'll see that rectangle in  
18 orange or red compared to the other ones to the  
19 right. So we all are experiencing these impacts,  
20 and these kinds of utilities have been recommending  
21 different rate increases. Ours is relatively low  
22 compared to what others have done, and you see  
23 there, on the right side of the chart.

24 None-for-profit community-owned utility,  
25 we have a policy, which is to ensure that our rates

1 remain among the lowest in the state. We're also  
2 providing safe and reliable power. And this chart  
3 illustrates that. It's a benchmark. It's called  
4 Dollars per kWh. It's the measurement of all the  
5 revenue that utilities collect divide in -- from the  
6 rate revenue divided by the total volume of sales.  
7 It's a very typical benchmark used in the industry.  
8 SMUD is highlighted in that orange line toward the  
9 bottom of the chart. You see we remain competitive  
10 and among the lowest in the state as of 2022, the  
11 data that has been officially reported for most  
12 utilities.

13 Now, this part of the presentation -- and  
14 I said earlier -- we have a recommendation about the  
15 benefit that will go toward our most vulnerable  
16 customers, the Energy Assistance Program Rate  
17 customers.

18 With this proposal, we recognize that our  
19 EAPR customers -- I will use that acronym, but it  
20 makes reference to Energy Assistance Program Rate  
21 customers -- will be impacted by the rate increase,  
22 we know, and then especially those in the range that  
23 is highlighted in the orange line there, of zero to  
24 50 percent of the Federal Poverty Level, or FPL, how  
25 we call it in the chart.

1           We look at something that we call the  
2 electric bill burden, which is the measurement that  
3 compares the share of the electric bill compared to  
4 the income of that home, and we noticed that that  
5 group of zero to 50 percent observed an unusual  
6 higher electric bill burden. It means that the  
7 electric bill is a higher share of their income  
8 compared to the rest.

9           So for that reason, we are prioritizing in  
10 making a recommendation to enhance the benefit that  
11 we provide to that group of customers. So the  
12 recommendation is to provide an extra up to \$35 per  
13 month, so it will increase, as you see on the table,  
14 from \$70 currently to up to \$105. And the financial  
15 impact of this recommendation is suspected to be  
16 about \$2 million per year to provide this additional  
17 incentive. So we plan to fund that amount with  
18 non-rate revenue. All EAPR customers will continue  
19 to receive a discount so that will make them  
20 continue to have the benefit keeping their electric  
21 service affordable for the low-income group of  
22 customers.

23           Now I'm switching to the third part of the  
24 presentation, which is about the other rate updates.  
25 Every time we have an opportunity to bring a rate

1 proposal before the Board, we take an opportunity to  
2 look at different tariffs and changes of  
3 miscellaneous updates that need to be made.

4           So we organized this slide in five  
5 buckets. We are making changes to the rate holidays  
6 which is -- to provide you with an overview of what  
7 a rate holiday is. Our rates, most of them, are  
8 time of day. It varies depending on the time and  
9 the season. So when the price is lowest, it's  
10 called off-peak. It's the lowest price. The "rate  
11 holidays" is when the customers see the lowest  
12 price.

13           So in that sense, we are aligning our rate  
14 holidays with the federal holidays. So most  
15 customers will see that off-peak price during those  
16 days just like weekends. In that sense, we are  
17 removing Lincoln's Birthday and adding Juneteenth.  
18 It's the removal of one day, additional another one,  
19 is a net effect on that.

20           Then the Generator Standby Charge is  
21 another area where we look at, and we are taking  
22 this opportunity to clarify that for those customers  
23 that produce their own power, a hundred percent, and  
24 they only use SMUD as their backup service, there  
25 are certain conditions that apply. So we're just

1 clarifying that. There is no impact to solar  
2 customers since they are exempted from these type of  
3 charges.

4 Hydro Generation Adjustment is the third  
5 item that we're including here. We haven't had that  
6 tariff in quite some time now, and it has worked  
7 well. We are adding a Western Area Power  
8 Administration -- we use the acronym WAPA -- to this  
9 hydro generation. We always have had a rate  
10 stabilization fund for that WAPA energy. And when  
11 we have a drought, we tend to use it to balance the  
12 cost of that power. When we have excess water, we  
13 also use it to bring more revenue to that balance --  
14 to that fund.

15 So we're combining them both together,  
16 making it easier to maintain, and also changing the  
17 measuring station associated with the precipitation  
18 levels. So we're moving it, that reference, and  
19 that's changing some of the numbers in the Hydro  
20 Generation Adjustment tariff. That's the high level  
21 of what we're recommendations in the tariff.

22 Another item that we took the opportunity  
23 to look at is something that we call power theft.  
24 It's, in general, trying to be more efficient in how  
25 we estimate the collection of that energy that is

1 considered power theft, so making the process  
2 simpler and also using the same mechanism that we  
3 use already for residential. And we're moving that  
4 language from the residential tariff to one of the  
5 rules to make it simpler that it applies to both,  
6 for the residential and commercial.

7           And, lastly, as you have been here before  
8 these proceedings, we have adopted a number of rate  
9 changes over the years and transitions and things  
10 like that. Some rates, sometimes they just stay  
11 there, and they are closed. We don't have customers  
12 in those rates anymore. So we're taking that  
13 opportunity to remove those rates that are not  
14 effective. They don't impact anybody. They just  
15 make the tariffs cleaner. And then general cleanups  
16 in the sense of language that needs to be updated to  
17 reflect things that -- the way we do the processes  
18 and just to be consistent with that.

19           This covers the three components of the  
20 rate proposal. So as I -- you may recall in the  
21 first -- in the first slide of the presentation that  
22 we have the public community engagement work that we  
23 did and then toward the end we have now the public  
24 hearing. I'm going to walk you through what we have  
25 been doing out there in the community, and what is

1 that kind of feedback that we have heard so far.  
2 We're not done yet. We're still just through the  
3 public hearing, and we have quite a few weeks to go,  
4 but we will get to see where we have been.

5 With that, we want to remind the Board  
6 that every time when we have this public rate  
7 process, we really have engaged in this very  
8 comprehensive public community work, and it's very  
9 extensive, and we look to capture feedback from our  
10 customers.

11 The average window that we have for this  
12 rate process was about 76 days, which is an average  
13 of what we have had over the several rate cases we  
14 have had, and we will continue, as I said earlier,  
15 through September. This slide shows the kind of  
16 fundamentals of the key components of that strategy  
17 that we've been using.

18 We communicated and committed -- committed  
19 and communicated with our customers through this  
20 extensive proactive outreach, offered many options  
21 to have meetings both in-person and virtual.  
22 Tailored presentations, we had those Board -- those  
23 roundtables that we hosted and communicated, also,  
24 meetings with groups in different ways through  
25 emails, social media. And those who have expressed

1 interest with us that we have emails, so we also  
2 communicated through emails with them.

3 So you can see here all the strategy, how  
4 we planned to do that work. In the next slide, I  
5 will walk you through some of the specific  
6 activities that we've been doing.

7 The previously highlighted extensive  
8 outreach effort was supported by this multi-pronged  
9 communications and outreach. We used several  
10 channels -- as I was describing earlier, and you can  
11 see them here on the screen -- from multiple  
12 channels with the purpose of getting feedback. That  
13 has been the main objective of this process. Those  
14 include Internet communications with employees, news  
15 release, fact sheets in at least in two languages,  
16 and more additional venues, that you see here, that  
17 we used.

18 We utilized virtual channels like the web,  
19 digital email, newsletters, and, I said earlier,  
20 social media. And we will continue this work  
21 through at least mid of September and just get ready  
22 for the Board vote on September 21st.

23 As you can see, it's very comprehensive.  
24 We've been working with the community and internally  
25 to make sure that we reach out as many customers as

1 we can.

2           Here's some of the numbers. This slide  
3 shows some of the work that we have done so far.  
4 It's a high level, but it will give you an overview  
5 it. We sent close to 276,000 emails to customers,  
6 provided over 300 community and business  
7 partnerships with information and fact sheets to be  
8 saved with their networks, and reached over 125  
9 organizations through presentations or recordings  
10 from our roundtables, if they were unable to attend  
11 those meetings that we had.

12           We also reached out to local elected  
13 officials with information and reached over 1200  
14 organizations through email, phone calls, or letters  
15 with an offer to host a meeting or share  
16 information.

17           The next slide provides some of the themes  
18 that we heard from our customers. I personally have  
19 been in at least close to ten meetings, and this  
20 summarizes, along with the other close to 20-plus  
21 meetings that we have already covered, and the other  
22 feedback that we have received through the other  
23 channels.

24           You can see here the kind of feedback that  
25 we have received. In general, our customers found

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1 that the proposal is very straightforward, find it  
2 clear, and being appreciative of our outreach.

3           Listed here you will see some of the  
4 examples of some of the feedback we have received,  
5 and I will give you a moment to read through what we  
6 have on the screen. Some of the items are related  
7 to appreciation for the low-income stabilization  
8 fund, about, you know, the balance of the prices  
9 that they see in other products and services out  
10 there.

11           Some of them have -- thinking that this  
12 rate increase was -- I was at a meeting, for  
13 example, they were expressing that some of these  
14 rate increases were already in place and may have  
15 happened because, you know, things have changed,  
16 consumption goes up for some customers.

17           And some, they expressed that SMUD is  
18 going to do what we want, that, perhaps, this is  
19 just going to happen. But it's still a  
20 recommendation. We make that clear to the customer,  
21 that this hasn't been approved and is still part of  
22 that process.

23           We hear something about med rate  
24 customers, that they will be impacted med by this  
25 med -- when I say "med," it's the customers who have

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1 medical devices, and they use a little bit more  
2 electricity than the normal customer that doesn't  
3 have those equipments in their house.

4           And you see the other bullets toward the  
5 bottom that are related to the rate increases and  
6 thanking us for bringing this information to them.  
7 Typical questions also include here we have rebates  
8 and the amounts of those rebates and things like  
9 that, and comments that our rates are lower than  
10 PG&E. I have gone to those meetings, and at least  
11 one customer, I recall a couple of weeks ago, asking  
12 if we were willing to extend our lines and provide,  
13 for example, West Sacramento and things like that  
14 over here. You see here, that's kind of the summary  
15 of the different comments that we received.

16           PRESIDENT DIRECTOR SANBORN: Alcides, can  
17 I ask a quick question?

18           Do you think most people understand that  
19 the two-times-a-year rate increase really totals  
20 5.5? And that's under 8 percent, which is what cost  
21 of living actually increased last year.

22           I guess I'm not -- I'm not sure they're  
23 understanding that the twice-a-year change in the  
24 rate is to soften the change. It's not -- the rate  
25 increase would be the same, so we could still do it

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1 once a year versus twice a year. We're trying to  
2 pace it so we don't have rate shock. So we're happy  
3 to take feedback on that as well. I just want to  
4 make sure people understand that.

5 SMUD MANAGER ALCIDES HERNANDEZ: Yeah, I  
6 did hear, at least at one of the meetings that I  
7 went, one of the customer expressing their  
8 preference to smaller rate increases than a very big  
9 rate increase, so like waiting more and then  
10 suddenly having a higher rate increase. That's, for  
11 example, one of the comments that I heard from one  
12 of the customers.

13 Heading here toward the end of the  
14 presentation, I think this is the last slide. What  
15 happens next is we have ten-days window. We will  
16 have the public review of the draft rate resolution.  
17 And the final decision has already been scheduled on  
18 September 21st at a board meeting like this, the  
19 same location, at 6:00 p.m., and also available via  
20 Zoom for customers who would like to follow us  
21 through that venue.

22 We have a lot of information available on  
23 the website through the GM Report section on  
24 [smud.org/RateInfo](http://smud.org/RateInfo). The email has been available to  
25 receive comments and questions on the proposal.

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1 Those phone numbers are available, and we welcome  
2 definitely any comments or feedback on the proposal.

3 And this is the end of the presentation,  
4 and I think we will be opening to the  
5 comments-and-questions part of the hearing.

6 PRESIDENT DIRECTOR SANBORN: Thank you.  
7 And I want to thank Alcides and Jennifer very much  
8 for their presentation. And, again, I think  
9 Jennifer said it very well at the beginning: Cost  
10 of living went up a lot. We had an 8 percent  
11 increase in inflation last year, and the proposed  
12 staff recommendation on these proposals is  
13 5.5 percent. It's still well under the expenses  
14 that we're all seeing. Everybody is feeling it.  
15 And, of course, we'd love to not even have to raise  
16 rates, but that's the situation we're in.

17 So thank you for the presentation, and  
18 we're very eager to hear from the public. And we're  
19 going to start the hearing. We've had two people  
20 who have requested additional time to provide an  
21 alternative rate proposal. And I believe we're  
22 going to start with Mr. Uhler and then go to  
23 Mr. Graham. And each of them have been given five  
24 minutes, two more than the three that everyone in  
25 the room will get if they did not ask for this extra

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1 time ten days in advance as the two gentlemen have  
2 done.

3 So we will begin with Mr. Uhler, and you  
4 have five minutes. Welcome.

5 PUBLIC SPEAKER STEVE UHLER: Okay. You  
6 finally rejoined me. Wait a second. There is  
7 another step that has to be achieved. I'm doing  
8 something here. Can you see my presentation?

9 PRESIDENT DIRECTOR SANBORN: No.

10 SMUD STAFF JOSUE GARCIA: Mr. Uhler, can  
11 you go ahead and finalize the screen sharing  
12 selection, and it should populate for us.

13 PUBLIC SPEAKER STEVE UHLER: Okay. Let me  
14 make sure.

15 PRESIDENT DIRECTOR SANBORN: And I believe  
16 we did do a rehearsal today just trying to make sure  
17 this went okay, yeah.

18 PUBLIC SPEAKER STEVE UHLER: Okay. Can  
19 you see my presentation?

20 PRESIDENT DIRECTOR SANBORN: Yes.

21 PUBLIC SPEAKER STEVE UHLER: Okay. I need  
22 to remove some of the gizmos because I can't see my  
23 presentation because there's too much on my screen.  
24 Okay. I'll work around this. Why am I also showing  
25 up? I didn't show up earlier today. Okay. I think

1 I've got it now.

2 I'm here to offer -- I'm here to offer an  
3 additional rate structure that has the potential to  
4 replace many of SMUD's current rates.

5 Now, I've based this on presentations you  
6 did in April about the current infrastructure. I  
7 heard pretty much all the Board members wishing to  
8 come up with a way to produce equity when it comes  
9 to the infrastructure charge. So that's the main  
10 feature.

11 They made recommendations, but they gave  
12 you no dollar amounts. They used the data they had.  
13 I believe that they overlooked some data.

14 So the State of California considers some  
15 uses of electricity as essential and shall be  
16 affordable and reliable. Not the -- access to  
17 affordable electricity for essential uses is not the  
18 same for all customers.

19 In the past, utilities -- electric  
20 utilities ensured affordability by using rate tiers.  
21 Tiers were set monthly. Today, they can be set  
22 hourly.

23 Consider feeding a child their dinner when  
24 the parent's only choice is to do so between 5:00  
25 and 8:00. Tiers set hourly could allow an amount of

1 energy that is affordable for essential uses.

2           If you stay below the usage of the first  
3 tier, you avoid large billing increases. If you go  
4 above, the higher rate would recover additional  
5 costs for grid demand.

6           A demand is not -- in an alternating  
7 current system is not measured in watts. The  
8 voltage/current relationship when not in phase  
9 causes wasted energy. Measuring watts does not  
10 capture this wasted energy. The volt-amps -- hang  
11 on here. You're taxing my processor here. The  
12 volt-amps is a measure of demand. There's a right  
13 triangle method for calculating that.

14           So modern electronic meters allow a  
15 time-based rate, the ability to offer  
16 time-of-day-rate tiers and measure volt-amps. By  
17 using volt-amps and power factor, better equity  
18 among SMUD customer/owners will be achieved.

19           Not all the meters will measure that.  
20 SMUD should send some of them back to school to get  
21 the smarts required to measure that.

22           New laws, new opportunities. The Energy  
23 Commission's load management standard provides the  
24 opportunity to adjust rates at any time. No need to  
25 wait for the next rate changes proposed by the

1 general manager.

2 I have some reading materials to  
3 demonstrate some capabilities that I believe SMUD  
4 has overlooked. We'll take a look at one of your  
5 worst days in 2022 that brought on the request for  
6 Emergency Order for the Federal Power Act. So let  
7 me go back here again. Get it up in a better  
8 condition.

9 We have what went on on that day. You can  
10 cruise through here. You see the bars move around.  
11 My hope is you'll see in there what we could afford  
12 to give to all of our customers at a reasonable  
13 rate, not at the market rate or time-of-day rate.  
14 That would be one aspect of it. You can go through  
15 here and see what you're getting for BPA, Bonneville  
16 Power, and see who you are competing with.

17 But my main point is you appear to not be  
18 using smart-meter data. I can't see any clock, so I  
19 guess I got a minute.

20 PRESIDENT DIRECTOR SANBORN: You have,  
21 yeah, just under a minute.

22 PUBLIC SPEAKER STEVE UHLER: Yeah.

23 What I want to offer -- and you could  
24 probably confer with -- well, you should confer with  
25 Frankie McDermott because I worked under him at NEC,

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1 and I worked directly -- reported to Ken Grove.

2 But a similar system like this, Ken Grove  
3 ventured to say, that was the reason why they stayed  
4 open while they shut a newer plant overseas.

5 Please allow the public to be involved in  
6 this rate structure. You can't act on it today  
7 here, but please see that a point is put into the  
8 rate process for you to act on during this period  
9 that says you'll make at least one rate structure  
10 that is of this type that is voluntary.

11 And I'll use all these techniques that  
12 I've tried to describe rapidly here. Hopefully  
13 you'll be able to look at those and know why I'm  
14 doing it --

15 PRESIDENT DIRECTOR SANBORN: Okay.

16 PUBLIC SPEAKER STEVE UHLER: -- to produce  
17 this rate structure.

18 PRESIDENT DIRECTOR SANBORN: Mr. Uhler, we  
19 did give you five minutes. We gave you an extra  
20 two, and we've received all of your documents in  
21 writing as well, and I believe that's all posted on  
22 the website as well so anybody can read it.

23 Thank you very, very much.

24 PUBLIC SPEAKER STEVE UHLER: Yeah. Yeah,  
25 please be aware that the public didn't have access

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1 until earlier today.

2 PRESIDENT DIRECTOR SANBORN: Okay.

3 Well --

4 PUBLIC SPEAKER STEVE UHLER: So many of  
5 them don't even know that I'm presenting.

6 PRESIDENT DIRECTOR SANBORN: Mr. Uhler,  
7 we're going to move on to our next speaker. Thank  
8 you so much for your time.

9 And I believe now we have Mr. Graham, and  
10 he is here with us in the room.

11 Welcome, Mr. Graham.

12 PUBLIC SPEAKER MARK GRAHAM: Good evening,  
13 Directors and staff. My name is Mark Graham. I  
14 live in Elk Grove. Thank you for this opportunity.  
15 I especially appreciate the directors who have  
16 replied to my emails.

17 I sent you my report and recommendations  
18 on alternatives to the rate changes proposed by the  
19 general manager a week ago, and two days ago I sent  
20 you a revised version. Please consider them. For  
21 any SMUD customer who wants to read my report and  
22 recommendations, they are on the SMUD website.

23 I sent you my slides too. Please ask me  
24 questions when I am done. You are allowed to.

25 Rates and taxes. Your proposed rates are

1 taxes because they fit the definition of a tax in  
2 Article XIII C of the California Constitution.

3 All of the mistakes which will made in the  
4 original time-of-day rates remain in the current and  
5 proposed rates because every rate action since then  
6 has increased the rates and has not changed the  
7 structure.

8 I showed you case law saying electric  
9 rates really are imposed, citizens for Fair REU  
10 Rates v. City of Redding. It means your statement  
11 on page 76 of your GM Report about rates not being  
12 imposed is incorrect.

13 Your proposed rates do not fit any of the  
14 exceptions to the definition of a tax. The only one  
15 they might fit is E-2, which is when the rate --  
16 charges do not exceed the reasonable cost of  
17 providing the service. But they do exceed your  
18 reasonable cost by about 10 percent because of the  
19 scalar you put into the original time-of-day rates.  
20 You have kept it ever since. It is all in my  
21 report.

22 Your tax is a special tax, and special  
23 taxes require two-thirds vote or approval,  
24 Article XIII C Section 2(d). Your proposed rates  
25 are based on your predetermined budgets. You cannot

1 do this. They have to be based on your quantified  
2 costs. Capistrano Taxpayers Association v. City of  
3 San Juan Capistrano, Court of Appeals, 2015.

4           You need a legal and factual basis, a cost  
5 basis, for your proposed rates. At the 2019  
6 hearing, staff falsely claimed that the proposed  
7 rates were entirely based on your embedded costs  
8 contradicting everything in the CEO and General  
9 Manager's Report, which said that the rates were  
10 based on your marginal costs. The Board accepted  
11 this misrepresentation without question. Do not  
12 accept it again today. You do not have any budget  
13 documents about embedded costs. The CEO and General  
14 Manager's Report does not even mention your embedded  
15 costs, let alone claim that your rates are based on  
16 it.

17           The SMUD rates team has admitted that the  
18 proposed rates may include industry-standard  
19 practice which may or may not include utilities from  
20 other states and CPUC regulated utilities, but both  
21 of those play by different rules, and neither one is  
22 bound by Article XIII C.

23           Expense data. Your expense data for the  
24 previous two years and projections for the two years  
25 following are incomplete. The categories do not

1 even match.

2           You met the FERC reporting requirement,  
3 F-E-R-C, but you violated the Public Utilities Code,  
4 Section 14403.3(e). You cannot raise rates based on  
5 an incomplete General Manager's Report.

6           Smart Meter Opt Out Program, for ten  
7 years, SMUD has been concealing the Smart Meter Opt  
8 Out Program and the analog meter option. In 2011,  
9 SMUD removed 600,000 smart meters from your  
10 customers and supposedly recycled them. You  
11 installed dangerous smart meters, smart electric  
12 meters, which transmit electromagnetic radiation  
13 constantly into your customers' homes.

14           Dozens of your customers complained, and  
15 in 2012 the Board created a Smart Meter Opt Out  
16 policy.

17           I'm way ahead on these slides.

18           You amended it in 2013 to add an analog  
19 meter option with no antenna and no radiation, but  
20 you have concealed it and never publicized it.

21           Recommendation. Fully publicize the Smart  
22 Meter Opt Out Program and the analog meter option.  
23 Put an easily visible notice on the SMUD home page,  
24 an article every quarter, and a notice every month  
25 in the Connections newsletter -- hold on -- in the

1 Connections newsletter, and a one-sentence notice on  
2 page 1 of the electric bill, all showing the opt out  
3 page program on your website.

4 Cost justification. SMUD has failed to  
5 answer my repeated question: What is cost  
6 justification? I think you have to show your total  
7 marginal costs in terms of dollars per kilowatt  
8 hour, the same units as are in the rate resolution  
9 and on the electric bill.

10 These slides here are showing a decision  
11 from the Court of Appeals for the Third Appellate  
12 District that say that the electric rates really are  
13 imposed, so Prop. 26 does apply and Article XIII C  
14 does apply.

15 The GM Report only refers to a 2022 rate  
16 costing study for your justification, but that study  
17 only shows that your costs went up, and it does not  
18 say by how much they went up. SMUD has been running  
19 large annual surpluses for years in terms of changes  
20 in net position, your debt service ratio, and number  
21 of days of cash on hand. Your ratios exceed those  
22 of PG&E.

23 Thank you, Madam President.

24 PRESIDENT DIRECTOR SANBORN: Appreciate it  
25 that you kept your five minutes, and I know you had

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1 a lot to say.

2 Yes, of course.

3 DIRECTOR ROSE: Mark, thank you for  
4 coming. And I have a question for Steve, too, thank  
5 you as well.

6 What is your alternative proposal, right?  
7 We've had this discussion for several years now,  
8 that you believe we're violating Prop. 26. But this  
9 time is for an alternative proposal, so I'm not sure  
10 exactly what you're proposing.

11 Steve was proposing a demand charge as an  
12 alternative.

13 PUBLIC SPEAKER MARK GRAHAM: I appreciate  
14 the question, Director Rose.

15 All of my recommendations for alternatives  
16 are in my report and recommendations. I originally  
17 sent it to you a week ago today and then a revised  
18 version on Monday two days ago.

19 But, I'll tell you, the one that I had on  
20 the slides today is take your current rates, back  
21 out the scalar, which was originally set at  
22 9.2 percent when you created the time-of-day rates.  
23 The scalar has been increased every time that you've  
24 increased rates since then, okay, 2019, 2021 you did  
25 rate actions.

1           And once -- and the reason for it is the  
2 scalar is not part of your reasonable cost. It's  
3 not a marginal cost. So once you've backed out the  
4 scalar, which I'd estimate right now is about  
5 10.5 percent, then apply the proposed 2.5 -- 2.75  
6 percent increases, as the CEO and GM Report  
7 proposes. That's for the next couple of years.

8           But I also had a recommendation about, you  
9 know, having some money in the budget to publicize  
10 the Smart Meter Opt Out Program. It's not going to  
11 cost you any more money, but you do need to provide  
12 the expense data for the previous two years and the  
13 projected two years coming forward.

14           And you need to cost justify your rates.  
15 With all due respect, the rate design study -- this  
16 is in my report -- RT02 rate design study, which was  
17 done for the original time-of-day rates, it showed,  
18 in terms of dollars per kilowatt hours, this is our  
19 components of marginal costs, and this is our total  
20 marginal costs. And those numbers were placed  
21 directly into the rate resolution that this Board  
22 voted on, and those became the original rates.

23           Right now we have a 2022 rate costing  
24 study, and I've read it. I hope that each Director  
25 will read it before your vote. And with all due

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1 respect, there are a lot of numbers in there, but it  
2 does not state your costs in terms of dollars per  
3 kilowatt hours, which, again, those are the units  
4 used in the rate resolution and on the customer's  
5 bills.

6 I appreciate your question, Director.

7 SMUD GENERAL COUNSEL LEWIS: President  
8 Sanford, may I make a comment, a brief comment, in  
9 response just for the record.

10 PRESIDENT DIRECTOR SANBORN: Please.

11 SMUD GENERAL COUNSEL LEWIS: Mr. Graham's  
12 presentation, he does reference a Redding case.  
13 That case was overturned by the California Supreme  
14 Court, so the issue of whether our rates are imposed  
15 has not been decided. And the Court did not have to  
16 decide it because in that Redding case, it  
17 determined that Prop. 26 does not apply with respect  
18 to utility rates as long as the utility rates do not  
19 exceed the reasonable cost providing service, which  
20 includes both our marginal and our non-marginal  
21 costs.

22 Mr. Graham did refer to the scalar.  
23 Again, that is correct. That was a mechanism that  
24 we applied in 2017 when we transitioned the  
25 time-of-day rates, and that was necessary to ensure

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1 that we were able to recover our total revenue  
2 requirement, again, our marginal costs as well as  
3 our non-marginal costs. The use of a scalar is  
4 common practice with utilities. I understand  
5 Mr. Graham disagrees.

6 He does have a pending litigation on this  
7 issue currently, and he's free to pursue that. We  
8 will vigorously defend our rates, back then and now,  
9 as complying with Prop. 26.

10 PRESIDENT DIRECTOR SANBORN: Thank you  
11 very much for explaining that.

12 PUBLIC SPEAKER MARK GRAHAM: May I,  
13 Madam President, very briefly?

14 PRESIDENT DIRECTOR SANBORN: Briefly.

15 PUBLIC SPEAKER MARK GRAHAM: I know what  
16 happened with that Redding case, and it did go to  
17 the California Supreme Court. And the thing is it  
18 was overturned on other grounds.

19 But the part of the opinion, which I  
20 quoted to you and it's in my report, about our  
21 electric rates imposed or are they not imposed, that  
22 was not overturned. That was left in place by the  
23 Supreme Court of California and stands as case law  
24 today. I have not seen any contrary case law from  
25 SMUD or your staff.

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1           PRESIDENT DIRECTOR SANBORN:   Okay.

2           If that's -- did that --

3           Do you want to say anything else?

4           And that will be the end of that unless  
5 the Board members have another thought.

6           GENERAL COUNSEL LEWIS:   We -- I disagree  
7 with his analysis.

8           PRESIDENT DIRECTOR SANBORN:   Okay.   That's  
9 what I thought.

10          Thank you very much.

11          PUBLIC SPEAKER MARK GRAHAM:   Thank you.

12          PRESIDENT DIRECTOR SANBORN:   Okay.   So at  
13 this point we're going to -- unless the Board  
14 members want to say anything else, ask any more  
15 questions of Mr. Uhler and Mr. Graham.

16          We'll go ahead and move on to our public  
17 comments on the GM's Report.   And we'll start with  
18 Ramona Landeros.

19          I believe you're here to speak on the  
20 rates, yes.   Welcome.

21          PUBLIC SPEAKER RAMONA LANDEROS:   Thank  
22 you.   Good evening.

23          PRESIDENT DIRECTOR SANBORN:   You have  
24 three minutes.

25          PUBLIC SPEAKER RAMONA LANDEROS:   Good

1 evening. Before we even get started, I would just  
2 like to acknowledge -- since I noticed there was no  
3 land acknowledgement -- just acknowledge the land we  
4 stand on, which is the land of the Nisenan, the  
5 first people of this state. Thank you.

6 Ramona Landeros, former trustee for Twin  
7 Rivers Unified School District. I'm also the  
8 founder of the Benito Juárez Foundation in North  
9 Sacramento. We are 300-plus members in the  
10 community. Many of our members are of low wealth.  
11 Many are your hotel workers, your maids, your  
12 nannies, your gardeners, your restaurant workers,  
13 and, most importantly, our farm workers.

14 Difficulty -- many of them have had  
15 difficulty in accessing the website because it's not  
16 in Spanish. And so when we did -- when we had an  
17 outreach, we were able to find out some information  
18 that was crucial to our community.

19 As a former farm worker, I can tell you  
20 that there's been many times when there has been no  
21 work. I know many people in our community who are  
22 barely able to afford to live in the high rents that  
23 they live in. We have many families two families to  
24 an apartment living together because the rent is  
25 extremely high. So many families cannot even afford

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1 to take their children to this beautiful science  
2 museum of SMUD because it is very expensive and also  
3 because our families either choose to pay your bill  
4 or to take your children to a museum.

5 So when you've asked in our community to  
6 accept the several rate hikes coming over the next  
7 two years, this is just not something that we can  
8 get behind. Many families are already struggling  
9 just to make the bills, just to make the ends meet  
10 right now.

11 So I'm asking you to please consider  
12 voting no on the rate hikes because it's going to  
13 affect our most vulnerable communities in north --  
14 around Sacramento and especially in the north area.

15 I know we have other solutions. That's  
16 what we'd like to see. We'd like to see other  
17 solutions, lower energy. We have a problem with  
18 shade. There's no -- there's very few trees in our  
19 area in many of the places because they're renters,  
20 they're not able to get trees plants because you're  
21 not a homeowner. So we need shades for everybody  
22 not just for those that are homeowners.

23 And, you know, with SMUD making the amount  
24 of money that it makes per year in the -- over a  
25 billion, we really, in all fairness, we can -- and

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1 good conscious, we cannot support this rate hike.  
2 It's going to affect our most vulnerable  
3 populations. Thank you, again. Good evening.

4 PRESIDENT DIRECTOR SANBORN: Thank you for  
5 your comments.

6 I do just want to say we are a nonprofit,  
7 and I'd love to work with you on planting trees in  
8 north area because that's my ward, and I'd love to  
9 talk to you afterwards. Maybe we can find some --

10 PUBLIC SPEAKER RAMONA LANDEROS: Yes, I  
11 definitely have my finger on the pulse of the areas  
12 where we definitely need trees. And, you know, we  
13 have no water parks in the North Sac area for our  
14 children. And the majority of our students that go  
15 to Twin Rivers do live in the Del Paso Heights/  
16 North Sacramento area. And so I appreciate that,  
17 Ms. Sanborn. Thank you.

18 PRESIDENT DIRECTOR SANBORN: Yes, I'll be  
19 in touch. Thank you.

20 Our next presenter will be Maria Rangel.  
21 Is she here, Maria?

22 PUBLIC SPEAKER MARIA RANGEL: I need an  
23 interpreter.

24 UNIDENTIFIED SPEAKER: She needs an  
25 interpreter. Can somebody --

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1           PRESIDENT DIRECTOR SANBORN: Yes. Do we  
2 have an interpreter?

3           (Discussion held in Spanish.)

4           PRESIDENT DIRECTOR SANBORN: I think  
5 Alcides can help.

6           Maybe -- I don't know -- do you want to  
7 stand next to her? Would it be easier? I don't  
8 know.

9           PUBLIC SPEAKER MARIA RANGEL (Interpreted  
10 by SMUD Manager Alcides Hernandez): Good evening.  
11 She's a member of the foundation Benito Juárez.  
12 She's in disagreement with the rate increase. All  
13 the members, they don't agree with this increase  
14 because they're already paying higher for  
15 electricity, and with this future increase, it will  
16 be difficult. Say no.

17           PRESIDENT DIRECTOR SANBORN: Okay. Thank  
18 you.

19           PUBLIC SPEAKER MARIA RANGEL (Interpreted  
20 by SMUD Manager Alcides Hernandez): Thank you.

21           PRESIDENT DIRECTOR SANBORN: Thank you.  
22 Thank you, Alcides, for helping out.

23           And I do want to say that I want to make  
24 sure we've got your cards and your names, and we  
25 want to make sure you know about our low-income

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1 rates and that you're getting the full benefits of  
2 our support there. So I definitely will be  
3 following up with you on that because I know how to  
4 get ahold of Ramona, so I know she -- okay.

5 Our next speaker is Roger Blackwell.

6 Welcome, Roger.

7 PUBLIC SPEAKER ROGER BLACKWELL: I know  
8 SMUD has entered into a power purchase agreement  
9 with D.E. Shaw. This rate increase, is this so you  
10 can have Shaw to build a 12,000-acre solar farm out  
11 at Rancho Seco, plus a 200 -- 400 megawatt battery  
12 system?

13 You've already raised the rates on the  
14 service charge to where you're going to make over  
15 \$8 million this year alone. Then you want to  
16 increase the regular rates to where it come out at  
17 the end of the year, you got \$33 million more over  
18 what you usually collect. And then in '25 you're  
19 going to make \$70 million over what you don't  
20 normally collect.

21 Why don't you tell these people SMUD is  
22 doing everything they can to stop rooftop solar?  
23 You cut the rates in half, and now I don't pay a  
24 SMUD bill. I got them right here. If anybody wants  
25 to talk to me, you can talk to me. You blocked my

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1 solar system for a year. You cost me \$700. I'm on  
2 social security, so don't cry about this poor people  
3 can't afford; they don't manage. I do. And all of  
4 you people make six figures up here. How many  
5 people you got slopping at the financial trough  
6 tonight?

7 We have to pay it. We're the ratepayers.  
8 We own SMUD; you don't. And you're up there -- what  
9 are you going to do? All I look at this is an  
10 exercise in futility because you're not governed by  
11 the PUC, Air Resources Board, or anybody. You do  
12 exactly what you want to do when you want to do it.

13 When are you going to stop? When are you  
14 going to quit putting these little handouts in the  
15 mail and put some real propaganda? That's all they  
16 do: conserve, save. But you don't talk about how to  
17 do it.

18 With these, you could. My utility bill  
19 last month was zero. If anybody wants to look at  
20 it, I got it right here. I have it, and I'm not  
21 talking -- like, blowing hot air out of my rectum.  
22 I live it every day, \$38,000 a year. How many of  
23 you can do it? It takes a little bit of finance  
24 brainpower. Because I'm 80, that doesn't mean this  
25 gray matter up here's went to slush.

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1 Thanks for giving me a chance.

2 PRESIDENT DIRECTOR SANBORN: Thank you,  
3 Mr. Blackwell. I have solar. I appreciate you have  
4 solar. Thank you.

5 Our next speaker will be Guillermo --

6 And, by the way, the Board members, just  
7 feel free to chime in if you want to ask any  
8 questions of anybody.

9 Guillermo Miralrio.

10 UNIDENTIFIED SPEAKER: Miralrio  
11 (pronunciation).

12 PRESIDENT DIRECTOR SANBORN: Miralrio  
13 (pronunciation).

14 PUBLIC SPEAKER GUILLERMO MIRALRIO  
15 (Interpreted by SMUD Manager Alcides Hernandez):  
16 Good afternoon. I need the interpreter, please.

17 PRESIDENT DIRECTOR SANBORN: Alcides, you  
18 are the interpreter.

19 THE REPORTER: Alcides, please speak into  
20 the microphone.

21 PRESIDENT DIRECTOR SANBORN: That's our  
22 court reporter. She's remote.

23 PUBLIC SPEAKER GUILLERMO MIRALRIO  
24 (Interpreted by SMUD Manager Alcides Hernandez):  
25 Good afternoon. He is a person who has been living

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1 for 45 years in this country. In Sacramento, he's  
2 been living for 28 and a half years. He has four  
3 daughters and three boys -- kids, boys. His service  
4 has been disconnected seven times.

5 He said that you all have the power to,  
6 you know, don't do this increases. We all have  
7 bills to pay, a number of bills, and with the income  
8 that he gets, it's very difficult.

9 He give you blessing and God give you that  
10 blessing so that you can make a decision to  
11 hopefully you don't approve this rate increase. He  
12 wish you the best and then thank you -- the best and  
13 thank you for listening. Thank you.

14 PRESIDENT DIRECTOR SANBORN: Thank you,  
15 sir. Thank you very much.

16 Thank you, Alcides.

17 Okay. So we'll go ahead and move on to  
18 Robin Durston.

19 PUBLIC SPEAKER ROBIN DURSTON: Hi. I'm  
20 Robin Durston.

21 SMUD is supposed to be a public utility.  
22 SMUD's current rates are taxes as defined in the  
23 California Constitution because they exceed by more  
24 than 10 percent your reasonable cost of providing  
25 electrical service. SMUD may not impose, extend, or

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1 increase a tax without the approval of two-thirds of  
2 the electorate. SMUD has never sought or received  
3 such approval for the proposed rates for 2024 and  
4 2025; therefore, the proposed rates are  
5 unconstitutional according to the court precedent.

6 SMUD has a monopoly. There is no other  
7 alternative for buying electricity; therefore, the  
8 rates are imposed and are a tax. And we need a  
9 two-thirds vote supported by a case Citizens for  
10 Fair Rating Electrical Utility Rates versus City of  
11 Redding.

12 SMUD's argument the charges are accepted  
13 because they do not exceed the reasonable cost of  
14 providing service. For the residential time-of-day  
15 rates, SMUD documents show -- RT-01 design studies  
16 shows they added 9.2 percent for each marginal cost  
17 component, therefore, setting the rate revenues to  
18 match the proposed budget revenues. So they just --  
19 therefore, this proposal increases the scalar by  
20 2.75 percent.

21 SMUD has failed to cost justify its  
22 proposed rate increases; therefore, it is not part  
23 of SMUD's reasonable cost of providing electrical  
24 service. You must not impose an increase without a  
25 two-thirds vote of the electorate, Article XIII,

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1 Section 2(d), California Constitution.

2 And also I have -- people have fixed  
3 incomes. They're not getting increases because of  
4 inflation. So I ask that this current rate hike not  
5 be approved. Thank you.

6 PRESIDENT DIRECTOR SANBORN: Thank you,  
7 Ms. Durston.

8 I think now we'll move on to Alfonso Caro.

9 PUBLIC SPEAKER ALFONSO CARO: Buenos  
10 tardes. I'll need the service of the interpreter  
11 also.

12 PRESIDENT DIRECTOR SANBORN: Okay.

13 PUBLIC SPEAKER ALFONSO CARO (Interpreted  
14 by SMUD Manager Alcides Hernandez): (Speaking  
15 Spanish.)

16 PRESIDENT DIRECTOR SANBORN: He needs the  
17 mic.

18 PUBLIC SPEAKER ALFONSO CARO (Interpreted  
19 by SMUD Manager Alcides Hernandez): His name is  
20 Alfonso Caro. He is the president of the Benito  
21 Juárez Foundation.

22 PRESIDENT DIRECTOR SANBORN: Okay. Great.

23 PUBLIC SPEAKER ALFONSO CARO (Interpreted  
24 by SMUD Manager Alcides Hernandez): So he's  
25 representing about 300 people from the northern side

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1 of the state. Some of them are here with us.

2 These increases to the rates are going to  
3 affect his people, his community.

4 You, as a board director, you're supposed  
5 be on the side of the customer. Over 7 billion per  
6 year is what we make per year --

7 SMUD MANAGER ALCIDES HERNANDEZ: I think  
8 he's referring to revenue.

9 PUBLIC SPEAKER ALFONSO CARO (Interpreted  
10 by SMUD Manager Alcides Hernandez): -- and we still  
11 want more and more.

12 For the future, I think we're thinking  
13 about electric vehicles and many other things, but  
14 we want results right now.

15 I just want to ask you to vote no on this  
16 rate increase.

17 Thank you very much.

18 PRESIDENT DIRECTOR SANBORN: Thank you.

19 Okay. So we'll move on now to  
20 Tina Seatrix -- Seatrix (pronunciation).

21 Okay. Great. Hi.

22 PUBLIC SPEAKER TINA SEATRIS: Hi. I'm  
23 Tina Seatrix. I live in Sacramento, unincorporated  
24 Sacramento County.

25 First of all, I just wanted to point out a

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1 little flaw in the outreach because I received this  
2 notice after August 3rd, which was the last workshop  
3 that's listed here, and I've -- when this happened  
4 to me before, I called, you know, the people that  
5 you call --

6 PRESIDENT DIRECTOR SANBORN: Customer  
7 service probably.

8 PUBLIC SPEAKER TINA SEATRIS: -- and they  
9 said it was because of my billing cycle. So I'm  
10 sure, like, a lot of people are impacted by this,  
11 and apparently they didn't feel the need to fix it  
12 at the time. So I just wanted to point that out  
13 and -- because I would have liked to participate in  
14 those, actually. So now I've got my chance here, so  
15 thank you.

16 I feel a little deceived by blaming  
17 inflation because, in looking at those slides, there  
18 was one where there was like 15 million -- I don't  
19 know -- remember how much for going carbon-free.

20 So if a lot of this has to do with that,  
21 I'm wondering how many people are really for that.  
22 Maybe a slower move towards that, if we can then  
23 avoid these increases, would be nice.

24 And that's about all I have to say. Thank  
25 you.

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1           PRESIDENT DIRECTOR SANBORN: Thank you  
2 very much.

3           I can tell you the big -- big swing at the  
4 end of last year was gas prices. It was a very big  
5 swing, increase in cost, very short notice too.  
6 Just more information.

7           And thank you for letting us know about  
8 the flyer. That's very helpful. We'll look into  
9 that.

10           Okay. The next person is Mariela -- is it  
11 Garcia? Mariela? Is Mariela here? We're going to  
12 have to move on if --

13           Does she need an interpreter? Let's go  
14 ahead.

15           PUBLIC SPEAKER MARIELA GARCIA (Interpreted  
16 by SMUD Manager Alcides Hernandez): Good afternoon.  
17 My name is Gabriella [sic] Garcia.

18           UNIDENTIFIED SPEAKER (Interpreted by SMUD  
19 Manager Alcides Hernandez): She's kind of shy.

20           PRESIDENT DIRECTOR SANBORN: I totally get  
21 it. It's scary to get up in front of a bunch of  
22 people.

23           PUBLIC SPEAKER MARIELA GARCIA (Interpreted  
24 by SMUD Manager Alcides Hernandez): She's coming to  
25 the support the community.

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1 UNIDENTIFIED SPEAKER (Interpreted by SMUD  
2 Manager Alcides Hernandez): He's the vice president  
3 of the Benito Juárez Foundation.

4 PRESIDENT DIRECTOR SANBORN: Okay.

5 UNIDENTIFIED SPEAKER (Interpreted by SMUD  
6 Manager Alcides Hernandez): And she commented that  
7 the friends with low income, they will have  
8 difficulties with the bill. (Speaking Spanish  
9 uninterpreted.)

10 PRESIDENT DIRECTOR SANBORN: Yeah, he's  
11 already spoken. And so it sounds like you're in the  
12 same position that your friends and other people in  
13 the association. You just want to support their  
14 comments; is that correct?

15 Okay. That's great. Thank you so much  
16 for being here, Mariela.

17 PUBLIC SPEAKER MARIELA GARCIA (Interpreted  
18 by SMUD Manager Alcides Hernandez): Thank you.

19 PRESIDENT DIRECTOR SANBORN: Thank you.

20 And Beany Lisbent Garcia. Do we have  
21 Beany here? No, no Beany. Okay.

22 UNIDENTIFIED SPEAKER: Same -- same issue.

23 PRESIDENT DIRECTOR SANBORN: Same issue,  
24 okay. Very good. No worries. It's one of the  
25 hardest things I've ever had to do is get over the

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1 fear of public speaking. No worries.

2 Okay. So at this time, we've taken our  
3 public comments. So -- I don't think there's any  
4 other cards.

5 GENERAL COUNSEL LEWIS: There's no cards.

6 We do have a virtual hand raised. We can  
7 go to somebody on the phone.

8 PRESIDENT DIRECTOR SANBORN: A virtual  
9 comment, very good.

10 GENERAL COUNSEL LEWIS: That will be  
11 Juanita.

12 PRESIDENT DIRECTOR SANBORN: Okay.

13 PUBLIC SPEAKER JUANITA: Hello? Can you  
14 hear me?

15 PRESIDENT DIRECTOR SANBORN: We can.

16 Go right ahead.

17 PUBLIC SPEAKER JUANITA: Okay. My is  
18 Juanita Arboleros (phonetic). I'm with the Benito  
19 Juárez Association too.

20 And I'm -- I live in the north area, and I  
21 know a lot of families that are going to be affected  
22 if you guys higher the rate. I'm on Social  
23 Security, and I'm in the low -- the low-income  
24 program, and I'm in the medical program, and I  
25 already see that rates went up.

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1           And it's hard. Sometimes we have to  
2 decide of buy food or paying our bills. And if that  
3 rate goes up, it's going to affect a lot of  
4 families. So I'm saying vote no -- vote no for  
5 raising the -- for higher'ing the rates, please.  
6 Thank you.

7           PRESIDENT DIRECTOR SANBORN: Thank you  
8 very much.

9           PUBLIC SPEAKER JUANITA: That's all.

10          PRESIDENT DIRECTOR SANBORN: Thank you.  
11 Do we have any other virtual comments or hands  
12 raised?

13          UNIDENTIFIED SPEAKER: (Inaudible.)

14          PRESIDENT DIRECTOR SANBORN: Okay.

15          So at this time, I'll turn to my fellow  
16 Directors. Do you have any questions or comments  
17 that you'd like to make at this time?

18          Okay. We'll start with Director Rose.

19          DIRECTOR ROSE: One thing I jotted down  
20 earlier in the meeting and heard it echoed in the  
21 comments once is the cost of our zero-carbon goals,  
22 and if you could maybe just make a response or a  
23 comment on that. I could, but I'd rather hear it  
24 from staff to start with.

25          SMUD GENERAL MANAGER LAU: Thank you,

1 Director Rose.

2 I think all of the renewable purchases  
3 that we actually are building is actually to meet  
4 the State requirements. Because by State  
5 requirements, we have to get to 60 percent by 2030.  
6 I think 40 percent -- correct me if I'm wrong -- but  
7 I think 2035 -- I mean 2025. So there's -- actually  
8 there's a requirement that is required by the State  
9 for every single utility to meet. And so that's all  
10 of the purchases that we're doing right now. The  
11 increased cost is really to meet our compliance,  
12 State compliance for the renewable portfolio  
13 standard.

14 PRESIDENT DIRECTOR SANBORN: Any other  
15 Board members? Any thoughts? No.

16 Yeah, go right ahead, Vice President.

17 VICE PRESIDENT DIRECTOR HERBER: Thank  
18 you. I just had a couple of questions. You know,  
19 whenever we go through this process, it's always  
20 tough because what the one woman said, you know,  
21 sometimes we have to decide whether or not we're  
22 going to buy food or pay bills.

23 So every time we look at this, I always  
24 ask myself, you know: Is it justified? Is it  
25 needed? You know, to me, I think it's great that

1 it's under inflation, but I'm more concerned about,  
2 you know, is this really needed. And so I just have  
3 a couple of questions.

4 One is I think in the presentation it was  
5 said that there'll be a slight increase for our  
6 low-income customers on EAPR, but we would have the  
7 option of leveling that out; is that correct?

8 SMUD MANAGER ALCIDES HERNANDEZ: Thanks  
9 for the question, Director Herber.

10 Yeah, what we mean in the presentation is  
11 that we all, all customers, are going to have an  
12 impact. And the low-income or the Energy Assistance  
13 Rate Program customers, they do receive the  
14 discount, so they will see a slightly decreases  
15 compared to the rest that is slightly smaller  
16 impacts, but it's still going to see the impacts.

17 VICE PRESIDENT DIRECTOR HERBER: Okay.  
18 Thank you.

19 SMUD MANAGER ALCIDES HERNANDEZ: We did  
20 bring this recommendation to help those that need it  
21 most. We know that it's going to impact them, and  
22 that was the reason why staff was very thoughtful  
23 about how we can help them. We wish to help them  
24 all, but the fact that -- we can't.

25 And the recommendation is at this moment

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1 to help those in the zero to 50 percent of the  
2 Federal Poverty Level, and we believe that that's  
3 the recommendation that is going to benefit that  
4 group.

5 VICE PRESIDENT DIRECTOR HERBER: Okay.  
6 Another question kind of along those lines.

7 Are nonprofits eligible for any kind of a  
8 low-income rate. Most of the people tonight who  
9 testified were from the Benito Juárez Center. Is  
10 that an option for our nonprofits?

11 SMUD MANAGER ALCIDES HERNANDEZ: We do  
12 have the Energy Assistance Program equivalent for  
13 none for-profit, but it have to be tied to some form  
14 of living type of benefit. If probably -- I don't  
15 know if one of the Directors can help me out, but I  
16 think you have to do home type of --

17 So in this case it will be, for example,  
18 providing a home shelter for a community type, and  
19 the rule kind of specifies a percentage that we can  
20 provide to that group. So that's already in place,  
21 but it has to be for that specific type of need.

22 Am I missing anything? All right.

23 SMUD CCO BRANDY BOLDEN: Brandy Bolden,  
24 chief customer officer.

25 So, yeah, you're absolutely right. There

1 are certain qualifications around the EAPR for  
2 nonprofits that you prefer nonprofits, but that's  
3 certainly something I actually was stepping outside  
4 to talk to them about it. So we're going to --  
5 we're going to have some follow-up meetings, so more  
6 to come.

7 VICE PRESIDENT DIRECTOR HERBER: Great,  
8 great. That's excellent. You're always on top of  
9 things. That's wonderful, Brandy.

10 The other question I had -- or, actually,  
11 just two other comments. I want to say two things  
12 that I like about this rate proposal:

13 One is that we're aligning with the  
14 federal holidays. I think that's a smart and wise  
15 thing to do.

16 And the other thing is I'm very impressed  
17 that our employees were able to find \$60 million in  
18 reductions in our operational cost to help kind of  
19 mitigate how high the increase could have been. So  
20 I'm glad and I appreciate our employees looking for  
21 ways to keep our rates down too. That's it for me.

22 DIRECTOR ROSE: A couple of more  
23 questions. Yeah, one of the things I'm -- I'm  
24 generally in agreement with changing the holidays.  
25 I'm a little bit curious.

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1 I'm assuming the holidays are a non-, I  
2 guess, peak demand rate, like a weekday rate,  
3 because its load curve is different. And so I would  
4 just say is the load curve different for  
5 Indigenous People/Columbus Day and Juneteenth, would  
6 be my analytical question, though I'm supportive of  
7 the changes. Is that supported by the facts?

8 I know as a state worker that I don't have  
9 either Columbus Day or, what is it, President  
10 Lincoln's birthday as holidays or Juneteenth, so  
11 that's why I'm sort of -- they're not universal  
12 holidays amongst the region, especially being the  
13 Capitol with so many state workers. So I was a  
14 little bit curious about that.

15 And then one of my larger things -- one of  
16 the things I didn't really hear, and we brought up  
17 earlier in the hearing tonight: We have  
18 historically -- and if Director Bui-Thompson was  
19 here -- we've historically taken more smaller bumps  
20 in our rates, as opposed to fewer larger ones, to  
21 help buffer people so they can get used to those  
22 slightly higher rates, and it's something we've done  
23 in the past.

24 But if we get to the same place, we could  
25 conceivably have two at, like, 5 percent -- or

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1 5.25 percent, as opposed to 2.75. You'd have two,  
2 and you'd end up in the same place, and it would  
3 actually -- cumulatively, it would be slightly less  
4 than the 11 percent proposed and so -- but we don't  
5 do that because we don't want to give people huge  
6 jumps, big jumps in their bill, which is why we've  
7 historically done it gradually, and it's been the  
8 strategy on our part.

9           And, ironically, when you add up the  
10 numbers, you end up at a slightly higher amount than  
11 if you do smaller larger ones earlier in the year as  
12 well. So we always sort of take a thumping for that  
13 even though we do it for the public's benefit.

14           So those are the two things I wanted to  
15 just bring up. And I wanted to thank all of the  
16 community members that come out tonight and  
17 participate in the process. And then I want to  
18 thank the staff for all their hard work of going out  
19 and doing the rates.

20           And then I would say this: On the  
21 numbers, we don't decide this for another few weeks,  
22 our rates, they're almost 50 percent less than our  
23 main competitor. And so we're clearly doing  
24 something right for a long time around here, but we  
25 do always want to look.

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1           And I would also say, when we look at the  
2 SMUD budget -- and we see this if we're here four or  
3 five times a month, and people come once a year or  
4 once every two years, so I don't expect them to know  
5 it -- we run a structural deficit and capitalize  
6 these long-term projects, right? Which means when  
7 we build a giant solar facility, we borrow the money  
8 for 30 years because people 30 years from now can  
9 help pay for that as well as the people today is the  
10 logic.

11           But the idea that SMUD turns a profit,  
12 that we've heard a little bit tonight, I don't think  
13 is true as a general train of thought. The more  
14 better off we do each year, the less we borrow and  
15 have to capitalize. And you see that when we talk  
16 about our day's cash on hand. We see that it slowly  
17 drops, and then we borrow some money, we put it on a  
18 commercial paper, and then we bond it out at a  
19 30-year bond, usually a green bond. And it pumps up  
20 our cash supply, but then as the bills come due --  
21 we have the solar and the wind projects, the battery  
22 projects -- it starts trickling back -- and the  
23 substation, we just had the ribbon counting on our  
24 new downtown substation, which is just absolutely  
25 key for downtown reliability.

1           So, anyway, those are my -- all of my  
2 comments. Thank you. Thank you so much.

3           And thank you, everybody, for being here.

4           PRESIDENT DIRECTOR SANBORN: Sure, go  
5 ahead.

6           DIRECTOR KERTH: Thanks very much. A  
7 couple of things straight up. I want to thank the  
8 staff for doing the outreach and preparing all of  
9 the presentations so that folks could understand  
10 what is a very complex issue as best we all can, so  
11 thank you for that and all that outreach. I know  
12 there's a lot of other utilities that just  
13 don't bother to do that.

14           So next up, the -- we work on this very  
15 hard over the years, and I know from the time that  
16 I've been here just how hard the staff works to keep  
17 the rates as low as we can responsibly make them.  
18 It would be -- and it's always tempting to say that,  
19 "Well, we can just forgo a little bit today."

20           But the way the system here works, that  
21 little bit we forgo today becomes a lot more money  
22 later on. It's much more difficult than to operate  
23 the organization responsibly. Things that we don't  
24 invest in today become large expenses later. So  
25 it's all about timing and when we have to increase

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1 rates, something that I'm sure -- in fact, I know --  
2 none of us want to do. But it's always about how do  
3 we be as responsible as we can for the long-term.

4 Really, next issue is the -- I just want  
5 to remind folks that we don't make a profit here.  
6 The money we charge is the money it takes to make  
7 the organization run.

8 If, by chance, there's a little bit of  
9 money left over at the end of the year, the next  
10 time there's a rate increase, the rate increase  
11 would be smaller. So there's no way that any extra  
12 money that comes in gets sort of squirreled away and  
13 handed off to any shareholders or something like  
14 that.

15 Our shareholders are the public, the folks  
16 who live in Sacramento County, and so any extra  
17 money gets invested in them. It's an important  
18 notion. It's very different than one would ever  
19 expect from a large company if you're not really  
20 sure how their books work or why they exist or  
21 anything like that. So it's always --

22 I guess a couple of other notions real  
23 quick. I'm also a SMUD ratepayer. I don't like  
24 paying more either, and so I sympathize quite a bit  
25 with the folks who are saying that why can't we keep

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1 it as low as we can.

2 I just want to make sure you pass on that  
3 we actually do keep it as low as we can figure out  
4 how to do it, and we've been doing a great job of  
5 that for a long time. That's why we are now half  
6 the cost of the neighboring utility that we got  
7 carved out of, and so thank goodness we did.

8 So with that, thanks. Appreciate it.

9 PRESIDENT DIRECTOR SANBORN: Thank you,  
10 Director Kerth.

11 Director Tamayo.

12 DIRECTOR TAMAYO: Yeah. I want to start  
13 out with saying I'm very sympathetic with the folks  
14 in the community, including the people who took time  
15 to come here, very sympathetic about any rate  
16 increase.

17 I know that there are many people in  
18 our community that, you know, if there's an  
19 additional \$5 or \$15 -- it's \$15 on this -- that  
20 that actually does -- can have a significant impact  
21 on the most vulnerable folks, and sometimes that may  
22 result in people having to make that choice, those  
23 tough choices between, you know, say putting food on  
24 the table and buying school supplies. That being  
25 said, I do really appreciate that we focused efforts

1 on the very lowest income folks to really mitigate  
2 that problem.

3           And then also I really want to acknowledge  
4 the efforts that staff has made over the many years  
5 that I've been on this board of continuing to look  
6 for ways to reduce our costs and do that in very  
7 significant ways.

8           I think -- you know, this mentioned, you  
9 know, \$60 million, but we have all sorts of efforts  
10 where we are trying to squeeze out as much value for  
11 as little money as we can from all sorts of things,  
12 whether it's our financing or whether it's -- you  
13 know, where do we get -- where do we get our energy  
14 from, the recent changes to, you know, how we're  
15 utilizing broader energy like the day ahead,  
16 day-ahead market, for energy, and supporting the  
17 adoption of that so that we can get more energy for  
18 less money. So all the different ways that we're  
19 looking at details in our operation, that we're  
20 constantly doing that, and I really appreciate all  
21 the efforts that staff has done. That's why we're  
22 so much lower than most of the utilities within  
23 California.

24           And I also want to point out that, you  
25 know, it's very important that we maintain the

1 reliability of our grid. We recently opened up a  
2 brand-new substation, which cost a lot of money, but  
3 it's going to provide this region really significant  
4 improved reliability in the core part of our area,  
5 and we're doing that in all sorts of -- in all  
6 different parts of our system to increase our  
7 reliability.

8           And, of course, there's the inflation --  
9 overall inflation and the supply chain problems that  
10 we're having. Some of those are completely out of  
11 our control, but I also know that there's a lot of  
12 work behind the scenes of trying to -- trying to  
13 figure out better ways of accessing the materials  
14 that we need. And so we don't just accept it. We  
15 look for ways to mitigate how much those costs  
16 impact our operations and our costs so that -- we  
17 have to pass on.

18           Finally, I wanted to say that I've seen  
19 other utilities, both in this area -- I won't name  
20 any particular ones in the area. But we look at  
21 situations in other parts of the country where  
22 public agencies failed to raise the rates and make  
23 the investments into their infrastructure that  
24 provides vital services, whether it's water or  
25 electricity.

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1           And when public agencies don't invest in  
2 roads, don't invest in their water infrastructure,  
3 then the people that they're supposed to be serving  
4 suffer and incur extra costs, lower quality of life.  
5 And it's very important that we, as a board, are  
6 willing to recognize the reality of what our costs  
7 are to achieve the values that we need in  
8 reliability and reducing greenhouse gas emissions  
9 and all the other things that we provide for the  
10 community.

11           And, you know, I really appreciate that  
12 we're able to keep these rate increases to below --  
13 and actually significantly below -- the overall  
14 inflation that our society has been experiencing the  
15 last year. So, anyway, I'll stop there. Thank you  
16 very much.

17           PRESIDENT DIRECTOR SANBORN: Go ahead.

18           DIRECTOR KERTH: Thanks.

19           Just one last thought. There are many,  
20 many things everyone can do to use less power. And  
21 so if you're not happy with your bill -- and I don't  
22 know anyone who is -- be sure you contact SMUD and  
23 talk to our customer service folks and figure out  
24 the things that we can do to help you buy less of  
25 our product. There's no need to be -- you're not

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1 captive to your bill. Let us help you out. Thanks.

2 PRESIDENT DIRECTOR SANBORN: Great.

3 And I think I'll wrap this up by saying,  
4 again, thank you to our staff. This is a very --

5 DIRECTOR FISHMAN: President Sanborn, I'm  
6 sorry. I've got my hand raised --

7 PRESIDENT DIRECTOR SANBORN: Oh, I'm so  
8 sorry.

9 DIRECTOR FISHMAN: And I did want to say a  
10 few words.

11 PRESIDENT DIRECTOR SANBORN: Go right  
12 ahead, Director Fishman.

13 DIRECTOR FISHMAN: Thank you. I know it's  
14 difficult when --

15 PRESIDENT DIRECTOR SANBORN: Small, I  
16 didn't see you.

17 DIRECTOR FISHMAN: -- I'm remote like  
18 this.

19 First of all, a few things on my mind.  
20 First of all, I want to say I have the utmost faith  
21 and respect in our General Counsel Laura Lewis. And  
22 when she tells us that the course of action that we  
23 are contemplating is, in fact, legal and  
24 constitutional, I take that at face value.

25 I listened intently to the people who

1 spoke tonight, and I want to thank them for being  
2 here, especially those for whom English is not their  
3 first language. It's difficult enough coming to the  
4 microphone and speaking at a public meeting when  
5 you're not accustomed to doing so, and then when you  
6 have to do it in a different language or when you  
7 need an interpreter, it's difficult. And we  
8 appreciate that, and we are hearing you.

9 I want to thank Paul Lau for pointing out  
10 that the portion of this proposed rate increase that  
11 is going to increase our renewable resources and  
12 help us meet our 2030 zero carbon goal.

13 That's partially our goal, but it's also  
14 partially State mandates. We simply have to do  
15 this.

16 We've chosen to do this in a way that is,  
17 I think, showing leadership, but we would be  
18 spending those funds, regardless, to meet the State  
19 mandates. And, frankly, I also see those as  
20 investments. Because the money we're spending on  
21 wind and solar is essentially an investment in  
22 relatively inexpensive electricity down the line.  
23 These are -- you know, once you install these  
24 systems, the fuel is free, not to mention the  
25 benefits to the environment and air quality. So

1 that is important.

2 I absolutely take it to heart when people  
3 say that \$15 a month more on their electricity bill  
4 might mean the difference between buying food or  
5 paying your electricity bill that month.

6 I guess I would say, you know, we have  
7 redirected most of our customer service programs,  
8 the energy efficiency programs, and other ways that  
9 we help people reduce their overall bill by using  
10 less energy.

11 And I know that we can't get to everybody  
12 who needs that immediately, but we are doing it.  
13 We've redirected those funds so that we're trying to  
14 meet those folks who may not own their own home but  
15 still can benefit from energy efficiency not only  
16 being more comfortable in their home but paying less  
17 as well.

18 So, you know, we have a few more weeks to  
19 consider this. I just wanted to make sure the  
20 people understood that we did hear you -- or I  
21 certainly did, and I know the rest of my Board  
22 members did as well.

23 When making these decisions, it's, you  
24 know, okay, do we raise the rates, or do we say  
25 we're not going to put as much money into fire

1 prevention and resiliency? Are we not going to buy  
2 the transformers or the other components we need to  
3 keep our grid reliable and stable and to meet the  
4 demands of a growing region when we also need more  
5 housing? And so we need those components to be able  
6 to connect the new houses and homes that are being  
7 built.

8           We absolutely need to look at how we're  
9 electrifying buildings and transportation. I don't  
10 believe that there's additional cost to that  
11 necessarily. In fact, it helps reduce our cost  
12 because when we sell that extra electricity to do  
13 those things, it helps kind of underwrite the rest  
14 of it. So these are really hard decisions, and we  
15 absolutely understand that this has impacts on  
16 people's lives.

17           And I guess the last point I would make,  
18 you know, the agencies that rate our credit are  
19 looking at this as well. And that's not the only  
20 thing that we must consider. In fact, it may not be  
21 the most important thing that we consider at all.  
22 But if we were to -- if they were to raise -- rather  
23 lower our credit ratings, the amount that we pay to  
24 borrow money would go up. That would have to be  
25 reflected in later rates.

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1           And so for as many reasons, good reasons,  
2           that there are to not increase rates, there are also  
3           many good reasons to increase rates because it is  
4           doing something else for our community. And these  
5           are hard decisions. And so I just wanted to let  
6           people know we have heard you. We have a couple  
7           more weeks to consider this, and it's not going to  
8           be easy. Thank you.

9           PRESIDENT DIRECTOR SANBORN: Thank you,  
10          Director Fishman.

11           My fellow Board members are always so  
12          articulate and raise such excellent points. I will  
13          just support all of them and raise a couple of  
14          things that I'm thinking about and emphasizing,  
15          which is, first, again, thank you to our staff.

16           Rate setting is very complicated. I come  
17          from the waste industry. It's very complicated  
18          there as well. There's so much that goes into this.  
19          It's hard to even explain, but a lot of thought and  
20          time goes into doing it.

21           And a lot of time and thought has gone  
22          into figuring out can we reduce our costs so there's  
23          a way to keep these rates down, and the staff have  
24          done an awful lot in that regard already.

25           I was even just out at the courtyard, and

1 just DeVaughn is doing a great job that recycling  
2 everything that comes back in those trucks, and he's  
3 saving, like, over \$1 million a year to SMUD, just  
4 that one thing. So thank you to our staff, all of  
5 you out there, doing all of this good work and  
6 helping us keep the rates as low as we possibly  
7 could keep them.

8 But at the end of the day, my thought as,  
9 you know, a member of this board has always been we  
10 have got to remain reliable. When the power goes  
11 out, the phones start ringing. People -- you know,  
12 a lot of them are reliant on electricity for medical  
13 equipment, and it actually can be a lifesaver. So  
14 it's important we keep our reliability up, that we  
15 keep it safe, and keep everyone in this community  
16 safe.

17 And with climate chaos, we are having heat  
18 domes; we are having floods; we actually almost got  
19 hit by a hurricane. And these things weren't  
20 happening ten years ago. So when we build this new  
21 substation, we built it elevated to make sure that  
22 the water intrusion would not be an issue no matter  
23 what happened, what 500-year flood that might come  
24 every ten years now. So -- and there were costs to  
25 that, but it's also to protect everybody, to keep

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1 the power on and to keep it safe. So this is a  
2 balancing act.

3 And we want our -- our low-income  
4 customers, we absolutely hear you. We know it is  
5 tough, and with inflation and everything that's  
6 happened, we would love to not have to raise rates.

7 So we have an electrification program now  
8 that we're out door knocking. I just did that in  
9 North Highlands. I know that all of us, I think,  
10 have been out door knocking, and we're literally  
11 going door-to-door to our low-income customers and  
12 providing money that came from the federal  
13 government and other sources to give -- you know,  
14 electrifying their home, we're doing it for free  
15 because we've got these grants to do it. All of  
16 this, we're trying our very best to keep the rates  
17 low.

18 So I just want everyone to know that we  
19 don't -- we go through the process of doing a rate  
20 hearing, and, you know, there's a lot of people that  
21 come up and speak, and we may not do a  
22 back-and-forth very long, but it isn't because we're  
23 not thoughtful or we haven't heard you. So thank  
24 you very, very much for everyone who came and  
25 commented. We really appreciate everyone's time.

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1           So, with that, we'll go ahead and now the  
2 chief legal officer is going to describe the  
3 procedure for introducing the draft rate resolution.

4           I'm sorry. I'm going to start by closing  
5 the public hearing is my job that I have to do.

6           (Further proceedings held, not transcribed.)

7           (SMUD agenda item concluded at 7:48 p.m.)

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REPORTER'S CERTIFICATE

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I, CHERYL L. KYLE, a Certified Shorthand Reporter for the State of California, duly commissioned and a disinterested person, certify:

That the foregoing transcript was taken remotely before me at the time and from place herein set forth;

That the statements of all parties made at the time of the proceeding were recorded stenographically by me and were thereafter transcribed into typewriting;

That the foregoing transcript is a record of the statements of all parties made at the time of the proceeding.

IN WITNESS WHEREOF, I subscribe my name on this 13th day of September, 2023.



Cheryl L. Kyle, CSR No. 7014  
Certified Shorthand Reporter

Ref. No. 23285

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<p><b>6:00 (1)</b> 29:19</p> <p><b>6:01 (1)</b> 3:1</p>				

# Exhibit to Agenda Item #2

## **PUBLIC RATE HEARING**

Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated June 15, 2023 ("CEO & GM Report").

Special Board of Directors Meeting

Wednesday, August 30, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# 2023 rate process timeline

**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 rates 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 rates  
resolution at SMUD Board  
meeting

EXTENSIVE PUBLIC OUTREACH THROUGHOUT

Apr

Jun

Jul

Aug

Sep

# 3 main proposed changes

1



**Rate increases  
for 2024 & 2025**

2



**Additional discount  
for our most  
vulnerable customers**

3



**Miscellaneous  
changes**

# Changes needed due to cost pressures in:



Infrastructure & reliability improvements to our grid.



Compliance to meet state requirements.



Vegetation management, wildfire insurance & outage response for severe weather.



Inflation and supply chain pressures.

# Rate increase drivers

## World class reliability



### Infrastructure & reliability improvements to our grid.

- Infrastructure investments of \$370M include:
  - Spending for new generation & storage capital projects, such as Solano 4 Wind Turbine Project, and several solar and storage projects and our long-duration energy storage projects.
  - Spending for substation and line capacity projects to ensure our grid stays reliable.
- Reliability for our hydro facilities and thermal generation plants.



### Compliance to meet state requirements.

- In order to meet new state renewable portfolio standards requirements, commodity costs are increasing by \$85M annually.
- SMUD is investing in clean energy resources like more wind, solar, geothermal, hydropower, battery storage and biogas.

# Rate increase drivers

## Wildfire risk & severe weather



**Vegetation management, wildfire insurance & outage response for severe weather.**

- Increased spending of approximately \$10M to prevent and mitigate wildfires. Investing to improve reliability and visibility into outage responses to severe winter storms.

## Customer programs



**Customer programs to create a carbon free future.**

- Increased spending of about \$15M in electric vehicles, rooftop solar and battery storage, and electrification of homes & businesses.

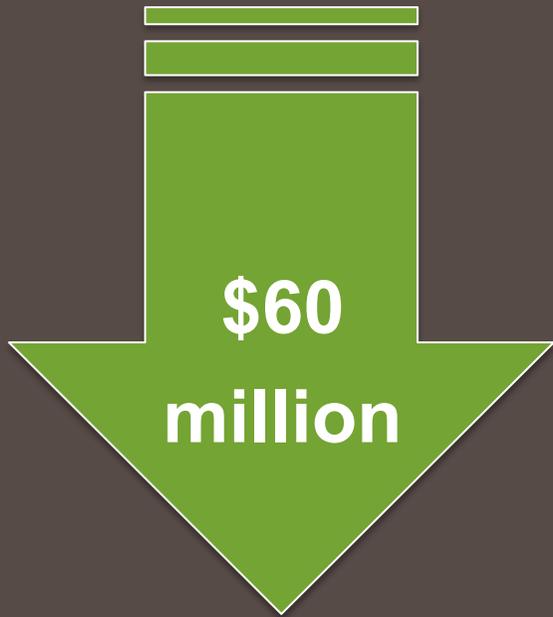
# Rate increase drivers

## Inflationary impacts across all spending



- Higher costs for materials, services and labor we use every day. This translates to \$25M in additional costs per year.
- Global supply chain impacts have disproportionately impacted costs for certain key items.
- Some key examples\*:
  - 72% increase in costs for distribution substation transformers and 80+ week lead time.
  - 40% increase in costs for line transformers and station equipment.
  - 24% increase in costs for wood and steel poles.

# What we've already done to reduce costs & increase funding



millions more

In 2022 from one time and ongoing permanent operational cost reductions.

Support the community through partnerships with regional agencies to receive grant funding.



# Rate proposal and bill impacts

Rate proposal	Rates & effective date		Customer groups Impacted
2024 – 2025 Rate increases	2.75% effective on Jan. 1, 2024 2.75% effective on May 1, 2024	2.75% effective on Jan. 1, 2025 2.75% effective on May 1, 2025	All customers

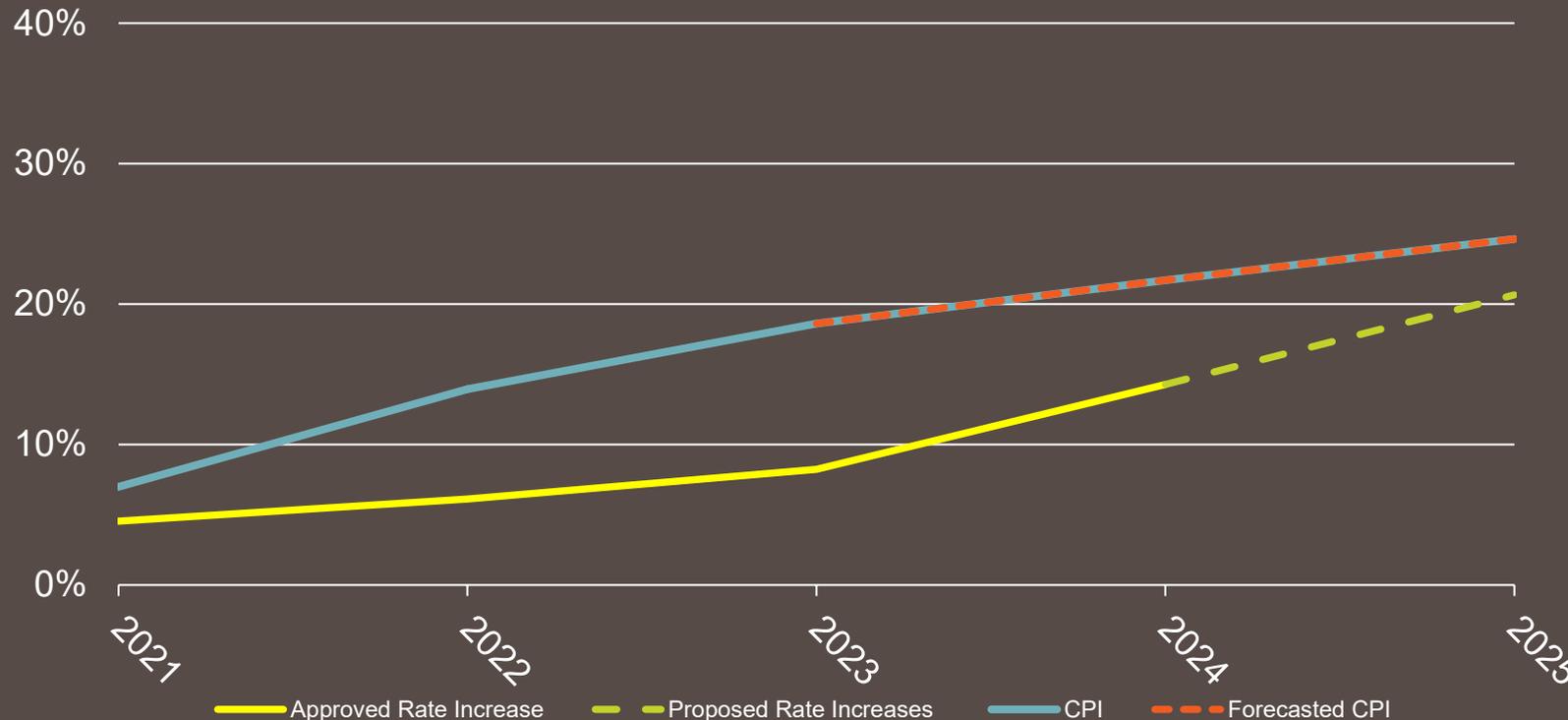
## Average Monthly Bill Impacts

Size	Average Monthly Bill	2.75% Rate Impact Jan. 1, 2024	2.75% Rate Impact May 1, 2024	2.75% Rate Impact Jan. 1, 2025	2.75% Rate Impact May 1, 2025	Total Bill Impact
Average residential at 750kWh usage	<b>\$131.40</b>	\$3.61	\$3.72	\$3.81	\$3.92	<b>\$15.06</b>
Small Commercial (<20 kW)	<b>\$194.11</b>	\$5.34	\$5.48	\$5.64	\$5.79	<b>\$22.25</b>
Small Commercial (20 – 299 kW)	<b>\$3,121</b>	\$86	\$88	\$91	\$93	<b>\$358</b>
Medium Commercial (500 – 999 kW)	<b>\$27,173</b>	\$747	\$768	\$789	\$811	<b>\$3,115</b>
Large Commercial ( >1,000 kW)	<b>\$103,221</b>	\$2,839	\$2,917	\$2,997	\$3,079	<b>\$11,831</b>
Agriculture (Ag & Pumping)	<b>\$445</b>	\$12	\$13	\$13	\$13	<b>\$51</b>

*Customers on our low income Energy Assistance Program Rate (EAPR) & Medical Equipment Discount rate will see slightly different bill impacts than standard rate customers. Amounts may reflect minor rounding differences*

# We're committed to keeping rate increases within the rate of inflation

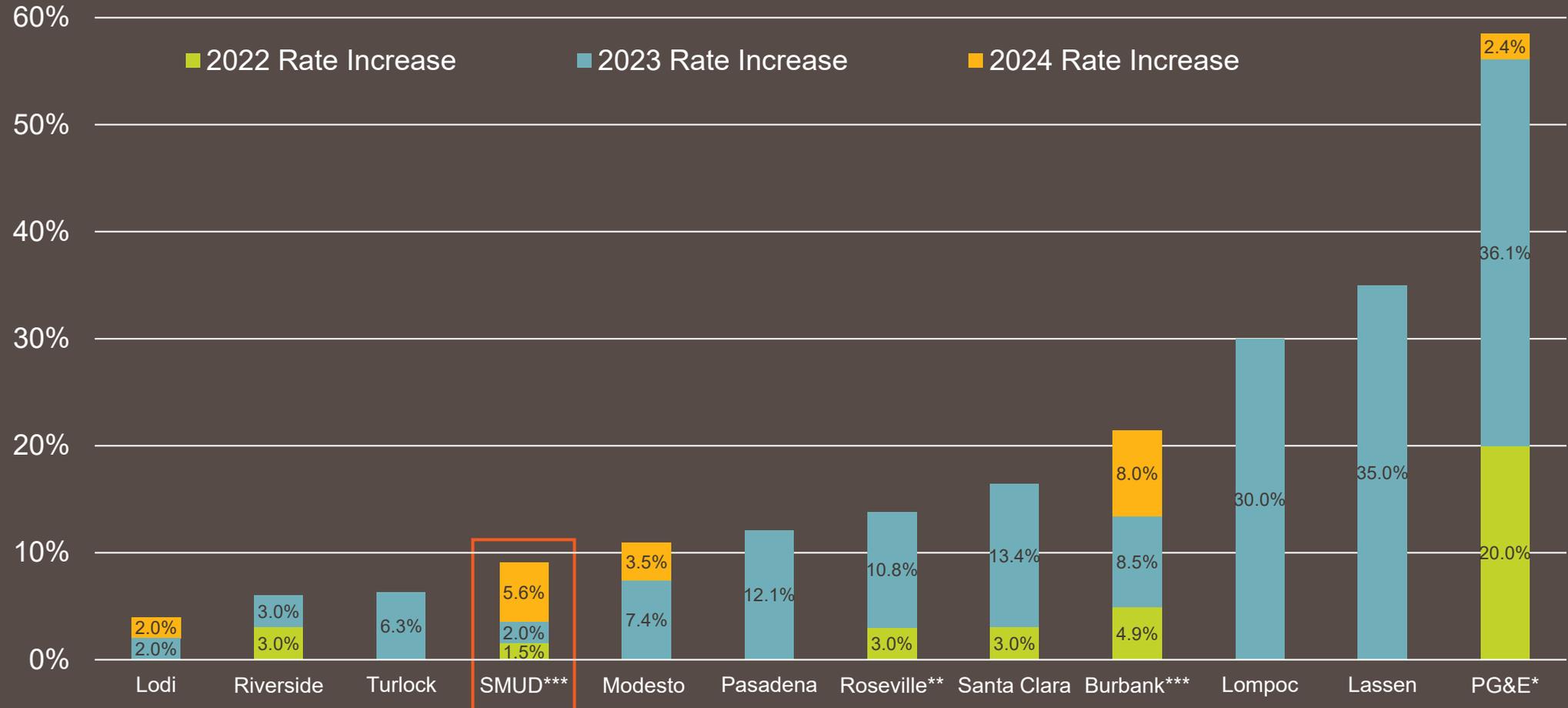
## Consumer Price Index (CPI) vs. Cumulative annual rate increases 2021 - 2025



- Our proposed rate increases are below inflation.
- From 2021 – 2025 cumulative inflation was 24.6% and cumulative rate increases were 20.7%.

Sources: SMUD's historical adopted rate increases from 2021 through 2023 and proposed rate increases for 2024 and 2025. Historical CPI data from Bureau of Labor Statistics. Forecasted CPI data for 2023 2025 from IHS Markit.

# Other utilities' rate increases (%)

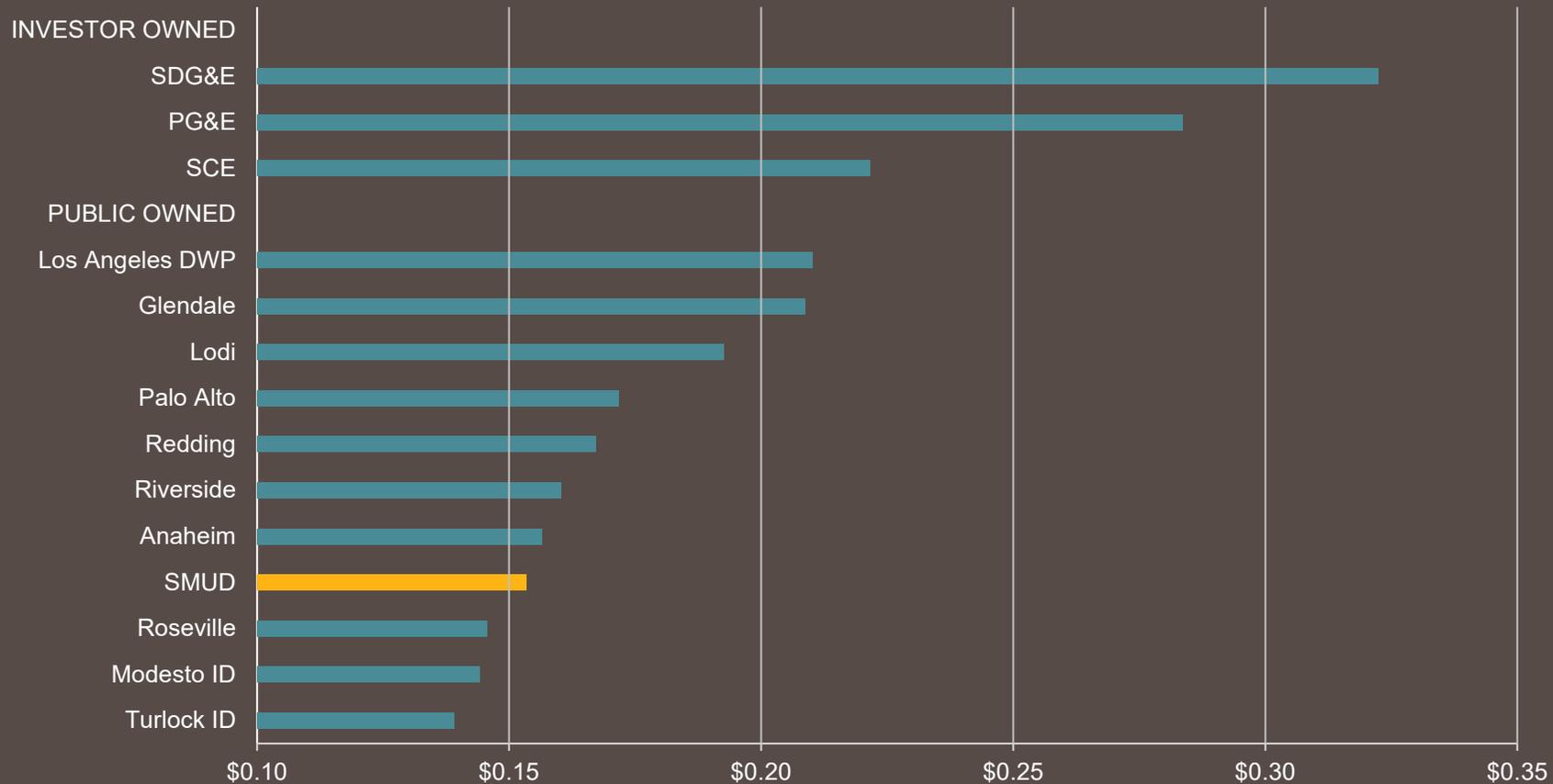


\* Includes rates increase from the 2023 General Rate Case, pending California Public Utilities Commission approval

\*\* Includes Roseville's 8% energy surcharge

\*\*\* Includes 2024 proposed rate increase

# 2022 Average System Rate Comparison (\$/kWh)



Source: EIA 861M 2022 and self-reported annual data from the 2022 EIA 861 annual survey

# Energy Assistance Program Rate (EAPR) Program Recommendation

Using non-rates revenue, create additional funding for customers at the 0-50% Federal Poverty Level (FPL) to receive an extra benefit of up to \$35 per month. Total potential benefit would increase from \$70 up to \$105 per customer. Financial impact is estimated to be approx. \$2M.

Federal Poverty Level (FPL)	# Customers**	Current EAPR discount	Discounts Up To*
0% - 50% FPL	8,000	\$70	\$105
50% - 100% FPL	34,000	\$42	\$42
100% - 150% FPL	29,000	\$20	\$20
150% - 200% FPL	22,000	\$10	\$10

\*EAPR discount numbers are estimates and will change annually based on non rates revenue available and customer count.

\*\*Approximate customer enrollments by Federal Poverty Level

# Other Rate Updates

## Rate Holidays

- Rate holidays mean customers pay low off-peak prices just like weekends.
- Align SMUD rate holidays to federal holidays.
- Remove Lincoln's Birthday and add Juneteenth.

## Generator Standby Charge

- Clarify that facilities that produce all of their own power needs and use SMUD only for back up service are subject to the charge.
- No impact to solar customers since they are exempt from the charge.

## Hydro Generation Adjustment

- Add Western Area Power Administration (WAPA) hydro generation to the HGA tariff.
- Change measuring station and associated numbers.

## Commercial Power Theft

- Simple \$/kWh rate to estimate unrecovered commercial revenue.
- Not published in the tariff.

## Clean-up

- Remove residential and commercial legacy rates.
- General clean-up of tariffs.

# Extensive outreach and communications

Our Rate Action outreach delivered transparent, clear outreach to the widest possible range of partners and customers. We provided our external partners with many options of resources to support communication with their diverse constituents.

## Extensive proactive outreach

Reached out to 750+ groups with a menu of options to share the proposed rate changes. Included email and personalized phone outreach to targeted groups.

## Many options to support partners

Offered external partners an opportunity for SMUD to speak at virtual or in-person meeting, newsletter articles, slide decks, video, informational collateral, FAQs, etc.

## Tailored presentations

For groups requesting a meeting, we tailored presentations based on audience type and time allotted and identified the most appropriate presenter(s).

## Maximize outreach across service area

Emphasized balanced outreach across SMUD territory to reach customers. Prioritized groups who have expressed interest in the past to make sure they received rate change information.

# Multi-pronged communications and outreach



# 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.

# What we've heard from customers and stakeholders

Customers understand the proposal, find it straightforward and have been appreciative of our outreach. Below is some of the feedback received:

- *"I'm okay with rate increase and appreciated the low-income stabilization fund."*
- *"This rate increase will translate to increased food prices in restaurants."*
- *"I'm glad you were here to explain that because I did not realize the rates were increasing four times and right before it gets expensive in September."*
- *"Even if I say something SMUD is going to do what it wants."*
- *"Med rate customers offset should be increased."*
- *"So we'll have 4-5 years of increases, and then you'll be back. It's hard on a fixed income when everything keeps going up."*
- *"Thank you for bringing us this information. Does SMUD have rebates?"*
- *"SMUD is so much lower than what I pay at my utility."*

# What happens next?

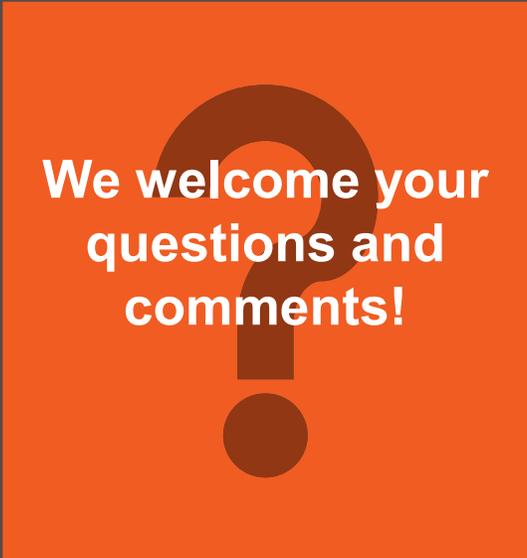
Ten day public review and comment period on draft rates resolution

Final decision @ SMUD Board meeting - Sept. 21, 2023 @ 6:00 p.m.

via Zoom & at SMUD HQ - 6201 S Street, Sacramento

## Need more information?

- Read the CEO & GM's Report on [smud.org/RateInfo](https://smud.org/RateInfo).
- Email questions or comments to [ContactUs@smud.org](mailto:ContactUs@smud.org) or call 855-736-7655.
- For tips on energy management, visit [smud.org/EnergyTips](https://smud.org/EnergyTips).
- To join the charge and be a Clean PowerCity Champion, visit [CleanPowerCity.org](https://CleanPowerCity.org).
- For commercial customer service, call 1-877-622-7683.
- For residential customer service, call 1- 888-742-7683.



We welcome your  
questions and  
comments!

Steve Uhler's rate hearing presentation:

**<https://wwmpd.com/smud/rateprocess2023/>**

Link to prospectus:

<https://wwmpd.com/smud/Steve%20Uhler's%20alternatives%20to%20the%20rate%20changes%20proposed%20by%20the%20general%20manager.pdf>

Report and recommendations on alternatives to the rate changes proposed by the general manager – revised on August 28, 2023

by Mark Graham

August 28, 2023

Dear SMUD Board of Directors and staff,

This is my first revised rReport and recommendations on alternatives to the rate changes proposed by the general manager for the years 2024 and 2025. I sent you my original report and recommendations on alternatives to the rate changes proposed by the general manager on August 23.

The Public Utilities Code requires you to consider my report and recommendation on alternatives at the hearing held pursuant to Section 14403. There is no deadline for me to send it to you. It only has to be sent to you in writing. Section 14403.5.

Please provide a substantive and thorough response.

I will show the additions in a different color font. I will send you both a pdf format and a docx format of this report. If you want to view it all in black letters you can adjust the settings under edit, track changes using a word processing program.

The following documents are part of and are incorporated into this report and recommendation by this reference:

2022 Rate Costing Study

"2017 (sic) Residential Time-of-Use Rate (RT02) Design Study," dated November 30, 2016. (page 109 of 2017 CEO and GM Report). (It should have said 2018, per SMUD staff.)

2017 CEO and GM Report

AGENDA of the SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS MEETING, April 20, 2023 – 5:30 p.m.

My email of Sunday, August 13th, 2023 at 12:22 PM

My email of Monday, August 14th, 2023 at 2:50 PM

My email correspondence with staff on August 2, 6, 11, 13, 14, 17 and other dates described

Report and recommendations by Mark Graham on alternatives to the rate changes proposed by the general manager

herein.

Transcript of the second public workshop, dated August 3, 2023

*CITIZENS FOR FAIR REU RATES et al., v. CITY OF REDDING et al.*, (2015), C071906, (Super. Ct. Nos. 171377, 172960), (reversed on other grounds).

Resolution 13-03-08 and attachment C thereto  
Recommendations:

(CAPISTRANO TAXPAYERS ASSOCIATION, INC., v. CITY OF SAN JUAN CAPISTRANO, G048969, COURT OF APPEAL OF THE STATE OF CALIFORNIA, FOURTH APPELLATE DISTRICT, DIVISION THREE, (Super. Ct. No. 30-2012-00594579), Order modifying opinion: no change in judgment, dated May 19, 2015.)

#1 Lower the rates to comply with Article XIII C of the California Constitution, VOTER APPROVAL FOR LOCAL TAX LEVIES. Specifically:

Eliminate the scalar (S), which was originally 9.2% of total marginal costs in the original Time of Day (TOD) rates set in 2017 and remains in the rates today, from the proposed rates. Do this by calculating the current percentage of total marginal cost (CPTMC) represented by the scalar, multiply the current rates by 100 – CPTMC, or if SMUD can justify a better way to calculate the current value of the scalar, use it and then apply the four proposed increases of 2.75%.

See my presentations at the 2019 and 2021 rate hearings and my emails to the Board at those times. The issue was essentially the same then as it is today.

See also my email to the Board of Directors dated August 14, 2023, which email is incorporated into this Report by this reference.

See also the following discussion. Feel free to ask me questions to clarify.

**Key points on the history of SMUD's Time of Day rates:**

#1 The original time of day rates included a 9.2% scalar, presented in the 2018 rate design study, referred to in Appendix I of the 2017 CEO and GM Report.

#2 Every year since then SMUD has raised rates across the board.

#3 SMUD has never backed the 9.2% scalar out of its rates.

Report and recommendations on alternatives to the rate changes proposed by the general manager for 2024 and 2025, revised on August 28, 2023

#4 Therefore the 9.2% scalar remains a part of today's rates and the proposed rates for 2024 - 2025.

### **The current Time of Day rates are a special tax**

Key points:

#1 Definition of a tax

Definitions in Article XIII C:

Section 1

(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

(Note: There are 5 other exceptions to the definition of a tax but none even plausibly applies to SMUD rates and therefore they are not mentioned here.)

Section 2

(a) All taxes imposed by any local government shall be deemed to be either general taxes or special taxes. Special purpose districts or agencies, including school districts, shall have no power to levy general taxes.

Therefore any taxes charged by SMUD must be special taxes.

#2 The proposed rates are a "levy, charge, or exaction of any kind imposed by a local government."

#3 Exceptions (e)(1) and (e)(2) do not apply to the proposed rates.

Report and recommendations on alternatives to the rate changes proposed by the general manager for 2024 and 2025, [revised on August 28, 2023](#)

The reason is, as I have explained in my email of Sunday, August 13th, 2023 at 12:22 PM, SMUD's argument about exceptions (e)(1) and (e)(2) is incorrect. Those exceptions do not apply to the proposed rates (or the current rates). Therefore the rates are taxes. They must be special taxes because SMUD is a special service district and does not have the ability to collect general taxes.

**What SMUD must do to get approval for a special tax:**

If the proposed rates are special taxes then they violate Article XIII C of the California Constitution and must not be passed. SMUD's only option, per [Article XIII C, sec. 2 \(d\)](#), is to let the voters vote and see if 2/3 of them approve the new rates.

"(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote. A special tax shall not be deemed to have been increased if it is imposed at a rate not higher than the maximum rate so approved."

Is SMUD imposing, extending or increasing a special tax?

Definitions in the Government Code, section 53750, of:

(e) "Extended," when applied to an existing tax or fee or charge, means a decision by an agency to extend the stated effective period for the tax or fee or charge, including, but not limited to, amendment or removal of a sunset provision or expiration date.

(h) (1) "Increased," when applied to a tax, assessment, or property-related fee or charge, means a decision by an agency that does either of the following:

- (A) Increases any applicable rate used to calculate the tax, assessment, fee, or charge.
- (B) Revises the methodology by which the tax, assessment, fee, or charge is calculated, if that revision results in an increased amount being levied on any person or parcel.

I have shown you in my email of Monday, August 14th, 2023 at 2:50 PM that SMUD's rates really are imposed on rate payers. *CITIZENS FOR FAIR REU RATES et al., v. CITY OF REDDING et al.*, (2015), C071906, (Super. Ct. Nos. 171377, 172960), (reversed on other grounds), page 13

[I also sent this email to Ms. Jenna Lesch at SMUD on Sunday, August 13th, 2023 at 12:22 PM. Ms. Lesch confirmed that she had forwarded my message to the Directors on Tuesday, August 15th, 2023 at 6:05 PM with a cc to the Rates Team.](#)

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For your convenience here is the body of said email.

From

Mark<Mark@freewayblogging.com>

Sent

Aug 14, 2023

Monday, August 14th, 2023 at 2:50 PM

To

brandondrose@hotmail.com

nancy.bui@smud.org

Gregg Fishman<gbfishman@gmail.com>

Rosanna J. Herber<Rosanna.Herber@smud.org>

rob@kerth.us

davetamayo2@gmail.com

Heidi.Sanborn@smud.org

Subject: Message for the Board of Directors on the applicability of Article XIII C, August 13.

Monday, August 14th, 2023 at 2:50 PM

August 14, 2023

Dear SMUD Directors,

SMUD's proposed rates for 2024 and 2025 in the current Chief Executive Officer and General Manager's Report are proceeding on the assumption that you are not bound by Article XIII C of the California Constitution on local government taxes (from Proposition 26). But you may not be aware of a California Court of Appeals decision which invalidates SMUD's argument. SMUD staff has failed to address any legal questions or comments before which is why I am presenting this to you, the Board of Directors. Your work and the new proposed rates necessarily involve legal questions. They are policy issues and they involve legal questions, so dodging them is not an option.

Please respond and address this well in advance of the August 30 Board of Directors meeting and rate hearing. It is a key question. I am asking for a written response from you now and a verbal

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response during the August 30 meeting. Unfortunately SMUD has a habit of glossing over arguments and questions without really responding to them or answering them. You know that the format of the rate hearing does not permit me to ask a follow up question or reiterate an argument which SMUD effectively dodged, so I am asking now for a thorough written response.

**Summary:** SMUD's current rates are taxes as defined in the California Constitution because they exceed by more than 10% your reasonable cost of providing electricity service. SMUD may not impose, extend or increase a tax without the approval of 2/3 of the electorate. SMUD has never sought or received such approval for the proposed rates for 2024 and 2025. Therefore the proposed rates are unconstitutional.

**Discussion:**

**California Constitution limitation on local taxes:**

Article XIII C, section 2(d) of the California Constitution says:

(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.

Tax is defined in Article XIII C: "(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following: . . . ." There are 7 exceptions. The ones which SMUD cites are:

(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.

**SMUD's argument about "imposed":**

SMUD claims the proposed rates are not taxes because they are not "imposed" on rate payers and its argument is:

Proposition 26 therefore applies only to charges that are “imposed” by local government. SMUD rates are not “imposed” on customers for purposes of Proposition 26, because that language requires some exercise of government force or authority, which is not involved when a public agency, such as SMUD, provides services to customers in a competitive market. SMUD customers pay only for the voluntary use of service, and they have meaningful alternatives to that service, such as self-generation and storage with solar, hydro, fuel cell, wind, geothermal power and batteries. (CEO and GM Report, page 76)

This is nonsense. Is it really practical for an individual living in SMUD's service territory to set up and operate his own hydro, fuel cell, wind, geothermal power and batteries? Solar is becoming more popular but it always relies on SMUD, not only to sell back the excess power during bright, sunny days but also to provide power when the sun doesn't shine, such as at night, or doesn't shine brightly, such as on cloudy days. Solar is a good partial solution; a source of power during limited times when the conditions are right for steady, bright sun. This is not a meaningful alternative to buying electricity from SMUD. As far as I know every resident with solar power is also a SMUD customer. As you know PG&E and other investor owned utilities do not operate in SMUD's service area so this is not "a competitive market."

The reasoning here is supported by case law. There was a case called *CITIZENS FOR FAIR REU RATES et al., v. CITY OF REDDING et al.* REU stands for Redding Electric Utility.

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The Court of Appeals for the Third Appellate District addressed this argument.

“Redding argues Proposition 26 does not apply because the Utility’s rates (including the PILOT component) are not “imposed.” Redding reasons that “[e]ven if the PILOT were funded by [electric] rates, no force or authority is involved here -- those who wish to buy energy from [the Utility] pay the PILOT (and other costs argued to be funded by [the Utility’s] service rates) only to the extent they use its service. Those who obtain energy in other ways do not. [There are] other alternatives to electric utility service (such as solar, water, wind and geothermal power) . . . .” The trial court rejected the argument, pointing out that while “legally [the Utility] has no monopoly as an electric utility, the reality is that for many people there are no economically viable alternatives. The Court used the example of a tenant who is renting a house or apartment that is served by [the Utility]. While theoretically possible that a tenant who does not wish to use [the Utility] could install an alternate power source, that is simply not a realistic option.” We agree. A tax does not lose its revenue-generating character because there is a theoretical but unrealistic way to escape from the tax’s purview. The PILOT was imposed under Redding’s authority to generate revenue for its general fund.”

*CITIZENS FOR FAIR REU RATES et al., v. CITY OF REDDING et al., (2015), C071906, (Super. Ct. Nos. 171377, 172960), (reversed on other grounds), page 13*

The same logic applies here. A resident, especially a tenant, in a house or apartment that is served by SMUD cannot realistically install and operate hydro, fuel cell, wind, geothermal power and batteries. As for solar if the owner of the house or apartment doesn't want to invest in and doesn't have solar then solar is not an option for the tenant either. You can't do your own hydropower unless you live right on the river and your landlord approves it and the City will permit you to build a dam (and other state and federal agencies) and you have millions of dollars to do it and plan to rent there for the next 50 years or so. It's not a realistic option.

Therefore SMUD's rates really are imposed. Therefore SMUD's rates really are taxes as defined in Article XIII C: "(e) As used in this article, "tax" means any levy, charge, or exaction of any kind imposed by a local government, except the following: . . . ."

Therefore SMUD may not extend or increase its rates either without a 2/3 vote of the electorate, according to section 2(d) above.

**SMUD's argument about exceptions (e)(1) and (e)(2):**

SMUD also claims Article XIII C does not apply to its rates because, "charges for benefits conferred upon the payor, or for specific government services provided directly to the payor, are excepted under Cal. Const., art. XIII C, subdivisions (e)(1) and (e)(2), respectively, provided that the charge does not exceed the reasonable cost of providing that benefit or service."

As I showed the Board during the 2019 and 2021 rate actions, the original time of day (TOD) rates do exceed your reasonable cost of providing electricity service. This is proven by the document which originally calculated the amount of your marginal cost components and total marginal cost and then inflated the total marginal cost by the addition of a 9.2% "scalar" to get the final numbers for each time period in terms of dollars per kilowatt hour. The original rate resolution. SMUD's first TOD rates were set on June 15, 2017 in Resolution 17-06-09. The document was the 2017 and 2018 RT02 rate design study.

SMUD published a CEO and GM Report and Recommendation on Rates and Services (the "2017 Report"). That Report contained, as Appendix I, a letter dated December 6, 2016 from NERA Economic Consulting addressed to SMUD's Resource Planning and Pricing Department (RP&P). The subject of the letter was NERA's independent review of SMUD's 2016 Marginal Cost of Service (MCS) Study and its proposed residential Time of Use (TOU) rates for the period 2017 – 2019. That letter was pages 109 – 112 of the Report.

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NERA wrote that it had reviewed SMUD documents including the 2018 Residential Time-of-Use Rate (RT02) Design Study (“Rate (RT02) Design Study”).

That study quantified the marginal cost components of SMUD’s then proposed residential Time of Day (TOD) rates. Marginal cost components were: Generation, Capacity, RPS, Transmission, Subtransmission, Distribution, Distribution Facilities, Meter and Services. (page 3) The problem is that after carefully accounting for each Marginal Cost Component SMUD unconstitutionally added a “scalar” of 9.2% to set rate revenues equal to budget revenues.

In other words SMUD had a target for how much money it wanted to take in via residential TOD rates and to reach that target it added 9.2% to its marginal cost.

SMUD’s explanation of this 9.2% “scalar” is:

“The proposed time-of-use energy rate is completed by setting proposed rate revenues equal to rate revenues for the budget year. The reconciliation of marginal costs to rate revenues is accomplished through increasing final marginal cost energy charges by a scalar of 9.2%.”

This is in the RT02 Rate Design Study, page 14, in between Table L and Table M.

**Table L: Time-of-Use Energy Marginal Cost**

Time-of-Use		Energy, Ancillary Service & RPS Cost	Generation Capacity	Trans & Dist	Residual Distribution Facilities	Public Good	Total Energy Marginal Cost
Rates Time Of Use	Summer Peak	\$0.0713	\$0.0680	\$0.0689	\$0.0371	\$0.0096	\$0.2548
	Summer Mid-Peak	\$0.0580	\$0.0253	\$0.0248	\$0.0270	\$0.0096	\$0.1447
	Summer Off-Peak	\$0.0484	\$0.0126	\$0.0102	\$0.0239	\$0.0096	\$0.1048
	Winter Peak	\$0.0612	\$0.0096	\$0.0000	\$0.0398	\$0.0096	\$0.1202
	Winter Off-Peak	\$0.0491	\$0.0013	\$0.0000	\$0.0271	\$0.0096	\$0.0872

The proposed time-of-use energy rate is completed by setting proposed rate revenues equal to rate revenues for the budget year. The reconciliation of marginal costs to rate revenues is accomplished through increasing final marginal cost energy charges by a scalar of 9.2%.

**Table M: Proposed Energy Charge**

Time-of-Use		Total Energy Marginal Cost	Scalar 9.2%	2017 Energy Charges
Rates Time Of Use	Summer Peak	\$0.2548	\$0.0235	\$0.2783
	Summer Mid-Peak	\$0.1447	\$0.0133	\$0.1580
	Summer Off-Peak	\$0.1048	\$0.0097	\$0.1145
	Winter Peak	\$0.1202	\$0.0111	\$0.1313
	Winter Off-Peak	\$0.0872	\$0.0080	\$0.0952

Ref  
mar

I have embedded an image of Table L and Table M directly above, but if you do not see it please find it on page 14 of the 2017 and 2018 Rate Design Study. Again, this document is not contained in the 2017 CEO and GM Report but Appendix I, the letter from NERA Economic Consulting on pages 109 - 112, refers to the 2017 Rate Design Study.

SMUD Rates Team has told me by email that SMUD has not removed or backed the 9.2% scalar out of its current or proposed rates. Therefore your proposal to increase rates by 2.75% on January 1 and May 1 of 2024 and 2025 is a proposal, *inter alia*, to increase the scalar by the same amounts and to continue it.

Therefore your current rates are taxes as defined in Article XIII C. All of your residential time of day rates have been taxes.

My email earlier today showed that SMUD has failed to cost justify its proposed rates. Please refer to it, as said email is incorporated into this email by this reference. The 2022 Rate Costing Study, which purportedly provides cost justification, does not show any numbers which are associated with or support the proposed rate increases of 2.75%.

The scalar is not associated with any specific marginal cost component. Therefore it is not part of SMUD's reasonable cost of providing electricity service. Therefore exception (e)(2) in Section 1 of Article XIII C does not apply and the limitation in section 2 (d) does apply. Therefore your proposed rates are taxes. You may not impose, extend or increase a special tax without a 2/3 vote of the electorate.

"A tax is extended when an agency lengthens the time period during which it applies. Gov. Code, § 53750, subd. (e). A tax is increased when an agency revises its methodology for

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calculating a tax and the revision results in increased taxes being levied on any person or parcel.  
§ 53750, subd. (h)(1)."

Webb v. City of Riverside, 23 Cal. App. 5th 244, 258.

**Conclusion:**

Your proposed rates, based on this analysis, violate Article XIII C of the California Constitution  
and are subject to cancellation by a court of competent jurisdiction.

Please give a substantive response to this argument as soon as possible and long before the  
August 30 Board of Directors meeting and rate hearing. It is key to the validity of your proposed  
rates.

Sincerely,

Mark Graham

Obviously you are lengthening the time period during which the tax (the scalar) applies. You are lengthening the special tax to make it apply in the years 2024 and 2025.

In this case SMUD is increasing the applicable rate used to calculate the charge for electricity.

Therefore the proposed rates violate section 2 (d) of Article XIII C in three (3) different ways: SMUD is imposing, extending and increasing a special tax, which is the scalar of 9.2% which is still in the current and proposed rates. SMUD can only do this with the approval of 2/3 of the voters.

**Where did the original Scalar come from?**

The following is the history of the development of the original time of day rates and the associated "scalar", which originally was 9.2% of the value of the total marginal cost. This will be in paragraphs 1 through 18.

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The point of this section is this: The original, current and proposed Time of Day (TOD) rates include a 9.2% (original amount) scalar. SMUD has not removed this scalar or backed it out from the rates. SMUD has increased rates every year, SMUD has not only left the scalar in all the subsequent rate resolutions but has also increased it, since rates have been increased across the board.

#1 SMUD’s first residential Time of Day rates were set on June 15, 2017 in Resolution 17-06-09.

#1a In 2016 the District (SMUD) hired NERA Economic Consulting to provide an independent review of SMUD’s 2016 Marginal Cost of Service (MCS) Study and its proposed residential Time of Use (TOU) rates for the period 2017 – 2019.

#2 Appendix I on pages 109-112 of the 2017 Chief Executive Officer and General Manager’s Report and Recommendation on Rates and Services (hereinafter “2017 GM Report”) is a letter from NERA Economic Consulting dated December 6, 2016 (the “NERA Marginal Cost Study Review Letter”) to SMUD’s Resource Planning and Pricing (RP&P) Department. The NERA Marginal Cost Study Review Letter begins by saying:

“Dear RP&P Staff,

NERA Economic Consulting (NERA) was engaged by the Sacramento Municipal Utility District (SMUD) to provide an independent review of SMUD’s 2016 Marginal Cost of Service (MCS) Study and its proposed residential Time of Use (TOU) rates for the period 2017 – 2019. NERA was primarily responsible for assessing SMUD’s marginal cost methods and whether the results of the MCS study were appropriately considered in the determination of cost allocation by rate class as well as in the proposed rate design.

#### Documents Reviewed

In conducting our review, we reviewed SMUD’s draft marginal cost model and marginal cost study report, SMUD’s Capital Expansion Plans, and SMUD’s draft report titled “2017 Residential Time-of-Use Rate (RT02) Design Study”. Additionally, NERA requested clarification on any questions arising from the review of the documentation. Although a comprehensive review of the study was performed, NERA did not audit the input data to the MCS model or the rate models employed by SMUD.”

#3

The NERA letter refers to three other documents that SMUD produced and NERA reviewed in assessing the then proposed new TOD rates:

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- SMUD's draft marginal cost model and marginal cost study report dated November 17, 2016
- SMUD's capital expansion plans dated June and December, 2015; and
- SMUD's draft report titled “2017 (sic) Residential Time-of-Use Rate (RT02) Design Study”, dated November 30, 2016 which I will call the “Rate Design Study.”

#4

The Rate Design Study is referred to as "2017 (sic) Residential Time-of-Use Rate (RT02) Design Study," dated November 30, 2016. The “Rate Design Study” document is 16 pages long and labeled on page 1 as “2018 Residential Time-of-Use Rate (RT02) Design Study.”

#5

This above cited document was also the final version of the document; that there was no subsequent version that SMUD or NERA Economic Consulting produced and used in making its TOD rates.

#6

The actual intended date on the rate design study was 2018. In other words where it said 2017 in the title it was a typographical error.

#7

The Rate Design Study explained the concept behind the accounting term “marginal cost” and presented the marginal cost components; that is, the marginal cost for each component of SMUD’s proposed electric rates, and then the sum of all of those marginal cost components. The rate design study explained its use of marginal costs as follows:

“SMUD’s proposed rate structure as defined by the Chief Executive Officer & General Manager’s Report and Recommendation on Rates and Services is based on by (sic) SMUD’s Marginal Cost of service. Marginal costs are the additional costs SMUD incurs to provide electric service to a new customer, a new load or the savings expected from not serving that customer or load. These costs vary by the voltage at which electricity is delivered to the customer.”

(page 2)

#8

The entire rate design study is based on SMUD’s marginal cost of service. Starting from the above introduction and explanation, the study identifies each of the components of its marginal

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cost, then states the dollar amount of each one in units of dollars per kilowatt hours (\$/kWh), and then adds up all of the marginal cost components to arrive at the total marginal cost. The components of SMUD’s marginal cost are identified as Generation, Capacity, RPS, Transmission, Subtransmission, Distribution, Distribution Facilities, Meter and Services. (Table A, page 3). Table L identifies the components of SMUD’s marginal cost as Energy, Ancillary Service & RPS Cost, Generation Capacity, Trans(mission) & Dist(ribution), Residual Distribution Facilities, and Public Good. The sum of these is identified as “Total Energy Marginal Cost.”

#9

The final column in Table L is the “Total Energy Marginal Cost”. In Table M added what SMUD calls a “scalar”, which is equal to of 9.2% of said cost, to said cost. The sum is the “2017 Energy Charges”, shown in the final column of Table M of the RT02 Design Study. Both Tables are on page 14.

SMUD’s explanation of this scalar, right in between Tables L and M, is:

“The proposed time-of-use energy rate is completed by setting proposed rate revenues equal to rate revenues for the budget year. The reconciliation of marginal costs to rate revenues is accomplished through increasing final marginal cost energy charges by a scalar of 9.2%.”

#10 The following is a true and accurate copy of Tables L and M from the rate design study and the explanation in between them, page 14.

**Table L: Time-of-Use Energy Marginal Cost**

Time-of-Use		Energy, Ancillary Service & RPS Cost	Generation Capacity	Trans & Dist	Residual Distribution Facilities	Public Good	Total Energy Marginal Cost
Rates Time Of Use	Summer Peak	\$0.0713	\$0.0680	\$0.0689	\$0.0371	\$0.0096	\$0.2548
	Summer Mid-Peak	\$0.0580	\$0.0253	\$0.0248	\$0.0270	\$0.0096	\$0.1447
	Summer Off-Peak	\$0.0484	\$0.0126	\$0.0102	\$0.0239	\$0.0096	\$0.1048
	Winter Peak	\$0.0612	\$0.0096	\$0.0000	\$0.0398	\$0.0096	\$0.1202
	Winter Off-Peak	\$0.0491	\$0.0013	\$0.0000	\$0.0271	\$0.0096	\$0.0872

The proposed time-of-use energy rate is completed by setting proposed rate revenues equal to rate revenues for the budget year. The reconciliation of marginal costs to rate revenues is accomplished through increasing final marginal cost energy charges by a scalar of 9.2%.

**Table M: Proposed Energy Charge**

Time-of-Use		Total Energy Marginal Cost	Scalar 9.2%	2017 Energy Charges
Rates Time Of Use	Summer Peak	\$0.2548	\$0.0235	\$0.2783
	Summer Mid-Peak	\$0.1447	\$0.0133	\$0.1580
	Summer Off-Peak	\$0.1048	\$0.0097	\$0.1145
	Winter Peak	\$0.1202	\$0.0111	\$0.1313
	Winter Off-Peak	\$0.0872	\$0.0080	\$0.0952

Report a manager for 2017 and 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

#11

Table L, as the title says, is SMUD's Time-of-Use Energy Marginal Cost.

Table L shows, in the first 5 columns of numbers, the dollar amount of the marginal cost component for marginal cost component for each of the time of use periods, which are Summer Peak, Summer Mid-Peak, Summer Off-Peak, Winter Peak and Winter Off-Peak.

For simplicity, the terms "Time-of-Day" and "Time-of-Use" are used interchangeably, as are the terms "Winter" and "Non-Summer."

(2019 CEO and GM Report, page 26)

The last column of numbers in Table L is the "Total Energy Marginal Cost".

The first column of numbers in Table M is also the "Total Energy Marginal Cost". Same numbers as in the last column in Table L.

The second column of numbers in Table M is the 9.2% scalar, equal to the "Total Energy Marginal Cost" for each of the five time periods.

The third column of numbers in Table M is "2017 Energy Charges", equal to the sum of the numbers in the first and second columns.

#12

The point of Table M is to add the scalar of 9.2% to the carefully calculated "Total Energy Marginal Cost" to obtain the "2017 Energy Charges". The proposed rates for 2018 and 2019, which the Board adopted and approved by resolution, were equal to these "2017 Energy Charges" plus another minor scalar.

#13

Unlike all of the components of SMUD's marginal cost, which are described in question #8, there is no specific cost which serves as the basis for the 9.2% scalar.

#13a

Appendix 1 of the 2017 CEO and General Manager's Report, which was NERA's Marginal Cost Study Review Letter, contained a Table 20 on page 112, reproduced below. An asterisk note to

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Table 20 says, "Scalar = 9.6%."

The total energy marginal cost by time periods is shown in as follows in Table 20:

Table 20 Total Marginal Cost by Time Period (\$/kWh)

Time Period	Energy, Ancillary Service & RPS Cost	Generation Capacity	Trans & Dist.	Residual Distribution Facilities	Public Good	Total Marginal Cost	Total MC Adjusted with Scalar*
Summer Peak	\$0.0713	\$0.0680	\$0.0689	\$0.0371	\$0.0096	\$0.2548	\$0.2793
Summer Mid-Peak	\$0.0580	\$0.0253	\$0.0248	\$0.0270	\$0.0096	\$0.1447	\$0.1586
Summer Off-Peak	\$0.0484	\$0.0126	\$0.0102	\$0.0239	\$0.0096	\$0.1048	\$0.1149
Non-Summer Peak	\$0.0612	\$0.0096	\$0.0000	\$0.0398	\$0.0096	\$0.1202	\$0.1318
Non-Summer Off-Peak	\$0.0491	\$0.0013	\$0.0000	\$0.0271	\$0.0096	\$0.0872	\$0.0955

\*Scalar = 9.6%

The marginal price signals in this study were developed using the historical 2013 average residential load shape, a year displaying historically typical weather characteristics for SMUD service area. As evidenced in SMUD's SPO study, introducing residential customers to Time-of-Day pricing as the standard rate for the forecast period is anticipated to result in the shifting of load from high price peak and mid-peak periods to lower price periods. Accordingly, the reconciliation of marginal costs to rate revenue is accomplished through increasing final marginal cost energy charges by a scalar of 9.6% to achieve a revenue neutral rate design for the 2019 budget period prior to adjusting rates with the proposed rate increase.

Staff proposes a residential rate increase of 1.5% in 2018. Table 19 shows the rate increase applied to residential charges.

*(end of report)*

#14

SMUD has not made any effort to eliminate, and has not eliminated, the 9.2% scalar from its rates for 2020 and 2021 or from the approved 2022 and 2023 rates. Therefore that scalar is still in the 2022 and 2023 rates. The scalar, like everything else that is in the current rates, was increased by the four rate increases approved by the SMUD Board for 2020 and 2021 (two in each year) and was also increased in 2022 and 2023 because SMUD did not back the scalar out of its rates before applying the increases approved for those years.

#15

The 9.2% scalar from the earlier (original and then as increased by the Board in subsequent rate actions) time of day rates is built into the proposed rate increases for 2024 and 2025.

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#16

The District has stated that the rate schedule shown in the Rate Design Study, which the SMUD Board of Directors approved in June, 2017 in the form of electricity rates and charges for the years 2018 and 2019, takes into consideration District policies and shows rates reflecting the cost of providing service to the various customer categories.

#17

Because of the way the system infrastructure fixed charge (SIFC) is calculated the 9.2% scalar is built into SMUD's current electric rates.

#18

Because of the way the residential fixed rate (RF01) is calculated the 9.2% scalar is built into SMUD's current fixed rate.

**SMUD cannot set rates based on predetermined budgets.**

Please address this during the rate hearing on August 30, 2023. If you believe there is some reason this case does not apply to your proposed rates, or if you have case law to the contrary, please present it. Remember your attorney's opinion is not legal authority. Neither is mine. But case law is.

It is clear from your CEO and GM Report and correspondence with the Rates Team that your proposed rates are based on your predetermined budgets for the next 2 years.

You may wonder whether there is any case law saying SMUD (or any local government) can set its rates based on predetermined budgets. There is case law saying you CANNOT do this.

“However, if a local government body chooses to impose tiered rates unilaterally without a vote, those tiers must be based on cost of service for the incremental level of usage, not pre-determined budgets.”

(CAPISTRANO TAXPAYERS ASSOCIATION, INC., v. CITY OF SAN JUAN CAPISTRANO, G048969, COURT OF APPEAL OF THE STATE OF CALIFORNIA, FOURTH APPELLATE DISTRICT, DIVISION THREE, (Super. Ct. No. 30-2012-00594579), Order modifying opinion: no change in judgment, dated May 19, 2015.)

The full quotation is on pages 2 and 3 of the opinion.

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6. On page 27, delete the first sentence of the first complete paragraph, and substitute this paragraph in its stead: “The way Proposition 218 operates, water rates that exceed the cost of service operate as a tax, similar to the way a ‘carbon tax’ might be imposed on use of energy. But, we should emphasize: Just because such above-cost rates are a tax does not mean they cannot be imposed – they just have to be submitted to the relevant electorate and approved by the people in a vote. There is no reason, for example, why a water district or local government cannot, consistent with Proposition 218, seek the approval of the voters to impose a tax on water over a given level of usage – as we indicated earlier, that might be a good idea. However, if a local government body chooses to impose tiered rates unilaterally without a vote, those tiers must be based on cost of service for the incremental level of usage, not pre-determined budgets. (For the moment, of course, we need not decide whether such a proposed tax would constitute a general tax or special tax.)”

The Rates Team has told me you are basing your rates on predetermined budgets.

From

Rates<Rates@smud.org>

Thursday, August 17th, 2023 at 3:58 PM

To

Mark<Mark@freewayblogging.com>

Rates<Rates@smud.org>

CC

Pricing<Pricing@smud.org>

Hello Mr. Graham,

Please see responses to your questions in *red* below.

In relation to the connection between the 2022 Rate Costing Study and the 2.75% increases:

SMUD’s proposed rate increases for 2024 & 2025 are needed to ensure the forecasted revenue is sufficient to cover the projected costs for 2024 and 2025 which includes commodity costs, operations and maintenance, public good, capital, and debt service. Although we do have options as to the timing and amount of the rate increase, the overall revenue requirement remains the

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same. We need an additional \$75M in 2024 and \$171M for 2025. In our April presentation to the Board of Directors, we gave them several options to choose from that resulted in the same revenue requirement with different rate increase amounts and different timing options. They selected the proposal that is represented in the General Managers report – 4 rate increases of 2.75% each in January and May of both 2024 and 2025. The General Managers report spells out the major cost drivers we’re seeing and the amounts, and that has also been shared in our public meetings.

Thank you.

SMUD Rates Team

SMUD Powering forward. Together.

6201 S Street, Mail Stop B256, Sacramento, CA 95817

P.O. Box 15830, Sacramento, CA 95852-0830

In subsequent correspondence the Rates Team informed me they were referring to the April 18, 2023 meeting of the Finance and Audit Committee and special Board of Directors meeting.

The Rates Team sent me the link to their presentation they were talking about. It is the Exhibit to Agenda item #1.

[https://www.smud.org/-/media/Documents/Corporate/About-Us/Board-Meetings-and-Agendas/2023/Apr/2023-04-18\\_Exhibit-to-Agenda-Item-1.ashx](https://www.smud.org/-/media/Documents/Corporate/About-Us/Board-Meetings-and-Agendas/2023/Apr/2023-04-18_Exhibit-to-Agenda-Item-1.ashx)

The set of options they were referring to is on slide 7, reproduced on the following page.

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## Different timing & percentage options

	2024 - Revenue Requirement \$75M				2025 – Revenue Requirement \$170M			
	Increase 1		Increase 2		Increase 1		Increase 2	
	Month	Increase	Month	Increase	Month	Increase	Month	Increase
<b>Option 1</b>	Jan.	3.00%	Jun.	2.75%	Jan.	2.75%	Jun.	2.75%
<b>Option 2</b>	Jan.	2.75%	May	2.75%	Jan.	2.75%	May	2.75%
<b>Option 3</b>	Jan.	5.50%	N/A	N/A	Jan.	5.00%	N/A	N/A
<b>Option 4</b>	Mar.	4.75%	Oct.	4.00%	Mar.	1.75%	N/A	N/A
<b>Option 5</b>	Mar.	5.00%	Oct.	2.75%	Mar.	2.50%	Oct.	2.00%
<b>Option 6</b>	Jan.	4.50%	Oct.	2.00%	Jan.	3.75%	N/A	N/A

N/A – No rate increase in that time period.

April 18, 2023

7

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting



According to the Rates Team email the option which the Board chose at the April 18 Finance and Audit Committee meeting and special meeting of the Board of Directors is option 2. It matches the proposal in the CEO and GM Report. (CEO and GM Report dated June 15, 2023, Volume 1, pages 10, 12, 19, 23 and elsewhere.)

### **SMUD cannot set its rates based on the standard industry practice of CPUC regulated utilities or utilities in other states**

The Rates Team has been evasive about the origins of the proposed rates. I sent them a set of questions on July 11, which they finally answered on July 26. Here are some of the questions and answers.

#### Questions:

#19 What is the factual and historical basis for SMUD including the 9.2% scalar from its original TOD rates in the proposed rates for 2024 and 2025?

#20 Is SMUD relying on "standard industry practice" as its justification for including the 9.2% scalar from its original TOD rates in the proposed rates for 2024 and 2025?

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#21 Is SMUD relying on practices of regulated utilities in California (regulated by the CPUC) as its justification for including the 9.2% scalar from its original TOD rates in the proposed rates for 2024 and 2025?

#22 Is SMUD relying on practices of electric utilities in other states as its justification for including the 9.2% scalar from its original TOD rates in the proposed rates for 2024 and 2025?

Answers:

19. The scalar was included in developing the TOD energy charges in 2017, and the rate increases proposed for 2024-2025 apply to all components of the rate adopted by the Board in prior rate actions.

20. The TOD rate was adopted in 2017 following industry standard practice regarding marginal costing principles and the proposed rates for 2024 and 2025 are simply increasing and not changing the TOD rate structure.

21. The TOD rate was adopted in 2017 following industry standard practice which may or may not include CPUC regulated utilities.

22. The TOD rate was adopted in 2017 following industry standard practice which may or may not include utilities from other states.

From the answers to questions 21 and 22 SMUD has admitted that it may have followed standard industry practice from CPUC regulated utilities and utilities in other states. But neither CPUC regulated utilities nor utilities in other states are subject to Article XIII C of the California Constitution.

From the answer to questions 19 and 20 SMUD has admitted it is keeping and increase the 9.2% scalar, plus all the increases to it and the rates since then. Therefore all of the mistakes in the original TOD rates are also present in the proposed rates.

**SMUD's deception about the rates being based on "embedded cost", begun in 2019 at the rate hearing, continues and must be corrected**

This section of my report and recommendations continues for several pages. It is part of my recommendation to remove the scalar from the current rates, my first recommendation.

Please address this at the August 30, 2023 rate hearing. Explain the legal and policy and factual justification and basis for the 9.2% scalar (plus all rate increases since then) in detail and specifically. Your CEO and GM Reports have said the rates are based on your marginal cost. So did the NERA Economic Consulting letter, Appendix I in the 2017 CEO and GM Report. But at

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the 2019 rate hearing after my presentation SMUD’s Jennifer Davidson claimed the proposed rates were based on your “embedded cost” (a term not used in this context in ANY SMUD document that SMUD has sent me in response to my inquiries), not on your marginal cost. This is a major and significant difference. Ms. Davidson gave a loose and vague definition (more of a description) of “embedded cost”, which is not found in ANY SMUD document.

The Rates Team’s answers to my questions about “embedded cost” mean that Ms. Jennifer Davidson’s explanation of the then proposed rates at the 2019 rate hearing was false. So do all the documents SMUD showed me in response to my 2019 Public Records Act request following the rate hearing and all the budget documents currently available on your budget page of your website.

Unfortunately the Board failed to question her about this explanation and accepted it and approved the proposed rates based on this false explanation.

My questions:

#26 SMUD claimed in the 2019 rate hearing that its rates were really based on its “embedded cost”. (Statement of Ms. Jennifer Davidson, SMUD employee.) Please define the term "embedded cost" as used by SMUD in this context.

#27 Regarding the previous question please explain the factual and historical basis for SMUD's alleged use of "embedded cost".

#28 Does SMUD claim, as of today, that its rates are really based on its "embedded cost"?

SMUD Rates Team’s answers:

26. Ms. Davidson used the term “embedded” in reference to SMUD’s budget. SMUD’s budget information is available on smud.org at Budget reports (smud.org)

27. See response to #26

28. See response to #26

During the public hearing in the 2019 rate action SMUD’s Board President Dave Tamayo and Chief Legal Officer Laura Lewis asked SMUD’s Jennifer Davidson to respond to Graham’s

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presentation. Ms. Davidson's explanation is confusing and does not really address the issue in Plaintiffs' opinion. It did not appear that Ms. Davidson was familiar with or had read Appendix I (the NERA letter) or the RT02 rate design study. The gist of Ms. Davidson's response was that SMUD's marginal costs are really irrelevant to its cost justification – which of course begged the question of why the rate design study was ENTIRELY based on SMUD's marginal costs. Ms. Davidson offered no answer or explanation to that question. Neither President Tamayo, Chief Legal Officer Lewis, nor any of the other six (6) Board members dared to ask that question. Ms. Davidson claimed that SMUD's reasonable cost was its so called "embedded cost". See the transcript of the rate hearing on June 4, 2019, dated June 13, 2019 and prepared by THRESHA SPENCER, CSR No. 11788, Certified Shorthand Reporter, SCRIBE REPORTING & LEGAL COPYING, Certified Shorthand Reporters, 2207 J Street, Sacramento, CA 95816, pages 41 – 43.

On June 18, 2019 Graham sent SMUD his 3<sup>rd</sup> set of comments on the proposed rates for 2020 and 2021 via email. Among those comments were:

#1 During the rate hearing on June 4, 2019 SMUD implicitly acknowledged that it is extending and increasing the current rates and the scalar that is "baked into" or incorporated into the current rates as a result of the 2017 rate action by not disagreeing with my statement that SMUD is doing so.

#2 Jennifer Davidson's answer to the question of the scalar, that begins at 1:01:33 on the June 4, 2019 rate hearing meeting video, revolved around SMUD's "embedded cost" of providing electricity service and the difference between embedded cost and its marginal

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cost.

#3 Neither the 2017 nor the 2019 CEO and General Manager's Report and Recommendation on Rates and Services mentions the term "embedded cost" or the term "embedded" except once in connection with fixed costs (page 36 of the 2019 Report).

#4 SMUD has failed to cost justify its current rates or its proposed rates for 2020 and 2021 as required by Article XIII C of the California Constitution. SMUD failed to cost justify the 9.2% scalar that SMUD has proposed to extend and increase for 2020 and 2021.

#5 NERA Economic Consulting's letter, which was Appendix I on pages 109-112 of the CEO and GM Report for 2017, refers to several documents including the 2018 Residential Time-of-Use Rate (RT02) Design Study. That was the only document that provided cost justification for the then proposed rates. That study was all about SMUD's marginal cost, as I explained during the rate hearing. There was no mention of SMUD's "embedded cost".

Mr. Graham sent SMUD a Public Records Act request on June 13, 2019. He asked for electronic copies of records that describe, analyze or quantify SMUD's "embedded cost" for the current time of day residential rates; and for the proposed rates for 2020 and 2021

In response SMUD's Ms. Nicole Looney wrote to Mr. Graham on June 20:

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Ms. Davidson used the term “embedded” in reference to SMUD’s budget.

SMUD’s budget information is available on smud.org at

<https://www.smud.org/en/Corporate/About-us/Company-Information/Reports-and-Statements/Budget-Reports>

(end of Ms. Looney’s response to PRA request)

However the term “embed” or “embedded” does not appear anywhere in any of these documents:

- CEO and GM Report for 2017 or 2019
- Resolution 17-06-09
- SMUD Budget letter for 2017, 2018 or 2019
- SMUD Budget summary (slides) for 2017, 2018, or 2019

It appears that the concept of “embedded cost” is either entirely made up by SMUD in response to Mr. Graham’s presentation at the rate hearing OR it was discussed and forms the basis of SMUD’s current rates but was NEVER described or analyzed in any SMUD documents.

Graham asked SMUD several questions about the proposed 2020 and 2021 rates via email on June 18, 2019 including these:

#6 Jennifer Davidson's answer to the question of the scalar, that begins at 1:01:33 on the June 4, 2019 rate hearing meeting video, revolved around SMUD's "embedded

cost" of providing electricity service and the difference between embedded cost and its marginal cost.

[http://smud.granicus.com/MediaPlayer.php?view\\_id=16&clip\\_id=2112](http://smud.granicus.com/MediaPlayer.php?view_id=16&clip_id=2112)

Where is SMUD's analysis of its "embedded cost" of its current rates or proposed rates for 2020 and 2021? In what document is that located, and is that document available on the SMUD website?

SMUD replied via email on June 24 with this answer:

Question #6 - Ms. Davidson used the term "embedded" in reference to SMUD's budget.

SMUD's budget information is available on smud.org at <https://www.smud.org/en/Corporate/About-us/Company-Information/Reports-and-Statements/Budget-Reports>

Graham downloaded and searched on the budget letters and budget summaries for the 3 most recent available years from that web page. Not a single document even mentions the term "embedded" or "embed". let alone discusses it and claims that the embedded cost is SMUD's reasonable cost of providing electricity service.

Graham's next question for SMUD on June 18 was:

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#7 “If as Jennifer Davidson claimed during the rate hearing the current rates are really based on SMUD's embedded cost then why didn't NERA Economic Consulting evaluate SMUD's embedded cost?”

SMUD’s reply was, “Question #7 - See response to question #6.” That of course does not answer the question.

Therefore it appears that SMUD lied, with all due respect Ms. Jennifer Davidson lied to the Board of Directors at the 2019 rate hearing about the justification for the 9.2% scalar, claiming it was all about “embedded” cost, which from ALL the documents and information SMUD has given me is a complete phantom, and not about the “marginal cost”, even though the CEO and GM Report for the original time of day rates and the 2019 rate action and the NERA Economic Consulting letter to SMUD RP&P, Appendix 1 on pages 109 to 112 of the 2017 CEO and GM Report, all state unequivocally that the rates were based on marginal cost.

SMUD’s deception and failure to answer these questions honestly continue to this day as one can see from the answers by the Rates Team to my questions #26, 27 and 28.

The Rates Team’s answer to my question #26 referred me to the SMUD website for your budgets.

<https://www.smud.org/en/Corporate/About-us/Company-Information/Reports-and-Statements/Budget-Reports>

A search of all of the following budget documents shows no use of the term “embedded cost” or “embedded”. The only uses of “embed” are in the context of SMUD’s commitment to embed Diversity, Equity and Inclusion in its work.

Budget reports

Read budget letters and summaries on our annual budget for the current and past 3 years.

2023 SMUD budget

- 2023 budget letter and summary

2022 SMUD budget

- Budget letter
- 2022 budget summary

2021 SMUD budget

- Budget letter
- 2021 budget summary

2020 SMUD budget

- Budget letter
- 2020 budget summary

Therefore SMUD’s deception and double speak and failure to address Jennifer Davidson’s 2019 false explanation that the TOD rates were really based on “embedded cost”, not marginal cost, continue to this day.

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## **Discussion:**

Dear SMUD Directors,

You have heard me mention the above mentioned rate design study, which remains the most recent one SMUD has done. Four Directors have not chosen to reply to any of my messages in the current rate action. Thank you to those 3 who have. For the benefit of all Directors and anyone reading public comments on the SMUD website I will show you the rate design study. Images of each page are in this message and I hope you can see them.

### **Who cares? Why should you care?**

Because the SMUD Board adopted the conclusions and recommendations of the 2017 GM Report, including the specific rates proposed for residential customers which came from the rate design study. The Board of Directors adopted SMUD's first Time of Day rates in Resolution 17-06-09 on June 15, 2017.

The rate design study and the 2017 GM Report of which it was a part were the basis for SMUD adding an unconstitutional "scalar" - or I would call it inflation - of 9.2% to the original Time of Day (TOD) rates. The scalar has remained a part of all Time of Day rates since then. It has been increased along with all of SMUD's marginal costs every time SMUD has done a rate increase.

Today the CEO and General Manager is asking the SMUD Board of Directors to increase rates across the board by a fixed percentage. This is a recommendation to not only keep but increase the 9.2% scalar, which has already risen to about 10.7% through a series of rate increases.

### **How long has the 9.2% scalar been a part of SMUD's electricity rates?**

Since the first Time of Day rates were adopted.

### **Can SMUD do anything they want with electric rates?**

The California Constitution says a tax must be approved by the voters; a charge or fee or other exaction which exceeds the government's reasonable cost of providing the service is, by definition, a tax. (There are other possible exceptions, none applicable here.) If you really understand the rate design study you will understand why the current rates are unconstitutional and the rates for 2024 and 2025 proposed by the CEO and GM are also unconstitutional. SMUD has dodged this issue every time I have raised it, including at the 2019 and 2021 rate hearings. It is time to address it squarely and honestly and thoroughly.

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### **Where did the latest rate design study come from?**

It came from SMUD! In 2017 SMUD published a CEO and GM Report and Recommendation on Rates and Services (the “2017 GM Report”). That Report contained, as Appendix I, a letter dated December 6, 2016 from NERA Economic Consulting addressed to SMUD’s Resource Planning and Pricing Department (RP&P). The subject of the letter was NERA’s independent review of SMUD’s 2016 Marginal Cost of Service (MCS) Study and its proposed residential Time of Use (TOU) rates for the period 2017 – 2019. Appendix I was pages 109 – 112 of the 2017 Report.

NERA wrote that it had reviewed several SMUD documents including the then current rate design study. NERA referred to the Rate Design Study as "2017 (sic) Residential Time-of-Use Rate (RT02) Design Study," dated November 30, 2016. (page 109 of 2017 GM Report)

The Rate Design Study is not a part of the 2017 GM Report or any other GM Report. You can get a copy of it from SMUD through a Public Records Act request, as I did. It is 16 pages long and labeled on page 1 as “2018 Residential Time-of-Use Rate (RT02) Design Study.”

The rate design study accounted for all of SMUD's marginal costs and the overall marginal cost for delivering electricity to its customers. The conclusion of the rate design study was certain proposed electricity rates (prices) for each of the 5 time of day periods. The 2017 GM Report recommended adopting those proposed electricity rates and making them the District's electricity rates for the years 2018 and 2019.

### **Why is the 2017 and 2018 rate design study relevant to the current rate action or rate case?**

There are multiple true answers to this question:

Because SMUD is still setting rates according to the conclusions and recommendations of the 2017 GM Report, which included the proposed rates which included the 9.2% scalar.

Because SMUD has never done another rate design study since then and every odd year since then SMUD has increased rates across the board (for all customers) by a certain percentage, thereby inflating what SMUD called a "scalar" of 9.2% as well as increasing the total marginal cost.

At the second public workshop, on August 3, 2023, SMUD’s Mr. Alcides Hernandez said this.

“Yes, you say that in 2017, I think you were making reference to a study, a redesign study and SMUD has done a new study. That is correct. We haven't done a new study. The only 2017 that you were making reference, if I am understanding that right, the question. Yeah, it was the study

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that was done back around that year to propose at the time a new residential rate. We have not designed any new residential rates, so we haven't done any new study.”

(Transcript of 2<sup>nd</sup> public workshop, page 11 unnumbered.)

In response to a couple of my questions during the current rate action and similar questions in the previous 2 rate actions SMUD staff has acknowledged that SMUD has never backed out or divided out the percentage of the rates attributed to the scalar. The scalar remains a part of the current rates and has been a part of all residential rates since SMUD’s first TOD rates were set.

SMUD staff likes to dodge questions about the scalar, claiming such questions are not relevant to the current rate action, but they are and staff knows better. The current (2023) CEO and GM Report does not mention the word scalar, but it does say the current rates are proposed to be increased 2.75% on each of January 1 and May 1, 2024 and 2025. Indirectly they are admitting the CEO and GM Report proposes to increase the scalar, and it does not propose to back the scalar out or divide it out from the current rates when setting the proposed rates.

Recommendations, continued

**#2 Publicize the smart meter opt out program and the analog meter option**

SMUD should plan rates sufficient to raise money to enable it to publicize the smart meter opt out program and the analog meter option in a way that is intended to make as many residential customers as possible aware of it, how it works, the costs, and the customer's options. Publicize the above through easily visible and legible (not tiny font) and conspicuously placed notices on the SMUD home page, one article per quarter in the Connections newsletter, a single complete sentence on the face of page 1 of each residential electric bill, all leading to (showing the web address to) the smart meter opt out page.

Allocate one million dollars for each of the years 2024 and 2025 to pay for this, which will be an addition to the proposed rates. Obtain the necessary money for this by raising rates sufficiently to pay for this.

SMUD created its residential smart meter opt out program by resolution of the Board in 2012. A year later SMUD amended it to make the program more user friendly. This was a resolution in 2013, in March. Resolution 13-03-08 and attachment C.

Attachment C said in relevant part:

“Alternative Meter: The preferred alternative meter shall be a non-communicating digital meter. In lieu of a non-communicating meter, opt-out customers may elect to have a new analog meter installed.”

For ten (10) years this has remained SMUD's great secret, kept from its customers by deception and concealment in order to prevent customers from knowing and being able to exercise their right to opt out. It is time for this program to be fully publicized.

SMUD knows, or at least was told and shown, that smart electric meters are hazardous to human health. They transmit, according to the SMUD website, over 10,000 times per day and up to 240,000 times per day. This is the meter shaking hands with the network over and over again.

For health effects of smart meter radiation or generally microwave radiation see the videos and minutes of the board meetings from about early 2014 through May of 2016.

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Recommendations, continued

**#3 Add expense data to comply with the Public Utilities Code**

Correct the omission in the CEO and GM’s Report, volumes 1 and 2, which fails to comply with the Public Utilities Code, section 14404.3 (e), which says in relevant part:

The report and recommendation of the general manager of an electricity district filed pursuant to Section 14403 shall include all of the following:

(e) In sufficient detail to permit an assessment of the need for any proposed changes, a statement of each category of expense for the preceding two years, and estimates of each category of expense for the two years following.

SMUD has failed to do this. In response to an emailed question the Rates team responded on August 2, 2023:

“Hello Mr. Graham,

Page 88 of the GM report has years 2023 – 2025 and page 17 of the Report of Independent Auditors at the end of the GM report has years 2022 and 2021.

Thank you,

SMUD Rates Team”

The author followed up on August 6, 2023 by pointing out in detail the categories of expense in the CEO and GM Report for the preceding two years and the two years following. The categories are very different and the data do not permit an assessment of the need for any proposed changes. This should be posted on your website.

SMUD Rates team responded on August 11, 2023:

“Good afternoon Mr. Graham,

The prior years financial statements are the audited financial statements that are presented in a FERC format. The future projections of financial statements are presented in the budget format.

Per your request, we provided you with the information in the same format.

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Thank you,

SMUD Rates Team”

SMUD has chosen to comply with the FERC format requirements for financial data but has failed to comply with the format requirements in Public Utilities Code, section 14404.3 (e).

Therefore my recommendation is to begin the rate process over again and complete it, this time with a proper CEO and GM Report.

Recommendations continued

**#4 Provide cost justification for the proposed rates and start the rate process over again.**

Either do a new rate design study or a new rate costing study and either way show the actual reasonable costs of providing electricity service, as the original rate design study (2017 – 2018) (RT02) showed. Provide a direct link from SMUD’s costs to the proposed rates and propose new rates based on SMUD’s reasonable cost of providing electricity. (Article XIII C, Sec. 1 (e) (2)). Also define and describe what SMUD must do to “cost justify” the proposed rates. Begin the rate process anew with a new and proper CEO and GM Report as described.

Per SMUD staff (Rates Team) answers to emailed questions, SMUD has not done a new rate design study since the one mentioned in the 2017 CEO and GM Report (RT02). Said rate design study added up marginal cost components (see description under #1 of this report) in terms of dollars per kilowatt hour. This is the key unit because it is the unit which appears on customers’ electric bills. The RT02 rate design study did this but the 2022 Rate Costing Study did not do this.

The current CEO and GM Report says, in a section called “Compliance”:

“The cost-of-service analysis that demonstrates cost-justification for the proposed rates is the SMUD Rate Costing Study (‘2022 Rate Study’) which is incorporated herein by this reference.” (page 76)

Unfortunately the 2022 Rate Costing Study does not follow the format of the 2017 – 2018 RT02 rate design study. It does not present final figures in terms of dollars per kilowatt hours, which is of course the relevant unit of measurement used in the rate resolution which SMUD’s Board approves at the end of every rate process and used on customers’ bills.

By email on August 3, 2023 the author wrote:

The CEO and General Manager's Report for the 2024 and 2025 rates says, "The cost-of-service analysis that demonstrates cost-justification for the proposed rates is the SMUD

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Rate Costing Study ('2022 Rate Study') which is incorporated herein by this reference."  
(Page 76)

#1. What is cost justification? What does SMUD have to do to cost justify the proposed rates?

The author also handed this question, among others, to SMUD staff at the 2<sup>nd</sup> public workshop, held on August 3, 2023 and asked it during the workshop.

SMUD's answer, on August 4, 2023, was, "The 2022 Rate Costing Study is what we used to evaluate that marginal costs are increasing."

How is that an answer to my question?? It's not. Again the question was, "#1. What is cost justification? What does SMUD have to do to cost justify the proposed rates?"

All you have done is identified a document and stated your qualitative conclusion from it. But what is cost justification? You still haven't said it. What burden or obligation does SMUD have to satisfy, in a rate case or rate action, to justify the rate increase based on costs? Identifying a document (your 2022 Rate Costing Study) and stating its qualitative conclusion does not answer the question. Any time you set out to do a study you must have an objective in mind. There must be something you are trying to achieve or prove. What was it? Another way to understand (and state) my question #1 from August 3 is, "How does SMUD cost justify its proposed rates?" Please explain.

Mr. Hernandez did not answer the question at the public workshop on August 3. Here is what he said on the subject: "You made reference about page 76 that cite the rate costing study from year 2022. I think we provided a copy in one of those responses from the emails, and I think you made reference about the cost justification on that. Normally, when we do a costing study is ... A study that helped us inform how cost went, and the 2022 study shows that the cost went up. So we are corresponding increasing our rates to reflect that trend."

It's clear what he said after all the logistics. Mr. Hernandez said, "... the cost went up." Very well. I am sure you all knew your marginal cost components and total marginal cost went up before you ever did the 2022 Rate Costing Study. But this does not answer the question, "What is cost justification? What does SMUD have to do to cost justify the proposed rates?"

If "the cost went up" were all that is necessary then why should the proposed rate increases by four times 2.75%?! Why not 2.0% or 1.5%? Or why not 5.0%? But this is about your conclusion and my question here is about your obligation. Presumably you have an obligation to cost justify your proposed rates. What does this entail? What do you have to do? Neither you nor Mr. Hernandez has answered the question.

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SMUD has claimed the 2022 Rate Costing Study provides cost justification but has failed to define or describe what cost justification is.

The author wrote to SMUD Rates Team on August 13, 2023 and said in relevant part:

Your answer in your August 4 email to my question #2 from my July 13 email, "What are the conclusions of the 2022 Rate Costing Study?", was simply, "The 2022 study informs us that marginal cost components have increased."

Although I didn't ask about the conclusions of the 2022 Rate Costing Study at the public workshop on August 3 Mr. Hernandez said this on the subject: "A study that helped us inform how cost went, and the 2022 study shows that the cost went up. So we are corresponding increasing our rates to reflect that trend. The actual amount of the rate increases is driven by the categories that we already provided in the presentation and those are needed to meet financial obligations and key metrics that are described in one of the attachments in the report."

What is the problem here? I am sure you can see the problem, yet you, Mr. Hernandez and the 2022 Rate Costing Study itself all failed to provide the key information; namely, *how much did your marginal cost components increase?! Will you tell me?*

On August 17, 2023 the SMUD Rates Team answered this question, sort of.

*SMUD has already sent the 2022 Rate Costing Study. Attached is the previous 2020 Rate Costing Study. If you compare both studies, you will see the difference in costs.*

This may be cost justification but the current CEO and GM Report fails to mention the 2020 Rate Costing Study.

#5 Correct the Brown Act violation which the Board committed at the April ~~18 20~~, 2023 Finance and Audit Committee and special Board of Directors meeting

by making a decision on rates options with no or incomplete public notice.

In response to the author's August 13, 2023 emailed question:

What is the connection between the 2022 Rate Costing Study and the actual numbers in the proposed rate increases? From where did you get 2.75% (on January 1 and May 1 of each of the next 2 years). Why are there four proposed rate increases and why are they

Report and recommendations on alternatives to the rate changes proposed by the general manager for 2024 and 2025, revised on August 28, 2023

2.75% each? Why can't they be 2.0% or 1.5% each? What is the quantitative basis for the numbers (4 times 2.75%) in your proposed rate increases?

I will appreciate thorough answers.

Thank you in advance and best wishes,

SMUD Rates Team responded on Thursday, August 17th, 2023 at 3:58 PM as follows:

Hello Mr. Graham,

Please see responses to your questions in *red* below.

In relation to the connection between the 2022 Rate Costing Study and the 2.75% increases:

SMUD's proposed rate increases for 2024 & 2025 are needed to ensure the forecasted revenue is sufficient to cover the projected costs for 2024 and 2025 which includes commodity costs, operations and maintenance, public good, capital, and debt service. Although we do have options as to the timing and amount of the rate increase, the overall revenue requirement remains the same. We need an additional \$75M in 2024 and \$171M for 2025. In our April presentation to the Board of Directors, we gave them several options to choose from that resulted in the same revenue requirement with different rate increase amounts and different timing options. They selected the proposal that is represented in the General Managers report – 4 rate increases of 2.75% each in January and May of both 2024 and 2025. The General Managers report spells out the major cost drivers we're seeing and the amounts, and that has also been shared in our public meetings.

Thank you,

SMUD Rates Team

As you may know the Ralph M. Brown Act is contained in section 54950 *et seq.* of the Government Code. It sets requirements including publication of an agenda for all meetings of local government governing bodies. Among those is the requirement for the agenda to contain each item of business on which the governing body may take action. Although the description of each item can be very brief (15 or 20 words) each item must be mentioned.

Did SMUD comply with the agenda requirements for the April ~~1820~~, 2023 meeting of the Finance and Audit Committee and special meeting of the Board of Directors? No.

The amended notice agenda for the April 20, 2023, attached and meeting, incorporated into this Report by this reference, does not mention any such option which was going to be presented to the Board, even in the very brief form which as a bare minimum the Ralph M. Brown Act on

Report and recommendations on alternatives to the rate changes proposed by the general manager for 2024 and 2025, revised on August 28, 2023

meetings of local government requires. It says:

In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Committee's recommendation on the informational agenda items, and the Board of Directors will take action on the Closed Session Agenda.

The following sentence is crossed out on the amended notice of the meeting: "In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in discussions, but no Board action will be taken."

The draft minutes for the April 20, 2023 Board of Directors meeting, contained in the information packet for the May 18, 2023 meeting, does not mention the above described staff presentation to the Board, the set of options presented, or the Board's choice as described above: "They selected the proposal that is represented in the General Managers report — 4 rate increases of 2.75% each in January and May of both 2024 and 2025."

The board took action, which according to the amended meeting notice it was not going to do, by selecting among the staff's several options for the amounts and dates of hypothetical rate increases shown on slide 7 to the Exhibit to Agenda Item 1 of the meeting. The Brown Act prohibits such action unless it is on the agenda. This is a Brown Act violation. I am asking you to cure it, whatever it takes.

Begin the rate process over and this time comply with the Brown Act.

This is the end of my report and recommendations on alternatives to the rate changes proposed by the general manager.

Please consider this at the rate hearing, as I have asked.

Thank you very much.

Report and recommendations on alternatives to the rate changes proposed by the general manager for 2024 and 2025, revised on August 28, 2023



# Recommended alternatives to the electricity rates and charges proposed by the General Manager

SMUD Board of Directors meeting and rate hearing  
August 30, 2023

By Mark Graham



# What drives my interest in this?

- Smart electric meters and associated health hazards

The residential smart meter opt out program

The analog meter option

SMUD's secrecy and concealment on all of the above.

# My biggest complaint is:

- SMUD is imposing, extending and increasing a special tax without voter approval, which violates the California Constitution, Article XIII C.

My 2 biggest complaint is:

- SMUD has failed to cost justify the proposed rates.

# This requires approval of 2/3 of the voters

(d) No local government may impose, extend, or increase any special tax unless and until that tax is submitted to the electorate and approved by a two-thirds vote.

(California Constitution, Article XIII C, section 2(d))

# Definition of a tax

(e) As used in this article, “tax” means any levy, charge, or exaction of any kind imposed by a local government, except the following:

(California Constitution, Article XIII C, section 1)

(Note: there are 7 exceptions and we will get into them later.)

# The key question is:

Are SMUD's rates "imposed"?

The next question is:

Do SMUD's rates fit any of the 7 exceptions to the definition of a tax?

# SMUD claims its rates are not “imposed”

“Proposition 26 therefore applies only to charges that are ‘imposed’ by local government. SMUD rates are not ‘imposed’ on customers for purposes of Proposition 26, because that language requires some exercise of government force or authority, which is not involved when a public agency, such as SMUD, provides services to customers in a competitive market. SMUD customers pay only for the voluntary use of service, and they have meaningful alternatives to that service, such as self generation and storage with solar, hydro, fuel cell, wind, geothermal power and batteries. (CEO and GM Report for 2023, page 76)

# The Court of Appeals for the Third Appellate District has rejected SMUD's argument

The quotation is long and will take up 4 slides.

“Redding argues Proposition 26 does not apply because the Utility’s rates (including the PILOT component) are not “imposed.” Redding reasons that “[e]ven if the PILOT were funded by [electric] rates, no force or authority is involved here -- those who wish to buy energy from [the Utility] pay the PILOT (and other costs argued to be funded by [the Utility’s] service rates) only

# The Court of Appeals for the Third Appellate District has rejected SMUD's argument, 2 of 4

to the extent they use its service. Those who obtain energy in other ways do not. [There are] other alternatives to electric utility service (such as solar, water, wind and geothermal power) . . . .” The trial court rejected the argument, pointing out that while “legally [the Utility] has no monopoly as an electric utility, the reality is that for many people there are no

# The Court of Appeals for the Third Appellate District has rejected SMUD's argument, 3 of 4

economically viable alternatives. The Court used the example of a tenant who is renting a house or apartment that is served by [the Utility]. While theoretically possible that a tenant who does not wish to use [the Utility] could install an alternate power source, that is simply not a realistic option.” We agree. A tax does not lose its revenue-generating character because there is a

# The Court of Appeals for the Third Appellate District has rejected SMUD's argument, 4 of 4

theoretical but unrealistic way to escape from the tax's purview. The PILOT was imposed under Redding's authority to generate revenue for its general fund."

*CITIZENS FOR FAIR REU RATES et al., v. CITY OF REDDING et al.*, (2015), C071906, (Super. Ct. Nos. 171377, 172960), (reversed on other grounds), page 13

## But the California Court of Appeals has rejected SMUD's argument

The quotation is long and will take up 4 slides.

“Redding argues Proposition 26 does not apply because the Utility’s rates (including the PILOT component) are not “imposed.” Redding reasons that “[e]ven if the PILOT were funded by [electric] rates, no force or authority is involved here -- those who wish to buy energy from [the Utility] pay the PILOT (and other costs argued to be funded by [the Utility’s] service rates) only

# Definitions of extending or increasing a tax

- A tax is **extended** when an agency lengthens the time period during which it applies. *Gov. Code, § 53750, subd. (e)*.

# Definitions in the Government Code, section 53750

(e) “Extended,” when applied to an existing tax or fee or charge, means a decision by an agency to extend the stated effective period for the tax or fee or charge, including, but not limited to, amendment or removal of a sunset provision or expiration date.

# Definitions in the Government Code, section 53750

(h) (1) “Increased,” when applied to a tax, assessment, or property-related fee or charge, means a decision by an agency that does either of the following:

(A) Increases any applicable rate used to calculate the tax, assessment, fee, or charge.

(B) Revises the methodology by which the tax, assessment, fee, or charge is calculated, if that revision results in an increased amount being levied on any person or parcel.

# Do SMUD's rates fit any of the 7 exceptions to the definition of a tax?

The only possible exception is this one, (e)(2):

(2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and *which does not exceed the reasonable costs* to the local government of providing the service or product.

(emphasis added)

Article XIII C, Section 1

# Do SMUD's rates exceed your reasonable cost of providing electricity?

SMUD has only done rate design study, the RT02 rate design study in 2017 - 2018, for the original time of day rates.

Appendix I of the 2017 CEO and GM Report, a letter from NERA Economic Consulting, said NERA reviewed the rate design study.

# The RT02 rate design study based the new time of day rates on SMUD's marginal costs.

The Rate Design Study presented the marginal cost components; that is, the marginal cost for each component of SMUD's proposed electric rates, and then the sum of all of those marginal cost components.

The final addition to marginal costs was made in Tables L and M on page 14. (I have shown you the RT02 rate design study.)

The final column in Table L is the “Total Energy Marginal Cost”. In Table M added what SMUD calls a “scalar”, which is equal to of 9.2%.

**Table L: Time-of-Use Energy Marginal Cost**

Time-of-Use		Energy, Ancillary Service & RPS Cost	Generation Capacity	Trans & Dist	Residual Distribution Facilities	Public Good	Total Energy Marginal Cost
Rates Time Of Use	Summer Peak	\$0.0713	\$0.0680	\$0.0689	\$0.0371	\$0.0096	\$0.2548
	Summer Mid-Peak	\$0.0580	\$0.0253	\$0.0248	\$0.0270	\$0.0096	\$0.1447
	Summer Off-Peak	\$0.0484	\$0.0126	\$0.0102	\$0.0239	\$0.0096	\$0.1048
	Winter Peak	\$0.0612	\$0.0096	\$0.0000	\$0.0398	\$0.0096	\$0.1202
	Winter Off-Peak	\$0.0491	\$0.0013	\$0.0000	\$0.0271	\$0.0096	\$0.0872

The proposed time-of-use energy rate is completed by setting proposed rate revenues equal to rate revenues for the budget year. The reconciliation of marginal costs to rate revenues is accomplished through increasing final marginal cost energy charges by a scalar of 9.2%.

**Table M: Proposed Energy Charge**

Time-of-Use		Total Energy Marginal Cost	Scalar 9.2%	2017 Energy Charges
Rates Time Of Use	Summer Peak	\$0.2548	\$0.0235	\$0.2783
	Summer Mid-Peak	\$0.1447	\$0.0133	\$0.1580
	Summer Off-Peak	\$0.1048	\$0.0097	\$0.1145
	Winter Peak	\$0.1202	\$0.0111	\$0.1313
	Winter Off-Peak	\$0.0872	\$0.0080	\$0.0952

SMUD's explanation of this scalar, right in between Tables L and M, is:

“The proposed time-of-use energy rate is completed by setting proposed rate revenues equal to rate revenues for the budget year. The reconciliation of marginal costs to rate revenues is accomplished through increasing final marginal cost energy charges by a scalar of 9.2%.”

The 9.2% scalar is not part of SMUD's reasonable marginal cost of providing electricity

Therefore exception (e)(2) does not apply, SMUD's rates are taxes, and you must get voter approval.

SMUD has planned these rates based on its desired revenues

Another court has said a local government cannot base its rates on predetermined budgets.

## Recommendation 1

Remove the current amount of the scalar, which is about 10.5%, from your rates and then apply the four increases in the amounts and on the dates proposed by the CEO and General Manager.

## Recommendation 1a

Show SMUD customers any case law or legal authority supporting SMUD's interpretation of "imposed."

**From:** [Raymond Thill](#)  
**To:** [Public Comment](#)  
**Subject:** [EXTERNAL] SMUD Policy on Excess electricity rate is not equitable  
**Date:** Monday, August 21, 2023 2:01:54 PM

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**CAUTION:** This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear SMUD,

My wife and I have been citizens of unincorporated northern Sacramento county for over 23+ years.

We are grateful to SMUD for keeping our electricity rates sufficiently low (compared to PG&E friends) to help raise our 4 children to adulthood. We've

However...

We've been considering investing in solar and battery power infrastructure upgrades within our home as a way of investing for our senior years.

However, we've not found the current "Excess electricity rate" of SMUD policies to be equitably aligned with their stated goals of achieving "...increase reliability, safety and renewable energy benefits for everyone".

I assert the following points, and solicit feedback from SMUD:

1. Is it not true that my household investment in solar and batteries would alleviate burden on the local grid, thereby assisting SMUD with reducing or avoiding their investments in additional power generation, thus reducing costs for everybody?
2. When I deliver excess power from my household infrastructure to the SMUD grid, particularly during peak energy events, is that access to that power of a greater benefit to the overall SMUD system than is reflected in the Excess power buy back rate, particularly if charging my neighbors peak rates for the power that I am providing?
3. Doesn't my use of solar and battery storage help the overall SMUD community achieve SMUD's goals, and thus is of some financial value to the SMUD system and customer base overall?
4. Investments made by SMUD customers to deploy renewable energy are a net benefit to all citizens. The characterization of such customers as not paying their "fair share" is inaccurate, since the costs are largely being carried by those customers, and not shifted onto other in the manner described.
5. We've been doing our part to adopt energy efficient appliances, install LED lighting, minimize using during peak time-of-use rates, etc. to reduce the amount of power we

consume. As we consider adopting electric vehicles over the next couple of years, I want to invest in household electricity infrastructure to make electric vehicles viable. However, the current SMUD policies limit my solar and battery sizing by only looking backwards on past use, with no sizing accommodation for the significant future power consumption needs of electric vehicles. Please remove the cap on solar/battery system size based on old data! If I generate excess power, buy it back at a fair rate that reflects the value based on the demand and time of day. (A flat \$0.074/kWh is NOT a equitable rate).

SMUD is not adequately incenting local homeowners financially to adopt more solar and battery storage through more equitable excess power buy back rates. Please explain more reasonably that what I've already read in your current reports, which miss a few key financial and goal-oriented benefits. What are the counter points SMUD might make to the points in this article, "[Top three ways SMUD grossly undervalues solar - Solar Rights Alliance](#)"?

Please help the SMUD customers and citizens that are willing and able to make personal investments into the SMUD community by providing equitable compensation. SMUD alone cannot achieve the green objectives! Please work with us customers.

SMUD, please consider revising the current policies that fail to financially recognize the benefit provided by investments made by homeowners within the SMUD service area.

"Help me, help you!" - don't just help yourselves, or disproportionately place financial burdens upon those who make such investments, through excessive fees and insufficient compensation.

I would love to receive a well thought out and reasoned response from SMUDD on these issue.

Thank you,

Raymond Thill  
8104 Hearthstone Pl  
Antelope, CA 95843  
(916) 276-3700



SSS No. LEG 2023-0103

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date

N/A

Board Meeting Date

September 21, 2023

TO	TO
1.	6.
2.	7.
3.	8.
4.	9. <b>Legal</b>
5.	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>		<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Laura Lewis	DEPARTMENT Executive Office/Office of the General Counsel	MAIL STOP B308	EXT. 6123	DATE SENT 09/10/23
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**NARRATIVE:**

**Requested Action:** Approve non-substantive revisions to all SMUD Board Policies (Strategic Directions SD-1A through SD-17 and SD-19, Board-Staff Linkages BL-1 through BL-14, and Governance Processes GP-1 through GP-15) to update formatting and position titles where applicable.

**Summary:** The Board conducted a review of all SMUD Board Policies facilitated by Board consultant Eric Douglas during its retreats on February 22, 2023, and August 21, 2023, and identified proposed changes to the format of the policies as well as a desire to change references to “Chief Executive Officer and General Manager” to “CEO” throughout all policies. Redlined copies of the proposed revisions, as well as “clean copies” are attached.

**Board Policy:** N/A  
*(Number & Title)*

**Benefits:** SMUD Board Policies will have a consistent format and reflect current position titles.

**Cost/Budgeted:** There is no budgetary impact for this request.

**Alternatives:** Do not make updates requested by the Board; make other changes or no changes.

**Affected Parties:** All SMUD Departments

**Coordination:** Board Office, Executive Office, Legal

**Presenter:** President Sanborn

**Additional Links:**

SUBJECT <b>Non-substantive Updates to All SMUD Board Policies</b>	ITEM NO. (FOR LEGAL USE ONLY) <b>6</b>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~Purpose Statement~~

Policy Number: ~~SD-1A~~

Date of Adoption: ~~May 1, 2003~~

Resolution No. ~~03-05-09~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~November 15, 2007~~

Resolution No. ~~07-11-11~~

Revision Date: ~~June 19, 2008~~

Resolution No. ~~08-06-11~~

Revision Date: ~~August 20, 2015~~

Resolution No. ~~15-08-10~~

Revision Date: ~~April 15, 2021~~

Resolution No. ~~21-04-04~~

Category: **Strategic Direction**

Policy No.: **SD-1A**

Title: **Purpose Statement**

SMUD's purpose is to enhance the quality of life for our customers and community by providing reliable and affordable electricity, and leading the transition to a clean energy future.

**Monitoring Method: Board Report**

**Frequency:—\_Annual**

**Versioning:**

<u>May 1, 2003</u>	<u>Resolution No. 03-05-09</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>November 15, 2007</u>	<u>Resolution No. 07-11-11</u>	<u>Date of Revision.</u>
<u>June 19, 2008</u>	<u>Resolution No. 08-06-11</u>	<u>Date of Revision.</u>
<u>August 20, 2015</u>	<u>Resolution No. 15-08-10</u>	<u>Date of Revision.</u>
<u>April 15, 2021</u>	<u>Resolution No. 21-04-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~Vision Statement~~

Policy Number: ~~SD-1B~~

Date of Adoption: ~~December 2, 2004~~

Resolution No. ~~04-12-12~~

Revision: ~~April 19, 2007~~

Resolution No. ~~07-04-12~~

Revision: ~~November 15, 2007~~

Resolution No. ~~07-11-10~~

Revision: ~~June 19, 2008~~

Resolution No. ~~08-06-10~~

Revision: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revision: ~~November 7, 2013~~

Resolution No. ~~13-11-02~~

Revision: ~~August 20, 2015~~

Resolution No. ~~15-08-11~~

Revision: ~~April 15, 2021~~

Resolution No. ~~21-04-04~~

**Category:** Strategic Direction  
**Policy No.:** SD-1B  
**Title:** Vision Statement

SMUD's vision is to be a trusted and powerful partner in achieving an inclusive, zero carbon economy. SMUD will leverage its relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

<u>December 2, 2004</u>	<u>Resolution No. 04-12-12</u>	<u>Date of Adoption.</u>
<u>April 19, 2007</u>	<u>Resolution No. 07-04-12</u>	<u>Date of Revision.</u>
<u>November 15, 2007</u>	<u>Resolution No. 07-11-10</u>	<u>Date of Revision.</u>
<u>June 19, 2008</u>	<u>Resolution No. 08-06-10</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>November 7, 2013</u>	<u>Resolution No. 13-11-02</u>	<u>Date of Revision.</u>
<u>August 20, 2015</u>	<u>Resolution No. 15-08-11</u>	<u>Date of Revision.</u>
<u>April 15, 2021</u>	<u>Resolution No. 21-04-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~Competitive Rates~~

Policy Number: ~~SD-2~~

Date of Adoption: ~~May 1, 2003~~

Resolution No. ~~03-05-08~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~February 21, 2008~~

Resolution No. ~~08-02-06~~

Revision Date: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revision Date: ~~January 21, 2010~~

Resolution No. ~~10-01-09~~

Revision Date: ~~February 18, 2021~~

Resolution No. ~~21-02-04~~

Category:        **Strategic Direction**  
Policy No.:    **SD-2**  
Title:            **Competitive Rates**

Maintaining competitive rates is a core value of SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rates shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
  - ii) Reduce consumption during periods of high system demand;
  - iii) Encourage energy efficiency, conservation and carbon reduction;
  - iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERS include but are not limited to rooftop solar, battery storage, and energy reduction applications);
  - v) Minimize the rate of change in the transition from one rate design to another;
  - vi) Provide customers flexibility and choices;
  - vii) Be as simple and easy to understand as possible;
  - viii) Address the needs of people with low incomes and severe medical conditions; and
  - ix) Equitably allocate costs across and within customer classes.

**Monitoring Method: GMCEO Report**

**Frequency:—\_Annual**

**Versioning:**

<u>May 1, 2003</u>	<u>Resolution No. 03-05-08</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>February 21, 2008</u>	<u>Resolution No. 08-02-06</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>January 21, 2010</u>	<u>Resolution No. 10-01-09</u>	<u>Date of Revision.</u>
<u>February 18, 2021</u>	<u>Resolution No. 21-02-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Strategic Direction~~

Title: ~~Access to Credit Markets~~

Policy Number: ~~SD-3~~

Adoption Date: ~~May 1, 2003~~

Resolution No. ~~03-05-07~~

Revision: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision: ~~May 6, 2004~~

Resolution No. ~~04-05-06~~

Revision: ~~February 3, 2005~~

Resolution No. ~~05-02-04~~

Revision: ~~January 24, 2008~~

Resolution No. ~~08-01-08~~

Revision: ~~August 7, 2008~~

Resolution No. ~~08-08-03~~

Revision: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revision: ~~June 17, 2010~~

Resolution No. ~~10-06-09~~

Revision: ~~February 6, 2014~~

Resolution No. ~~14-02-03~~

Revision: ~~February 15, 2018~~

Resolution No. ~~18-02-04~~

**Category:** Strategic Direction  
**Policy No.:** SD-3  
**Title:** Access to Credit Markets

Maintaining access to credit is a core value of SMUD.

Therefore:

- a) For SMUD’s annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.5 times.
- b) When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.
- c) SMUD’s goal is to maintain at least an “A” rating with credit rating agencies.

**Monitoring Method:** GMCEO Report

**Frequency:** Annual

**Versioning:**

<u>May 1, 2003</u>	<u>Resolution No. 03-05-07</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>May 6, 2004</u>	<u>Resolution No. 04-05-06</u>	<u>Date of Revision.</u>
<u>February 3, 2005</u>	<u>Resolution No. 05-02-04</u>	<u>Date of Revision.</u>
<u>January 24, 2008</u>	<u>Resolution No. 08-01-08</u>	<u>Date of Revision.</u>
<u>August 7, 2008</u>	<u>Resolution No. 08-08-03</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>June 17, 2010</u>	<u>Resolution No. 10-06-09</u>	<u>Date of Revision.</u>
<u>February 6, 2014</u>	<u>Resolution No. 14-02-03</u>	<u>Date of Revision.</u>
<u>February 15, 2018</u>	<u>Resolution No. 18-02-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Strategic Direction~~

Title: ~~Reliability~~

Policy Number: ~~SD-4~~

Date of Adoption: ~~August 21, 2003~~

Resolution No. ~~03-08-10~~

Revision: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision: ~~May 6, 2004~~

Resolution No. ~~04-05-07~~

Revision: ~~September 2, 2004~~

Resolution No. ~~04-09-08~~

Revision: ~~December 18, 2008~~

Resolution No. ~~08-12-13~~

Revision: ~~October 1, 2009~~

Resolution No. ~~09-10-03~~

Revision: ~~June 4, 2015~~

Resolution No. ~~15-06-07~~

**Category: Strategic Direction**

**Policy No.: SD-4**

**Title: Reliability**

Meeting customer energy requirements is a core value of SMUD.

Therefore:

- a) SMUD will assure all customer energy requirements are met. This will be accomplished through the use of: (i) its generation resources and purchase power portfolio 100 percent of the time; and (ii) its transmission assets to assure an overall availability of at least 99.99 percent.

**a)b)** SMUD will achieve distribution system reliability by:

Limiting the average frequency of outage per customer per year to:

- With major event: 0.99 – 1.33
- Excluding major event: 0.85 – 1.14

Limiting the average duration of outages per customer per year to:

- With major event: 67.5 – 93.3 minutes
- Excluding major event: 49.7 – 68.7 minutes

Ensuring that no individual circuits exceed these targets for more than two consecutive years. For circuits that exceed these targets for two consecutive years, a remedial action plan will be issued and completed within ~~eighteen~~18 months.

**b)c)** SMUD will maintain the electric system in good repair and make the necessary upgrades to maintain load serving capability and meet regulatory standards.

**Monitoring Method: GMCEO Report**

**Frequency:—\_Annual**

**Versioning:**

<u>August 21, 2003</u>	<u>Resolution No. 03-08-10</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>May 6, 2004</u>	<u>Resolution No. 04-05-07</u>	<u>Date of Revision.</u>
<u>September 2, 2004</u>	<u>Resolution No. 04-09-08</u>	<u>Date of Revision.</u>
<u>December 18, 2008</u>	<u>Resolution No. 08-12-13</u>	<u>Date of Revision.</u>
<u>October 1, 2009</u>	<u>Resolution No. 09-10-13</u>	<u>Date of Revision.</u>
<u>June 4, 2015</u>	<u>Resolution No. 15-06-07</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Strategic Direction~~

Title: ~~Customer Relations~~

Policy Number: ~~SD-5~~

Date of Adoption: ~~August 21, 2003~~

Resolution No. ~~03-08-11~~

Revision: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision: ~~May 6, 2004~~

Revision: ~~February 3, 2005~~

Resolution No. ~~04-05-08~~

Revision: ~~April 17, 2008~~  
~~Rescinded~~

Resolution No. ~~05-02-05~~

Revision: ~~June 5, 2008~~

Revision: ~~August 7, 2008~~

Resolution No. ~~08-04-12~~

Revision: ~~October 16, 2008~~

~~Rescinded~~

Revision: ~~April 21, 2016~~

Revision: ~~April 6, 2017~~

Resolution No. ~~08-06-04~~

Revision: ~~August 20, 2020~~

Resolution No. ~~08-08-03~~

Resolution No. ~~08-10-09~~

Resolution No. ~~16-04-08~~

	<del>Resolution No. 17-04-02</del>
	<del>Resolution No. 20-08-04</del>

**Category: Strategic Direction**  
**Policy No.: SD-5**  
**Title: Customer Relations**

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent. In addition, the Board establishes an overall customer experience “value for what you pay” target of 70-percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65-percent in any year.

As part of this policy:

- a) SMUD customers shall be treated in a respectful, dignified and civil manner.
- b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

**Monitoring Method: GMCEO Report**

**Frequency: Annual**

**Versioning:**

<u>August 21, 2003</u>	<u>Resolution No. 03-08-11</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>May 6, 2004</u>	<u>Resolution No. 04-05-08</u>	<u>Date of Revision.</u>
<u>February 3, 2005</u>	<u>Resolution No. 05-02-05</u>	<u>Date of Revision.</u>
<u>April 17, 2008</u>	<u>Resolution No. 08-04-12</u>	<u>Date of Revision. (Rescinded)</u>
<u>June 5, 2008</u>	<u>Resolution No. 08-06-04</u>	<u>Date of Revision.</u>
<u>August 7, 2008</u>	<u>Resolution No. 08-08-03</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>April 21, 2016</u>	<u>Resolution No. 16-04-08</u>	<u>Date of Revision.</u>
<u>April 6, 2017</u>	<u>Resolution No. 17-04-02</u>	<u>Date of Revision.</u>
<u>August 20, 2020</u>	<u>Resolution No. 20-08-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**~~SMUD BOARD POLICY~~**

Category: ~~Strategic Direction~~

Title: ~~Safety Leadership~~

Policy Number: ~~SD-6~~

Date of Adoption: ~~August 21, 2003~~

Resolution No. ~~03-08-12~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~February 3, 2005~~

Resolution No. ~~05-02-06~~

Revision Date: ~~November 15, 2007~~

Resolution No. ~~07-11-12~~

Revision Date: ~~December 20, 2012~~

Resolution No. ~~12-12-11~~

Revision Date: ~~August 21, 2014~~

Resolution No. ~~14-08-05~~

Revision Date: ~~April 15, 2021~~

Resolution No. ~~21-04-02~~

**Category: Strategic Direction**  
**Policy No.: SD-6**  
**Title: Safety Leadership**

Creating a safe environment for employees and the public is a core value of SMUD.

Through best practice methods and continuous improvement, SMUD will be recognized as a leader in employee safety while also assuring the safety of the public related to SMUD operations and facilities. SMUD commits to a proactive approach, including the active involvement of SMUD leadership, employees, contractors, and the community, as well as comprehensive monitoring of organizational and public safety performance.

Therefore, SMUD will continue to improve safety results to:

**a) Workplace Safety**

**a)i) Reduce SMUD's injury severity incidents to 13 or less than by 2025, as measured by OSHA's Days Away Restricted Time (DART), a rate that demonstrates top quartile safety performance for similar size utilities using the Bureau of Labor Statistics (BLS) work-related safety data.**

**b)i) Provide timely, quality health care for injured employees that aids their recovery while maintaining positive financial performance of the workers' compensation program.**

**b) Contractor Safety**

**a)i) Support contractors to reduce and eliminate potential hazards for Serious Injuries and/or Fatality (SIF) when conducting high risk work.**

**c) Public Safety**

**a)i) Track and report injuries to the public related to SMUD operations or facilities.**

**b)i) Implement measures to protect the public from injuries related to SMUD operations or facilities.**

**Monitoring Method: GMCEO Report**

**Frequency: Semi-Annual**

**Versioning:**

<u>August 21, 2003</u>	<u>Resolution No. 03-08-12</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>February 3, 2005</u>	<u>Resolution No. 05-02-06</u>	<u>Date of Revision.</u>
<u>November 15, 2007</u>	<u>Resolution No. 07-11-12</u>	<u>Date of Revision.</u>
<u>December 20, 2012</u>	<u>Resolution No. 12-12-11</u>	<u>Date of Revision.</u>
<u>August 21, 2014</u>	<u>Resolution No. 14-08-05</u>	<u>Date of Revision.</u>
<u>April 15, 2021</u>	<u>Resolution No. 21-04-02</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## ~~SMUD BOARD POLICY~~

~~Category: Strategic Direction~~

~~Title: Environmental Leadership~~

~~Policy Number: SD-7~~

~~Date of Adoption: August 21, 2003~~

~~Resolution No. 03-08-13~~

~~Revision Date: October 16, 2003~~

~~Resolution No. 03-10-14~~

~~Revision Date: July 21, 2005~~

~~Resolution No. 05-07-10~~

~~Revision Date: December 18, 2008~~

~~Resolution No. 08-12-14~~

~~Revision Date: April 15, 2021~~

~~Resolution No. 21-04-04~~

**Category: Strategic Direction**

**Policy No.: SD-7**

**Title: Environmental Leadership**

Environmental leadership is a core value of SMUD. In achieving this directive, SMUD will:

- a) Conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, conserving resources, and promoting equity within SMUD's diverse communities.

- b) Provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.
- c) Promote the efficient use of energy by our customers.
- d) Advance the electrification of vehicles, buildings and equipment.
- e) Attract and build partnerships with customers, communities, policy makers, the private sector and other stakeholders.

**Monitoring Method:** GMCEO Report

**Frequency:**—\_Annual

**Versioning:**

<u>August 21, 2003</u>	<u>Resolution No. 03-08-13</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>July 21, 2005</u>	<u>Resolution No. 05-07-10</u>	<u>Date of Revision.</u>
<u>December 18, 2008</u>	<u>Resolution No. 08-12-14</u>	<u>Date of Revision.</u>
<u>April 15, 2021</u>	<u>Resolution No. 21-04-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

**Category: Strategic Direction**

**Title: Employee Relations**

**Policy Number: SD-8**

**Date of Adoption: May 6, 2004**

**Resolution No. 04-05-09**

**Revision: February 5, 2009**

**Resolution No. 09-02-03**

**Revision: November 17, 2011**

**Resolution No. 11-11-08**

**Revision: August 15, 2013**

**Resolution No. 13-08-10**

**Revision: August 20, 2015**

**Resolution No. 15-08-05**

**Revision: October 6, 2016**

**Resolution No. 16-10-02**

**Revision: January 16, 2020**

**Resolution No. 20-01-03**

**Category: Strategic Direction**  
**Policy No.: SD-8**  
**Title: Employee Relations**

Developing and maintaining a high quality, diverse and inclusive workplace that engages and inspires employees to commit to SMUD's purpose, vision and values is a core value of SMUD.

SMUD is committed to diversity and inclusion and will foster and support a workplace that values employees representing a variety of backgrounds, including but not limited to, race, ethnicity, gender, gender identification and/or expression, sexual orientation and identification, national origin, age, physical abilities, veteran status, socio-economic status, life experiences, talents, and thinking styles.

Therefore:

- a) SMUD shall attract and retain a highly qualified and diverse workforce.
- b) SMUD shall promote inclusion and diversity and engage its workforce in activities that demonstrate and support inclusion and diversity across the organization.
- c) SMUD shall engage its workforce in personal and professional development.
- d) SMUD's percentage of engaged employees as measured through the Engagement Index shall exceed 80%.
- e) SMUD shall use a broad mix of communication and outreach channels to ensure its recruitment activities reflect the diversity of the communities it serves.
- f) SMUD shall maintain and communicate written policies that define procedures and expectations for staff and provide for effective handling of grievances.
- g) Annually, and consistent with State and Federal law, the Board shall receive a report detailing the demographics and trends of the SMUD workforce, the available workforce, and the Sacramento region. The report shall also provide information on veterans as a part of SMUD's workforce.

**Monitoring Method: Board Report**

**Frequency: ~~Annually~~ Annual**

**Versioning:**

<u>May 6, 2004</u>	<u>Resolution No. 04-05-09</u>	<u>Date of Adoption.</u>
<u>February 5, 2009</u>	<u>Resolution No. 09-02-03</u>	<u>Date of Revision.</u>
<u>November 17, 2011</u>	<u>Resolution No. 11-11-08</u>	<u>Date of Revision.</u>
<u>August 15, 2013</u>	<u>Resolution No. 13-08-10</u>	<u>Date of Revision.</u>
<u>August 20, 2015</u>	<u>Resolution No. 15-08-05</u>	<u>Date of Revision.</u>
<u>October 6, 2016</u>	<u>Resolution No. 16-10-02</u>	<u>Date of Revision.</u>
<u>January 16, 2020</u>	<u>Resolution No. 20-01-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Strategic Direction~~

Title: ~~Resource Planning~~

Policy Number: ~~SD-9~~

Adoption Date: ~~May 6, 2004~~

Resolution No. ~~04-05-11~~

Revision: ~~May 6, 2004~~

Resolution No. ~~04-05-12~~

Revision: ~~September 15, 2004~~

Resolution No. ~~04-09-11~~

Revision: ~~May 17, 2007~~

Resolution No. ~~07-05-10~~

Revision: ~~December 18, 2008~~

Resolution No. ~~08-12-15~~

Revision: ~~November 19, 2009~~

Resolution No. ~~09-11-08~~

Revision: ~~May 6, 2010~~

Resolution No. ~~10-05-03~~

Revision: ~~May 19, 2011~~

Resolution No. ~~11-05-05~~

Revision: ~~December 20, 2012~~

Resolution No. ~~12-12-12~~

Revision: <del>October 3, 2013</del>	<del>Resolution No. 13-10-09</del>
Revision: <del>September 17, 2015</del>	<del>Resolution No. 15-09-11</del>
Revision: <del>October 20, 2016</del>	<del>Resolution No. 16-10-14</del>
Revision: <del>October 18, 2018</del>	<del>Resolution No. 18-10-11</del>
Revision: <del>January 16, 2020</del>	<del>Resolution No. 20-01-06</del>
Revision: <del>April 15, 2021</del>	<del>Resolution No. 21-04-04</del>

**Category: Strategic Direction**  
**Policy No.: SD-9**  
**Title: Resource Planning**

It is a core value of SMUD to provide its customers and community with a sustainable power supply using an integrated resource planning process.

A sustainable power supply is one that reduces SMUD’s greenhouse gas (GHG) emissions to serve retail customer load to Zero by 2030. Zero GHG emissions will be achieved through investments in energy efficiency, clean distributed energy resources, renewables portfolio standard (RPS) eligible renewables, energy storage, large hydroelectric generation, clean and emissions free fuels, and new technologies and business models. Additionally, SMUD will continue pursuing GHG savings through vehicle, building and equipment electrification.

SMUD shall assure reliability of the system, minimize environmental impacts on land, habitat, water and air quality, and maintain competitive rates relative to other California electricity providers.

To guide SMUD in its resource evaluation and investment, the Board sets the following energy supply goal:

Year	Greenhouse Gas Emissions (metric tons)
2020	2,318,000
2030 - beyond	0

In keeping with this policy, SMUD shall also achieve the following:

- a) Pursue energy efficiency and electrification to reduce carbon emissions by 365,000 metric tons from buildings and 1,000,000 metric tons from transportation in 2030 (the equivalent of 112,000 single family homes and 288,000 passenger vehicles electrified).
- b) Procure renewable resources to meet or exceed the state's mandate of 33% of SMUD's retail sales by 2020, 44% by 2024, 52% by 2027, and 60% of its retail sales by 2030 and thereafter, excluding additional renewable energy acquired for certain customer programs.
- c) In meeting GHG reduction goals, SMUD shall:
  - 1-i)      Emphasize local and regional benefits.
  - 2-ii)      Improve equity for under-served communities.
- d) Explore, develop, and demonstrate emerging GHG-free technologies and business models.
- e) Promote cost effective, clean distributed generation through SMUD programs.

**Monitoring Method:** GMCEO Report

**Frequency:**— Annual

**Versioning:**

<u>May 6, 2004</u>	<u>Resolution No. 04-05-11</u>	<u>Date of Adoption.</u>
<u>May 6, 2004</u>	<u>Resolution No. 04-05-12</u>	<u>Date of Revision.</u>
<u>September 15, 2004</u>	<u>Resolution No. 04-09-11</u>	<u>Date of Revision.</u>
<u>May 17, 2007</u>	<u>Resolution No. 07-05-10</u>	<u>Date of Revision.</u>
<u>December 18, 2008</u>	<u>Resolution No. 08-12-15</u>	<u>Date of Revision.</u>
<u>December 19, 2009</u>	<u>Resolution No. 09-11-08</u>	<u>Date of Revision.</u>
<u>May 6, 2010</u>	<u>Resolution No. 10-05-03</u>	<u>Date of Revision.</u>
<u>May 19, 2011</u>	<u>Resolution No. 11-05-05</u>	<u>Date of Revision.</u>
<u>December 20, 2012</u>	<u>Resolution No. 12-12-12</u>	<u>Date of Revision.</u>
<u>October 3, 2013</u>	<u>Resolution No. 13-10-09</u>	<u>Date of Revision.</u>
<u>September 17, 2015</u>	<u>Resolution No. 15-09-11</u>	<u>Date of Revision.</u>
<u>October 20, 2016</u>	<u>Resolution No. 16-10-14</u>	<u>Date of Revision.</u>
<u>October 18, 2018</u>	<u>Resolution No. 18-10-11</u>	<u>Date of Revision.</u>
<u>January 16, 2020</u>	<u>Resolution No. 20-01-06</u>	<u>Date of Revision.</u>
<u>April 15, 2021</u>	<u>Resolution No. 21-04-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~Innovation~~

Policy Number: ~~SD-10~~

Date of Adoption: ~~September 2, 2004~~

Resolution No. ~~04-09-07~~

Revised: ~~September 20, 2018~~

Resolution No. ~~18-09-07~~

Category:        Strategic Direction

Policy No.:    SD-10

Title:            Innovation

Delivering innovative solutions, products and services to our customers is a core value. To assure our long-term competitiveness, SMUD shall invest in research and development projects that support its core and key values, and integrate emerging technologies and new business models into SMUD's customer offerings in a way that balances risk and opportunity and benefit our customers and community.

**Monitoring Method: GMCEO Report**

**Frequency:—\_Annual**

**Versioning:**

September 2, 2004

Resolution No. 04-09-07

Date of Adoption.

September 20, 2018

Resolution No. 18-09-07

Date of Revision.

September 21, 2023

Resolution No. 23-09-##

Date of Revision. [Current Policy]

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~Public Power Business Model~~

Policy Number: ~~SD-11~~

Date of Adoption: ~~September 15, 2004~~

Resolution No. ~~04-09-12~~

Revised: ~~October 21, 2010~~

Resolution No. ~~10-10-16~~

Revised: ~~February 20, 2014~~

Resolution No. ~~14-02-09~~

Revised: ~~January 12, 2017~~

Resolution No. ~~17-01-02~~

Revised: ~~February 15, 2018~~

Resolution No. ~~18-02-05~~

**Category: Strategic Direction**

**Policy No.: SD-11**

**Title: Public Power Business Model**

Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance. Community-owned utilities are primarily accountable to their customers, not stockholders. Community citizens have a direct voice in public power decisions.

Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

**Monitoring Method:** GMCEO Report

**Frequency:**—\_Annual

**Versioning:**

<u>September 15, 2004</u>	<u>Resolution No. 04-09-12</u>	<u>Date of Adoption.</u>
<u>October 21, 2010</u>	<u>Resolution No. 10-10-16</u>	<u>Date of Revision.</u>
<u>February 20, 2014</u>	<u>Resolution No. 14-02-09</u>	<u>Date of Revision.</u>
<u>January 12, 2017</u>	<u>Resolution No. 17-01-02</u>	<u>Date of Revision.</u>
<u>February 15, 2018</u>	<u>Resolution No. 18-02-05</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Strategic Direction~~

Title: ~~Ethics~~

Policy Number: ~~SD-12~~

Date of Adoption: ~~November 18, 2004~~

Resolution No. ~~04-11-06~~

Revision: ~~December 20, 2007~~

Resolution No. ~~07-12-14~~

Revision: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revision: ~~February 20, 2014~~

Resolution No. ~~14-02-08~~

**Category:        Strategic Direction**

**Policy No.:    SD-12**

**Title:            Ethics**

Maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees is a core value. Therefore, to ensure the public interest is paramount in all official conduct, the Board shall adopt and update, as necessary: a Conflict of Interest Code as required by State law. - SMUD shall also maintain and enforce a code of conduct applicable to all employees.

Among other things the code of conduct shall:

- a)     Require high ethical standards in all aspects of official conduct;

- b) Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public;
- c) Require disclosure and reporting of potential conflicts of interest; and
- d) Provide a process for (i) reporting suspected violations of the code of conduct and policies through multiple channels, including an anonymous hotline, and (ii) investigating suspected violations.

**Monitoring Method:** GMCEO Report

**Frequency:**—\_Annual

**Versioning:**

<u>November 18, 2004</u>	<u>Resolution No. 04-11-06</u>	<u>Date of Adoption.</u>
<u>December 20, 2007</u>	<u>Resolution No. 07-12-14</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>February 20, 2014</u>	<u>Resolution No. 14-02-08</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

**Category: ~~Strategic Direction~~**

**Title: ~~Economic Development Policy~~**

**Policy Number: ~~SD-13~~**

**Date of Adoption: ~~September 1, 2005~~**

**Resolution No. ~~05-09-09~~**

**Revision: ~~October 16, 2008~~**

**Resolution No. ~~08-10-09~~**

**Revision: ~~June 20, 2013~~**

**Resolution No. ~~13-06-07~~**

**Category: Strategic Direction**  
**Policy No.: SD-13**  
**Title: Economic Development**

Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

- a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.

- b) SMUD shall align its economic development activities with regional economic development initiatives.
- c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
- d) SMUD shall offer economic development rates and program incentives.
- e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

**Monitoring Method:** GMCEO Report

**Frequency:**—\_Annual

**Versioning:**

<u>September 1, 2005</u>	<u>Resolution No. 05-09-09</u>	<u>Date of Adoption.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>June 20, 2013</u>	<u>Resolution No. 13-06-07</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Strategic Direction~~

Title: ~~System Enhancement~~

Policy Number: ~~SD-14~~

Date of Adoption: ~~November 3, 2005~~

Resolution No. ~~05-11-06~~

Revised: ~~August 7, 2008~~

Resolution No. ~~08-08-02~~

Revised: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revised: ~~September 21, 2017~~

Resolution No. ~~17-09-06~~

**Category: Strategic Direction**  
**Policy No.: SD-14**  
**Title: System Enhancement**

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of existing primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:

- i) Identified, after consultation with SMUD, a specific system enhancement project;
  - ii) Determined the project is in the public interest;
  - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
  - iv) Obtained and provided SMUD with all easements necessary for the project.
- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD’s annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
- i) Project scale and/or cost when measured against available SMUD resources.
  - ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
  - iii) Extent to which the costs are borne by others.

**Monitoring Method: GMCEO Report**

**Frequency:—\_Annual**

**Versioning:**

<u>November 3, 2005</u>	<u>Resolution No. 05-11-06</u>	<u>Date of Adoption.</u>
<u>August 7, 2008</u>	<u>Resolution No. 08-08-02</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>September 21, 2017</u>	<u>Resolution No. 17-09-06</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~Outreach and Communication~~

Policy Number: ~~SD-15~~

Date of Adoption: ~~February 16, 2006~~

Resolution No. ~~06-02-08~~

Revision: \_\_\_\_\_  
\_\_\_\_\_ ~~April 17, 2008~~

Resolution No. ~~08-04-12~~

\_\_\_\_\_  
\_\_\_\_\_ ~~Rescinded~~

\_\_\_\_\_ ~~Rescinded~~

Revision: \_\_\_\_\_ ~~June 5, 2008~~

Resolution No. ~~08-06-04~~

Revision: \_\_\_\_\_ ~~December 3, 2009~~

Resolution No. ~~09-12-03~~

Revision: \_\_\_\_\_ ~~April 6, 2017~~

Resolution No. ~~17-04-03~~

Category:        Strategic Direction

Policy No.:    SD-15

Title:            Outreach and Communication

Providing broad outreach and communication to SMUD's customers and the community is a key value of SMUD.

Specifically:

- a) SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.
- b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
- c) SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.

**Monitoring Method:** GMCEO Report

**Frequency:**—\_Annual

**Versioning:**

<u>February 16, 2006</u>	<u>Resolution No. 06-02-08</u>	<u>Date of Adoption.</u>
<u>April 17, 2008</u>	<u>Resolution No. 08-04-12</u>	<u>Date of Revision. (Rescinded)</u>
<u>June 5, 2008</u>	<u>Resolution No. 08-06-04</u>	<u>Date of Revision.</u>
<u>December 3, 2009</u>	<u>Resolution No. 09-12-03</u>	<u>Date of Revision.</u>
<u>April 6, 2017</u>	<u>Resolution No. 17-04-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~Information Management and  
Security~~

Policy Number: ~~SD-16~~

Date of Adoption: ~~August 7, 2008~~

Resolution No. ~~08-08-03~~

Revised: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revised: ~~March 20, 2014~~

Resolution No. ~~14-03-08~~

Revised: ~~December 21, 2017~~

Resolution No. ~~17-12-03~~

**Category: Strategic Direction**

**Policy No.: SD-16**

**Title: Information Management and Security**

Proper management of cyber and physical information, as well as physical security, is a core value. Robust information management and physical security practices are critical to effective risk management and to ensure regulatory compliance, business resiliency and customer satisfaction. SMUD shall take prudent and reasonable measures to accomplish the following:

- a) **Information Security:** SMUD will protect customer, employee and third party information, and SMUD information systems are protected from unauthorized access, use, disclosure, disruption, modification, or destruction.

- b) **Physical Security:** SMUD will safeguard its employees while at work as well as customers and visitors at SMUD facilities. SMUD will also protect its facilities and functions that support the reliability of the electric system and overall operation of the organization from unauthorized access or disruption of business operations.
- c) **Customer Privacy:** SMUD will annually notify customers about the collection, use and dissemination of sensitive and confidential customer information. Except as provided by law or for a business purpose, SMUD will not disseminate sensitive and confidential customer information to a third party for non-SMUD business purposes unless the customer first consents to the release of the information. Where sensitive and confidential information is disseminated for a business purpose, SMUD will ensure: (i) the third party has robust information practices to protect the sensitive and confidential customer information, and (ii) use of the information by the third party is limited to SMUD’s business purpose. SMUD will maintain a process that identifies the business purposes for which SMUD will collect, use and disseminate sensitive and confidential customer information.
- d) **Records Management:** SMUD will maintain the efficient and systematic control of the creation, capture, identification, receipt, maintenance, use, disposition, and destruction of SMUD records, in accordance with legal requirements and Board policies.

**Monitoring Method:** **GMCEO Report**

**Frequency:**            **Annual**

**Versioning:**

<u>August 7, 2008</u>	<u>Resolution No. 08-08-03</u>	<u>Date of Adoption.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>March 20, 2014</u>	<u>Resolution No. 14-03-08</u>	<u>Date of Revision.</u>
<u>December 21, 2017</u>	<u>Resolution No. 17-12-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Strategic Direction~~

Title: ~~ENTERPRISE RISK~~

~~MANAGEMENT~~

Policy Number: ~~SD-17~~

Date of Adoption: ~~February 18, 2010~~

Resolution No. ~~10-02-10~~

Revision: ~~October 17, 2013~~

Resolution No. ~~13-10-13~~

Revision: ~~December 20, 2018~~

Resolution No. ~~18-12-05~~

**Category: Strategic Direction**

**Policy No.: SD-17**

**Title: Enterprise Risk Management**

Effectively balancing and managing risk to further SMUD's policies and business goals is a core value of SMUD.

Therefore:

SMUD will implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD, including financial, supply, operational, physical and cyber security, climate change, legal, legislative and regulatory, and reputational risk.

**Monitoring Method:** **GMCEO** Report

**Frequency:** Annual

**Versioning:**

<u>February 18, 2020</u>	<u>Resolution No. 10-02-10</u>	<u>Date of Adoption.</u>
<u>October 17, 2013</u>	<u>Resolution No. 13-10-13</u>	<u>Date of Revision.</u>
<u>December 20, 2018</u>	<u>Resolution No. 18-12-05</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Strategic Direction~~

Title: ~~DIVERSIFIED BUSINESS~~

Policy Number: ~~SD-19~~

Date of Adoption: ~~December 21, 2017~~

Resolution No. ~~17-12-05~~

Revised: ~~March 21, 2019~~

Resolution No. ~~19-03-03~~

**Category: Strategic Direction**  
**Policy No.: SD-19**  
**Title: Diversified Business**

Broadening and diversifying the products and services that SMUD offers is a key value. The desired results are to: a) generate new revenues that contribute to SMUD's long-term financial health; b) spur the creation of innovative products and services; c) capture the value of SMUD's brand and intellectual property; d) better leverage and optimize SMUD's assets; and e) enable SMUD to continue to attract and retain a talented workforce.

Therefore:

- a) SMUD shall broaden and diversify its lines of business, which may include:
  - i) Being an external service provider;
  - ii) Expanding wholesale energy market opportunities;
  - iii) Capitalizing on intellectual property and assets to develop products and services either solely or through strategic partnerships;
  - iv) Selling products and services aligned with SMUD's purpose and Strategic Directions.

- b) SMUD shall ensure any new lines of business:
- i) Benefit SMUD’s customers and our community;
  - ii) Achieve a balanced, diversified portfolio of rewards and risks;
  - iii) Create economic value without compromising SMUD’s financial health;
  - iv) Do not pose unreasonable risk to SMUD’s reputation;
  - v) Align with, leverage, and optimize SMUD’s strengths, assets and expertise;
  - vi) Position SMUD for the future.

**Monitoring Method: GMCEO Report**

**Frequency: Annual**

**Versioning:**

<u>December 21, 2017</u>	<u>Resolution No. 17-12-05</u>	<u>Date of Adoption.</u>
<u>March 21, 2019</u>	<u>Resolution No. 19-03-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

~~Category: Board-Staff Linkage~~

~~Title: Board-Chief Executive Officer  
and General Manager  
Relationship~~

~~Policy Number: BL-1~~

~~Resolution No. 02-12-14~~

~~Date of Adoption: December 19, 2002~~

~~Resolution No. 03-10-14~~

~~Revision: October 16, 2003~~

~~Resolution No. 04-05-05~~

~~Revision: May 6, 2004~~

~~Resolution No. 07-12-02~~

~~Revision: December 6, 2007~~

~~Resolution No. 07-12-13~~

~~Revision: December 20, 2007~~

~~Resolution No. 08-10-09~~

~~Revision: October 16, 2008~~

~~Resolution No. 10-01-07~~

~~Revision: January 21, 2010~~

~~Resolution No. 10-02-11~~

~~Revision: February 18, 2010~~

~~Resolution No. 11-01-09~~

~~Revision: January 20, 2011~~

Revision: ~~July 16, 2015~~

~~Resolution No. 15-07-02~~

**Category:** Board-Staff Linkage  
**Policy No.:** BL-1  
**Title:** Board-CEO Relationship

The Board of Directors governs the Sacramento Municipal Utility District and is the policy-making body of SMUD. The Board operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

~~a)~~ a)—The Board of Directors is responsible for the following:

- ~~i)~~ i)—Identify and define the purpose, values and vision of SMUD, along with the results that are acceptable and not acceptable for SMUD to achieve, and communicate them in the form of policy.
- ~~ii)~~ ii)—Make certain operational decisions as are designated by law.
- ~~iii)~~ iii)—Hire, evaluate, and terminate the Chief Executive Officer and General Manager: (CEO).

~~b)~~ b)—The ~~Chief Executive Officer and General Manager~~CEO is responsible for the following:

- ~~i)~~ i)—Manage all operations and business affairs of SMUD.
- ~~ii)~~ ii)—Achieve the results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
- ~~iii)~~ iii)—Prepare and submit to the Board for approval each year a budget to achieve the Board's strategic directives.
- ~~iv)~~ iv)—Enforce SMUD ordinances, administer the civil service system (including hiring and terminating of all officers and employees except the Chief Legal Officer and General Counsel and the Board Special Assistant), attend meetings of the Board and report on the general affairs of SMUD, and keep the Board advised as to the needs of SMUD.

- v) ~~v)~~— Establish and enforce a code of ethics applicable to all employees, which provides clear guidelines for ethical standards and conduct.
- vi) ~~vi)~~— Implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD.
- vii) ~~vii)~~— Ensure the smooth continuous operation of SMUD in the event of the planned or unplanned absence of the ~~Chief Executive Officer and General Manager.~~ CEO.
- viii) ~~viii)~~— Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. ~~The Chief Executive Officer and General Manager~~ The CEO shall assure, in cooperation and consultation with the Board, that SMUD is appropriately represented in the community it serves.
- ix) ~~ix)~~— Perform other responsibilities as may be delegated by the Board either by resolution or through the ~~Chief Executive Officer and General Manager's~~ CEO's contract of employment.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>May 6, 2004</u>	<u>Resolution No. 04-05-05</u>	<u>Date of Revision.</u>
<u>December 6, 2007</u>	<u>Resolution No. 07-12-02</u>	<u>Date of Revision.</u>
<u>December 20, 2007</u>	<u>Resolution No. 07-12-13</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>January 21, 2010</u>	<u>Resolution No. 10-01-07</u>	<u>Date of Revision.</u>
<u>February 18, 2010</u>	<u>Resolution No. 10-02-11</u>	<u>Date of Revision.</u>
<u>January 20, 2011</u>	<u>Resolution No. 11-01-09</u>	<u>Date of Revision.</u>
<u>July 16, 2015</u>	<u>Resolution No. 15-07-02</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Board-Staff Linkage~~

Title: ~~Board-Chief Legal Officer and  
General Counsel Relationship~~

Policy Number: ~~BL-2~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Resolution No. ~~03-10-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~06-04-08~~

Revision Date: ~~April 6, 2006~~

Resolution No. ~~15-07-03~~

Revision Date: ~~July 16, 2015~~

**Category: Board-Staff Linkage**

**Policy No.: BL-2**

**Title: Board-Chief Legal Officer and General Counsel  
Relationship**

The Chief Legal Officer and General Counsel provides legal counsel to SMUD and to the Board. The Chief Legal Officer and General Counsel reports both to the Board and to the Chief Executive Officer and General Manager: (CEO).

The Board of Directors is ultimately responsible for hiring and terminating the Chief Legal Officer and General Counsel. As a general practice, the Board and the ~~Chief Executive Officer and General Manager~~CEO shall participate jointly in hiring and terminating the Chief Legal Officer and General Counsel.

The ~~Chief Executive Officer and General Manager~~CEO is responsible for evaluating the Chief Legal Officer and General Counsel's performance. ~~The Chief Executive Officer and General Manager~~The CEO shall solicit the Board's input in evaluating the performance of the Chief Legal Officer and General Counsel, and the Board may, at its discretion, participate in that evaluation.

With respect to the Board, the Chief Legal Officer and General Counsel shall:

- a) Serve as the Board Secretary.
- b) Give his or her advice or opinion whenever he or she deems necessary or when required by the Board.
- c) Inform the Board of material legal issues impacting SMUD or the Board.
- d) When necessary, act independently of the ~~Chief Executive Officer and General Manager~~CEO.
- e) Provide counsel to the Board and individual Board members with regard to conflict-of-interest issues.
- f) Provide counsel to the Board and individual Board members with regard to other ethical matters.
- g) Assist the Board and Board members in complying with applicable statutes and laws.

The Chief Legal Officer and General Counsel shall not provide legal counsel to Board members except in their role as Board members.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>April 6, 2006</u>	<u>Resolution No. 06-04-08</u>	<u>Date of Revision.</u>
<u>July 16, 2015</u>	<u>Resolution No. 15-07-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Board-Staff Linkage~~

Title: ~~Board-Internal Auditor Relationship~~

Policy Number: ~~BL-3~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Resolution No. ~~06-04-10~~

Revision Date: ~~April 20, 2006~~

Resolution No. ~~08-12-10~~

Resolution No. ~~12-11-08~~

Revision Date: ~~December 18, 2008~~

Resolution No. ~~15-08-02~~

Resolution No. ~~18-04-06~~

Revision Date: ~~November 1, 2012~~

Revision Date: ~~August 20, 2015~~

Revision Date: ~~April 19, 2018~~

**Category: Board-Staff Linkage**  
**Policy No.: BL-3**  
**Title: Board-Internal Auditor Relationship**

The Internal Auditor provides independent, objective assurance and consulting services to the Board and management designed to add value and improve SMUD's operations. The Internal Auditor's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.

The Internal Auditor will govern the internal audit department by adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Internal Auditor reports to the Board of Directors. In addition, the Internal Auditor reports to the Chief Executive Officer and General Manager (CEO) for all administrative matters. The Board may provide input into the audit planning process and may require that special projects and reviews be conducted.

~~The Chief Executive Officer and General Manager~~The CEO is responsible for hiring and terminating the Internal Auditor with the concurrence of the Board. As part of the hiring process, the ~~Chief Executive Officer and General Manager~~CEO will recommend two qualified final candidates to the Board for its consideration. ~~The Chief Executive Officer and General Manager~~The CEO may rank the candidates in order of preference.

~~The Chief Executive Officer and General Manager~~The CEO is responsible for the evaluation of the Internal Auditor's performance. The Board, at its discretion, may participate in the Internal Auditor's performance evaluation.

The Internal Auditor will assure that the internal audit department remains free from all conditions that threaten the ability of the auditors to carry out their responsibilities in an unbiased manner; including matters of audit selection, scope, procedures, frequency, timing, and report content.

The Internal Auditor shall conduct audit services as identified in the annual audit plan, investigations, and special projects requested by management, Chief Legal Officer and General Counsel, or the Board. The work of the Internal Auditor shall provide reasonable assurance regarding the achievement of objectives in the following areas:

- a) Adherence to plans, policies and procedures.
- b) Compliance with applicable laws and regulations.
- c) Effectiveness and application of administrative and financial controls.

- d) Effectiveness and efficiency of operations.
- e) Reliability of data.
- f) Safeguarding assets.
- ~~g) \_\_\_\_\_~~ ~~g)~~ — Accuracy of the Strategic Direction monitoring reports.

The Internal Auditor in the performance of his or her duties shall have access to the Board of Directors and unlimited access to all activities, records, property and personnel of SMUD.

The Internal Auditor will maintain a quality assurance and improvement program that covers all aspects of the internal audit department.

The Board shall receive the results of all audits it requests and all results from the annual audit plan. Audit reports from the annual audit plan will be placed on a Board committee agenda for discussion as an information item. In addition, the Internal Auditor shall inform the Board of the results of any other audit when he or she reasonably determines that the audit indicates a significant financial, operational, or reputational risk to SMUD. In all cases, reports will be sent to individuals, be it the Board or management, who are in positions to see that action is taken on audit findings and recommendations.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>April 20, 2006</u>	<u>Resolution No. 06-04-10</u>	<u>Date of Revision.</u>

<u>December 18, 2008</u>	<u>Resolution No. 08-12-10</u>	<u>Date of Revision.</u>
<u>November 1, 2012</u>	<u>Resolution No. 12-11-08</u>	<u>Date of Revision.</u>
<u>August 20, 2015</u>	<u>Resolution No. 15-08-02</u>	<u>Date of Revision.</u>
<u>April 19, 2018</u>	<u>Resolution No. 18-04-06</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

<b>SMUD BOARD POLICY</b>	
<del>Category: Board-Staff Linkage</del>	<del>Title: Board-Special Assistant Relationship</del>
	<del>Policy Number: BL-4</del>
<del>Date of Adoption: December 19, 2002</del>	<del>Resolution No. 02-12-14</del>
<del>Revision Date: October 16, 2003</del>	<del>Resolution No. 03-10-14</del>

**Category: Board-Staff Linkage**  
**Policy No.: BL-4**  
**Title: Board-Special Assistant Relationship**

The Special Assistant helps the Board fulfill its various responsibilities. The Special Assistant serves under the direction and control of the Board.

The Board is responsible for hiring, evaluating, and terminating the Special Assistant.

The Chief Executive Officer and General Manager (CEO) shall have input into the Special Assistant's performance evaluation.

The General Manager/CEO determines the compensation of the Special Assistant, but the Board may, at its discretion, provide to the General Manager/CEO its recommendation regarding the Special Assistant's compensation.

The Special Assistant shall:

- a) Communicate ~~board~~Board members' requests to SMUD management and staff related to constituent affairs.
- b) Coordinate with SMUD management and staff in responding to Board member requests related to constituent affairs.

- c) Handle all other matters that are properly delegated to him or her by the Board.
- d) Notwithstanding these activities, the Special Assistant is not empowered to instruct or direct SMUD management or staff.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## ~~SMUD BOARD POLICY~~

~~Category: Board-Staff Linkage~~

~~Title: Unity of Control~~

~~Policy Number: BL-5~~

~~Date of Adoption: December 19, 2002~~

~~Resolution No. 02-12-14~~

~~Revision Date: October 16, 2003~~

~~Resolution No. 03-10-14~~

~~Revision Date: June 15, 2006~~

~~Resolution No. 06-06-05~~

Category: Board-Staff Linkage

Policy No.: BL-5

Title: Unity of Control

Only decisions of the Board acting as a body are binding on the Chief Executive Officer and General Manager, (CEO), the Chief Legal Officer and General Counsel, and the Internal Auditor.

Specifically, in or out of the Board meeting:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the General Manager, CEO, Chief Legal Officer and General Counsel or Internal Auditor except in instances when the Board has specifically authorized such exercise of authority.
- b) In the case of Board members or committees requesting information or assistance without Board authorization, the General Manager, CEO, Chief Legal Officer and General Counsel or Internal Auditor must refuse such requests that require, in their opinion, a material amount of staff time, or funds, or are disruptive.

- c) Board members may communicate directly with SMUD employees or contractors. However, the Board as a body and the Board members will never give direction to persons who report directly or indirectly to the General Manager/CEO, with the exception of the Chief Legal Officer and General Counsel, Internal Auditor and Special Assistant. If individual Board members are dissatisfied with the response they receive, they may seek a resolution by the Board.
  
- d) Board Members will refrain from evaluating, either formally or informally, any staff. The Board as a body will refrain from evaluating, either formally or informally, any staff other than the General Manager/CEO, the Chief Legal Officer and General Counsel, the Internal Auditor, and the Special Assistant.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>June 15, 2006</u>	<u>Resolution No. 06-06-05</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Board-Staff Linkage~~

Title: ~~Evaluating the Chief  
Executive Officer and General  
Manager's Performance~~

Policy Number: ~~BL-6~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Resolution No. ~~03-10-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~05-11-03~~

Resolution No. ~~08-12-16~~

Revision Date: ~~November 3, 2005~~

Resolution No. ~~09-11-07~~

Resolution No. ~~20-12-06~~

Revision Date: ~~December 18, 2008~~

Revision Date: ~~November 19, 2009~~

Revision Date: ~~December 10, 2020~~

~~The Chief Executive Officer and General Manager's~~ Category: Board-Staff

Linkage

Policy No.: BL-6

Title: Evaluating the CEO's Performance

The CEO's job performance shall be evaluated by comparing the organization's results, operations and their personal performance to the policies established by the Board.

Specifically:

- a) The Board shall evaluate the ~~Chief Executive Officer and General Manager's~~CEO's performance on an annual basis in December. In the same month, the ~~Chief Executive Officer and General Manager~~CEO shall propose performance criteria for the following year that represent their reasonable interpretation of achieving the results defined by the Board.
- b) The evaluation will be based on a review of the organization's performance and the ~~Chief Executive Officer and General Manager's~~CEO's personal performance against the performance criteria proposed under subsection a), as accepted by the Board.
- c) Additional performance discussions and check-ins with the ~~Chief Executive Officer and General Manager~~CEO should occur at mid-year.
- d) The Board will use data to determine the degree to which Board policies are being met.
- e) All policies that instruct the ~~Chief Executive Officer and General Manager~~CEO shall be monitored at a frequency and by a method chosen by the Board.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>November 3, 2005</u>	<u>Resolution No. 05-11-03</u>	<u>Date of Revision.</u>
<u>December 18, 2008</u>	<u>Resolution No. 08-12-16</u>	<u>Date of Revision.</u>
<u>November 19, 2009</u>	<u>Resolution No. 09-11-07</u>	<u>Date of Revision.</u>
<u>December 10, 2020</u>	<u>Resolution No. 20-12-06</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Board Staff Linkage~~

Title: ~~Delegation to the Chief  
Executive Officer and  
General Manager~~

Policy Number: ~~BL-7~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Resolution No. ~~03-10-14~~

Revision: \_\_\_\_\_  
\_\_\_\_\_ ~~October 16, 2003~~

Resolution No. ~~05-11-02~~

Resolution No. ~~07-12-03~~

Revision: \_\_\_\_\_  
\_\_\_\_\_ ~~November 3, 2005~~

Resolution No. ~~09-11-06~~

Revision: \_\_\_\_\_  
\_\_\_\_\_ ~~December 6, 2007~~

Resolution No. ~~14-08-03~~

Resolution No. ~~15-08-06~~

Revision: \_\_\_\_\_  
\_\_\_\_\_ ~~November 19, 2009~~

Revision: \_\_\_\_\_  
\_\_\_\_\_ ~~August 21, 2014~~

Revision: \_\_\_\_\_  
\_\_\_\_\_ ~~August 20, 2015~~

**Category: Board-Staff Linkage**  
**Policy No.: BL-7**  
**Title: Delegation to the CEO**

The Board will instruct the ~~Chief Executive Officer and General Manager~~CEO through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the ~~Chief Executive Officer and General Manager~~CEO.

Specifically:

- a) The Board shall identify and define those results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- b) The Board shall develop policies that define the delegation to the ~~Chief Executive Officer and General Manager~~CEO with regard to the ~~Chief Executive Officer and General Manager's~~CEO's authority.
- c) ~~The Chief Executive Officer and General Manager~~The CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities related to the operations or business affairs of SMUD.

~~The Chief Executive Officer and General Manager~~

- d) The CEO shall use prudent judgment in the exercise of the delegations and in a manner that is operationally and economically sound, serves the best interests of SMUD's customers and the community, comports with prudent business practices, balances the risks and benefits of the actions, and does not expose SMUD to unreasonable risk. If the Chief Executive Officer and General Manager CEO reasonably determines that an activity related to the delegations presents, regardless of the size of the financial commitment: (i) a unique and significant operational risk to SMUD; (ii) a significant impact to customers; (iii) a significant impact to community relations; ~~-(iv) a significant impact to SMUD's reputation; or (v) materially compromises the policies and goals established by the Board,~~ the Chief Executive Officer and General Manager CEO shall timely inform the Board and may request the Board to take appropriate actions.
- e) The Board may change its delegation to the Chief Executive Officer and General Manager CEO at any time, subject to the conditions of the Board's contract with the Chief Executive Officer and General Manager CEO, thereby expanding or limiting the authority of the Chief Executive Officer and General Manager CEO. But as long as any particular delegation is in place, the Board will abide by the Chief Executive Officer and General Manager's CEO's decisions in those areas that are delegated to him or her.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>November 3, 2005</u>	<u>Resolution No. 05-11-02</u>	<u>Date of Revision.</u>
<u>December 6, 2007</u>	<u>Resolution No. 07-12-03</u>	<u>Date of Revision.</u>
<u>November 19, 2009</u>	<u>Resolution No. 09-11-06</u>	<u>Date of Revision.</u>
<u>August 21, 2014</u>	<u>Resolution No. 14-08-03</u>	<u>Date of Revision.</u>
<u>August 20, 2015</u>	<u>Resolution No. 15-08-06</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Board-Staff Linkage~~

Title: ~~Delegation to the Chief Executive Officer and General Manager with Respect to Procurement~~

Policy Number: ~~BL-8~~

Date of Adoption: ~~August 21, 2003~~

Resolution No. ~~03-08-07~~

Revision: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision: ~~June 3, 2004~~

Resolution No. ~~04-06-04~~

Revision: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revision: ~~October 1, 2009~~

Resolution No. ~~09-10-05~~

Revision: ~~August 4, 2011~~

Resolution No. ~~11-08-04~~

Revision: ~~November 17, 2011~~

Resolution No. ~~11-11-06~~

Revision: ~~March 15, 2012~~

Resolution No. ~~12-03-13~~

Revision: ~~August 21, 2014~~

Resolution No. ~~14-08-03~~

Revision: <del>December 15, 2016</del>	<del>Resolution No. 16-12-18</del>
Revision: <del>July 16, 2020</del>	<del>Resolution No. 20-07-05</del>
Revision: <del>March 18, 2021</del>	<del>Resolution No. 21-03-04</del>
Revision: <del>June 15, 2023</del>	<del>Resolution No. 23-06-04</del>

**Category: Board-Staff Linkage**  
**Policy No.: BL-8**  
**Title: Delegation to the CEO with Respect to Procurement**

The procurement of goods and services is an integral part of SMUD operations. SMUD’s procurement activities shall take place in accordance with the following principles:

- a) **Competition:** SMUD’s procurement activities shall be competitive whenever practical.
- a) **Direct Procurement:** Direct procurement may be utilized when it is in SMUD’s best interest. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available.
- c) **Sole Source Procurement:** Sole source procurement shall be performed only in the case of emergency or when a competitive process would be an idle act.
- d) **Inclusiveness:** SMUD’s procurement practices shall promote inclusiveness of the entire supplier community in its contracting opportunities.
- e) **Economic Development:** SMUD’s procurement practices shall promote the economic development of the community we serve.
- e)

- f) **Environmental Procurement:** SMUD shall minimize the impact on the environment through its procurement practices. In making procurement decisions, staff shall consider the environmental impacts in assessing total cost and benefits.
- g) **Responsible Bidder:** SMUD shall only do business with reputable and responsible suppliers. A Responsible Bidder demonstrates trustworthiness, quality, capacity, financial capability, fair labor practices, and experience to satisfactorily perform SMUD work through the bidding and evaluation process. In addition, SMUD will determine Responsible Bidders by considering a supplier's social, environmental ethical, and safety accountability where applicable.
- h) **Supplier Code of Conduct:** SMUD shall set minimum expectations or standards for all suppliers to follow in the course of doing business with SMUD (in some cases by submitting data and reporting annually) including but not limited to, labor and human rights, environmental, social, governance (ESG), health and safety accountability, ethics and compliance, and diversity, equity, inclusion, and belonging practices.
- i) **Best Value Procurement:** SMUD may procure goods and services by the best value at the lowest cost methodology, where cost and other factors are used to obtain the maximum value while ensuring a fair and equitable process.
- j) **Leveraged Procurement Agreement (LPA):** SMUD may procure goods and services where another lead public agency or organization competitively procures the same goods or services under applicable state and federal laws to streamline procurement processes and leverage collective buying power of multiple agencies to achieve cost savings and other benefits to SMUD. Leveraged procurement agreements are generally referred to by other public agencies as "Cooperative Purchasing Agreements".
- k) **Strategic Alliances:** SMUD may enter into strategic alliance contracts for the procurement of goods or services. A Strategic Alliance is a competitively bid multi-year contract for goods and/or services in which the Supplier and SMUD work collaboratively over the life of the contract to improve quality, and to explore design and process improvements to reduce the cost of production, service delivery, and the total cost of ownership. These benefits are shared both by SMUD and the Supplier.
- l) **Supply Chain Risk:** SMUD's procurement activities shall identify, manage, and mitigate supply chain risks through a coordinated effort across the enterprise.
- m) **Protest Policy:** SMUD shall ensure that suppliers are afforded the opportunity to have their grievances heard through a fair protest process.
- n) **Delegation of Authority to the ~~Chief Executive Officer and General Manager~~CEO:** The Chief Executive Officer and General Manager (CEO) is

delegated authority to perform and approve the procurement activities in accordance with the below matrix. This delegation includes the authority to amend contracts for time extensions or other changes that create no additional cost to SMUD.

**Category \_\_\_\_\_ Amount\***

**Competitive Awards: \_\_\_\_\_**

<u>Operational Inventory</u> _____	<u>\$11 million</u>
<u>Non-inventory Materials</u> _____	<u>\$11 million</u>
<u>Construction and Maintenance Services</u> _____	<u>\$11 million</u>
<u>Information Technology</u> _____	<u>\$11 million</u>
<u>Professional and Consulting Services</u> _____	<u>\$3 million</u>
<u>Rents and Leases</u> _____	<u>\$1 million</u>

**Sole Source:**

<u>All types except Maintenance/Licensing Fees</u> _____	<u>\$1.5 million</u>
<u>Maintenance/Licensing Fees</u> _____	<u>\$3 million or original approved amount</u>

**Direct Procurement:**

<u>Materials/Supplies/Services</u> _____	<u>\$50k**</u>
<u>Government Entities</u> _____	<u>\$1 million</u>
<u>Nonprofit Entities (services/goods)</u> _____	<u>\$1 million</u>

**Emergency Procurements:**

<u>All types</u> _____	<u>\$2 million</u>
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**Nonprofit Entities:**

<u>Memberships/Project Participation Agreement</u> _____	<u>\$3 million</u>
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**Contingencies:**

_____ <u>Board Awarded Contracts</u> _____	<u>Up to 10% of contract</u>
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Award

**Category \_\_\_\_\_ Amount\***

**Competitive Awards:**

<u>Operational Inventory</u> _____	<u>\$11 million</u>
<u>Non-inventory Materials</u> _____	<u>\$11 million</u>
<u>Construction and Maintenance Services</u> _____	<u>\$11 million</u>
<u>Information Technology</u> _____	<u>\$11 million</u>
<u>Professional and Consulting Services</u> _____	<u>\$3 million</u>
<u>Rents and Leases</u> _____	<u>\$1 million</u>

**Sole Source:**

<u>All types except Maintenance/Licensing Fees</u> _____	<u>\$1.5 million</u>
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<u>Category</u>	<u>Amount*</u>
<u>Maintenance/Licensing Fees</u>	<u>\$3 million or original approved amount</u>
<b><u>Direct Procurement:</u></b>	
<u>Materials/Supplies/Services</u>	<u>\$50k**</u>
<u>Government Entities</u>	<u>\$1 million</u>
<u>Nonprofit Entities (services/goods)</u>	<u>\$1 million</u>
<b><u>Emergency Procurements:</u></b>	
<u>All types</u>	<u>\$2 million</u>
<b><u>Nonprofit Entities:</u></b>	
<u>Memberships/Project Participation Agreement</u>	<u>\$3 million</u>
<b><u>Contingencies:</u></b>	
<u>Board Awarded Contracts</u>	<u>Up to 10% of Contract Award</u>

\*The amounts for all categories except Direct Procurement Materials/Supplies/Services shall be adjusted automatically on an annual basis beginning Jan 1, 2024, consistent with the U.S. Bureau of Labor Statistics (BLS) published national consumer price index (CPI) per the Federal Reserve Bank of Minneapolis Average Annual CPI calculator.

\*\*The amount shall be adjusted automatically on an annual basis pursuant to the implicit price deflator as set forth in California Public Utilities Code section 12751, using the base year of 1997.

Monitoring Method: **GMCEO** Report

Frequency: Quarterly

**Versioning:**

<u>August 21, 2003</u>	<u>Resolution No. 03-08-07</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>June 3, 2004</u>	<u>Resolution No. 04-06-04</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>

<u>October 1, 2009</u>	<u>Resolution No. 09-10-05</u>	<u>Date of Revision.</u>
<u>August 4, 2011</u>	<u>Resolution No. 11-08-04</u>	<u>Date of Revision.</u>
<u>November 17, 2011</u>	<u>Resolution No. 11-11-06</u>	<u>Date of Revision.</u>
<u>March 15, 2012</u>	<u>Resolution No. 12-03-13</u>	<u>Date of Revision.</u>
<u>August 21, 2014</u>	<u>Resolution No. 14-08-03</u>	<u>Date of Revision.</u>
<u>December 15, 2016</u>	<u>Resolution No. 16-12-18</u>	<u>Date of Revision.</u>
<u>July 16, 2020</u>	<u>Resolution No. 20-07-05</u>	<u>Date of Revision.</u>
<u>March 18, 2021</u>	<u>Resolution No. 21-03-04</u>	<u>Date of Revision.</u>
<u>June 15, 2023</u>	<u>Resolution No. 23-06-04</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Board Staff Linkage~~

Title: ~~Delegation to the General  
Manager with Respect to Local,  
State and Federal Legislation  
and Regulation~~

Policy Number: ~~BL-9~~

Date of Adoption: ~~October 21, 2004~~

Resolution No. ~~04-10-07~~

Revision Date: ~~December 18, 2008~~

Resolution No. ~~08-12-17~~

Revision Date: ~~August 4, 2011~~

Resolution No. ~~11-08-04~~

Revision Date: ~~October 6, 2011~~

Resolution No. ~~11-10-01~~

Revision Date: ~~August 21, 2014~~

Resolution No. ~~14-08-03~~

**Category:** Board-Staff Linkage  
**Policy No.:** BL-9  
**Title:** Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation

This Board supports development of legislative and regulatory policies that further the Board's policies.

- a) ~~a)~~—The Chief Executive Officer and General Manager (CEO) is authorized to develop local, state and federal legislative, regulatory and budget positions consistent with Board policies, and communicate them to the Congress, the Legislature, regulatory agencies, local agencies and relevant stakeholders.
- b) ~~b)~~—When communicating a new position on local, state or federal legislation or budget proposals, the General ManagerCEO will provide advance notice to the Board when feasible.

**Monitoring Method:** GMCEO Report

**Frequency:** Semi-Annual

**Versioning:**

<u>October 21, 2004</u>	<u>Resolution No. 04-10-07</u>	<u>Date of Adoption.</u>
<u>December 18, 2008</u>	<u>Resolution No. 08-12-17</u>	<u>Date of Revision.</u>
<u>August 4, 2011</u>	<u>Resolution No. 11-08-04</u>	<u>Date of Revision.</u>

October 6, 2011  
August 21, 2014  
September 21, 2023

Resolution No. 11-10-01  
Resolution No. 14-08-03  
Resolution No. 23-09-##

Date of Revision.  
Date of Revision.  
Date of Revision. [Current Policy]

**SMUD BOARD POLICY**

Category: ~~Board-Staff Linkage~~

Title: ~~Delegation To The General  
Manager With Respect To Real  
and Personal Property~~

Policy Number: ~~BL-10~~

Date of Adoption: ~~September 21, 2006~~

Resolution No. ~~06-09-11~~

Revision: ~~December 7, 2006~~

Resolution No. ~~06-12-03~~

Revision: ~~December 18, 2008~~

Resolution No. ~~08-12-11~~

Revision: ~~August 4, 2011~~

Resolution No. ~~11-08-04~~

Revision: ~~August 21, 2014~~

Resolution No. ~~14-08-03~~

**Category: Board-Staff Linkage**  
**Policy No.: BL-10**  
**Title: Delegation to the CEO with Respect to Real and Personal Property**

Normal business operations require SMUD to engage in: (i) the acquisition, disposition, and lease of interests in real property; and (ii) the disposition and lease of surplus personal property.

a) ~~a)~~ **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority within the parameters that follow.

b) ~~b)~~ **Real Property:**

i) ~~i)~~ **Purchase, Sale or Exchange of Real Property.** The purchase price does not exceed \$5 million and is within 115% of the appraised value of the property. The sale of real property shall be at fair market value and offered in accordance with California Government Code section 54220 et seq. and other applicable law. In an exchange of real property, SMUD shall remain financially whole or benefit from the transaction.

ii) ~~ii)~~ **Lease of SMUD Real Property.** Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.

iii) ~~iii)~~ **Easements, Rights of Way, Licenses or Quitclaim Deeds.** Easements, rights of way, licenses and quitclaim deeds may be granted to third parties where SMUD's current or anticipated future operations are not adversely impacted. Lease, easements, licenses and rights-of-way from third parties may be obtained within 125% of fair market value.

iv) ~~iv)~~ **Special Assessments, Governmental Fees and Property Taxes.** Cast all ballots, negotiate, pay taxes, assessments, fees, levies or charges arising from or related to SMUD's ownership or other interests in real property.

c) ~~c)~~ **Personal Property:**

i) **Disposal of Surplus, Scrap or Obsolete Personal Property.** The disposal of surplus, scrap, or obsolete personal property shall be done in accordance with applicable law.

- ii) Lease of SMUD Personal Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.

Monitoring Method: **GMCEO** Report

Frequency: Annual

**Versioning:**

<u>September 21, 2006</u>	<u>Resolution No. 06-09-11</u>	<u>Date of Adoption.</u>
<u>December 7, 2006</u>	<u>Resolution No. 06-12-03</u>	<u>Date of Revision.</u>
<u>December 18, 2008</u>	<u>Resolution No. 08-12-11</u>	<u>Date of Revision.</u>
<u>August 4, 2011</u>	<u>Resolution No. 11-08-04</u>	<u>Date of Revision.</u>
<u>August 21, 2014</u>	<u>Resolution No. 14-08-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Board-Staff Linkage~~

Title: ~~Delegation To The General  
Manager With Respect To The  
Settlement of Claims and  
Litigation~~

Policy Number: ~~BL-11~~

Date of Adoption: ~~October 19, 2006~~

Resolution No. ~~06-10-04~~

Revision: ~~December 7, 2006~~

Resolution No. ~~06-12-04~~

Revision: ~~January 24, 2008~~

Resolution No. ~~08-01-06~~

Revision: ~~October 16, 2008~~

Resolution No. ~~08-10-09~~

Revision: ~~August 4, 2011~~

Resolution No. ~~11-08-04~~

Revision: ~~August 21, 2014~~

Resolution No. ~~14-08-03~~

**Category:** Board-Staff Linkage  
**Policy No.:** BL-11  
**Title:** Delegation to the CEO with Respect to the Settlement of Claims and Litigation

Normal business operations require SMUD to enter into settlements of: (i) claims and lawsuits filed against it and brought by SMUD against third parties; (ii) regulatory matters to which SMUD is a party; and (iii) other disputes with third parties (“Dispute” or “Disputes”).

a) ~~a)~~ **Delegation of Authority:** The Chief Executive Officer and General Manager, (CEO), upon the advice of the General Counsel, is delegated authority to enter into settlement agreements to resolve Disputes and is authorized to execute all necessary documents to finally resolve such matters in accordance with Board policy and within the parameters of the matrix below.

<u>Category</u>	<u>Amount</u>
<del>Tort Claims/Other Claims</del>	<del>Up to SMUD’s self-insured</del>
<del>Under Workers’ Compensation Laws</del>	<del>retention levels<sup>4</sup></del>
<del>Condemnations Filed by SMUD</del>	
<del>Up to 115% of Appraised Value</del>	<del>\$5 million</del>
<del>Greater than 115% of Appraised Value</del>	<del>\$500k</del>
<del>Condemnations Filed against SMUD</del>	
<del>85% or greater of Appraised Value</del>	<del>\$5 million</del>
<del>Less than 85% of Appraised Value</del>	<del>\$500k</del>
<del>All other Disputes</del>	<del>\$500k</del>

<sup>4</sup> Amounts in excess of the self-insured retention levels are paid under insurance policies.

b) \_\_\_\_\_

<u>Category</u>	<u>Amount</u>
<u>Tort Claims/Other Claims</u> <u>Under Workers' Compensation Laws</u>	<u>Up to SMUD's self-</u> <u>insured retention levels<sup>2</sup></u>
<u>Condemnations Filed by SMUD:</u>	
<u>Up to 115% of Appraised Value</u>	<u>\$5 million</u>
<u>Greater than 115% of Appraised Value</u>	<u>\$500k</u>
<u>Condemnations Filed Against SMUD:</u>	
<u>85% or greater of Appraised Value</u>	<u>\$5 million</u>
<u>Less than 85% of Appraised Value</u>	<u>\$500k</u>
<u>All Other Disputes</u>	<u>\$500k</u>

b) Reporting: The ~~General Manager~~CEO shall timely provide the Board with a summary of any significant settlement of a Dispute.

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<sup>2</sup> Amounts in excess of the self-insured retention levels are paid under insurance policies.

**Monitoring Method:** GMCEO Report

**Frequency:** Annual

**Versioning:**

<u>October 19, 2006</u>	<u>Resolution No. 06-10-04</u>	<u>Date of Adoption.</u>
<u>December 7, 2006</u>	<u>Resolution No. 06-12-04</u>	<u>Date of Revision.</u>
<u>January 24, 2008</u>	<u>Resolution No. 08-01-06</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>August 4, 2011</u>	<u>Resolution No. 11-08-04</u>	<u>Date of Revision.</u>
<u>August 21, 2014</u>	<u>Resolution No. 14-08-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Board Staff Linkage~~

Title: ~~Delegation to the Chief  
Executive Officer/General  
Manager with Respect to  
Transactions Involving  
Transmission and Wholesale  
Energy, Fuel, and Environmental  
Attributes~~

Policy Number: ~~BL-12~~

Resolution No. ~~10-02-12~~

Date of Adoption: ~~February 18, 2010~~

Resolution No. ~~11-08-04~~

Revision: ~~August 4, 2011~~

Resolution No. ~~14-08-03~~

Revision: ~~August 21, 2014~~

Resolution No. ~~21-06-04~~

Revision: ~~June 17, 2021~~

**Category:** Board-Staff Linkage  
**Policy No.:** BL-12  
**Title:** Delegation to the CEO with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes

As part of prudently managing energy related risks, providing retail rate stability and serving customers, SMUD is required to enter into: (i) contracts to purchase and sell wholesale electricity, electric capacity and storage, natural gas and clean and emissions-free fuel, and environmental attributes; (ii) contracts for transmission, fuel transportation and fuel storage; and (iii) contracts to financially hedge or mitigate pricing, supply and market risks associated with the transactions above.

**Delegation of Authority:** The Chief Executive Officer ~~/~~ and General Manager (CEO) is delegated decision making authority consistent with the Energy Risk Management and Energy Trading Standards adopted by this Board.

**Monitoring Method:** GMCEO Report  
**Frequency:** Annual

**Versioning:**

February 18, 2010

Resolution No. 10-02-12

Date of Adoption.

August 4, 2011

Resolution No. 11-08-04

Date of Revision.

August 21, 2014

June 17, 2021

September 21, 2023

Resolution No. 14-08-03

Resolution No. 21-06-04

Resolution No. 23-09-##

Date of Revision.

Date of Revision.

Date of Revision. [Current Policy]

## **SMUD BOARD POLICY**

~~Category: Board-Staff Linkage~~

~~Title: Delegation to the Chief Executive Officer and General Manager with Respect to Grants~~

~~Policy Number: BL-13~~

~~Date of Adoption: November 18, 2010~~

~~Resolution No. 10-11-10~~

~~Revision: August 4, 2011~~

~~Resolution No. 11-08-04~~

~~Revision: August 21, 2014~~

~~Resolution No. 14-08-03~~

~~Revision: November 19, 2020~~

~~Resolution No. 20-11-02~~

**Category: Board-Staff Linkage**

**Policy No.: BL-13**

**Title: Delegation to the CEO with Respect to Grants**

SMUD's participation in state and federal grants as a prime-recipient or sub-recipient provides a unique opportunity for SMUD to leverage state and federal funds to advance SMUD's policies, conduct research and development projects, and provide benefits to the Sacramento community. SMUD's grant participation shall further SMUD's strategic directives, provide benefits to SMUD's customers and the community, and shall be consistent with the following principles.

**a) a) Competitive Advantage:** Because grants are typically competitively awarded, SMUD will select its grant partners or participate on a grant team

where the partners provide a competitive advantage in the grant selection process. Time permitting and where practical, SMUD will select qualified grant partners through a formal or informal request for qualifications.

- b) ~~b)~~ **Viable Grant Partners:** SMUD shall only contract with reputable and financially viable grant partners.
  
- c) ~~e)~~ **Local Grant Partners:** All other things being equal, in selecting grant partners SMUD will generally prefer governmental entities, not-for profit organizations, and businesses located in the Sacramento region.
  
- d) ~~d)~~ **Delegation of Authority to the ~~Chief Executive Officer and General Manager~~CEO:** The Chief Executive Officer and General Manager (CEO) is delegated authority to select and enter into contracts with grant partners and file grant applications where SMUD's commitment of financial and in-kind resources to the grant does not exceed \$3 million.

**Monitoring Method:** ~~GM~~CEO Report  
**Frequency:** Annual

**Versioning:**

<u>November 18, 2010</u>	<u>Resolution No. 10-11-10</u>	<u>Date of Adoption.</u>
<u>August 4, 2011</u>	<u>Resolution No. 11-08-04</u>	<u>Date of Revision.</u>
<u>August 21, 2014</u>	<u>Resolution No. 14-08-03</u>	<u>Date of Revision.</u>
<u>November 19, 2020</u>	<u>Resolution No. 20-11-02</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

~~Category: Board-Staff Linkage~~

~~Title: Delegation to the Chief Executive Officer and General Manager With Respect to Products, Services and Programs~~

~~Policy Number: BL-14~~

~~Resolution No. 12-03-08~~

~~Date of Adoption: March 1, 2012~~

~~Resolution No. 13-12-14~~

~~Revision: December 19, 2013~~

~~Resolution No. 14-08-03~~

~~Revision: August 21, 2014~~

~~Resolution No. 17-12-11~~

~~Revision: December 21, 2017~~

**Category: Board-Staff Linkage**

**Policy No.: BL-14**

**Title: Delegation to the CEO with Respect to Products, Services and Programs**

SMUD develops and provides innovative products, services and programs to benefit our customers, community and operations. These products, services and programs provide options to our customers, improve our operations, and further the purpose of Strategic Direction SD-19-(, Diversified Business)-.

a) ~~Delegation of Authority:~~ The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority for the development and delivery of products, services and programs for SMUD customers.

In addition, the ~~Chief Executive Officer and General Manager~~CEO is authorized to enter into strategic partnerships related to the development and delivery of innovative technologies, new business models, programs or services within and outside of the SMUD service area consistent with Strategic Direction SD-19.

a) ~~The Chief Executive Officer and General Manager~~

The CEO shall seek prior Board approval for strategic partnerships that create a material financial, reputational, or operational risk.

b) ~~b) Reporting:~~ The ~~Chief Executive Officer and General Manager~~CEO shall provide advance notice to the Board prior to entering into new strategic partnerships.

**Monitoring Method:** ~~GM~~CEO Report

**Frequency:** Annual

**Versioning:**

<u>March 1, 2012</u>	<u>Resolution No. 12-03-08</u>	<u>Date of Adoption.</u>
<u>December 19, 2013</u>	<u>Resolution No. 13-12-14</u>	<u>Date of Revision.</u>
<u>August 21, 2014</u>	<u>Resolution No. 14-08-03</u>	<u>Date of Revision.</u>
<u>December 21, 2017</u>	<u>Resolution No. 17-12-11</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

~~Category: Governance Process~~

~~Title: Purpose of Board~~

~~Policy Number: GP-1~~

~~Date of Adoption: December 19, 2002~~

~~Resolution No. 02-12-14~~

~~Revision Date: October 16, 2003~~

~~Resolution No. 03-10-14~~

~~Revision Date: November 3, 2005~~

~~Resolution No. 05-11-04~~

~~Revision Date: July 15, 2021~~

~~Resolution No. 21-07-08~~

**Category: Governance Process**

**Policy No.: GP-1**

**Title: Purpose of Board**

The Board is the legislative body of the Sacramento Municipal Utility District. It operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

The purpose of the Board of Directors is to:

- a) Identify and define the purpose, values and vision of SMUD and communicate them in the form of policy.
- b) Identify and define those quantitative and qualitative results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.

- c) Monitor the organization's performance against the results that the Board has established for SMUD.
- d) Make certain operational decisions as designated by law.
- e) Hire, evaluate and, when necessary, discharge the CEO/~~General Manager~~.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>November 3, 2005</u>	<u>Resolution No. 05-11-04</u>	<u>Date of Revision.</u>
<u>July 15, 2021</u>	<u>Resolution No. 21-07-08</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>



Specifically:

- a) The Board will cultivate a sense of group responsibility. It will be responsible for excellence in governing. The Board will be an initiator of policy and use the expertise of individual members to enhance the ability of the Board as a body.
- b) The Board will direct, evaluate and inspire the organization through the establishment of written policies reflecting the Board's values. The Board's major policy focus will be on SMUD's intended impacts outside the organization, not on the administrative or programmatic means of achieving those effects.
- c) Continual Board development will include orientation of new Board members in the Board's governance policies and processes, periodic re-orientation of existing Board members, and regular Board discussion of process improvement.
- d) The Board will regularly discuss and evaluate its performance. Self-monitoring will include comparison of Board activities and discipline to policies adopted by the Board. It will be up to the Board president or committee chair to determine the appropriate manner of this feedback and evaluation.

**Monitoring Method: Board Report**

**Frequency: Semi-Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>November 3, 2005</u>	<u>Resolution No. 05-11-05</u>	<u>Date of Revision.</u>
<u>December 21, 2006</u>	<u>Resolution No. 06-12-13</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-08</u>	<u>Date of Revision.</u>
<u>May 17, 2012</u>	<u>Resolution No. 12-05-09</u>	<u>Date of Revision.</u>
<u>July 15, 2021</u>	<u>Resolution No. 21-07-09</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~\_\_\_\_\_~~ **Governance Process**

Title: ~~\_\_\_\_\_~~ **BOARD JOB DESCRIPTION**

Policy Number: ~~\_\_\_\_\_~~ **GP-3**

Date of Adoption: ~~\_\_\_\_\_~~ **December 19, 2002**

Resolution No. ~~\_\_\_\_\_~~ **02-12-14**

Revision Date: ~~\_\_\_\_\_~~ **October 16, 2003**

Resolution No. ~~\_\_\_\_\_~~ **03-10-14**

Revision Date: ~~\_\_\_\_\_~~ **December 1, 2005**

Resolution No. ~~\_\_\_\_\_~~ **05-12-11**

Revision Date: ~~\_\_\_\_\_~~ **March 5, 2009**

Resolution No. ~~\_\_\_\_\_~~ **09-03-05**

Revision Date: ~~\_\_\_\_\_~~ **December 3, 2009**

Resolution No. ~~\_\_\_\_\_~~ **09-12-04**

Revision Date: ~~\_\_\_\_\_~~ **January 20, 2010**

Resolution No. ~~\_\_\_\_\_~~ **11-01-07**

Revision Date: ~~\_\_\_\_\_~~ **April 3, 2014**

Resolution No. ~~\_\_\_\_\_~~ **14-04-03**

Revision Date: ~~\_\_\_\_\_~~ **June 19, 2014**

Resolution No. ~~\_\_\_\_\_~~ **14-06-06**

Revision Date: ~~\_\_\_\_\_~~ **April 20, 2017**

Resolution No. ~~\_\_\_\_\_~~ **17-04-08**

Resolution No. ~~\_\_\_\_\_~~ **21-07-10**

Revision Date: ~~\_\_\_\_\_~~ **July 15, 2021**

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**Category: Governance Process**  
**Policy No.: GP-3**  
**Title: Board Job Description**

The specific job duty of Board members as elected representatives is to ensure appropriate organizational performance.

Specifically, the Board shall:

- a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between Board and staff.
- b) Regularly monitor and evaluate the performance of the CEO/~~General Manager~~.
- c) Seek to understand the strategic viewpoints and values of our customers, owners, the community and other interested stakeholders.
- d) Develop and adopt Strategic Direction policies for SMUD that define the outcomes the Board wants SMUD to achieve – and refine those Directions as conditions warrant while recognizing the importance of providing predictable policy direction to the CEO/~~General Manager~~ and staff.
- e) Review the Strategic Directions regularly, on the timetable specified in each policy, and communicate to the CEO/~~General Manager~~ whether the Board finds SMUD to be in compliance. For the purpose of this policy, compliance is defined as substantially meeting the requirements of the Strategic Direction.
- f) Adopt the SMUD budget on an annual basis.
- g) Serve as ambassadors for SMUD and build relationships throughout SMUD's service territory and the region.
- h) Contract with an external independent auditor to audit SMUD's finances and procedures; such audits are to be performed on an annual basis.
- i) Set the rates, rules and regulations for services and commodities provided by SMUD.
- j) Take such other actions as may be required by law.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>December 1, 2005</u>	<u>Resolution No. 05-12-11</u>	<u>Date of Revision.</u>
<u>March 5, 2009</u>	<u>Resolution No. 09-03-05</u>	<u>Date of Revision.</u>
<u>December 3, 2009</u>	<u>Resolution No. 09-12-04</u>	<u>Date of Revision.</u>
<u>January 20, 2010</u>	<u>Resolution No. 11-01-07</u>	<u>Date of Revision.</u>
<u>April 3, 2014</u>	<u>Resolution No. 14-04-03</u>	<u>Date of Revision.</u>
<u>June 19, 2014</u>	<u>Resolution No. 14-06-06</u>	<u>Date of Revision.</u>
<u>April 20, 2017</u>	<u>Resolution No. 17-04-08</u>	<u>Date of Revision.</u>
<u>July 15, 2021</u>	<u>Resolution No. 21-07-10</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Governance Process~~

Title: ~~BOARD/COMMITTEE WORK PLAN  
AND AGENDA PLANNING~~

Policy Number: ~~GP-4~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~June 3, 2004~~

Revision Date: ~~March 20, 2008~~

Resolution No. ~~04-06-07~~

Revision Date: ~~October 16, 2008~~

Revision Date: ~~March 5, 2009~~

Resolution No. ~~08-03-07~~

Revision Date: ~~February 3, 2011~~

Revision Date: ~~January 16, 2014~~

Resolution No. ~~08-10-09~~

Revision Date: ~~July 17, 2014~~

Revision Date: ~~September 21, 2017~~

Resolution No. ~~09-03-06~~

Revision Date: ~~February 18, 2021~~

Resolution No. ~~11-02-02~~

Resolution No. ~~14-01-05~~

Resolution No. ~~14-07-03~~

	<del>Resolution No. 17-09-10</del>
	<del>Resolution No. 21-02-05</del>

**Category: Governance Process**  
**Policy No.: GP-4**  
**Title: Board/Committee Work Plan and Agenda Planning**

To accomplish its strategic leadership consistent with Board policies, the Board will develop and follow an annual work plan that ensures the Board: (i) focuses on the results the Board wants the organization to achieve; (ii) defines the conditions of SMUD that it considers acceptable and unacceptable; (iii) meets its other obligations as stated by law or policy; and (iv) continually improves its performance through education, feedback, and deliberation. The Board work plan shall guide SMUD staff in preparing the agendas for regular board meetings and standing committee meetings.

Specifically:

**1)a) Board Work Plan**

- a)i)      The Board will develop each year a list of topics and issues that it wishes to explore in the coming years and maintain a work plan that will be regularly reviewed by the Board or a standing committee.
- b)ii)      The Board President shall ensure that the Board’s agendas meet the goals of the annual work plan.

**2)b) Board Agendas**

- a)i)      Board agendas shall be posted on the SMUD website at [www.smud.org](http://www.smud.org) least 72- hours prior to a regular Board meeting and at least 24 hours before a special Board meeting.
- b)ii)      Only members of the Board and the Chief Executive Officer and General Manager (CEO/~~GM~~) and his or her designees may place items on the Board agenda.
- e)iii)      Items for placement on the agenda fall into the following categories:
  - Items generated by SMUD management;
  - Items placed on the agenda by a Board member;

- Presentations by outside persons or agencies that have received approval for placement on an agenda from the Board President (see Meeting Procedures of the SMUD Board of Directors for details).
- d)iv) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a Board meeting.
- e)v) When a Board member wishes to invite people to make a presentation at a Board meeting, the Board member should coordinate with the Board President and CEO/GM. When a Board member invites people to speak at a Board meeting during the public comment period, the Board member should notify the Board President in advance of the meeting to ensure the efficient management of public comment.
- f)vi) Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member, prior to a motion and a second on the consent calendar.
- g)vii) A Board member may propose at the beginning of the meeting to pull an item from the agenda. Upon a motion and a second, the Board may vote to approve the agenda as revised.
- h)viii) Matters not on the agenda for a regular meeting will not be considered by the Board at that meeting except: (1) upon determination by a majority of the Board that an emergency situation exists, severely impairing public health and/or safety; or (2) upon a determination by a two-thirds vote of the Board or by a unanimous vote if less than two-thirds of the members are present, that the need to take action arose subsequent to the agenda being posted; or (3) as otherwise permitted under the Ralph M. Brown Act of the California Government Code.
- i)ix) Whenever an item has been approved for consideration by the Board under paragraph 2)hb) viii) of this policy, the Board President will read, upon introducing the item for Board consideration, a brief summary which shall include the subject title, a short explanation of the subject matter, and, if any, the recommendation.
- j)x) Matters on the agenda for regular meetings which have not been considered and acted upon at such meetings or continued to a subsequent meeting will be deemed continued to the following regular meeting until they can be relisted as a regular item.

~~k~~)xi) Whenever the Board fails to take action on an item on the Board's agenda, the Board will set a date for reconsideration of the item. If for any reason the Board fails to set such a date, the Board Secretary will list all such items as a "pending item" on the action item section of the next regular agenda for which the Board Secretary is accepting items.

### ~~3~~)c) **Committee Agendas**

a)i) Committee agendas shall be posted on the SMUD website at [www.smud.org](http://www.smud.org) at least 72 hours prior to the committee meeting.

b)ii) Items may be placed on a committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO/~~GM~~ and his or her designees.

e)iii) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a committee meeting.

d)iv) When a Board member wishes to invite people to make a presentation at a committee meeting, the Board member should coordinate with the committee chair and the CEO/~~GM~~. When a Board member invites people to speak at a committee meeting during the public comment period, the Board member should notify the committee chair in advance of the meeting to ensure the efficient management of public comment.

e)v) Members of the public may request the opportunity to be listed on a committee agenda for purposes of making a presentation at a committee meeting on matters within SMUD's jurisdiction. The committee chair will review all complete presentation requests and may, at his or her discretion, direct the responsible staff to list the presentation on the committee's agenda. (See Meeting Procedures of the SMUD Board of Directors for details).

### 4)d) **Issuance of Agendas:**

a)i) The Board Secretary's office, under the direction of the CEO/~~GM~~ and the Board President, shall prepare and issue an agenda for each regular meeting and special meeting of the Board.

b)ii) The Executive Management team, under the direction of the CEO/~~GM~~ and in coordination with the standing committee chairs, shall prepare and issue an agenda for each standing committee meeting.

- e)iii) Proposed Board agendas will be reviewed by the Board President and proposed committee agendas will be reviewed by the committee chair prior to the development of the relevant public notices.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002      Resolution No. 02-12-14      Date of Adoption.

October 16, 2003      Resolution No. 03-10-14      Date of Revision.

<u>June 3, 2004</u>	<u>Resolution No. 04-06-07</u>	<u>Date of Revision.</u>
<u>March 20, 2008</u>	<u>Resolution No. 08-03-07</u>	<u>Date of Revision.</u>
<u>October 16, 2008</u>	<u>Resolution No. 08-10-09</u>	<u>Date of Revision.</u>
<u>March 5, 2009</u>	<u>Resolution No. 09-03-06</u>	<u>Date of Revision.</u>
<u>February 3, 2011</u>	<u>Resolution No. 11-02-02</u>	<u>Date of Revision.</u>
<u>January 16, 2014</u>	<u>Resolution No. 14-01-05</u>	<u>Date of Revision.</u>
<u>July 17, 2014</u>	<u>Resolution No. 14-07-03</u>	<u>Date of Revision.</u>
<u>September 21, 2017</u>	<u>Resolution No. 17-09-10</u>	<u>Date of Revision.</u>
<u>February 18, 2021</u>	<u>Resolution No. 21-02-05</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

<b>SMUD BOARD POLICY</b>	
<b>Category:</b> <del>Governance Process</del>	<b>Title:</b> <del>Election of Board President and Vice President</del>
	<b>Policy Number:</b> <del>GP-5</del>
<b>Date of Adoption:</b> <del>December 19, 2002</del>	<b>Resolution No.</b> <del>02-12-14</del>
<b>Revision Date:</b> <del>October 16, 2003</del>	<b>Resolution No.</b> <del>03-10-14</del>

**Category:** Governance Process  
**Policy No.:** GP-5  
**Title:** Election of Board President and Vice President

The Board shall elect each year a president and vice president to preside over it, under the following terms and conditions:

- a) The nominations for and selection of president and vice president for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in January.
- b) The president and vice president shall be elected upon a vote of four or more Board members voting in approval.
- c) The terms of president and vice president shall be for a period of one year or until such time as a successor has been selected pursuant to these rules.
- d) The president may serve no more than one term in succession.

- e) During the absence of the president, the vice president will preside, and, in the event that both the president and vice president are absent, the members present shall select one of their members to act as president pro tem.
- f) In the event that the office of either president or vice president becomes vacant, the board, within 30 days from the date of such vacancy, will select one of its members to fill the term of that office.
- g) The president and/or vice president shall be recalled upon a vote of four or more Board members voting to recall. Nomination and election of a new president and/or vice president shall occur within 30 days from the date of the vote to recall.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Governance Process~~

Title: ~~ROLE OF THE BOARD PRESIDENT~~

Policy Number: ~~GP-6~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~June 3, 2004~~

Resolution No. ~~04-06-07~~

Revision Date: ~~January 12, 2006~~

Resolution No. ~~06-01-04~~

Resolution No. ~~06-12-14~~

Revision Date: ~~December 21, 2006~~

Resolution No. ~~11-01-08~~

Resolution No. ~~14-02-10~~

Revision Date: ~~January 20, 2011~~

Resolution No. ~~20-03-03~~

Revision Date: ~~February 20, 2014~~

Revision Date: ~~March 17, 2020~~

**Category: Governance Process**  
**Policy No.: GP-6**  
**Title: Role of the Board President**

The President of the Board shall assure the integrity of the Board's processes and assure Board representation to outside parties:

Specifically:

- a) The President shall ensure that the Board behaves consistently within its own rules and policies, and those legitimately imposed on it from outside the organization.
- ~~b) \_\_\_\_\_~~ ~~b)~~—The President shall preside over and facilitate Board meetings.
- ~~c) \_\_\_\_\_~~ ~~c)~~—The President shall ensure that meeting discussion focuses on those issues which, according to Board policy, belong to the Board to decide.
- ~~d) \_\_\_\_\_~~ ~~d)~~—The President shall ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.
- ~~e) \_\_\_\_\_~~ ~~e)~~—The President shall appoint the chairs of standing committees.
- ~~f) \_\_\_\_\_~~ ~~f)~~—The President shall schedule and coordinate the annual process of evaluating the Chief Executive Officer and General Manager; (CEO).
- ~~g) \_\_\_\_\_~~ ~~g)~~—The President shall ensure that the Board's agendas meet the goals of the annual work plan.
- ~~h) \_\_\_\_\_~~ ~~h)~~—The President shall ensure a process is in place for regularly evaluating the Board's adherence to Board policies.
- i) The President shall assure a Board meeting procedures manual is adopted.
- j) The President shall ensure the Board is effectively represented to outside stakeholders, organizations, and other groups.
- k) The President has no authority to supervise or direct the ~~General Manager~~CEO, apart from authority expressly granted him or her by the Board.
- l) The President may delegate his or her authority, but remains accountable for its use.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>June 3, 2004</u>	<u>Resolution No. 04-06-07</u>	<u>Date of Revision.</u>
<u>January 12, 2006</u>	<u>Resolution No. 06-01-04</u>	<u>Date of Revision.</u>
<u>December 21, 2006</u>	<u>Resolution No. 06-12-14</u>	<u>Date of Revision.</u>
<u>January 20, 2011</u>	<u>Resolution No. 11-01-08</u>	<u>Date of Revision.</u>

<u>February 20, 2014</u>	<u>Resolution No. 14-02-10</u>	<u>Date of Revision.</u>
<u>March 17, 2020</u>	<u>Resolution No. 20-03-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

~~Category: Governance Process~~

~~Title: Guidelines for Board Member Behavior~~

~~Policy Number: GP-7~~

~~Date of Adoption: December 19, 2002~~

~~Resolution No. 02-12-14~~

~~Revision Date: October 16, 2003~~

~~Resolution No. 03-10-14~~

~~Revision Date: April 6, 2006~~

~~Resolution No. 06-04-06~~

~~Revision Date: March 20, 2008~~

~~Resolution No. 08-03-05~~

~~Revision Date: July 15, 2021~~

~~Resolution No. 21-07-11~~

**Category: Governance Process**

**Policy No.: GP-7**

**Title: Guidelines for Board Member Behavior**

The Board and its members should act in an ethical, businesslike, productive, and lawful manner. Board members should avoid even the appearance of impropriety to ensure and maintain public confidence in SMUD.

Specifically:

- a) Board members shall conduct themselves in accordance with all laws.

- b) Board members should conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
- c) Board members are expected to demonstrate loyalty to the interests of SMUD owners and ratepayers. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's activities.
- d) Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
  - i) ~~i)~~ — Board members should recognize the lack of authority vested in them as individuals in their interactions with the CEO/~~General Manager~~ or with staff, except where explicitly Board authorized.
  - ii) ~~ii)~~ — In their interactions with the public, press or other entities, Board members should recognize the same limitation and the inability of any Board member to speak for the Board or for other Board members except to repeat explicitly stated Board decisions.
- e) ~~e)~~ — Board members shall at all times endeavor to express their individual opinions in a responsible manner, without causing harm to SMUD, to SMUD's owners and customers, or to other Board members and staff.
  - i) Each member of the Board is expected to support the Board's decision-making authority, irrespective of the member's personal position.
  - ii) Board members retain the right to criticize the decisions of SMUD, but in doing so should make it clear that it is their opinion, and not the opinion of the Board or other Board members, and so long as it complies with the limitations set forth in these policies. Board members are encouraged to notify the CEO/~~General Manager~~ in advance when they plan to speak publicly in opposition to SMUD decisions and policies.
- f) ~~f)~~ — Members should prepare themselves for Board deliberations.
- g) ~~g)~~ — Board members shall discourage former Board members from attempting to influence the Board, individual Board members or staff, on behalf of any third party (other than a governmental entity) from whom the former Board member is receiving compensation, on any matter that the former Board member substantially participated in during his or her tenure with the Board. This provision shall not apply to: (i) communications by a former Board member acting in his or her capacity as an individual or customer and for which the Board member receives no compensation; or (ii) communications with a former Board member who has not been a Board member for more than two years.

**Monitoring Method: Board Report**

**Frequency: Semi-Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>April 6, 2006</u>	<u>Resolution No. 06-04-06</u>	<u>Date of Revision.</u>
<u>March 20, 2008</u>	<u>Resolution No. 08-03-05</u>	<u>Date of Revision.</u>
<u>July 15, 2021</u>	<u>Resolution No. 21-07-11</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

Category: ~~Governance Process~~

Title: ~~Board Committee Principles~~

Policy Number: ~~GP-8~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~June 3, 2004~~

Resolution No. ~~04-06-07~~

Revision Date: ~~January 12, 2006~~

Resolution No. ~~06-01-05~~

Revision Date: ~~January 24, 2008~~

Resolution No. ~~08-01-07~~

Revision Date: ~~March 20, 2008~~

Resolution No. ~~08-03-08~~

Revision Date: ~~September 17, 2009~~

Resolution No. ~~09-09-10~~

Effective Date: ~~January 1, 2010~~

Revision Date: ~~October 21, 2010~~

Resolution No. ~~10-10-17~~

**Category: Governance Process**  
**Policy No.: GP-8**  
**Title: Board Committee Principles**

The Board may establish standing committees and the president may establish ad hoc committees based on need and input from the Board members.

Standing committees shall assist the Board in its ongoing work and activities. Standing committees shall be composed of three Board members, including a chair and vice-chair, who shall be appointed by the Board President. Any other Board member may attend and participate in the deliberations of any standing committee. Each standing committee shall have a charter describing the committee's purpose. If a standing committee lacks a quorum of members for any meeting, the President, Vice-President, or Committee chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.

Ad hoc committees shall be created for a limited duration to address a specific topic of interest to the Board. Each ad hoc committee may be composed of two or three Board members, and shall include designation of a chair and a clear statement of purpose. Ad hoc committees are not required to provide public notice of their meetings under the Ralph M. Brown Act. Each ad hoc committee shall report back at a publicly noticed Board or standing committee meeting on its activities.

Specifically:

- a) All committees will ordinarily assist the Board by gaining education, considering alternatives and implications, and preparing policy alternatives.
- b) Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- c) Board committees cannot exercise authority over staff nor interfere with the delegation from the Board to the ~~General Manager~~ CEO. Because the ~~General Manager~~ CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
- d) As a general rule, items scheduled for Board action (including items requested by a Board member) shall first be presented to a standing committee for review.
- e) Standing committees shall be reviewed at least annually by the Board to determine whether they should continue.

- f) This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the ~~General Manager~~CEO.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>June 3, 2004</u>	<u>Resolution No. 04-06-07</u>	<u>Date of Revision.</u>
<u>January 12, 2006</u>	<u>Resolution No. 06-01-05</u>	<u>Date of Revision.</u>
<u>January 24, 2008</u>	<u>Resolution No. 08-01-07</u>	<u>Date of Revision.</u>
<u>March 20, 2008</u>	<u>Resolution No. 08-03-08</u>	<u>Date of Revision.</u>
<u>September 17, 2009</u>	<u>Resolution No. 09-09-10</u>	<u>Date of Revision. (Effective Date = January 1, 2010)</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

**SMUD BOARD POLICY**

~~Category: Governance Process~~

~~Title: Board Committee Chairs~~

~~Policy Number: GP-9~~

~~Date of Adoption: December 19, 2002~~

~~Resolution No. 02-12-14~~

~~Revision Date: October 16, 2003~~

~~Resolution No. 03-10-14~~

~~Revision Date: June 3, 2004~~

~~Resolution No. 04-06-07~~

~~Revision Date: January 12, 2006~~

~~Resolution No. 06-01-06~~

~~Revision Date: February 18, 2021~~

~~Resolution No. 21-02-07~~

**Category: Governance Process**

**Policy No.: GP-9**

**Title: Board Committee Chairs**

The committee chairs shall preside over and facilitate committee meetings.

Specifically:

- a) Standing committee chairs shall approve the annual calendar of committee meetings.
- b) Standing committee meetings are generally scheduled monthly or as determined by the committee chair in consultation with the Board President and Board Office.

- c) Committee chairs shall reschedule and cancel meetings, in consultation with the Board President and Board Office.
- d) Committee chairs shall ensure that committee meetings focus on those issues which, according to Board policy, belong to the Board to decide.
- e) Committee chairs shall ensure that discussion is fair, open and thorough, but also timely, orderly, and kept to the point.
- f) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.
- g) Standing committee chairs shall review the committee agenda prior to circulation of the public notice of the meeting.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>June 3, 2004</u>	<u>Resolution No. 04-06-07</u>	<u>Date of Revision.</u>
<u>January 12, 2006</u>	<u>Resolution No. 06-01-06</u>	<u>Date of Revision.</u>
<u>February 18, 2021</u>	<u>Resolution No. 21-02-07</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Governance Process~~

Title: ~~BOARD TRAINING, ORIENTATION~~

Policy Number: ~~GP-10~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~December 1, 2005~~

Resolution No. ~~05-12-09~~

Revision Date: ~~April 6, 2006~~

Resolution No. ~~06-04-07~~

Revision Date: ~~April 19, 2007~~

Resolution No. ~~07-04-13~~

Revision Date: ~~April 17, 2008~~

Resolution No. ~~08-04-10~~

Revision Date: ~~August 20, 2009~~

Resolution No. ~~09-08-14~~

Revision Date: ~~July 18, 2013~~

Resolution No. ~~13-07-03~~

Revision Date: ~~March 17, 2016~~

Resolution No. ~~16-03-10~~

**Category: Governance Process**  
**Policy No.: GP-10**  
**Title: Board Training, Orientation**

The Board will invest in training, development and orientation to assure excellence in governance.

Specifically:

- a) Board members shall be offered and encouraged to receive training in the skills of effective governance, communication and decision making.
- b) The Board president and Board committee chairs shall be offered and encouraged to receive training in the facilitation of meetings.
- c) At least every two years, Board members shall receive training on sexual harassment prevention and laws related to ethics (conflict of interest requirements, government transparency, open and fair government processes). Training shall be made available annually.
- d) New Board members shall receive an orientation in the SMUD's governance policies.
- e) Board members shall be offered and encouraged to receive regular training with respect to understanding trends and developments in public power and the energy industry.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>December 1, 2005</u>	<u>Resolution No. 05-12-09</u>	<u>Date of Revision.</u>
<u>April 6, 2006</u>	<u>Resolution No. 06-04-07</u>	<u>Date of Revision.</u>
<u>April 19, 2007</u>	<u>Resolution No. 07-04-13</u>	<u>Date of Revision.</u>
<u>April 17, 2008</u>	<u>Resolution No. 08-04-10</u>	<u>Date of Revision.</u>
<u>August 20, 2009</u>	<u>Resolution No. 09-08-14</u>	<u>Date of Revision.</u>
<u>July 18, 2013</u>	<u>Resolution No. 13-07-03</u>	<u>Date of Revision.</u>
<u>March 17, 2016</u>	<u>Resolution No. 16-03-10</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



<b>SMUD BOARD POLICY</b>	
<del>Category: Governance Process</del>	<del>Title: Board Review of Internal Records</del>
	<del>Policy Number: GP-11</del>
<del>Date of Adoption: December 19, 2002</del>	<del>Resolution No. 02-12-14</del>
<del>Revision Date: October 16, 2003</del>	<del>Resolution No. 03-10-14</del>

**Category: Governance Process**  
**Policy No.: GP-11**  
**Title: Board Review of Internal Records**

Board members may review any record of SMUD at any time, so long as confidentiality requirements are followed.

Specifically:

- a) Board member requests to inspect SMUD records shall be forwarded to the ~~General Manager~~CEO, who will provide the requested files for review on SMUD premises.
- b) No confidential or original documents shall be taken from SMUD premises except with the authorization of the ~~General Manager~~CEO.
- c) Board members shall follow the same confidentiality requirements applicable to SMUD employees dealing with such files. SMUD employee personnel files will not be subject to Board review except as permitted by law.

- d) The Board Office shall maintain a log of all copies of documents requested by Board members. The log will be available for inspection by members of the public during working hours.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

# DRAFT SMUD BOARD POLICY



## SMUD BOARD POLICY

Category: ~~Governance Process~~

Title: ~~Board Compensation and Benefits~~

Policy Number: ~~GP-12~~

Date of Adoption: ~~December 19, 2002~~

Resolution No. ~~02-12-14~~

Revision Date: ~~October 16, 2003~~

Resolution No. ~~03-10-14~~

Revision Date: ~~December 2, 2004~~

Resolution No. ~~04-12-03~~

Revision Date: ~~December 1, 2005~~

Resolution No. ~~05-12-10~~

Revision Date: ~~May 17, 2007~~

Resolution No. ~~07-05-08~~

Revision Date: ~~July 16, 2009~~

Resolution No. ~~09-07-02~~

Revision Date: ~~September 18, 2014~~

Resolution No. ~~14-09-07~~

Revision Date: ~~December 20, 2018~~

Resolution No. ~~18-12-15~~

Revision Date: ~~December 12, 2019~~

Resolution No. ~~19-12-05~~

Revision Date: ~~June 15, 2023~~

**Category: Governance Process**

**Policy No.: GP-12**

**Title: Board Compensation and Benefits**

In keeping with the MUD Act, members of the Board of Directors are entitled to compensation for their service. Specifically:

- a) Each Board member may receive for each attendance at the meetings of the full Board, Board committee meetings, ad hoc committee meetings, publicly noticed SMUD workshops or meetings, other publicly noticed meetings where the Board member is representing the Board, state or federal legislative briefings or meetings where the Board member is representing the Board, meetings with SMUD customers or staff relating to SMUD business, community meetings or events where the Board member is representing SMUD, events where SMUD is being recognized, conferences and organized educational activities, the sum of \$317.00 per day of service. No director may receive compensation for more than ten (10) days in any one calendar month. Campaign and political meetings, events, and fundraisers are not compensable under this policy.
- b) Each Board member may also be reimbursed for expenses related to travel, meals, lodging and other actual and necessary expenses incurred in the performance of his or her official duties as described in subsection a). Reimbursement shall be in accordance with Internal Revenue Service regulations as established in Publication 463, or any successor publication.
- b) c) Each Board member may be reimbursed for computer and other technology purchases, rentals, and refurbishments that will aid them in the performance of their duties pursuant to reimbursement policies applicable to executive and senior leaders.
- d) Compensation forms shall be completed by a Director and distributed by the Board office for review and approval prior to a Board meeting. The Board shall review and approve compensation and any request for technology reimbursement at each regular Board meeting. Board member compensation, along with any requests for technology reimbursement, shall be placed on the consent calendar at each regular Board meeting, unless a Board member requests that it be placed on the discussion calendar. Expense reimbursement forms and requests for expenditures for travel and training shall be completed by a Director and submitted to the Board President or Vice President for approval as appropriate.

- e) SMUD shall provide and contribute payment for health care benefits, equivalent to the contribution made to SMUD employees in the PAS employee group, to any Board member who elects such benefit, and additionally make an annual contribution payment of \$500 to a Flexible Spending Account.
- f) Subject to the applicable tax codes and IRS rules and regulations, and to the extent possible, SMUD shall direct payment to a SMUD defined contribution plan (either a 457(b) plan or a 401(k) plan) for each Director who elects to have such a benefit in the amount of 30% of compensation based on days of service. Directors who elect to receive this benefit must (1) have a SMUD defined contribution plan and (2) direct payment to the defined contribution plan of their choice at initial enrollment and then during (and only during) SMUD's open enrollment period for employee benefits.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

<u>December 19, 2002</u>	<u>Resolution No. 02-12-14</u>	<u>Date of Adoption.</u>
<u>October 16, 2003</u>	<u>Resolution No. 03-10-14</u>	<u>Date of Revision.</u>
<u>December 2, 2004</u>	<u>Resolution No. 04-12-03</u>	<u>Date of Revision.</u>
<u>December 1, 2005</u>	<u>Resolution No. 05-12-10</u>	<u>Date of Revision.</u>
<u>May 17, 2007</u>	<u>Resolution No. 07-05-08</u>	<u>Date of Revision.</u>
<u>July 16, 2009</u>	<u>Resolution No. 09-07-02</u>	<u>Date of Revision.</u>
<u>September 18, 2014</u>	<u>Resolution No. 14-09-07</u>	<u>Date of Revision.</u>
<u>December 20, 2018</u>	<u>Resolution No. 18-12-15</u>	<u>Date of Revision.</u>
<u>December 12, 2019</u>	<u>Resolution No. 19-12-05</u>	<u>Date of Revision.</u>
<u>June 15, 2023</u>	<u>Resolution No. 23-06-02</u>	<u>Date of Revision. (Effective Date = July 1, 2023)</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

<u><b>SMUD BOARD POLICY</b></u>	
<del>Category: <b>Governance Process</b></del>	<del>Title: <b>Core and Key Values</b></del>
	<del>Policy Number: <b>GP-13</b></del>
<del>Adoption Date: <b>May 6, 2004</b></del>	<del>Resolution No. <b>04-05-04</b></del>

**Category: Governance Process**  
**Policy No.: GP-13**  
**Title: Core and Key Values**

In articulating its values, the Board distinguishes between “core” values and “key” values. Core values are deemed essential for the success of SMUD and for serving SMUD’s customers. Key values provide added value to our customers. Key values are subordinate to the core values.

**Monitoring Method: Board Report**

**Frequency: ~~Annual~~ Annual**

**Versioning:**

May 6, 2004

Resolution No. 04-05-04

Date of Adoption.

September 21, 2023

Resolution No. 23-09-##

Date of Revision. [Current Policy]

# DRAFT SMUD BOARD POLICY



## ~~SMUD BOARD POLICY~~

~~Category: Governance Process~~

~~Title: External Auditor Relationship~~

~~Policy Number: GP-14~~

~~Date of Adoption: August 21, 2008~~

~~Resolution No.: 08-08-14~~

~~Revision Date: March 17, 2020~~

~~Resolution No.: 20-03-04~~

Category: Governance Process

Policy No.: GP-14

Title: External Auditor Relationship

The Board is responsible for hiring SMUD's external auditor to perform the annual independent audit.

Specifically:

- a) The Board will make the choice of external auditor, based on input from staff and others it deems necessary to exercise prudent, independent judgment.
- b) After consulting with Board members, the Chair of the Finance and Audit Committee shall meet with the external auditor after the audit is complete. The meeting will be independent of staff. The Board member(s) will report their findings to the Board on a timely basis.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

August 21, 2008

Resolution No. 08-08-14

Date of Adoption.

March 17, 2020

Resolution No. 20-03-04

Date of Revision.

September 21, 2023

Resolution No. 23-09-##

Date of Revision. [Current Policy]

**SMUD BOARD POLICY**

~~Category: Governance Process~~

~~Title: BOARD TRAVEL AND  
TRAINING REIMBURSEMENT~~

~~Policy Number: GP-15~~

~~Date of Adoption: November 13, 2008~~

~~Resolution No. 08-11-07~~

~~Effective Date: January 1, 2009~~

~~Revision Date: August 20, 2009~~

~~Revision Date: October 6, 2011~~

~~Resolution No. 09-08-15~~

~~Revision Date: December 1, 2016~~

~~Resolution No. 11-10-02~~

~~Resolution No. 16-12-03~~

**Category: Governance Process**

**Policy No.: GP-15**

**Title: Board Travel and Training Reimbursement**

Board members shall have the opportunity to attend conferences, meetings, training, and various activities that are appropriate to their work as Directors and provide value to SMUD.

As part of this policy:

- a) Each Board member shall have an annual budget for travel and training purposes of \$15,000, adjusted annually for inflation based on the Travel Price Index (July-June) and rounded to the nearest hundred dollars. The training budget shall include attendance at community functions.
- b) If a Board member exceeds his or her annual budget, then he or she shall be responsible for reimbursing SMUD within 30 days the difference between the member's annual budget and the actual expenditure.
- c) The Board shall approve its travel and training budget annually.
- d) Budgeted travel and training funds shall expire at the end of each calendar year with no rollover option.
- e) The Board travel and training budget shall be managed by the Special Assistant to the Board as part of the Board Office budget.
- f) Requests for travel, training and events in excess of \$500 shall be accompanied by a written justification of the benefits to SMUD and consistency with Board policy and submitted to the Board Special Assistant 30 days prior to the event. Such justification will include the estimated costs, the percentage to be paid by SMUD, and whether the expenditure will span multiple years.
  - i) If SMUD representation is requested with shorter than 30-day notice and travel is required, the Board Special Assistant shall notify Board members of the pending trip.
  - ii) Written travel and training justifications shall be distributed to all Board members in the Board packet for purposes of transparency and oversight, along with a status report on the Board's travel and training budget and individual directors' expenditures.
- g) Board members shall submit all relevant travel and training receipts to Board Office staff within two weeks for reconciliation.
- h) Board members shall publicly report the results of their travel and training at a Board meeting.
- i) New Board members shall receive an orientation in the Board's travel and training policy.

**Monitoring Method:** Board ~~report~~Report

**Frequency:** Annual

**Versioning:**

<u>November 13, 2008</u>	<u>Resolution No. 08-11-07</u>	<u>Date of Adoption. (Effective Date = January 1, 2009)</u>
<u>August 20, 2009</u>	<u>Resolution No. 09-08-15</u>	<u>Date of Revision.</u>
<u>October 6, 2011</u>	<u>Resolution No. 11-10-02</u>	<u>Date of Revision.</u>
<u>December 1, 2016</u>	<u>Resolution No. 16-12-03</u>	<u>Date of Revision.</u>
<u>September 21, 2023</u>	<u>Resolution No. 23-09-##</u>	<u>Date of Revision. [Current Policy]</u>

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# SMUD BOARD POLICY



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**Category:** Strategic Direction  
**Policy No.:** SD-1A  
**Title:** Purpose Statement

SMUD's purpose is to enhance the quality of life for our customers and community by providing reliable and affordable electricity, and leading the transition to a clean energy future.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

May 1, 2003	Resolution No. 03-05-09	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 15, 2007	Resolution No. 07-11-11	Date of Revision.
June 19, 2008	Resolution No. 08-06-11	Date of Revision.
August 20, 2015	Resolution No. 15-08-10	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



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**Category:** Strategic Direction  
**Policy No.:** SD-1B  
**Title:** Vision Statement

SMUD's vision is to be a trusted and powerful partner in achieving an inclusive, zero carbon economy. SMUD will leverage its relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 2, 2004	Resolution No. 04-12-12	Date of Adoption.
April 19, 2007	Resolution No. 07-04-12	Date of Revision.
November 15, 2007	Resolution No. 07-11-10	Date of Revision.
June 19, 2008	Resolution No. 08-06-10	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
November 7, 2013	Resolution No. 13-11-02	Date of Revision.
August 20, 2015	Resolution No. 15-08-11	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-2  
**Title:** Competitive Rates

Maintaining competitive rates is a core value of SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company’s published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E’s published rates for each customer class.
- b) SMUD’s rates shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD’s rates shall be designed to balance and achieve the following goals:
  - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
  - ii) Reduce consumption during periods of high system demand;
  - iii) Encourage energy efficiency, conservation and carbon reduction;
  - iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERS include but are not limited to rooftop solar, battery storage, and energy reduction applications);
  - v) Minimize the rate of change in the transition from one rate design to another;
  - vi) Provide customers flexibility and choices;
  - vii) Be as simple and easy to understand as possible;
  - viii) Address the needs of people with low incomes and severe medical conditions; and
  - ix) Equitably allocate costs across and within customer classes.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

May 1, 2003	Resolution No. 03-05-08	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
February 21, 2008	Resolution No. 08-02-06	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
January 21, 2010	Resolution No. 10-01-09	Date of Revision.
February 18, 2021	Resolution No. 21-02-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



**Category:** Strategic Direction  
**Policy No.:** SD-3  
**Title:** Access to Credit Markets

Maintaining access to credit is a core value of SMUD.

Therefore:

- a) For SMUD’s annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.5 times.
- b) When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.
- c) SMUD’s goal is to maintain at least an “A” rating with credit rating agencies.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

May 1, 2003	Resolution No. 03-05-07	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-06	Date of Revision.
February 3, 2005	Resolution No. 05-02-04	Date of Revision.
January 24, 2008	Resolution No. 08-01-08	Date of Revision.
August 7, 2008	Resolution No. 08-08-03	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
June 17, 2010	Resolution No. 10-06-09	Date of Revision.
February 6, 2014	Resolution No. 14-02-03	Date of Revision.
February 15, 2018	Resolution No. 18-02-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-4  
**Title:** Reliability

Meeting customer energy requirements is a core value of SMUD.

Therefore:

a) SMUD will assure all customer energy requirements are met. This will be accomplished through the use of: (i) its generation resources and purchase power portfolio 100 percent of the time; and (ii) its transmission assets to assure an overall availability of at least 99.99 percent.

b) SMUD will achieve distribution system reliability by:

Limiting the average frequency of outage per customer per year to:

- With major event: 0.99 – 1.33
- Excluding major event: 0.85 – 1.14

Limiting the average duration of outages per customer per year to:

- With major event: 67.5 – 93.3 minutes
- Excluding major event: 49.7 – 68.7 minutes

Ensuring that no individual circuits exceed these targets for more than two consecutive years. For circuits that exceed these targets for two consecutive years, a remedial action plan will be issued and completed within 18 months.

c) SMUD will maintain the electric system in good repair and make the necessary upgrades to maintain load serving capability and meet regulatory standards.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

August 21, 2003	Resolution No. 03-08-10	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-07	Date of Revision.
September 2, 2004	Resolution No. 04-09-08	Date of Revision.
December 18, 2008	Resolution No. 08-12-13	Date of Revision.
October 1, 2009	Resolution No. 09-10-13	Date of Revision.
June 4, 2015	Resolution No. 15-06-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-5  
**Title:** Customer Relations

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent. In addition, the Board establishes an overall customer experience “value for what you pay” target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

- a) SMUD customers shall be treated in a respectful, dignified and civil manner.
- b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

August 21, 2003	Resolution No. 03-08-11	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-08	Date of Revision.
February 3, 2005	Resolution No. 05-02-05	Date of Revision.
April 17, 2008	Resolution No. 08-04-12	Date of Revision. (Rescinded)
June 5, 2008	Resolution No. 08-06-04	Date of Revision.
August 7, 2008	Resolution No. 08-08-03	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
April 21, 2016	Resolution No. 16-04-08	Date of Revision.
April 6, 2017	Resolution No. 17-04-02	Date of Revision.
August 20, 2020	Resolution No. 20-08-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-6  
**Title:** Safety Leadership

Creating a safe environment for employees and the public is a core value of SMUD.

Through best practice methods and continuous improvement, SMUD will be recognized as a leader in employee safety while also assuring the safety of the public related to SMUD operations and facilities. SMUD commits to a proactive approach, including the active involvement of SMUD leadership, employees, contractors, and the community, as well as comprehensive monitoring of organizational and public safety performance.

Therefore, SMUD will continue to improve safety results to:

- a) Workplace Safety
  - i) Reduce SMUD’s injury severity incidents to 13 or less than by 2025, as measured by OSHA’s Days Away Restricted Time (DART), a rate that demonstrates top quartile safety performance for similar size utilities using the Bureau of Labor Statistics (BLS) work-related safety data.
  - ii) Provide timely, quality health care for injured employees that aids their recovery while maintaining positive financial performance of the workers’ compensation program.
- b) Contractor Safety
  - i) Support contractors to reduce and eliminate potential hazards for Serious Injuries and/or Fatality (SIF) when conducting high risk work.
- c) Public Safety
  - i) Track and report injuries to the public related to SMUD operations or facilities.
  - ii) Implement measures to protect the public from injuries related to SMUD operations or facilities.

**Monitoring Method: CEO Report**

**Frequency: Semi-Annual**

**Versioning:**

August 21, 2003	Resolution No. 03-08-12	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
February 3, 2005	Resolution No. 05-02-06	Date of Revision.
November 15, 2007	Resolution No. 07-11-12	Date of Revision.
December 20, 2012	Resolution No. 12-12-11	Date of Revision.
August 21, 2014	Resolution No. 14-08-05	Date of Revision.
April 15, 2021	Resolution No. 21-04-02	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



**Category:** Strategic Direction  
**Policy No.:** SD-7  
**Title:** Environmental Leadership

Environmental leadership is a core value of SMUD. In achieving this directive, SMUD will:

- a) Conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, conserving resources, and promoting equity within SMUD's diverse communities.
- b) Provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.
- c) Promote the efficient use of energy by our customers.
- d) Advance the electrification of vehicles, buildings and equipment.
- e) Attract and build partnerships with customers, communities, policy makers, the private sector and other stakeholders.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

August 21, 2003	Resolution No. 03-08-13	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
July 21, 2005	Resolution No. 05-07-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-14	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-8  
**Title:** Employee Relations

Developing and maintaining a high quality, diverse and inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision and values is a core value of SMUD.

SMUD is committed to diversity and inclusion and will foster and support a workplace that values employees representing a variety of backgrounds, including but not limited to, race, ethnicity, gender, gender identification and/or expression, sexual orientation and identification, national origin, age, physical abilities, veteran status, socio-economic status, life experiences, talents, and thinking styles.

Therefore:

- a) SMUD shall attract and retain a highly qualified and diverse workforce.
- b) SMUD shall promote inclusion and diversity and engage its workforce in activities that demonstrate and support inclusion and diversity across the organization.
- c) SMUD shall engage its workforce in personal and professional development.
- d) SMUD’s percentage of engaged employees as measured through the Engagement Index shall exceed 80%.
- e) SMUD shall use a broad mix of communication and outreach channels to ensure its recruitment activities reflect the diversity of the communities it serves.
- f) SMUD shall maintain and communicate written policies that define procedures and expectations for staff and provide for effective handling of grievances.
- g) Annually, and consistent with State and Federal law, the Board shall receive a report detailing the demographics and trends of the SMUD workforce, the available workforce, and the Sacramento region. The report shall also provide information on veterans as a part of SMUD’s workforce.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

May 6, 2004	Resolution No. 04-05-09	Date of Adoption.
February 5, 2009	Resolution No. 09-02-03	Date of Revision.
November 17, 2011	Resolution No. 11-11-08	Date of Revision.
August 15, 2013	Resolution No. 13-08-10	Date of Revision.
August 20, 2015	Resolution No. 15-08-05	Date of Revision.
October 6, 2016	Resolution No. 16-10-02	Date of Revision.
January 16, 2020	Resolution No. 20-01-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-9  
**Title:** Resource Planning

It is a core value of SMUD to provide its customers and community with a sustainable power supply using an integrated resource planning process.

A sustainable power supply is one that reduces SMUD’s greenhouse gas (GHG) emissions to serve retail customer load to Zero by 2030. Zero GHG emissions will be achieved through investments in energy efficiency, clean distributed energy resources, renewables portfolio standard (RPS) eligible renewables, energy storage, large hydroelectric generation, clean and emissions free fuels, and new technologies and business models. Additionally, SMUD will continue pursuing GHG savings through vehicle, building and equipment electrification.

SMUD shall assure reliability of the system, minimize environmental impacts on land, habitat, water and air quality, and maintain competitive rates relative to other California electricity providers.

To guide SMUD in its resource evaluation and investment, the Board sets the following energy supply goal:

<b>Year</b>	<b>Greenhouse Gas Emissions (metric tons)</b>
2020	2,318,000
2030 - beyond	0

In keeping with this policy, SMUD shall also achieve the following:

- a) Pursue energy efficiency and electrification to reduce carbon emissions by 365,000 metric tons from buildings and 1,000,000 metric tons from transportation in 2030 (the equivalent of 112,000 single family homes and 288,000 passenger vehicles electrified).
- b) Procure renewable resources to meet or exceed the state’s mandate of 33% of SMUD’s retail sales by 2020, 44% by 2024, 52% by 2027, and 60% of its retail sales by 2030 and thereafter, excluding additional renewable energy acquired for certain customer programs.
- c) In meeting GHG reduction goals, SMUD shall:
  - i) Emphasize local and regional benefits.
  - ii) Improve equity for under-served communities.

- d) Explore, develop, and demonstrate emerging GHG-free technologies and business models.
- e) Promote cost effective, clean distributed generation through SMUD programs.

**Monitoring Method: CEO Report**

**Frequency: Annual**

**Versioning:**

May 6, 2004	Resolution No. 04-05-11	Date of Adoption.
May 6, 2004	Resolution No. 04-05-12	Date of Revision.
September 15, 2004	Resolution No. 04-09-11	Date of Revision.
May 17, 2007	Resolution No. 07-05-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-15	Date of Revision.
December 19, 2009	Resolution No. 09-11-08	Date of Revision.
May 6, 2010	Resolution No. 10-05-03	Date of Revision.
May 19, 2011	Resolution No. 11-05-05	Date of Revision.
December 20, 2012	Resolution No. 12-12-12	Date of Revision.
October 3, 2013	Resolution No. 13-10-09	Date of Revision.
September 17, 2015	Resolution No. 15-09-11	Date of Revision.
October 20, 2016	Resolution No. 16-10-14	Date of Revision.
October 18, 2018	Resolution No. 18-10-11	Date of Revision.
January 16, 2020	Resolution No. 20-01-06	Date of Revision.
April 15, 2021	Resolution No. 21-04-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



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**Category:** Strategic Direction  
**Policy No.:** SD-10  
**Title:** Innovation

Delivering innovative solutions, products and services to our customers is a core value. To assure our long-term competitiveness, SMUD shall invest in research and development projects that support its core and key values, and integrate emerging technologies and new business models into SMUD's customer offerings in a way that balances risk and opportunity and benefit our customers and community.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

September 2, 2004	Resolution No. 04-09-07	Date of Adoption.
September 20, 2018	Resolution No. 18-09-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



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**Category:** Strategic Direction  
**Policy No.:** SD-11  
**Title:** Public Power Business Model

Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance. Community-owned utilities are primarily accountable to their customers, not stockholders. Community citizens have a direct voice in public power decisions.

Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

September 15, 2004	Resolution No. 04-09-12	Date of Adoption.
October 21, 2010	Resolution No. 10-10-16	Date of Revision.
February 20, 2014	Resolution No. 14-02-09	Date of Revision.
January 12, 2017	Resolution No. 17-01-02	Date of Revision.
February 15, 2018	Resolution No. 18-02-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



**Category:** Strategic Direction  
**Policy No.:** SD-12  
**Title:** Ethics

Maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees is a core value. Therefore, to ensure the public interest is paramount in all official conduct, the Board shall adopt and update, as necessary: a Conflict of Interest Code as required by State law. SMUD shall also maintain and enforce a code of conduct applicable to all employees.

Among other things the code of conduct shall:

- a) Require high ethical standards in all aspects of official conduct;
- b) Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public;
- c) Require disclosure and reporting of potential conflicts of interest; and
- d) Provide a process for (i) reporting suspected violations of the code of conduct and policies through multiple channels, including an anonymous hotline, and (ii) investigating suspected violations.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

November 18, 2004	Resolution No. 04-11-06	Date of Adoption.
December 20, 2007	Resolution No. 07-12-14	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
February 20, 2014	Resolution No. 14-02-08	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



**Category:** Strategic Direction  
**Policy No.:** SD-13  
**Title:** Economic Development

Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

- a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
- b) SMUD shall align its economic development activities with regional economic development initiatives.
- c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
- d) SMUD shall offer economic development rates and program incentives.
- e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

September 1, 2005	Resolution No. 05-09-09	Date of Adoption.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
June 20, 2013	Resolution No. 13-06-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-14  
**Title:** System Enhancement

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of existing primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:
  - i) Identified, after consultation with SMUD, a specific system enhancement project;
  - ii) Determined the project is in the public interest;
  - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
  - iv) Obtained and provided SMUD with all easements necessary for the project.
  
- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
  - i) Project scale and/or cost when measured against available SMUD resources.
  - ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
  - iii) Extent to which the costs are borne by others.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

November 3, 2005	Resolution No. 05-11-06	Date of Adoption.
August 7, 2008	Resolution No. 08-08-02	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
September 21, 2017	Resolution No. 17-09-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-15  
**Title:** Outreach and Communication

Providing broad outreach and communication to SMUD’s customers and the community is a key value of SMUD.

Specifically:

- a) SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.
- b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
- c) SMUD’s communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD’s major decisions and programs.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

February 16, 2006	Resolution No. 06-02-08	Date of Adoption.
April 17, 2008	Resolution No. 08-04-12	Date of Revision. (Rescinded)
June 5, 2008	Resolution No. 08-06-04	Date of Revision.
December 3, 2009	Resolution No. 09-12-03	Date of Revision.
April 6, 2017	Resolution No. 17-04-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-16  
**Title:** Information Management and Security

Proper management of cyber and physical information, as well as physical security, is a core value. Robust information management and physical security practices are critical to effective risk management and to ensure regulatory compliance, business resiliency and customer satisfaction. SMUD shall take prudent and reasonable measures to accomplish the following:

- a) **Information Security:** SMUD will protect customer, employee and third party information, and SMUD information systems are protected from unauthorized access, use, disclosure, disruption, modification, or destruction.
- b) **Physical Security:** SMUD will safeguard its employees while at work as well as customers and visitors at SMUD facilities. SMUD will also protect its facilities and functions that support the reliability of the electric system and overall operation of the organization from unauthorized access or disruption of business operations.
- c) **Customer Privacy:** SMUD will annually notify customers about the collection, use and dissemination of sensitive and confidential customer information. Except as provided by law or for a business purpose, SMUD will not disseminate sensitive and confidential customer information to a third party for non-SMUD business purposes unless the customer first consents to the release of the information. Where sensitive and confidential information is disseminated for a business purpose, SMUD will ensure: (i) the third party has robust information practices to protect the sensitive and confidential customer information, and (ii) use of the information by the third party is limited to SMUD’s business purpose. SMUD will maintain a process that identifies the business purposes for which SMUD will collect, use and disseminate sensitive and confidential customer information.
- d) **Records Management:** SMUD will maintain the efficient and systematic control of the creation, capture, identification, receipt, maintenance, use, disposition, and destruction of SMUD records, in accordance with legal requirements and Board policies.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

August 7, 2008	Resolution No. 08-08-03	Date of Adoption.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
March 20, 2014	Resolution No. 14-03-08	Date of Revision.
December 21, 2017	Resolution No. 17-12-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



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**Category:** Strategic Direction  
**Policy No.:** SD-17  
**Title:** Enterprise Risk Management

Effectively balancing and managing risk to further SMUD’s policies and business goals is a core value of SMUD.

Therefore:

SMUD will implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD, including financial, supply, operational, physical and cyber security, climate change, legal, legislative and regulatory, and reputational risk.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

February 18, 2020	Resolution No. 10-02-10	Date of Adoption.
October 17, 2013	Resolution No. 13-10-13	Date of Revision.
December 20, 2018	Resolution No. 18-12-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Strategic Direction  
**Policy No.:** SD-19  
**Title:** Diversified Business

Broadening and diversifying the products and services that SMUD offers is a key value. The desired results are to: a) generate new revenues that contribute to SMUD's long-term financial health; b) spur the creation of innovative products and services; c) capture the value of SMUD's brand and intellectual property; d) better leverage and optimize SMUD's assets; and e) enable SMUD to continue to attract and retain a talented workforce.

Therefore:

- a) SMUD shall broaden and diversify its lines of business, which may include:
  - i) Being an external service provider;
  - ii) Expanding wholesale energy market opportunities;
  - iii) Capitalizing on intellectual property and assets to develop products and services either solely or through strategic partnerships;
  - iv) Selling products and services aligned with SMUD's purpose and Strategic Directions.
  
- b) SMUD shall ensure any new lines of business:
  - i) Benefit SMUD's customers and our community;
  - ii) Achieve a balanced, diversified portfolio of rewards and risks;
  - iii) Create economic value without compromising SMUD's financial health;
  - iv) Do not pose unreasonable risk to SMUD's reputation;
  - v) Align with, leverage, and optimize SMUD's strengths, assets and expertise;
  - vi) Position SMUD for the future.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

December 21, 2017	Resolution No. 17-12-05	Date of Adoption.
March 21, 2019	Resolution No. 19-03-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-1  
**Title:** Board-CEO Relationship

The Board of Directors governs the Sacramento Municipal Utility District and is the policy-making body of SMUD. The Board operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

- a) The Board of Directors is responsible for the following:
  - i) Identify and define the purpose, values and vision of SMUD, along with the results that are acceptable and not acceptable for SMUD to achieve, and communicate them in the form of policy.
  - ii) Make certain operational decisions as are designated by law.
  - iii) Hire, evaluate, and terminate the Chief Executive Officer and General Manager (CEO).
  
- b) The CEO is responsible for the following:
  - i) Manage all operations and business affairs of SMUD.
  - ii) Achieve the results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
  - iii) Prepare and submit to the Board for approval each year a budget to achieve the Board's strategic directives.
  - iv) Enforce SMUD ordinances, administer the civil service system (including hiring and terminating of all officers and employees except the Chief Legal Officer and General Counsel and the Board Special Assistant), attend meetings of the Board and report on the general affairs of SMUD, and keep the Board advised as to the needs of SMUD.
  - v) Establish and enforce a code of ethics applicable to all employees, which provides clear guidelines for ethical standards and conduct.
  - vi) Implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD.
  - vii) Ensure the smooth continuous operation of SMUD in the event of the planned or unplanned absence of the CEO.

- viii) Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. The CEO shall assure, in cooperation and consultation with the Board, that SMUD is appropriately represented in the community it serves.
- ix) Perform other responsibilities as may be delegated by the Board either by resolution or through the CEO's contract of employment.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
May 6, 2004	Resolution No. 04-05-05	Date of Revision.
December 6, 2007	Resolution No. 07-12-02	Date of Revision.
December 20, 2007	Resolution No. 07-12-13	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
January 21, 2010	Resolution No. 10-01-07	Date of Revision.
February 18, 2010	Resolution No. 10-02-11	Date of Revision.
January 20, 2011	Resolution No. 11-01-09	Date of Revision.
July 16, 2015	Resolution No. 15-07-02	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-2  
**Title:** Board-Chief Legal Officer and General Counsel Relationship

The Chief Legal Officer and General Counsel provides legal counsel to SMUD and to the Board. The Chief Legal Officer and General Counsel reports both to the Board and to the Chief Executive Officer and General Manager (CEO).

The Board of Directors is ultimately responsible for hiring and terminating the Chief Legal Officer and General Counsel. As a general practice, the Board and the CEO shall participate jointly in hiring and terminating the Chief Legal Officer and General Counsel.

The CEO is responsible for evaluating the Chief Legal Officer and General Counsel's performance. The CEO shall solicit the Board's input in evaluating the performance of the Chief Legal Officer and General Counsel, and the Board may, at its discretion, participate in that evaluation.

With respect to the Board, the Chief Legal Officer and General Counsel shall:

- a) Serve as the Board Secretary.
- b) Give his or her advice or opinion whenever he or she deems necessary or when required by the Board.
- c) Inform the Board of material legal issues impacting SMUD or the Board.
- d) When necessary, act independently of the CEO.
- e) Provide counsel to the Board and individual Board members with regard to conflict-of-interest issues.
- f) Provide counsel to the Board and individual Board members with regard to other ethical matters.
- g) Assist the Board and Board members in complying with applicable statutes and laws.

The Chief Legal Officer and General Counsel shall not provide legal counsel to Board members except in their role as Board members.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
April 6, 2006	Resolution No. 06-04-08	Date of Revision.
July 16, 2015	Resolution No. 15-07-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Board-Staff Linkage  
**Policy No.:** BL-3  
**Title:** Board-Internal Auditor Relationship

The Internal Auditor provides independent, objective assurance and consulting services to the Board and management designed to add value and improve SMUD's operations. The Internal Auditor's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice and insight.

The Internal Auditor will govern the internal audit department by adhering to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards for the Professional Practice of Internal Auditing, and the Definition of Internal Auditing.

The Internal Auditor reports to the Board of Directors. In addition, the Internal Auditor reports to the Chief Executive Officer and General Manager (CEO) for all administrative matters. The Board may provide input into the audit planning process and may require that special projects and reviews be conducted.

The CEO is responsible for hiring and terminating the Internal Auditor with the concurrence of the Board. As part of the hiring process, the CEO will recommend two qualified final candidates to the Board for its consideration. The CEO may rank the candidates in order of preference.

The CEO is responsible for the evaluation of the Internal Auditor's performance. The Board, at its discretion, may participate in the Internal Auditor's performance evaluation.

The Internal Auditor will assure that the internal audit department remains free from all conditions that threaten the ability of the auditors to carry out their responsibilities in an unbiased manner; including matters of audit selection, scope, procedures, frequency, timing, and report content.

The Internal Auditor shall conduct audit services as identified in the annual audit plan, investigations, and special projects requested by management, Chief Legal Officer and General Counsel, or the Board. The work of the Internal Auditor shall provide reasonable assurance regarding the achievement of objectives in the following areas:

- a) Adherence to plans, policies and procedures.
- b) Compliance with applicable laws and regulations.
- c) Effectiveness and application of administrative and financial controls.
- d) Effectiveness and efficiency of operations.
- e) Reliability of data.

- f) Safeguarding assets.
- g) Accuracy of the Strategic Direction monitoring reports.

The Internal Auditor in the performance of his or her duties shall have access to the Board of Directors and unlimited access to all activities, records, property and personnel of SMUD.

The Internal Auditor will maintain a quality assurance and improvement program that covers all aspects of the internal audit department.

The Board shall receive the results of all audits it requests and all results from the annual audit plan. Audit reports from the annual audit plan will be placed on a Board committee agenda for discussion as an information item. In addition, the Internal Auditor shall inform the Board of the results of any other audit when he or she reasonably determines that the audit indicates a significant financial, operational, or reputational risk to SMUD. In all cases, reports will be sent to individuals, be it the Board or management, who are in positions to see that action is taken on audit findings and recommendations.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
April 20, 2006	Resolution No. 06-04-10	Date of Revision.
December 18, 2008	Resolution No. 08-12-10	Date of Revision.
November 1, 2012	Resolution No. 12-11-08	Date of Revision.
August 20, 2015	Resolution No. 15-08-02	Date of Revision.
April 19, 2018	Resolution No. 18-04-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-4  
**Title:** Board-Special Assistant Relationship

The Special Assistant helps the Board fulfill its various responsibilities. The Special Assistant serves under the direction and control of the Board.

The Board is responsible for hiring, evaluating, and terminating the Special Assistant.

The Chief Executive Officer and General Manager (CEO) shall have input into the Special Assistant’s performance evaluation.

The CEO determines the compensation of the Special Assistant, but the Board may, at its discretion, provide to the CEO its recommendation regarding the Special Assistant’s compensation.

The Special Assistant shall:

- a) Communicate Board members’ requests to SMUD management and staff related to constituent affairs.
- b) Coordinate with SMUD management and staff in responding to Board member requests related to constituent affairs.
- c) Handle all other matters that are properly delegated to him or her by the Board.
- d) Notwithstanding these activities, the Special Assistant is not empowered to instruct or direct SMUD management or staff.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-5  
**Title:** Unity of Control

Only decisions of the Board acting as a body are binding on the Chief Executive Officer and General Manager (CEO), the Chief Legal Officer and General Counsel, and the Internal Auditor.

Specifically, in or out of the Board meeting:

- a) Decisions or instructions of individual Board members, officers, or committees are not binding on the CEO, Chief Legal Officer and General Counsel or Internal Auditor except in instances when the Board has specifically authorized such exercise of authority.
- b) In the case of Board members or committees requesting information or assistance without Board authorization, the CEO, Chief Legal Officer and General Counsel or Internal Auditor must refuse such requests that require, in their opinion, a material amount of staff time, or funds, or are disruptive.
- c) Board members may communicate directly with SMUD employees or contractors. However, the Board as a body and the Board members will never give direction to persons who report directly or indirectly to the CEO, with the exception of the Chief Legal Officer and General Counsel, Internal Auditor and Special Assistant. If individual Board members are dissatisfied with the response they receive, they may seek a resolution by the Board.
- d) Board Members will refrain from evaluating, either formally or informally, any staff. The Board as a body will refrain from evaluating, either formally or informally, any staff other than the CEO, the Chief Legal Officer and General Counsel, the Internal Auditor, and the Special Assistant.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 15, 2006	Resolution No. 06-06-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-6  
**Title:** Evaluating the CEO’s Performance

The CEO’s job performance shall be evaluated by comparing the organization’s results, operations and their personal performance to the policies established by the Board.

Specifically:

- a) The Board shall evaluate the CEO’s performance on an annual basis in December. In the same month, the CEO shall propose performance criteria for the following year that represent their reasonable interpretation of achieving the results defined by the Board.
- b) The evaluation will be based on a review of the organization’s performance and the CEO’s personal performance against the performance criteria proposed under subsection a), as accepted by the Board.
- c) Additional performance discussions and check-ins with the CEO should occur at mid-year.
- d) The Board will use data to determine the degree to which Board policies are being met.
- e) All policies that instruct the CEO shall be monitored at a frequency and by a method chosen by the Board.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-03	Date of Revision.
December 18, 2008	Resolution No. 08-12-16	Date of Revision.
November 19, 2009	Resolution No. 09-11-07	Date of Revision.
December 10, 2020	Resolution No. 20-12-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-7  
**Title:** Delegation to the CEO

The Board will instruct the Chief Executive Officer and General Manager (CEO) through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the CEO.

Specifically:

- a) The Board shall identify and define those results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- b) The Board shall develop policies that define the delegation to the CEO with regard to the CEO's authority.
- c) The CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities related to the operations or business affairs of SMUD.
- d) The CEO shall use prudent judgment in the exercise of the delegations and in a manner that is operationally and economically sound, serves the best interests of SMUD's customers and the community, comports with prudent business practices, balances the risks and benefits of the actions, and does not expose SMUD to unreasonable risk. If the CEO reasonably determines that an activity related to the delegations presents, regardless of the size of the financial commitment: (i) a unique and significant operational risk to SMUD; (ii) a significant impact to customers; (iii) a significant impact to community relations; (iv) a significant impact to SMUD's reputation; or (v) materially compromises the policies and goals established by the Board, the CEO shall timely inform the Board and may request the Board to take appropriate actions.
- e) The Board may change its delegation to the CEO at any time, subject to the conditions of the Board's contract with the CEO, thereby expanding or limiting the authority of the CEO. But as long as any particular delegation is in place, the Board will abide by the CEO's decisions in those areas that are delegated to him or her.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-02	Date of Revision.
December 6, 2007	Resolution No. 07-12-03	Date of Revision.
November 19, 2009	Resolution No. 09-11-06	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
August 20, 2015	Resolution No. 15-08-06	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Board-Staff Linkage  
**Policy No.:** BL-8  
**Title:** Delegation to the CEO with Respect to Procurement

The procurement of goods and services is an integral part of SMUD operations. SMUD's procurement activities shall take place in accordance with the following principles:

- a) **Competition:** SMUD's procurement activities shall be competitive whenever practical.
- b) **Direct Procurement:** Direct procurement may be utilized when it is in SMUD's best interest. Direct procurement is the purchase of goods or services without competition when multiple sources of supply are available.
- c) **Sole Source Procurement:** Sole source procurement shall be performed only in the case of emergency or when a competitive process would be an idle act.
- d) **Inclusiveness:** SMUD's procurement practices shall promote inclusiveness of the entire supplier community in its contracting opportunities.
- e) **Economic Development:** SMUD's procurement practices shall promote the economic development of the community we serve.
- f) **Environmental Procurement:** SMUD shall minimize the impact on the environment through its procurement practices. In making procurement decisions, staff shall consider the environmental impacts in assessing total cost and benefits.
- g) **Responsible Bidder:** SMUD shall only do business with reputable and responsible suppliers. A Responsible Bidder demonstrates trustworthiness, quality, capacity, financial capability, fair labor practices, and experience to satisfactorily perform SMUD work through the bidding and evaluation process. In addition, SMUD will determine Responsible Bidders by considering a supplier's social, environmental ethical, and safety accountability where applicable.
- h) **Supplier Code of Conduct:** SMUD shall set minimum expectations or standards for all suppliers to follow in the course of doing business with SMUD (in some cases by submitting data and reporting annually) including but not limited to, labor and human rights, environmental, social, governance (ESG), health and safety accountability, ethics and compliance, and diversity, equity, inclusion, and belonging practices.
- i) **Best Value Procurement:** SMUD may procure goods and services by the best value at the lowest cost methodology, where cost and other factors are used to obtain the maximum value while ensuring a fair and equitable process.

- j) **Leveraged Procurement Agreement (LPA):** SMUD may procure goods and services where another lead public agency or organization competitively procures the same goods or services under applicable state and federal laws to streamline procurement processes and leverage collective buying power of multiple agencies to achieve cost savings and other benefits to SMUD. Leveraged procurement agreements are generally referred to by other public agencies as “Cooperative Purchasing Agreements.”
- k) **Strategic Alliances:** SMUD may enter into strategic alliance contracts for the procurement of goods or services. A Strategic Alliance is a competitively bid multi-year contract for goods and/or services in which the Supplier and SMUD work collaboratively over the life of the contract to improve quality, and to explore design and process improvements to reduce the cost of production, service delivery, and the total cost of ownership. These benefits are shared both by SMUD and the Supplier.
- l) **Supply Chain Risk:** SMUD’s procurement activities shall identify, manage, and mitigate supply chain risks through a coordinated effort across the enterprise.
- m) **Protest Policy:** SMUD shall ensure that suppliers are afforded the opportunity to have their grievances heard through a fair protest process.
- n) **Delegation of Authority to the CEO:** The Chief Executive Officer and General Manager (CEO) is delegated authority to perform and approve the procurement activities in accordance with the below matrix. This delegation includes the authority to amend contracts for time extensions or other changes that create no additional cost to SMUD.

<u>Category</u>	<u>Amount*</u>
<b>Competitive Awards:</b>	
Operational Inventory	\$11 million
Non-inventory Materials	\$11 million
Construction and Maintenance Services	\$11 million
Information Technology	\$11 million
Professional and Consulting Services	\$3 million
Rents and Leases	\$1 million
<b>Sole Source:</b>	
All types except Maintenance/Licensing Fees	\$1.5 million
Maintenance/Licensing Fees	\$3 million or original approved amount
<b>Direct Procurement:</b>	
Materials/Supplies/Services	\$50k**
Government Entities	\$1 million
Nonprofit Entities (services/goods)	\$1 million

<u>Category</u>	<u>Amount*</u>
<b>Emergency Procurements:</b>	
All types	\$2 million
<b>Nonprofit Entities:</b>	
Memberships/Project Participation Agreement	\$3 million
<b>Contingencies:</b>	
Board Awarded Contracts	Up to 10% of Contract Award

**\*The amounts for all categories except Direct Procurement Materials/Supplies/Services shall be adjusted automatically on an annual basis beginning Jan 1, 2024, consistent with the U.S. Bureau of Labor Statistics (BLS) published national consumer price index (CPI) per the Federal Reserve Bank of Minneapolis Average Annual CPI calculator.**

**\*\*The amount shall be adjusted automatically on an annual basis pursuant to the implicit price deflator as set forth in California Public Utilities Code section 12751, using the base year of 1997.**

**Monitoring Method: CEO Report**

**Frequency: Quarterly**

**Versioning:**

August 21, 2003	Resolution No. 03-08-07	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-04	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
October 1, 2009	Resolution No. 09-10-05	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
November 17, 2011	Resolution No. 11-11-06	Date of Revision.
March 15, 2012	Resolution No. 12-03-13	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
December 15, 2016	Resolution No. 16-12-18	Date of Revision.
July 16, 2020	Resolution No. 20-07-05	Date of Revision.
March 18, 2021	Resolution No. 21-03-04	Date of Revision.
June 15, 2023	Resolution No. 23-06-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



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**Category:** Board-Staff Linkage  
**Policy No.:** BL-9  
**Title:** Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation

This Board supports development of legislative and regulatory policies that further the Board's policies.

- a) The Chief Executive Officer and General Manager (CEO) is authorized to develop local, state and federal legislative, regulatory and budget positions consistent with Board policies, and communicate them to the Congress, the Legislature, regulatory agencies, local agencies and relevant stakeholders.
- b) When communicating a new position on local, state or federal legislation or budget proposals, the CEO will provide advance notice to the Board when feasible.

**Monitoring Method:** CEO Report

**Frequency:** Semi-Annual

**Versioning:**

October 21, 2004	Resolution No. 04-10-07	Date of Adoption.
December 18, 2008	Resolution No. 08-12-17	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
October 6, 2011	Resolution No. 11-10-01	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Board-Staff Linkage  
**Policy No.:** BL-10  
**Title:** Delegation to the CEO with Respect to Real and Personal Property

Normal business operations require SMUD to engage in: (i) the acquisition, disposition, and lease of interests in real property; and (ii) the disposition and lease of surplus personal property.

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority within the parameters that follow.
- b) **Real Property:**
- i) Purchase, Sale or Exchange of Real Property. The purchase price does not exceed \$5 million and is within 115% of the appraised value of the property. The sale of real property shall be at fair market value and offered in accordance with California Government Code section 54220 et seq. and other applicable law. In an exchange of real property, SMUD shall remain financially whole or benefit from the transaction.
  - ii) Lease of SMUD Real Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.
  - iii) Easements, Rights of Way, Licenses or Quitclaim Deeds. Easements, rights of way, licenses and quitclaim deeds may be granted to third parties where SMUD's current or anticipated future operations are not adversely impacted. Lease, easements, licenses and rights-of-way from third parties may be obtained within 125% of fair market value.
  - iv) Special Assessments, Governmental Fees and Property Taxes. Cast all ballots, negotiate, pay taxes, assessments, fees, levies or charges arising from or related to SMUD's ownership or other interests in real property.
- c) **Personal Property:**
- i) Disposal of Surplus, Scrap or Obsolete Personal Property. The disposal of surplus, scrap, or obsolete personal property shall be done in accordance with applicable law.
  - ii) Lease of SMUD Personal Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.

**Monitoring Method: CEO Report**

**Frequency: Annual**

**Versioning:**

September 21, 2006	Resolution No. 06-09-11	Date of Adoption.
December 7, 2006	Resolution No. 06-12-03	Date of Revision.
December 18, 2008	Resolution No. 08-12-11	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-11  
**Title:** Delegation to the CEO with Respect to the Settlement of Claims and Litigation

Normal business operations require SMUD to enter into settlements of: (i) claims and lawsuits filed against it and brought by SMUD against third parties; (ii) regulatory matters to which SMUD is a party; and (iii) other disputes with third parties (“Dispute” or “Disputes”).

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO), upon the advice of the General Counsel, is delegated authority to enter into settlement agreements to resolve Disputes and is authorized to execute all necessary documents to finally resolve such matters in accordance with Board policy and within the parameters of the matrix below.

<u>Category</u>	<u>Amount</u>
<b>Tort Claims/Other Claims Under Workers’ Compensation Laws</b>	Up to SMUD’s self-insured retention levels <sup>1</sup>
<b>Condemnations Filed by SMUD:</b>	
Up to 115% of Appraised Value	\$5 million
Greater than 115% of Appraised Value	\$500k
<b>Condemnations Filed Against SMUD:</b>	
85% or greater of Appraised Value	\$5 million
Less than 85% of Appraised Value	\$500k
<b>All Other Disputes</b>	\$500k

- b) **Reporting:** The CEO shall timely provide the Board with a summary of any significant settlement of a Dispute.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

October 19, 2006	Resolution No. 06-10-04	Date of Adoption.
December 7, 2006	Resolution No. 06-12-04	Date of Revision.
January 24, 2008	Resolution No. 08-01-06	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

<sup>1</sup> Amounts in excess of the self-insured retention levels are paid under insurance policies.

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# SMUD BOARD POLICY



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**Category:** Board-Staff Linkage  
**Policy No.:** BL-12  
**Title:** Delegation to the CEO with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes

As part of prudently managing energy related risks, providing retail rate stability and serving customers, SMUD is required to enter into: (i) contracts to purchase and sell wholesale electricity, electric capacity and storage, natural gas and clean and emissions-free fuel, and environmental attributes; (ii) contracts for transmission, fuel transportation and fuel storage; and (iii) contracts to financially hedge or mitigate pricing, supply and market risks associated with the transactions above.

**Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making authority consistent with the Energy Risk Management and Energy Trading Standards adopted by this Board.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

February 18, 2010	Resolution No. 10-02-12	Date of Adoption.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
June 17, 2021	Resolution No. 21-06-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-13  
**Title:** Delegation to the CEO with Respect to Grants

SMUD’s participation in state and federal grants as a prime-recipient or sub-recipient provides a unique opportunity for SMUD to leverage state and federal funds to advance SMUD’s policies, conduct research and development projects, and provide benefits to the Sacramento community. SMUD’s grant participation shall further SMUD’s strategic directives, provide benefits to SMUD’s customers and the community, and shall be consistent with the following principles.

- a) **Competitive Advantage:** Because grants are typically competitively awarded, SMUD will select its grant partners or participate on a grant team where the partners provide a competitive advantage in the grant selection process. Time permitting and where practical, SMUD will select qualified grant partners through a formal or informal request for qualifications.
- b) **Viable Grant Partners:** SMUD shall only contract with reputable and financially viable grant partners.
- c) **Local Grant Partners:** All other things being equal, in selecting grant partners SMUD will generally prefer governmental entities, not-for profit organizations, and businesses located in the Sacramento region.
- d) **Delegation of Authority to the CEO:** The Chief Executive Officer and General Manager (CEO) is delegated authority to select and enter into contracts with grant partners and file grant applications where SMUD’s commitment of financial and in-kind resources to the grant does not exceed \$3 million.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

November 18, 2010	Resolution No. 10-11-10	Date of Adoption.
August 4, 2011	Resolution No. 11-08-04	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
November 19, 2020	Resolution No. 20-11-02	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Board-Staff Linkage  
**Policy No.:** BL-14  
**Title:** Delegation to the CEO with Respect to Products, Services and Programs

SMUD develops and provides innovative products, services and programs to benefit our customers, community and operations. These products, services and programs provide options to our customers, improve our operations, and further the purpose of Strategic Direction SD-19, Diversified Business.

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority for the development and delivery of products, services and programs for SMUD customers.

In addition, the CEO is authorized to enter into strategic partnerships related to the development and delivery of innovative technologies, new business models, programs or services within and outside of the SMUD service area consistent with Strategic Direction SD-19.

The CEO shall seek prior Board approval for strategic partnerships that create a material financial, reputational, or operational risk.

- b) **Reporting:** The CEO shall provide advance notice to the Board prior to entering into new strategic partnerships.

**Monitoring Method:** CEO Report

**Frequency:** Annual

**Versioning:**

March 1, 2012	Resolution No. 12-03-08	Date of Adoption.
December 19, 2013	Resolution No. 13-12-14	Date of Revision.
August 21, 2014	Resolution No. 14-08-03	Date of Revision.
December 21, 2017	Resolution No. 17-12-11	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



**Category:** Governance Process  
**Policy No.:** GP-1  
**Title:** Purpose of Board

The Board is the legislative body of the Sacramento Municipal Utility District. It operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

The purpose of the Board of Directors is to:

- a) Identify and define the purpose, values and vision of SMUD and communicate them in the form of policy.
- b) Identify and define those quantitative and qualitative results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Monitor the organization's performance against the results that the Board has established for SMUD.
- d) Make certain operational decisions as designated by law.
- e) Hire, evaluate and, when necessary, discharge the CEO.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-04	Date of Revision.
July 15, 2021	Resolution No. 21-07-08	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Governance Process  
**Policy No.:** GP-2  
**Title:** Governance Focus

The Board will govern with an emphasis on: (i) outward vision rather than an internal preoccupation; (ii) encouragement of diversity in viewpoints; (iii) strategic leadership more than administrative detail; (iv) clear distinction of Board and CEO roles; (v) collaborative rather than individual decisions; (vi) the future rather than past or present; and (vii) proactive thinking.

Specifically:

- a) The Board will cultivate a sense of group responsibility. It will be responsible for excellence in governing. The Board will be an initiator of policy and use the expertise of individual members to enhance the ability of the Board as a body.
- b) The Board will direct, evaluate and inspire the organization through the establishment of written policies reflecting the Board's values. The Board's major policy focus will be on SMUD's intended impacts outside the organization, not on the administrative or programmatic means of achieving those effects.
- c) Continual Board development will include orientation of new Board members in the Board's governance policies and processes, periodic re-orientation of existing Board members, and regular Board discussion of process improvement.
- d) The Board will regularly discuss and evaluate its performance. Self-monitoring will include comparison of Board activities and discipline to policies adopted by the Board. It will be up to the Board president or committee chair to determine the appropriate manner of this feedback and evaluation.

**Monitoring Method: Board Report**

**Frequency: Semi-Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
November 3, 2005	Resolution No. 05-11-05	Date of Revision.
December 21, 2006	Resolution No. 06-12-13	Date of Revision.
October 16, 2008	Resolution No. 08-10-08	Date of Revision.
May 17, 2012	Resolution No. 12-05-09	Date of Revision.
July 15, 2021	Resolution No. 21-07-09	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Governance Process  
**Policy No.:** GP-3  
**Title:** Board Job Description

The specific job duty of Board members as elected representatives is to ensure appropriate organizational performance.

Specifically, the Board shall:

- a) Produce and maintain written policies that ensure high quality of governance and clear roles in decision-making between Board and staff.
- b) Regularly monitor and evaluate the performance of the CEO.
- c) Seek to understand the strategic viewpoints and values of our customers, owners, the community and other interested stakeholders.
- d) Develop and adopt Strategic Direction policies for SMUD that define the outcomes the Board wants SMUD to achieve – and refine those Directions as conditions warrant while recognizing the importance of providing predictable policy direction to the CEO and staff.
- e) Review the Strategic Directions regularly, on the timetable specified in each policy, and communicate to the CEO whether the Board finds SMUD to be in compliance. For the purpose of this policy, compliance is defined as substantially meeting the requirements of the Strategic Direction.
- f) Adopt the SMUD budget on an annual basis.
- g) Serve as ambassadors for SMUD and build relationships throughout SMUD's service territory and the region.
- h) Contract with an external independent auditor to audit SMUD's finances and procedures; such audits are to be performed on an annual basis.
- i) Set the rates, rules and regulations for services and commodities provided by SMUD.
- j) Take such other actions as may be required by law.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
December 1, 2005	Resolution No. 05-12-11	Date of Revision.
March 5, 2009	Resolution No. 09-03-05	Date of Revision.
December 3, 2009	Resolution No. 09-12-04	Date of Revision.
January 20, 2010	Resolution No. 11-01-07	Date of Revision.
April 3, 2014	Resolution No. 14-04-03	Date of Revision.
June 19, 2014	Resolution No. 14-06-06	Date of Revision.
April 20, 2017	Resolution No. 17-04-08	Date of Revision.
July 15, 2021	Resolution No. 21-07-10	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Governance Process  
**Policy No.:** GP-4  
**Title:** Board/Committee Work Plan and Agenda Planning

To accomplish its strategic leadership consistent with Board policies, the Board will develop and follow an annual work plan that ensures the Board: (i) focuses on the results the Board wants the organization to achieve; (ii) defines the conditions of SMUD that it considers acceptable and unacceptable; (iii) meets its other obligations as stated by law or policy; and (iv) continually improves its performance through education, feedback, and deliberation. The Board work plan shall guide SMUD staff in preparing the agendas for regular board meetings and standing committee meetings.

Specifically:

a) **Board Work Plan**

- i) The Board will develop each year a list of topics and issues that it wishes to explore in the coming years and maintain a work plan that will be regularly reviewed by the Board or a standing committee.
- ii) The Board President shall ensure that the Board's agendas meet the goals of the annual work plan.

b) **Board Agendas**

- i) Board agendas shall be posted on the SMUD website at [www.smud.org](http://www.smud.org) least 72 hours prior to a regular Board meeting and at least 24 hours before a special Board meeting.
- ii) Only members of the Board and the Chief Executive Officer and General Manager (CEO) and his or her designees may place items on the Board agenda.
- iii) Items for placement on the agenda fall into the following categories:
  - Items generated by SMUD management;
  - Items placed on the agenda by a Board member;
  - Presentations by outside persons or agencies that have received approval for placement on an agenda from the Board President (see Meeting Procedures of the SMUD Board of Directors for details).
- iv) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a Board meeting.

- v) When a Board member wishes to invite people to make a presentation at a Board meeting, the Board member should coordinate with the Board President and CEO. When a Board member invites people to speak at a Board meeting during the public comment period, the Board member should notify the Board President in advance of the meeting to ensure the efficient management of public comment.
- vi) Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member, prior to a motion and a second on the consent calendar.
- vii) A Board member may propose at the beginning of the meeting to pull an item from the agenda. Upon a motion and a second, the Board may vote to approve the agenda as revised.
- viii) Matters not on the agenda for a regular meeting will not be considered by the Board at that meeting except: (1) upon determination by a majority of the Board that an emergency situation exists, severely impairing public health and/or safety; or (2) upon a determination by a two-thirds vote of the Board or by a unanimous vote if less than two-thirds of the members are present, that the need to take action arose subsequent to the agenda being posted; or (3) as otherwise permitted under the Ralph M. Brown Act of the California Government Code.
- ix) Whenever an item has been approved for consideration by the Board under paragraph b) viii) of this policy, the Board President will read, upon introducing the item for Board consideration, a brief summary which shall include the subject title, a short explanation of the subject matter, and, if any, the recommendation.
- x) Matters on the agenda for regular meetings which have not been considered and acted upon at such meetings or continued to a subsequent meeting will be deemed continued to the following regular meeting until they can be relisted as a regular item.
- xi) Whenever the Board fails to take action on an item on the Board's agenda, the Board will set a date for reconsideration of the item. If for any reason the Board fails to set such a date, the Board Secretary will list all such items as a "pending item" on the action item section of the next regular agenda for which the Board Secretary is accepting items.

c) **Committee Agendas**

- i) Committee agendas shall be posted on the SMUD website at [www.smud.org](http://www.smud.org) at least 72 hours prior to the committee meeting.
- ii) Items may be placed on a committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO and his or her designees.
- iii) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a committee meeting.
- iv) When a Board member wishes to invite people to make a presentation at a committee meeting, the Board member should coordinate with the committee chair and the CEO. When a Board member invites people to speak at a committee meeting during the public comment period, the Board member should notify the committee chair in advance of the meeting to ensure the efficient management of public comment.
- v) Members of the public may request the opportunity to be listed on a committee agenda for purposes of making a presentation at a committee meeting on matters within SMUD's jurisdiction. The committee chair will review all complete presentation requests and may, at his or her discretion, direct the responsible staff to list the presentation on the committee's agenda. (See Meeting Procedures of the SMUD Board of Directors for details).

d) **Issuance of Agendas**

- i) The Board Secretary's office, under the direction of the CEO and the Board President, shall prepare and issue an agenda for each regular meeting and special meeting of the Board.
- ii) The Executive Management team, under the direction of the CEO and in coordination with the standing committee chairs, shall prepare and issue an agenda for each standing committee meeting.
- iii) Proposed Board agendas will be reviewed by the Board President and proposed committee agendas will be reviewed by the committee chair prior to the development of the relevant public notices.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
March 20, 2008	Resolution No. 08-03-07	Date of Revision.
October 16, 2008	Resolution No. 08-10-09	Date of Revision.
March 5, 2009	Resolution No. 09-03-06	Date of Revision.
February 3, 2011	Resolution No. 11-02-02	Date of Revision.
January 16, 2014	Resolution No. 14-01-05	Date of Revision.
July 17, 2014	Resolution No. 14-07-03	Date of Revision.
September 21, 2017	Resolution No. 17-09-10	Date of Revision.
February 18, 2021	Resolution No. 21-02-05	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Governance Process  
**Policy No.:** GP-5  
**Title:** Election of Board President and Vice President

The Board shall elect each year a president and vice president to preside over it, under the following terms and conditions:

- a) The nominations for and selection of president and vice president for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in January.
- b) The president and vice president shall be elected upon a vote of four or more Board members voting in approval.
- c) The terms of president and vice president shall be for a period of one year or until such time as a successor has been selected pursuant to these rules.
- d) The president may serve no more than one term in succession.
- e) During the absence of the president, the vice president will preside, and, in the event that both the president and vice president are absent, the members present shall select one of their members to act as president pro tem.
- f) In the event that the office of either president or vice president becomes vacant, the board, within 30 days from the date of such vacancy, will select one of its members to fill the term of that office.
- g) The president and/or vice president shall be recalled upon a vote of four or more Board members voting to recall. Nomination and election of a new president and/or vice president shall occur within 30 days from the date of the vote to recall.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# **SMUD BOARD POLICY**



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**Category:** Governance Process  
**Policy No.:** GP-6  
**Title:** Role of the Board President

The President of the Board shall assure the integrity of the Board's processes and assure Board representation to outside parties:

Specifically:

- a) The President shall ensure that the Board behaves consistently within its own rules and policies, and those legitimately imposed on it from outside the organization.
- b) The President shall preside over and facilitate Board meetings.
- c) The President shall ensure that meeting discussion focuses on those issues which, according to Board policy, belong to the Board to decide.
- d) The President shall ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.
- e) The President shall appoint the chairs of standing committees.
- f) The President shall schedule and coordinate the annual process of evaluating the Chief Executive Officer and General Manager (CEO).
- g) The President shall ensure that the Board's agendas meet the goals of the annual work plan.
- h) The President shall ensure a process is in place for regularly evaluating the Board's adherence to Board policies.
- i) The President shall assure a Board meeting procedures manual is adopted.
- j) The President shall ensure the Board is effectively represented to outside stakeholders, organizations, and other groups.
- k) The President has no authority to supervise or direct the CEO, apart from authority expressly granted him or her by the Board.
- l) The President may delegate his or her authority, but remains accountable for its use.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
January 12, 2006	Resolution No. 06-01-04	Date of Revision.
December 21, 2006	Resolution No. 06-12-14	Date of Revision.
January 20, 2011	Resolution No. 11-01-08	Date of Revision.
February 20, 2014	Resolution No. 14-02-10	Date of Revision.
March 17, 2020	Resolution No. 20-03-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Governance Process  
**Policy No.:** GP-7  
**Title:** Guidelines for Board Member Behavior

The Board and its members should act in an ethical, businesslike, productive, and lawful manner. Board members should avoid even the appearance of impropriety to ensure and maintain public confidence in SMUD.

Specifically:

- a) Board members shall conduct themselves in accordance with all laws.
- b) Board members should conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
- c) Board members are expected to demonstrate loyalty to the interests of SMUD owners and ratepayers. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's activities.
- d) Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
  - i) Board members should recognize the lack of authority vested in them as individuals in their interactions with the CEO or with staff, except where explicitly Board authorized.
  - ii) In their interactions with the public, press or other entities, Board members should recognize the same limitation and the inability of any Board member to speak for the Board or for other Board members except to repeat explicitly stated Board decisions.
- e) Board members shall at all times endeavor to express their individual opinions in a responsible manner, without causing harm to SMUD, to SMUD's owners and customers, or to other Board members and staff.
  - i) Each member of the Board is expected to support the Board's decision-making authority, irrespective of the member's personal position.
  - ii) Board members retain the right to criticize the decisions of SMUD, but in doing so should make it clear that it is their opinion, and not the opinion of the Board or other Board members, and so long as it complies with the limitations set forth in these policies. Board members are encouraged to notify the CEO in advance when they plan to speak publicly in opposition to SMUD decisions and policies.

- f) Members should prepare themselves for Board deliberations.
- g) Board members shall discourage former Board members from attempting to influence the Board, individual Board members or staff, on behalf of any third party (other than a governmental entity) from whom the former Board member is receiving compensation, on any matter that the former Board member substantially participated in during his or her tenure with the Board. This provision shall not apply to: (i) communications by a former Board member acting in his or her capacity as an individual or customer and for which the Board member receives no compensation; or (ii) communications with a former Board member who has not been a Board member for more than two years.

**Monitoring Method: Board Report**

**Frequency: Semi-Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
April 6, 2006	Resolution No. 06-04-06	Date of Revision.
March 20, 2008	Resolution No. 08-03-05	Date of Revision.
July 15, 2021	Resolution No. 21-07-11	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Governance Process  
**Policy No.:** GP-8  
**Title:** Board Committee Principles

The Board may establish standing committees and the president may establish ad hoc committees based on need and input from the Board members.

Standing committees shall assist the Board in its ongoing work and activities. Standing committees shall be composed of three Board members, including a chair and vice-chair, who shall be appointed by the Board President. Any other Board member may attend and participate in the deliberations of any standing committee. Each standing committee shall have a charter describing the committee's purpose. If a standing committee lacks a quorum of members for any meeting, the President, Vice-President, or Committee chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.

Ad hoc committees shall be created for a limited duration to address a specific topic of interest to the Board. Each ad hoc committee may be composed of two or three Board members, and shall include designation of a chair and a clear statement of purpose. Ad hoc committees are not required to provide public notice of their meetings under the Ralph M. Brown Act. Each ad hoc committee shall report back at a publicly noticed Board or standing committee meeting on its activities.

Specifically:

- a) All committees will ordinarily assist the Board by gaining education, considering alternatives and implications, and preparing policy alternatives.
- b) Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- c) Board committees cannot exercise authority over staff nor interfere with the delegation from the Board to the CEO. Because the CEO works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
- d) As a general rule, items scheduled for Board action (including items requested by a Board member) shall first be presented to a standing committee for review.
- e) Standing committees shall be reviewed at least annually by the Board to determine whether they should continue.

- f) This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless of whether the group includes Board members. It does not apply to committees formed under the authority of the CEO.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
January 12, 2006	Resolution No. 06-01-05	Date of Revision.
January 24, 2008	Resolution No. 08-01-07	Date of Revision.
March 20, 2008	Resolution No. 08-03-08	Date of Revision.
September 17, 2009	Resolution No. 09-09-10	Date of Revision. (Effective Date = January 1, 2010)
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Governance Process  
**Policy No.:** GP-9  
**Title:** Board Committee Chairs

The committee chairs shall preside over and facilitate committee meetings.

Specifically:

- a) Standing committee chairs shall approve the annual calendar of committee meetings.
- b) Standing committee meetings are generally scheduled monthly or as determined by the committee chair in consultation with the Board President and Board Office.
- c) Committee chairs shall reschedule and cancel meetings, in consultation with the Board President and Board Office.
- d) Committee chairs shall ensure that committee meetings focus on those issues which, according to Board policy, belong to the Board to decide.
- e) Committee chairs shall ensure that discussion is fair, open and thorough, but also timely, orderly, and kept to the point.
- f) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.
- g) Standing committee chairs shall review the committee agenda prior to circulation of the public notice of the meeting.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
June 3, 2004	Resolution No. 04-06-07	Date of Revision.
January 12, 2006	Resolution No. 06-01-06	Date of Revision.
February 18, 2021	Resolution No. 21-02-07	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**Category:** Governance Process  
**Policy No.:** GP-10  
**Title:** Board Training, Orientation

The Board will invest in training, development and orientation to assure excellence in governance.

Specifically:

- a) Board members shall be offered and encouraged to receive training in the skills of effective governance, communication and decision making.
- b) The Board president and Board committee chairs shall be offered and encouraged to receive training in the facilitation of meetings.
- c) At least every two years, Board members shall receive training on sexual harassment prevention and laws related to ethics (conflict of interest requirements, government transparency, open and fair government processes). Training shall be made available annually.
- d) New Board members shall receive an orientation in the SMUD’s governance policies.
- e) Board members shall be offered and encouraged to receive regular training with respect to understanding trends and developments in public power and the energy industry.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
December 1, 2005	Resolution No. 05-12-09	Date of Revision.
April 6, 2006	Resolution No. 06-04-07	Date of Revision.
April 19, 2007	Resolution No. 07-04-13	Date of Revision.
April 17, 2008	Resolution No. 08-04-10	Date of Revision.
August 20, 2009	Resolution No. 09-08-14	Date of Revision.
July 18, 2013	Resolution No. 13-07-03	Date of Revision.
March 17, 2016	Resolution No. 16-03-10	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



**Category:** Governance Process  
**Policy No.:** GP-11  
**Title:** Board Review of Internal Records

Board members may review any record of SMUD at any time, so long as confidentiality requirements are followed.

Specifically:

- a) Board member requests to inspect SMUD records shall be forwarded to the CEO, who will provide the requested files for review on SMUD premises.
- b) No confidential or original documents shall be taken from SMUD premises except with the authorization of the CEO.
- c) Board members shall follow the same confidentiality requirements applicable to SMUD employees dealing with such files. SMUD employee personnel files will not be subject to Board review except as permitted by law.
- d) The Board Office shall maintain a log of all copies of documents requested by Board members. The log will be available for inspection by members of the public during working hours.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Governance Process  
**Policy No.:** GP-12  
**Title:** Board Compensation and Benefits

In keeping with the MUD Act, members of the Board of Directors are entitled to compensation for their service. Specifically:

- a) Each Board member may receive for each attendance at the meetings of the full Board, Board committee meetings, ad hoc committee meetings, publicly noticed SMUD workshops or meetings, other publicly noticed meetings where the Board member is representing the Board, state or federal legislative briefings or meetings where the Board member is representing the Board, meetings with SMUD customers or staff relating to SMUD business, community meetings or events where the Board member is representing SMUD, events where SMUD is being recognized, conferences and organized educational activities, the sum of \$317.00 per day of service. No director may receive compensation for more than ten (10) days in any one calendar month. Campaign and political meetings, events, and fundraisers are not compensable under this policy.
- b) Each Board member may also be reimbursed for expenses related to travel, meals, lodging and other actual and necessary expenses incurred in the performance of his or her official duties as described in subsection a). Reimbursement shall be in accordance with Internal Revenue Service regulations as established in Publication 463, or any successor publication.
- c) Each Board member may be reimbursed for computer and other technology purchases, rentals, and refurbishments that will aid them in the performance of their duties pursuant to reimbursement policies applicable to executive and senior leaders.
- d) Compensation forms shall be completed by a Director and distributed by the Board office for review and approval prior to a Board meeting. The Board shall review and approve compensation and any request for technology reimbursement at each regular Board meeting. Board member compensation, along with any requests for technology reimbursement, shall be placed on the consent calendar at each regular Board meeting, unless a Board member requests that it be placed on the discussion calendar. Expense reimbursement forms and requests for expenditures for travel and training shall be completed by a Director and submitted to the Board President or Vice President for approval as appropriate.
- e) SMUD shall provide and contribute payment for health care benefits, equivalent to the contribution made to SMUD employees in the PAS employee group, to any Board member who elects such benefit, and additionally make an annual contribution payment of \$500 to a Flexible Spending Account.

- f) Subject to the applicable tax codes and IRS rules and regulations, and to the extent possible, SMUD shall direct payment to a SMUD defined contribution plan (either a 457(b) plan or a 401(k) plan) for each Director who elects to have such a benefit in the amount of 30% of compensation based on days of service. Directors who elect to receive this benefit must (1) have a SMUD defined contribution plan and (2) direct payment to the defined contribution plan of their choice at initial enrollment and then during (and only during) SMUD’s open enrollment period for employee benefits.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

December 19, 2002	Resolution No. 02-12-14	Date of Adoption.
October 16, 2003	Resolution No. 03-10-14	Date of Revision.
December 2, 2004	Resolution No. 04-12-03	Date of Revision.
December 1, 2005	Resolution No. 05-12-10	Date of Revision.
May 17, 2007	Resolution No. 07-05-08	Date of Revision.
July 16, 2009	Resolution No. 09-07-02	Date of Revision.
September 18, 2014	Resolution No. 14-09-07	Date of Revision.
December 20, 2018	Resolution No. 18-12-15	Date of Revision.
December 12, 2019	Resolution No. 19-12-05	Date of Revision.
June 15, 2023	Resolution No. 23-06-02	Date of Revision. (Effective Date = July 1, 2023)
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



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**Category:** Governance Process  
**Policy No.:** GP-13  
**Title:** Core and Key Values

In articulating its values, the Board distinguishes between “core” values and “key” values. Core values are deemed essential for the success of SMUD and for serving SMUD’s customers. Key values provide added value to our customers. Key values are subordinate to the core values.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

May 6, 2004

Resolution No. 04-05-04

Date of Adoption.

September 21, 2023

Resolution No. 23-09-##

Date of Revision. [Current Policy]

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# SMUD BOARD POLICY



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**Category:** Governance Process  
**Policy No.:** GP-14  
**Title:** External Auditor Relationship

The Board is responsible for hiring SMUD's external auditor to perform the annual independent audit.

Specifically:

- a) The Board will make the choice of external auditor, based on input from staff and others it deems necessary to exercise prudent, independent judgment.
- b) After consulting with Board members, the Chair of the Finance and Audit Committee shall meet with the external auditor after the audit is complete. The meeting will be independent of staff. The Board member(s) will report their findings to the Board on a timely basis.

**Monitoring Method:** Board Report

**Frequency:** Annual

**Versioning:**

August 21, 2008	Resolution No. 08-08-14	Date of Adoption.
March 17, 2020	Resolution No. 20-03-04	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

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**Category:** Governance Process  
**Policy No.:** GP-15  
**Title:** Board Travel and Training Reimbursement

Board members shall have the opportunity to attend conferences, meetings, training, and various activities that are appropriate to their work as Directors and provide value to SMUD.

As part of this policy:

- a) Each Board member shall have an annual budget for travel and training purposes of \$15,000, adjusted annually for inflation based on the Travel Price Index (July-June) and rounded to the nearest hundred dollars. The training budget shall include attendance at community functions.
- b) If a Board member exceeds his or her annual budget, then he or she shall be responsible for reimbursing SMUD within 30 days the difference between the member's annual budget and the actual expenditure.
- c) The Board shall approve its travel and training budget annually.
- d) Budgeted travel and training funds shall expire at the end of each calendar year with no rollover option.
- e) The Board travel and training budget shall be managed by the Special Assistant to the Board as part of the Board Office budget.
- f) Requests for travel, training and events in excess of \$500 shall be accompanied by a written justification of the benefits to SMUD and consistency with Board policy and submitted to the Board Special Assistant 30 days prior to the event. Such justification will include the estimated costs, the percentage to be paid by SMUD, and whether the expenditure will span multiple years.
  - i) If SMUD representation is requested with shorter than 30-day notice and travel is required, the Board Special Assistant shall notify Board members of the pending trip.
  - ii) Written travel and training justifications shall be distributed to all Board members in the Board packet for purposes of transparency and oversight, along with a status report on the Board's travel and training budget and individual directors' expenditures.
- g) Board members shall submit all relevant travel and training receipts to Board Office staff within two weeks for reconciliation.

- h) Board members shall publicly report the results of their travel and training at a Board meeting.
- i) New Board members shall receive an orientation in the Board's travel and training policy.

**Monitoring Method: Board Report**

**Frequency: Annual**

**Versioning:**

November 13, 2008	Resolution No. 08-11-07	Date of Adoption. (Effective Date = January 1, 2009)
August 20, 2009	Resolution No. 09-08-15	Date of Revision.
October 6, 2011	Resolution No. 11-10-02	Date of Revision.
December 1, 2016	Resolution No. 16-12-03	Date of Revision.
September 21, 2023	Resolution No. 23-09-##	Date of Revision. [Current Policy]

**RESOLUTION NO. \_\_\_\_\_**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board approves non-substantive revisions to update formatting and position titles where applicable in the following Board Policies:

- i. Strategic Direction SD-1A, Purpose Statement;
- ii. Strategic Direction SD-1B, Vision Statement;
- iii. Strategic Direction SD-2, Competitive Rates;
- iv. Strategic Direction SD-3, Access to Credit Markets;
- v. Strategic Direction SD-4, Reliability;
- vi. Strategic Direction SD-5, Customer Relations;
- vii. Strategic Direction SD-6, Safety Leadership;
- viii. Strategic Direction SD-7, Environmental Leadership;
- ix. Strategic Direction SD-8, Employee Relations;
- x. Strategic Direction SD-9, Resource Planning;
- xi. Strategic Direction SD-10, Innovation;
- xii. Strategic Direction SD-11, Public Power Business Model;
- xiii. Strategic Direction SD-12, Ethics;
- xiv. Strategic Direction SD-13, Economic Development Policy;
- xv. Strategic Direction SD-14, System Enhancement;
- xvi. Strategic Direction SD-15, Outreach and Communication;
- xvii. Strategic Direction SD-16, Information Management and Security;
- xviii. Strategic Direction SD-17, Enterprise Risk Management;
- xix. Strategic Direction SD-19, Diversified Business;
- xx. Board-Staff Linkage BL-1, Board-Chief Executive Officer and General Manager Relationship;

- xxi. Board-Staff Linkage BL-2, Board-Chief Legal Officer and General Counsel Relationship;
- xxii. Board-Staff Linkage BL-3, Board-Internal Auditor Relationship;
- xxiii. Board-Staff Linkage BL-4, Board-Special Assistant Relationship;
- xxiv. Board-Staff Linkage BL-5, Unity of Control;
- xxv. Board-Staff Linkage BL-6, Evaluating the Chief Executive Officer and General Manager's Performance;
- xxvi. Board-Staff Linkage BL-7, Delegation to the Chief Executive Officer and General Manager;
- xxvii. Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement;
- xxviii. Board-Staff Linkage BL-9, Delegation to the General Manager with Respect to Local, State and Federal Legislation and Regulation;
- xxix. Board-Staff Linkage BL-10, Delegation to the General Manager with Respect to Real and Personal Property;
- xxx. Board-Staff Linkage BL-11, Delegation to the General Manager with Respect to the Settlement of Claims and Litigation;
- xxxi. Board-Staff Linkage BL-12, Delegation to the Chief Executive Officer/General Manager with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes
- xxxii. Board-Staff Linkage BL-13, Delegation to the Chief Executive Officer and General Manager with Respect to Grants;
- xxxiii. Board-Staff Linkage BL-14, Delegation to the Chief Executive Officer and General Manager with Respect to Products, Services and Programs;
- xxxiv. Governance Process GP-1, Purpose of Board;
- xxxv. Governance Process GP-2, Governance Focus;
- xxxvi. Governance Process GP-3, Board Job Description;
- xxxvii. Governance Process GP-4, Board/Committee Work Plan and Agenda Planning;
- xxxviii. Governance Process GP-5, Election of Board President and Vice President;
- xxxix. Governance Process GP-6, Role of the Board President;
- xl. Governance Process GP-7, Guidelines for Board Member Behavior;

- xli. Governance Process GP-8, Board Committee Principles;
- xliv. Governance Process GP-9, Board Committee Chairs;
- xlvi. Governance Process GP-10, Board Training, Orientation;
- xlviii. Governance Process GP-11, Board Review of Internal Records;
- li. Governance Process GP-12, Board Compensation and Benefits;
- liii. Governance Process GP-13, Core and Key Values;
- lv. Governance Process GP-14, External Auditor Relationship; and
- lvii. Governance Process GP-15, Board Travel and Training Reimbursement.

substantially in the form as set forth in **Attachment** \_\_\_\_ hereto and made a part hereof.



**DRAFT**

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby appoints Crystal Henderson to the position of  
Special Assistant to the Board of Directors effective September 25, 2023.



SSS No. E,S,RES 23-04

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date
Policy – 09/13/23
Board Meeting Date September 21, 2023

TO	TO
1. Claire Rogers	6. Suresh Kotha
2. Frankie McDermott	7.
3. Jennifer Davidson	8.
4. Brandy Bolden	9. <b>Legal</b>
5. Farres Everly	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>		<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>		<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Ellias van Ekelenburg	DEPARTMENT Env, Safety, and Real Estate Services	MAIL STOP B209	EXT. 7475	DATE SENT 8/18/2023
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**NARRATIVE:**

**Requested Action:** Accept the monitoring report for **Strategic Direction SD-7, Environmental Leadership.**

**Summary:** The purpose of this meeting is to facilitate a discussion with the SMUD Board of Directors on Strategic Direction SD-7, Environmental Leadership. The presentation will briefly summarize SMUD’s internal and external environmental programs and initiatives that promote environmental leadership.

**Board Policy:** Strategic Direction SD-7, Environmental Leadership  
*(Number & Title)*

**Benefits:** Clarification of environmental leadership, as defined in Strategic Direction SD-7, to better guide SMUD staff’s interpretation and actions to fulfill this Direction.

**Cost/Budgeted:** Contained within internal labor budget.

**Alternatives:** Provide information via written report through the Chief Executive Officer and General Manager.

**Affected Parties:** SMUD customers and employees

**Coordination:** SMUD Environmental Services, Resource Planning, and Energy Strategy, Resource, & Development, Sustainable Communities

**Presenter:** Ellias van Ekelenburg, Director, Environmental, Safety & Real Estate Services

**Additional Links:**

SUBJECT <b>Monitoring Report - Strategic Direction SD-7, Environmental Leadership</b>	ITEM NO. (FOR LEGAL USE ONLY) <b style="font-size: 24px; color: blue;">8</b>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** August 30, 2023

**FROM:** Claire Rogers *CR 8/30/23*

**SUBJECT: Audit Report No. 28007609  
Board Monitoring Report; SD-7: Environmental Leadership**

Internal Audit Services (IAS) received the *SD-7 Environmental Leadership 2022 Annual Board Monitoring Report* and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to IAS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2022

## SD-7 Environmental Leadership



### 1. Background

Strategic Direction 7 ([SD-7](#)), Environmental Leadership states that:

Environmental leadership is a core value of SMUD. In achieving this directive, SMUD will:

- a. Conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, conserving resources, and promoting equity within SMUD's diverse communities.
- b. Provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.
- c. Promote the efficient use of energy by our customers.
- d. Advance the electrification of vehicles, buildings, and equipment.
- e. Attract and build partnerships with customers, communities, policy makers, the private sector, and other stakeholders.

### 2. Executive Summary

SMUD's focus on environmental leadership is clearly evident in our 2030 Clean Energy Vision and Zero Carbon Plan, but it also includes transparent reporting of greenhouse gas (GHG) emissions, natural resource stewardship and our concerted efforts to make all of our communities more sustainable. This report highlights some of the accomplishments SMUD achieved in 2022 to showcase our commitment to environmental leadership.

**We are compliant with the five tenets of SD-7 and our successes include making CDP's (formerly known as the Carbon Disclosure Project) "A- List" for tackling climate change.** Our efforts are highlighted in the following Appendices: Appendix A (Examples of SMUD Efforts Supporting SD-7), Appendix B (2015-2022 SMUD GHG Emissions Trends), Appendix C (Sustainable Communities Deliverables and Accomplishments To-Date), and Appendix D (List of Acronyms).

### 3. Additional Supporting Information

#### CDP 2030 Clean Energy Vision and Zero Carbon Plan

For decades, SMUD has been a leader in clean energy and carbon reduction. SMUD's goal to eliminate carbon emissions from our power supply is more ambitious than the already aggressive state mandates and is ahead of virtually all other utilities in the United States. Our 2030 Zero Carbon Plan is a flexible road map to achieve our zero carbon goal while ensuring all customers and communities we serve reap the benefits of decarbonization. Zero carbon emissions bring benefits not only globally, but also locally with reduced GHG emissions, improved local air quality, job creation opportunities, and leadership as we move away from the use of fossil fuels.

## **Greenhouse Gas (GHG) Emissions**

SMUD is a leader in addressing global climate change and is an active member of The Climate Registry (TCR). SMUD reports its third-party verified GHG emissions to the California Air Resources Board (CARB), TCR and CDP. We also report sulfur hexafluoride (SF<sub>6</sub>) emissions and GHG emissions from thermal power plants to the US Environmental Protection Agency (EPA).

For 2022, GHG emissions were approximately 2.082 million metric tons carbon dioxide equivalent (CO<sub>2</sub>e)<sup>1</sup>. This is a decrease of just over 340 thousand metric tons from 2021 emissions; a trend going back to 2015 (which was an especially severe drought year) can be found in Appendix B. Fluctuations in total emissions year-to-year are primarily attributable to hydroelectricity production, availability of ACS (Asset Controlling Supplier) low-carbon power and natural gas contract rates.

As we continue to purchase greater quantities of zero and lower emissions-intensity power, we expect emissions to decrease. A breakdown of emissions by thermal power plant, and power purchases, with comparisons between 2021 and 2022 can be found in Appendix B.

SMUD adds biofuels to its thermal power plant fuel supply to reduce our carbon compliance obligation and we generated approximately 20 GWh of power from biofuels in 2022. Emissions from biofuels are typically considered “carbon-neutral” under several GHG reporting protocols including California’s Cap-and-Trade Program.

## **Sulfur Hexafluoride Phase-Out; Early Action Credits**

In 2022, SMUD installed 8 69-kV vacuum circuit breakers at its Hedge and Hurley substations. The vacuum breakers replaced oil-circuit breakers that would have typically been replaced by SF<sub>6</sub> circuit breakers with a capacity of 33 lb. of SF<sub>6</sub> per breaker. As a result, SMUD was able to avoid adding an additional 264 lb. of SF<sub>6</sub> to its inventory. This is equivalent to reducing our potential to emit by about 2,800 metric tons of CO<sub>2</sub> emissions. Additionally, the vacuum breakers were installed prior to CARB’s SF<sub>6</sub> phase-out date of January 1, 2025, for this equipment category. As a result, the project allows SMUD to claim the capacity of the breakers as “Early Action Credits” towards compliance with future CARB emission limits.

## **TCR Climate Registered™ Platinum Status**

For the fourth year in a row, SMUD was awarded Climate Registered™ Platinum status by The Climate Registry (TCR), a non-profit organization which designs and operates voluntary and compliance GHG reporting programs. To date, SMUD has submitted over 12 years of verified inventories to TCR. Climate Registered™ Platinum level recognition is the second highest tier that can be achieved which SMUD earned by publicly reporting its third-party verified GHG emissions inventory for its operations in 2021, and by setting and disclosing its ambitious GHG reduction goals. GHG inventory data enables us to track the effectiveness of our climate initiatives and GHG reductions over time.

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<sup>1</sup> The 2022 GHG emissions value represents emissions associated with delivering power to SMUD customers and does not include emissions associated with wholesales into the market. The 2022 emissions from wholesale power are approximately 0.074 million metric tons of CO<sub>2</sub>.

## **CDP**

SMUD was recognized for our leadership in corporate sustainability by global environmental non-profit CDP, attaining leadership level for 3 straight years and securing an A- on our 2022 disclosure. SMUD was recognized for its actions to cut GHG emissions, mitigate climate risks, and develop the low-carbon economy based on reported data. CDP's annual environmental disclosure and scoring process is widely recognized as the gold standard of corporate environmental transparency.

## **Notices of Violation (NOVs)**

SMUD and its contractors strive to be responsible environmental stewards that comply with all local, state, and federal rules and regulations. In 2022, SMUD received no NOVs or similar citations that include civil and/or criminal penalties.

## **Sustainable Communities**

To promote environmental equity as well as inclusive economic and community development, SMUD continues to focus on community partnerships, programs, and neighborhood outreach activities in vulnerable and under-resourced communities through its Sustainable Communities program. SMUD has invested over \$14.6 million into this program, which takes a boots-on-the-ground approach to tackle issues plaguing our community, while creating an inclusive, clean-energy economy for all communities, with a special emphasis on those in historically under-resourced areas. We rely on grassroots community partnerships and projects to ensure better social well-being, environmental, economic, and mobility outcomes. SMUD's Zero Carbon Plan committed to ensuring all communities in Sacramento share in the benefits of the clean energy transition, including health benefits from improved air quality, new jobs, and resilience to climate change. We ensure access to an inclusive clean energy future in the Sacramento Region regardless of zip code or socio-economic status by focusing on equitable access to mobility, a prosperous economy, a healthy environment, and social well-being as seen in Appendix C.

In 2022, as part of the Station H mitigation plan, SMUD coordinated with United Auburn Indian Community, Wilton Rancheria, Lone Band of Miwok Indians, and Shingle Springs Band of Miwok Indians, to develop a partnership with American River College's Native American Resource Center to benefit Native students in the region. This 3-year partnership includes support for the American Indian Summer Institute, an in-person summer bridge program for local Native youth and helped establish the Elder-in-Residence program which is designed to perpetuate the practices of traditional cultural and ecological knowledge.

## **Sacramento Tree Foundation (STF) Sacramento Shade Program**

In 2022, the STF distributed 9,525 trees as part of its Sacramento Shade program serving 3,271 customers (1,445 or 44.18% in under-resourced communities). A total of 2,802 trees (29.4%) were planted in under-resourced communities. The total carbon (stored in biomass and avoided) for these trees is estimated at 37,539 metric tons. To better understand issues related to tree planting and care, STF community liaisons actively engage residents to help resolve tree planting impediments.

### **Power-in-Pollinators Initiative**

SMUD is an active member of and co-chaired the Electric Power Research Institute's (EPRI) Power-in-Pollinators initiative, which exists to promote and expand pollinator conservation among energy utilities. The partnership shares the latest scientific findings, case studies and tools to assist with the integration of pollinator-friendly practices into utility vegetation, facilities, and land management. SMUD's efforts to support pollinator habitat span multiple departments including Environmental Services, Power Generation, Vegetation Management, Facilities, Real Estate, Customer & Grid Strategy and Advanced Energy Solutions which collaborate on both research and operational practices. Projects include Sacramento Shade which offers free flowering trees to customers, native plant giveaways at community events, a multi-year ecosystem research project at our Rancho Seco Solar facility, a collaborative transmission right-of-way research project and a Monarch Habitat Assessment for our service territory.

### **Wildfire Mitigation Plan (WMP)**

SMUD's goal is to provide safe, reliable, environmentally sustainable, and economical electric service to its communities. SMUD constructs, maintains, and operates our electrical lines and equipment to minimize any risk of catastrophic wildfire. Our updated 2023-2025 [WMP](#) describes the range of activities we are doing to mitigate the threat of power-line ignited wildfires, including various programs, policies and procedures. The WMP meets or exceeds the requirements of Public Utility Commission (PUC) section 8387 for publicly owned electric utilities and customers can find additional information at [Wildfire Safety](#). For implementation of the WMP, Vegetation Management has undertaken wildfire risk reduction/forest health work, covering all of SMUD's transmission and distribution lines in the UARP from the El Dorado County line to Loon Lake.

### **Workflow Integration Program (WIP)**

The WIP processed 886 planned overhead and underground electrical infrastructure projects in 2022, which is a 106% increase from the number of projects reviewed in 2021. Avoidance and minimization measures (AMMs) were prescribed for 199 projects to reduce impacts on sensitive biological resources and the risk of NOV's. Field crews were given information on AMMs in their job packets, including descriptions of resources they could encounter, pre-construction survey requirements and the potential inclusion of biological and/or cultural monitors.

### **Equipment Electrification**

Internally, SMUD has been replacing gas/diesel-powered equipment with equivalent electric/battery powered tools where they are available from the market, such as chain saws, trimmers, blowers, and generators. As technology has developed, these replacements have expanded since 2022, with 46% of the equipment now battery powered. Our goal is to convert 100% of the equipment to battery powered by 2025.

### **Resource Conservation**

The Operational Excellence and Warehouse teams collaborated to improve the Warehouse's salvage program, resulting in extra income, cost savings and less waste sent to landfills. A process re-engineering effort was undertaken that is expected to increase the amount we receive from recycling parts and materials by \$1.1 million over 5 years. In

addition, the process improvement effort in the Warehouse's parts and materials reuse area is expected to result in a cost savings of \$895,000 over the next 5 years.

The Campbell Power Plant used a total of 99.6 million gallons of recycled water delivered from Regional Sans Echo Water Project system. Campbell's cooling tower used approximately 900,000 gallons per day at its peak, equal to about 1.4 Olympic-sized swimming pools worth of water.

A collaborative effort between Energy Trading & Contracts and Power Generation led to an estimated \$1.2 million in savings and operational flexibility. These teams worked together to improve our operations, save money and most importantly during a drought – save water. This was accomplished through keeping water in our Upper American River Project (UARP) reservoirs after a rare instance earlier in the year, when projections showed we may have to spill (release) water due to an unusually early snowmelt. Among the impacts from this collaborative and quick-thinking action: about 663 acre-feet of water, or 1,607 MWhs of generation, was not spilled out of our hydroelectric system; about 14,721 acre-feet of water, or 46,163 MWhs of generation, was able to be stored for future use; and the total estimated value of the water that was saved was \$1.2 million.

#### **4. Challenges**

In June 2022, SMUD's Cosumnes Power Plant (CPP) experienced an unplanned outage following planned maintenance. The outage continued, unplanned, though the rest of the year. While this unexpected outage of SMUD's most reliable and efficient plant had a significant impact on the generation resources available to serve customer load last year, fortunately it did not adversely impact SMUD's emissions.

CPP's forecast generation was replaced with a mixture of available market purchases and available SMUD generation resources. While California continued with drought conditions in 2022 that reduced expected hydro generation by 40% from SMUD's hydro resources (i.e. the Upper American River Project and SMUD's WAPA hydro contract), the Pacific northwest experienced normal hydro conditions which allowed us to procure a significant amount of low emissions ACS power (~85% is from hydro generation).

We continue to expend considerable resources on numerous, complicated environmental remediation projects (e.g., the Former Community Linen site, 59<sup>th</sup> Street Reuse, Thornton Substation, and the North City Landfill Cap Design and Construction). Some of these efforts were additionally challenging due to regulatory changes made at the national level that do not consider California-specific factors.

#### **5. Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-7, Environmental Leadership.

#### **6. Appendices**

- A. Examples of SMUD Efforts Supporting Strategic Direction 7 (SD-7)
- B. 2015-2022 SMUD Greenhouse Gas Emissions Trends
- C. Sustainable Communities Deliverables and Accomplishments To-Date
- D. List of Acronyms

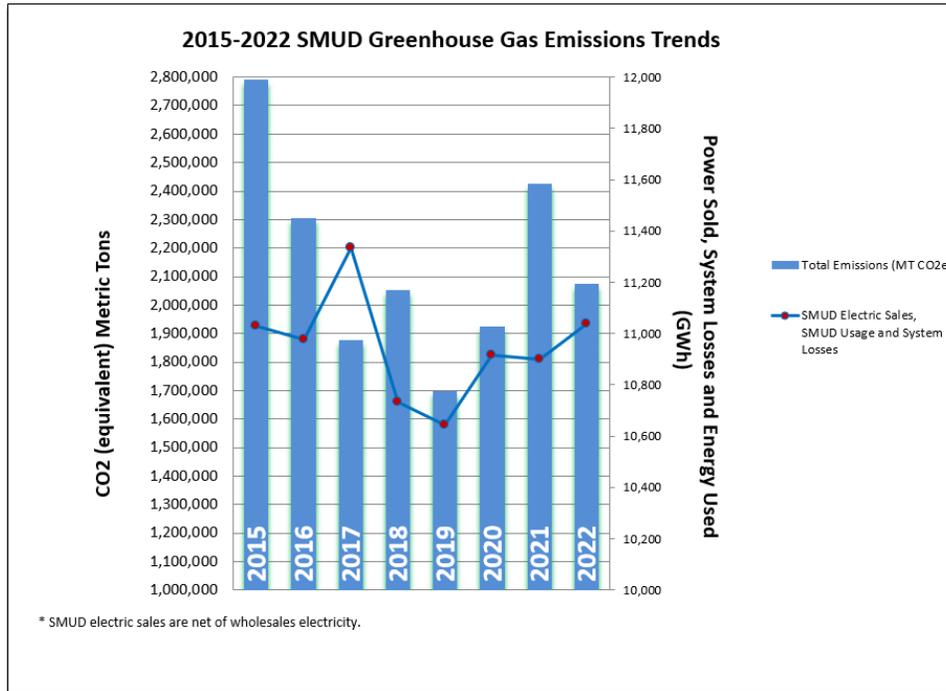
## Appendix A

### Examples of SMUD Efforts Supporting Strategic Direction 7 (SD-7)

SD-7 Requirement	Supporting Effort
A) SMUD will conduct its business affairs and operations in a sustainable manner by continuously improving pollution prevention, minimizing environmental impacts, conserving resources, and promoting equity within SMUD's diverse communities.	SMUD exceeds state and federal requirements for public outreach for the California Environmental Quality Act (CEQA); Country Acres Solar; 59 <sup>th</sup> Street; Former Community Linen; North City landfill closure; Station H; Solano 4; Workflow Integration; Wildfire Mitigation Plan; Partnership with Sacramento Tree Foundation (9,525 trees distributed to customers in 2022 with 29.4% in under-resourced communities); SMUD Green Team; Environmentally Sustainable Purchasing Program (ESPP); Sustainable Communities; Pollinator Support; SD-5 (Customer Relations); SD-13 (Economic Development); SD-15 (Outreach and Communication); CA Clean Air Day; Waste diversion rate of 77.31%; Asset recovery program for wood reels, wood pallets, metals.
B) SMUD will provide leadership and innovation to improve air quality and reduce greenhouse gas emissions.	2030 Clean Energy Vision and Zero Carbon Plan; Third-party verified annual GHG reporting to the U.S. Environmental Protection Agency (EPA), California Air Resources Board (CARB), The Climate Registry (TCR) and CDP; GHG reduction efforts; Hydrogenation-Derived Renewable Diesel (HDRD); SF <sub>6</sub> database pilot; SD-9 (Resource Planning); Integrated Resource Plan (IRP); SD-10 (Research and Development); Solano 4; Environmental Sustainable Purchasing Program (ESPP); CA Clean Air Day.
C) SMUD will promote the efficient use of energy by our customers.	Greenergy <sup>®</sup> ; SolarShares <sup>®</sup> ; Energy Assistance Program Rate (EAPR); Commercial retrofit projects; Multifamily units retrofit projects; Energy efficiency weatherization; SMUD app; SD-5 (Customer Relations); SD-13 (Economic Development); SD-15 (Outreach and Communication); Sustainable Communities program.
D) SMUD will advance the electrification of vehicles, buildings, and equipment	California Mobility Center; Fleet and Equipment Electrification; Building Electrification (gas-to-electric conversions of water heating equipment, space heating equipment, and cooktops delivered through residential and commercial new construction and retrofit programs); Vehicle electrification (incentives for residential EV chargers and EV circuit installations, dealerships, commercial chargers and commercial vehicles); Sustainable Communities program.

<p>E) SMUD will attract and build partnerships with customers, communities, policy makers, the private sector, and other stakeholders.</p>	<p>130 Sustainable Communities partnerships; Land Acknowledgement Statement, Electric Power Research Institute (EPRI); American Indian Summer Institute; Sustainable Supply Chain Alliance (SSCA); Partnership with Sacramento Tree Foundation (9,525 trees distributed to customers in 2022 with 29.4% in under-resourced communities).</p>
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## Appendix B<sup>1</sup>



<b>Thermal Power Plant Greenhouse Gas Emissions</b>			
Source	2021 MMT CO2e	2022 MMT CO2e	Percent Change
Thermal Emissions less any Cogen Sales			
Cosumnes	1,473	375	-75%
Proctor & Gamble	299	324	8%
Campbell	282	414	47%
Carson	111	101	-9%
McClellan	2.75	2.55	-5%
Power Purchased and System Losses	495	815	63%
Net of Unspecified Market Purchases and Sales	-238	74	-131%
<b>Total</b>	<b>2,425</b>	<b>2,082</b>	<b>-15%</b>

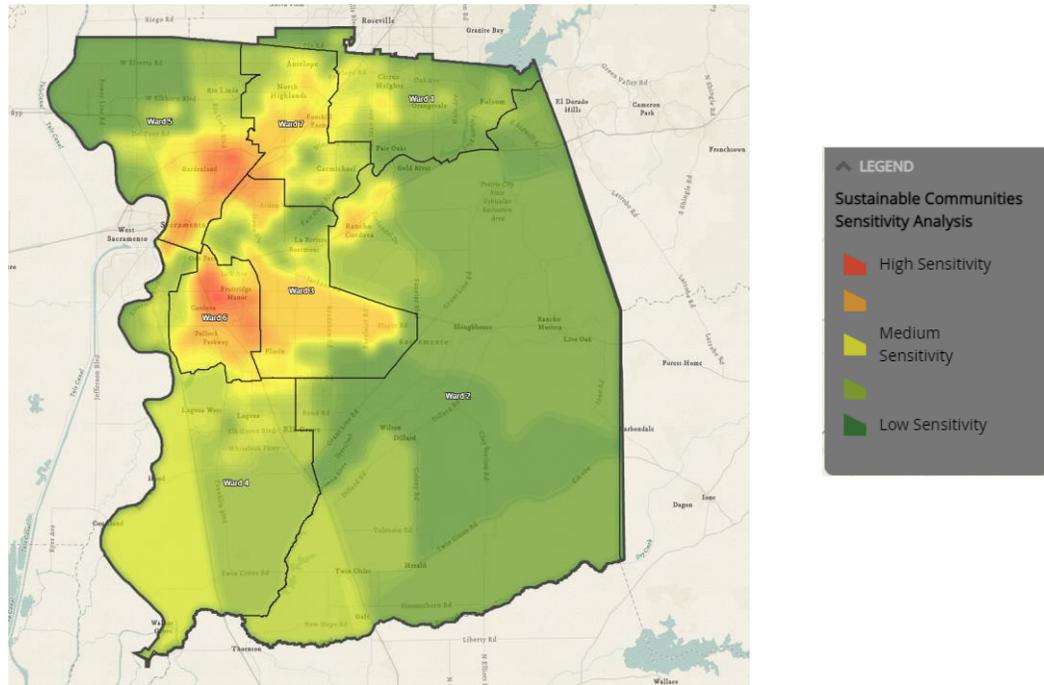
<sup>1</sup> Unlike SD-9, the emissions data in SD-7 is not normalized.

## Appendix C Sustainable Communities Deliverables and Accomplishments To-Date

### Sustainable Communities Dashboard



## Sustainable Communities Resource Priorities Map



To answer the call for a just and equitable clean energy transition, SMUD created the Sustainable Communities Resource Priorities Map, which analyzes current data to identify

the local areas most likely to be under-resourced or in distress due to lack of community development, income, housing, employment opportunities, transportation, medical treatment, nutrition, education, and clean environment.

SMUD is continuing to analyze how various energy programs and projects can be enhanced or expanded to improve equity, incorporating what community members themselves feel is needed to achieve a more equitable energy future.

**Appendix D**  
List of Acronyms

<b>CARB</b>	California Air Resources Board
<b>CDP</b>	Carbon Disclosure Project (formerly)
<b>CEQA</b>	California Environmental Quality Act
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>CO<sub>2</sub>e</b>	Carbon Dioxide Equivalent
<b>EAPR</b>	Energy Assistance Program Rate
<b>EJ</b>	Environmental Justice
<b>EPA</b>	Environmental Protection Agency
<b>EPRI</b>	Electric Power Research Institute
<b>ESPP</b>	Environmentally Sustainable Purchasing Program
<b>EVs</b>	Electric Vehicles
<b>GHG</b>	Greenhouse Gas
<b>GWh</b>	Gigawatt Hour
<b>HDRD</b>	Hydrogenation Derived Renewable Diesel
<b>IRP</b>	Integrated Resource Plan
<b>MT</b>	Metric Tons
<b>NEPA</b>	National Environmental Policy Act
<b>NOV</b>	Notice of Violation
<b>PUC</b>	Public Utility Commission
<b>SD</b>	Strategic Direction
<b>SEPA</b>	Smart Electric Power Alliance
<b>SF<sub>6</sub></b>	Sulfur Hexafluoride
<b>SMUD</b>	Sacramento Municipal Utility District
<b>SSCA</b>	Sustainable Supply Chain Alliance
<b>STF</b>	Sacramento Tree Foundation
<b>TCR</b>	The Climate Registry
<b>WIP</b>	Workflow Integration Program
<b>WMP</b>	Wildfire Mitigation Plan

**DRAFT**

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-7, Environmental Leadership**, substantially in the form set forth in **Attachment \_\_\_\_** hereto and made a part hereof.





SSS No. ET&C 23-023

## BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 09/19/23
Board Meeting Date September 21, 2023

TO	TO
1. Jon Olson	6. Lora Anguay
2. Russell Mills	7. Scott Martin
3. Joel Ledesma	8. Jose Bodipo-Memba
4. Mark Willis	9. <b>Legal</b>
5. Jennifer Davidson	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Jennifer Archuleta	DEPARTMENT Energy Trading & Contracts	MAIL STOP A404	EXT. 7252	DATE SENT 8/25/2023
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**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to negotiate and execute the Country Acres Clean Power, LLC (Country Acres) Power Purchase Agreement (PPA) with a 30-year term for 344 MW of solar photovoltaic power (Solar PV) and a 20-year term for 172 MW of battery storage, substantially in the form attached, as well as all other agreements necessary to facilitate the Country Acres project.

**Summary:** In 2021, SMUD released a competitive solicitation to develop the Country Acres project. SMUD evaluated the offers received through that solicitation and determined that the Clenera (parent company of Country Acres Clean Power, LLC) offer provided superior value versus the alternatives. SMUD and Clenera negotiated a mutually beneficial PPA under which SMUD will purchase the energy, capacity, and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs). The Country Acres project provides SMUD full dispatch rights to 344 MW of Solar PV plus 172 MW/4-hour battery storage for an annual approximate cost of \$59.7 million, with a combined maximum output of 344 MW at the Point of Interconnection to SMUD’s transmission system. The scheduled commercial operation date is December 15, 2026.

In addition to the PPA, SMUD is also negotiating a Large Generator Interconnection Agreement, Lease Agreement, Station Service Agreement, and a Development Services Agreement (DSA) that define the requirements for the project’s interconnection, land use, and certain project development responsibilities and terms. The DSA terms include direct reimbursement or waiver of costs where this method is more beneficial to SMUD than Clenera paying and passing those costs back to SMUD through the PPA price.

Two additional agreements with Placer County authorities apply to the project. A Memorandum of Understanding between the County of Placer and SMUD (MOU) establishes a development fee that SMUD will pay to the County to provide funding for fire, police, and public protection services, as well as additional costs and requires an annual payment of \$1,178,790 during the operational period of the project. A Mitigation Agreement between Placer Conservation Authority and SMUD (PCA Agreement) establishes a mechanism to pay for the mitigation required by the Environmental Impact Report and a Conditional Use Permit to be considered by Placer County Board of Supervisors and requires a one-time payment of approximately \$25M.

**Board Policy:** *(Number & Title)* Strategic Direction SD-2, Competitive Rates; Strategic Direction SD-7, Environmental Leadership; Strategic Direction SD-9 Resource Planning: This contract provides economic, zero carbon power and will be a key contributor to achieving our 2030 Zero Carbon Plan. It allows access to competitively priced and carbon-free generation that is electrically connected to SMUD’s territory and delivered directly to SMUD.

**Benefits:** Supports SMUD’s 2030 Zero Carbon Plan by providing approximately 660 GWh/year of locally sourced carbon free energy, California Energy Commission (CEC) Renewables Portfolio Standard (RPS) Category 1 RECs, and 172 MW of dispatchable energy storage for a 4-hour duration.

**Cost/Budgeted:** The expenses for the project have been included in our budget and financial forecast. The average annual cost for the PPA is approximately \$59.7 million for the solar and battery storage. The expected cost for DSA includes up to \$236.6 million for the reimbursement of the switchyard, agrivoltaic project, SMUD construction and oversight, switchyard operations and maintenance (O&M), and property taxes on the fixtures, if applicable. These PPA and DSA costs are budgeted expenses. The annual \$1,178,790 cost for the MOU will be budgeted beginning in 2027. The \$25M cost for the PCA Agreement is a budgeted expense.

**Alternatives:** Rely on other sources for carbon free energy. Alternatives are limited to locations that support reliability and development of these resources may delay, by years, full implementation of the 2030 Zero Carbon Plan.

**Affected Parties:** Energy Trading & Contracts, Energy Settlements, Resource Planning, Budget Office, Grid Operations, Treasury, Real Estate, Power Generation, Grid Planning, Research and Development.

**Coordination:** Energy Contracts, Legal

**Presenter:** Joel Ledesma, Director, Power Generation

**Additional Links:**

SUBJECT

**Country Acres 344 MW Solar PV & 172 MW Battery Storage PPA**

ITEM NO. (FOR LEGAL USE ONLY)

**10**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**DRAFT POWER PURCHASE AGREEMENT**

**BETWEEN**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**AND**

**COUNTRY ACRES CLEAN POWER, LLC**

**DATED [ ]**

*Draft - Not for Execution*

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This POWER PURCHASE AGREEMENT (the "Agreement") for an Eligible Renewable Energy Resource is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2023, ("Effective Date"), by and between the Sacramento Municipal Utility District ("SMUD"), and Country Acres Clean Power, LLC ("Seller"). SMUD and Seller are sometimes referred to in this Agreement individually as a "Party" and collectively as the "Parties."

- A. Seller desires to interconnect and operate a fully integrated solar photovoltaic generation plus battery storage facility (the "Project"), as described in Exhibit A, to be located on land identified by SMUD near SMUD's service territory and interconnected to SMUD's Elverta-Orangevale and Elverta-Foothill 230kV lines, in parallel with the SMUD Transmission System.
- B. The Parties wish to enter into a power purchase agreement for the sale and purchase of all Energy, Capacity, Capacity Attributes, and Environmental Attributes from the Project directly to SMUD.
- C. In conjunction with this Agreement, the Parties wish to execute a Large Generator Interconnection Agreement, Lease Agreement, Development Services Agreement and Station Service Agreement (together these four agreements are referred to as "Definitive Agreements"). This Agreement does not constitute an agreement by SMUD to interconnect the Project.
- D. The Lease Agreement for the project site will, among other things, require Seller as Lessee to follow SMUD's Principles of Sustainable Development and Seller's Sustainable Development Plan.
- E. This Agreement requires the Seller to be a retail customer and to obtain retail electrical service from SMUD to serve certain electrical loads at the premises identified in Exhibit A, except as otherwise permitted under SMUD's tariffs. This Agreement does not constitute an agreement by SMUD to provide retail electrical service to Seller. Such arrangements must be made separately between SMUD and Seller.
- F. Developer will design, construct and operate a portion of the Project to accommodate SMUD's Agrivoltaics Farming and Orchard Project, as specified in the Land Lease ("Agrivoltaics FOP").

**NOW THEREFORE**, in consideration of the mutual covenants contained in this Agreement, and of other good and valuable considerations, the sufficiency of which are hereby acknowledged, the Parties agree as follows:

## **1. DEFINITION OF TERMS; RULES OF INTERPRETATION**

### **1.1 DEFINITION OF TERMS**

12, 15 and 20-year Purchase Options: Has the meaning set forth in Section 19.1.

Accepted Capacity Attribute Compliance Expenditures: Has the meaning set forth in Section 4.5.3.

Accepted Compliance Expenditures: Has the meaning set forth in Section 3.4.3.

Affiliate: Has the meaning set forth in Section 17.1.2.

Agreement: Has the meaning set forth in the Preamble.

Agrivoltaics FOP: Has the meaning set forth in Recital F.

Ancillary Services: Those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Provider's transmission system in accordance with Good Utility Practice.

Annual Average PV Availability: The average of each monthly Availability Percentage for the Solar Project during a Contract Year.

Annual Average Battery Storage Availability: The average of each monthly Availability Percentage for the Battery Storage Project during a Contract Year.

Annual Battery Storage Capacity Test: Has the meaning given in Exhibit M.

Available Battery Storage Capacity: The total capacity of the Battery Storage Project, expressed in megawatts (AC), that is available to store Energy, as specified by Seller, from time to time, in accordance with the Outage Coordination Process.

Available PV Capacity: The power output from the Solar Project, expressed in megawatts (AC), that is available to generate Energy, as specified by Seller, from time to time, in accordance with the Outage Coordination Process.

Availability: The average percentage of time that the Project is available to generate, store, or discharge energy up to Pmax as corrected for ambient conditions. Availability shall be provided separately for the Solar Project and the Battery Storage Project and each shall be determined in accordance with Exhibit U.

Availability Percentage: The percentage determined in accordance with Exhibit U.

Availability System of Record: Seller's data historian or other automated tracking system that automatically tracks and reports all events affecting the availability of the Solar Project and Battery Storage Project, as validated by Seller's outage reporting into SMUD's iTOA system. The Availability System of Record shall be consistent with IEC 63019 record requirements, and Seller's SCADA system, and shall include a satisfactory description of each event affecting Availability.

Balancing Authority: Entity responsible for the reliable planning and operation of the bulk power system in a defined area.

Bank: Has the meaning set forth in Section 9.2.

Bankrupt: With respect to any entity, such entity that (a) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar Law, (b) has any such petition filed or commenced against it which remains unstayed or undismissed for a period of ninety (90) days, (c) makes an assignment or any general arrangement for the benefit of creditors, (d) otherwise becomes bankrupt or insolvent (however evidenced), (e) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (f) is generally unable to pay its debts as they fall due.

Battery Storage Availability Requirement: Eighty-Five percent (85%).

Battery Storage Capacity Shortfall: The Initial Expected Battery Storage Capacity less the Expected Battery Storage Capacity that has been commissioned and is capable of reliably charging and discharging Energy.

Battery Storage Capacity Test: Any test or retest of the Capacity of the Battery Storage Project conducted in accordance with the testing procedures, requirements and protocols set forth in Exhibit M.

Battery Storage Commercial Operation Test: Has the meaning set forth in Section 2.3.10.

Battery Storage Deficit Damages: Has the meaning set forth in Section 2.3.8(b).

Battery Storage Meter: The bi-directional revenue quality meter or meters, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Charging Energy delivered to the Battery Storage Project and the amount of Discharging Energy discharged from the Battery Storage Project to the Delivery Points. For clarity, (i) the Project will contain multiple measurement devices that will make up the Battery Storage Meter, and, unless otherwise indicated, references to the Battery Storage Meter shall mean all such measurement devices and the aggregated data of all such measurement devices, taken together, and (ii) the Battery Storage Meter will be located, and the Energy will be measured, at the low voltage side of the main step up transformer and will be subject to adjustment in accordance with any meter requirements of SMUD and Prudent Utility Practices to account for applicable Electrical Losses to the Delivery Points.

Battery Storage Operating Restrictions: Those rules, requirements and procedures set forth in Exhibit J.

Battery Storage Price: Has the meaning set forth in Exhibit B.

Battery Storage Product: (a) Discharging Energy, (b) Capacity Attributes of the Battery Storage Project, if any, (c) Expected Battery Storage Capacity, and (d) Ancillary Services, if any, in each case arising from or relating to the Battery Storage Project.

Battery Storage Project: Seller's energy storage project described in Exhibit A, located at the Project site and including the mechanical equipment and associated facilities and equipment required to deliver Battery Storage Product, as such Battery Storage Project may be modified from time to time in accordance with the terms hereof.

Battery Storage Reliability Percentage: Has the meaning set forth in Exhibit S.

Bid: Has the meaning set forth in the CAISO Tariff.

Business Day: Any Monday through Friday, inclusive, but excluding days that are observed as business holidays by either Party or days that are NERC Holidays.

CAISO: The California Independent System Operator Corporation or its successor.

CAISO Balancing Authority Area: The system of transmission lines and associated facilities that is operated by the CAISO and for which the CAISO has operational control and responsibility for grid reliability.

CAISO Tariff: The California Independent System Operator Corporation Agreement and Tariff, Business Practice Manuals (BPMs), and Operating Restrictions, including the rules, protocols, procedures and standards attached thereto, as the same may be amended or modified from time-to-time and approved by FERC.

California Energy Commission (CEC): The agency responsible for certifying eligible renewable resources and tracking the procurement of such resources.

California Renewables Portfolio Standard (RPS): The standard, codified in Public Utilities Code (PUC) Sections 399.11 through 399.20, and Public Resources Code Sections 25740 through 25751, as may be amended from time to time.

Capacity: The instantaneous ability of a generator to produce Energy (real power) at a specified output or of a storage facility to charge or discharge Energy (real power) at a specified input or output. Capacity is measured in megawatts ("MW") AC or kilowatts ("kW") AC.

Capacity Attributes: Any current or future defined characteristic, status, certificate, tag, credit, or ancillary service attribute, whether general in nature or specific as to the location or any other attribute of the Project, intended to value any aspect of the capacity of the Project to produce energy, charge and discharge energy or provide Ancillary Services, including, but not limited to, any accounting construct so that the full output of the Project may be counted toward a Resource Adequacy requirement or any other measure by an entity invested with the authority under federal or state law, to require SMUD to procure, or to procure at SMUD's expense, Resource Adequacy or other such products.

Capacity Attribute Compliance Expenditures: Has the meaning set forth in Section 4.5.1.

Capacity Attribute Compliance Expenditure Cap: Has the meaning set forth in Section 4.5.1.

Capacity Subtotal Payment: Has the meaning set forth in Section 2.4.7(a).

Change of Control: Any circumstance in which Ultimate Parent ceases (i) to retain the ability to control, directly or indirectly, the decision-making of Seller, or (ii) to own, directly or indirectly through one or more intermediate entities, more than fifty percent (50%) of the outstanding equity interests (measured by either voting power or economic interests) in Seller; provided that in calculating ownership percentages for all purposes of the foregoing:

- a) any ownership interest in Seller held by Ultimate Parent indirectly through one or more intermediate entities shall not be counted towards Ultimate Parent's ownership interest in Seller unless Ultimate Parent directly or indirectly owns more than fifty percent (50%) of the outstanding equity interests (measured by either voting power or economic interests) in each such intermediate entity; and
- b) ownership interests in Seller owned directly or indirectly by any lender (including any tax equity provider and any agent acting for or on behalf of such lender) shall be excluded from the total outstanding equity interests in Seller;

Provided that any Permitted Transfer shall not constitute or be deemed a "Change of Control." Furthermore, a foreclosure by any lender on the direct or indirect ownership interests in Seller (including a transfer in lieu of foreclosure or any transfer to a Permitted Transferee) shall not constitute or be deemed a "Change of Control".

Charging Energy: Energy delivered by SMUD, either from Transmission Provider's electrical system or from the Solar Project, for use in charging the Battery Storage Project and for discharge at a later time.

Charging Notice: The operating instruction, and any subsequent updates, given by SMUD to Seller, (i) directing the Battery Storage Project to charge at a specific MW rate to a specified Stored Energy Level and (ii) identifying the quantity of Charging Energy, provided that any such operating instruction or updates shall be in compliance with Section 5.4 and the Battery Storage Operating Restrictions. For the avoidance of doubt, any SMUD request to initiate a Battery Storage Capacity Test shall not be considered a Charging Notice. For the further avoidance of doubt, the Plant Controller shall automatically determine the amount of Charging Energy based on the MW setpoint for the combined total output of the Solar Project and Battery Storage Project given by SMUD.

Closing: Has the meaning set forth in Section 19.3.

Closing Date: Has the meaning set forth in Section 19.3.

COD Conditions: Has the meaning set forth in Section 2.3.4.

COD Notice: Has the meaning set forth in Section 2.3.4.

Co-located Resource: Has the meaning as defined in the CAISO Tariff.

Commercial Operation: The period of operation of the Project once the Commercial Operation Date has occurred.

Commercial Operation Date (COD): The date specified in the Commercial Operation Date Confirmation Letter on which the Project satisfies the COD Conditions set forth in Section 2.3.4.

Commercial Operation Date Confirmation Letter: A letter that the Parties execute and exchange in accordance with this Agreement, the form of which is attached as Exhibit E.

Compliance Expenditure(s): Has the meaning set forth in Section 3.4.1.

Compliance Expenditure Cap: Has the meaning set forth in Section 3.4.1.

Contract Price: The prices (\$/kW-month) paid by SMUD to Seller for each MW of Expected Battery Storage Capacity and Expected PV Capacity and for Product delivered to the Delivery Points. The Contract Price is shown in Exhibit B.

Contract Year: Any of the one-year periods during the Delivery Term, with the first Contract Year commencing on the COD and ending on the last day of the twelfth (12th) full month thereafter and each subsequent one-year period commencing on the applicable anniversary of such date.

Costs: Has the meaning set forth in Section 8.5.1(c).

Day-Ahead Market: Has the meaning set forth in the CAISO Tariff.

Defaulting Party: Has the meaning set forth in Section 8.2.1.

Deficit Damages: Has the meaning set forth in Section 2.3.8(b).

Definitive Agreements: Has the meaning set forth in the Preamble.

Delay Damages: The compensation paid by Seller to SMUD due to a failure of Seller to meet the Scheduled Commercial Operation Date in accordance with Section 2.3.7.

Delay LD Start Date: Has the meaning set forth in Section 2.3.7.

Delivered Energy: Energy delivered to the Delivery Points as measured by the Solar Meter and Battery Storage Meter(s).

Delivery Points: The interconnection locations of the Project on the high-side of the step-up transformer that interconnects to the SMUD Transmission System, where SMUD accepts title to the Product and associated attributes as described herein. The Delivery Points are identified in Exhibit A and are the same location as the Point(s) of Interconnection.

Delivery Term: Has the meaning set forth in Section 2.3.1.

Delivery Term Security: Has the meaning set forth in Section 9.2.

Development Security: Has the meaning set forth in Section 9.1.

Discharging Energy: All Energy delivered to the Delivery Points from the Battery Storage Project, net of the transformation and transmission losses, if any, as measured by the Battery Storage Meter. For the

avoidance of doubt, all Discharging Energy will have originally been delivered to the Battery Storage Project as Charging Energy.

Discharging Notice: The operating instruction, and any subsequent updates, given by SMUD to Seller, directing the Battery Storage Project to discharge Discharging Energy at a specific MW rate to a specified Stored Energy Level; provided that (a) any such operating instruction or update shall be in accordance with Section 5.4 and the Battery Storage Operating Restrictions, and (b) if, during a period when the Battery Storage Project is instructed by SMUD to be discharging, the sum of PV Energy and Discharging Energy would exceed the Interconnection Capacity Limit, such "Discharging Notice" shall (for purposes of this Agreement) be deemed to be automatically adjusted to reduce the amount of Discharging Energy so that the sum of Discharging Energy and PV Energy does not exceed the Interconnection Capacity Limit, until such time as SMUD issues a further modified Discharging Notice. For the avoidance of doubt, the Plant Controller shall automatically determine the amount of Discharging Energy based on the SMUD Setpoint.

Dispatch; Dispatchability: The ability of a generating unit to increase or decrease generation or to be brought online or shut down at the request of a utility's system operator, or the ability of a storage facility to be charged or discharged or to be brought online or shut down at the request of a utility's system operator.

Dispatch Instruction: Any direction, instruction, or order by SMUD to increase, maintain, or decrease the generation or delivery of Energy consistent with the applicable SMUD Setpoint.

Dispatch Interval: Each of the twelve (12) five (5) minute time intervals beginning on any hour and ending on the next hour.

Distribution System: The relatively low voltage wires, transformers and related equipment generally used by an electric utility to deliver electric power to retail customers (as opposed to using it to move bulk quantities of power between different electric utilities or from large electric generators to a Distribution System).

Early Termination Date: Has the meaning set forth in Section 8.4.

Effective Date: Has the meaning set forth in the Preamble.

EIM: Shall mean the Western Energy Imbalance Market.

EIM Participating Resource: Has the meaning set forth in the CAISO Tariff.

Electric System: The integrated electric generation, transmission, and distribution facilities owned or controlled by an electric utility.

Electrical Losses: All transmission or transformation losses between the Project and the Delivery Points, including losses associated with (i) delivery of Energy to the Delivery Points, (ii) delivery of Charging Energy to the Battery Storage Project and (iii) delivery of Discharging Energy to the Delivery Points.

Eligible Renewable Energy Resource (ERR): An Eligible Renewable Energy Resource as defined in California Public Utilities Code Section 399.12 and California Public Resources Code Section 25471, as either code may be amended or supplemented from time to time, as defined in the CEC Renewables Portfolio Standard Eligibility Guidebook, as may be amended or supplemented from time to time.

Emergency Condition: A condition or situation: (1) that in the judgment of the Party making the claim is imminently likely to endanger life or property; or (2) that, in the case of a Transmission Provider, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, Transmission Provider's Transmission System, Transmission Provider's Interconnection Facilities or the electric systems of others to which the Transmission Provider's Transmission System is directly connected (including the conditions of System Operating Limit (SOL) (as

defined in the LGIA) exceedance where the pre-contingency or post-contingency mitigation actions are required by NERC or WECC Reliability Standards); or (3) that, in the case of Seller, is imminently likely (as determined in a non-discriminatory manner) to cause a material adverse effect on the security of, or damage to, the Facility or Seller's Interconnection Facilities (as defined in the LGIA).

EMS or "Energy Management System": Has the meaning set forth in Section 5.5.

Energy: Electrical energy delivered with the voltage and quality required by SMUD in accordance with the LGIA, and measured in megawatt-hours (MWh) or kilowatt-hours (kWh).

Environmental Attributes: All Environmental Attributes, as that term is defined in D.08-08-028 of the California Public Utilities Commission, as may be amended, and all renewable energy credits as that term is defined under section 399.12 of the California Public Utilities Code, as may be amended, all Renewable and Environmental Attributes as defined by WREGIS, as well as any credits, carbon benefits, carbon emission reductions, carbon offsets or allowances, howsoever entitled, attributed to the Energy produced at the Solar Project and delivered to the Delivery Points recognized under Assembly Bill 32 Global Warming Solutions Act of 2006, as may be amended.

ETR: Has the meaning set forth in Section 7.6.

Event of Default: Has the meaning set forth in Section 8.2.1.

Excusable Delay: Any delay that is caused by one or more of the following: (i) an event of Force Majeure, (ii) breach of this Agreement or any other agreement between SMUD and Seller (or Seller's affiliates) by SMUD or any negligent act by SMUD that prevents the Seller from fulfilling its obligations, in whole or in part, under this Agreement, (iii) a delay in the receipt of a Permit or Approval listed in Appendix A Table 1 of the Country Acres Clean Power – Development Services Agreement beyond 3/15/24 that is not a result of any breach or delay by Seller, (iv) a delay in completion of network upgrades needed to reach COD not caused by the fault or negligence of Seller, or (v) a delay in the completion of the interconnection facilities needed to reach COD, to the extent caused by the negligent or wrongful acts or omissions of SMUD.

Expected Battery Storage Capacity: Has the meaning set forth in Section 2.4.9.

Expected PV Capacity: Has the meaning set forth in Section 2.4.9.

Fair Market Value: Has the meaning set forth in Section 19.6.

FERC: The Federal Energy Regulatory Commission or any successor government agency.

Force Majeure: An event or circumstance occurring after the Effective Date that prevents or delays the ability of one Party from performing obligations under this Agreement, and which is not in the reasonable control of, or the result of negligence of, the Party claiming Force Majeure, and which the claiming Party is unable to overcome or cause to be avoided by the exercise of due diligence. Force Majeure may include the following events, to the extent consistent with the prior sentence: (a) An act of nature, riot, insurrection, epidemic or pandemic (including new governmental restrictions that are first imposed related to COVID-19 after the Effective Date), supply chain disruptions that are not caused by Seller or Seller's contractors or suppliers at any level in the chain of supply, import tariffs, border controls, war, explosion, labor dispute, fire, flood, earthquake, volcanic eruption, storm, lightning, tsunami, backwater caused by flood, act of the public enemy, terrorism, civil disturbances, strike, labor disturbances, labor or material shortage, national emergency, court order or other action by a Governmental Authority that prevents a Party from fulfilling its obligations under this Agreement (excluding, with respect to any claim by SMUD, any action or inaction of the SMUD Board of Directors or any person with the authority to bind SMUD); (b) Interruption of transmission or generation services as a result of a physical Emergency Condition not caused by the fault or negligence of the Party claiming Force Majeure and reasonably relied upon and without a reasonable source of substitution to make or receive deliveries hereunder; (c) any event or circumstance caused by or

associated with Buyer, Buyer's contractors, or any third party acting on behalf of Buyer or at Buyer's request or invitation, in each case in connection with the Agrivoltaics FOP that prevents, hinders, or delays Seller's performance under this Agreement. Under no circumstances shall either Party's financial incapacity, Seller's ability to sell Solar Products or Battery Storage Products at a more favorable price or under more favorable conditions or SMUD's ability to acquire Solar Products or Battery Storage Products at a more favorable price or under more favorable conditions or other economic reasons constitute an event of Force Majeure. The term "Force Majeure" does not include Forced Outages to the extent such are not caused or exacerbated by an event of Force Majeure as described above, nor does it include Seller's inability to obtain financing or other equipment and instruments necessary to plan for, construct, or operate the Project.

Forced Outage: An unplanned outage of one or more of the Project's components that results in a reduction of the ability of the Project to produce Energy, and specifically excludes any planned maintenance or Planned Outage.

Frequency Response: As defined by NERC, currently stated as "the ability of a system or elements of the system to react or respond to a change in system frequency."

Full Access: Has the meaning set forth in Section 19.2.

GHG: Greenhouse gas.

Governmental Authority: The federal government of the United States, and any state, county, municipal or local government or regulatory department, body, political subdivision, commission, agency, instrumentality, ministry, court, judicial or administrative body, taxing authority, or other authority thereof (including any corporation or other entity owned or controlled by any of the foregoing) having jurisdiction over any Party, the Project, the site of the Project, or the rights or obligations of any Party under this Agreement, whether acting under actual or assumed authority, provided, however, that SMUD and Seller shall not be considered a Governmental Authority hereunder. The CAISO and WREGIS shall be considered Governmental Authorities.

Green-e: The national independent certification and verification program for renewable energy. Green-e developed the Green-e Renewable Energy Standard of Canada and the United States, as may be amended from time to time, or replacement verification program.

Green-e Standard: The Green-e Energy Tracking Attestation Form for generators participating in a tracking system, currently available at <https://www.tfaforms.com/4652008> as such form may be updated from time to time, with Seller electing WREGIS on such form.

Guaranteed Availability: Ninety-seven percent (97%).

Guaranteed Commercial Operation Date or Guaranteed COD: The date that is six (6) months after the Scheduled Commercial Operation Date, as specified in Exhibit A and subject to day-for-day extension to the extent the Scheduled Commercial Operation Date is extended for Excusable Delay and/or the payment of Delay Damages as provided in Section 2.3.7.

Guaranteed Round Trip Efficiency: Has the meaning set forth in Exhibit O.

Host Electric Utility: An electric utility that provides, at the general location of the Project, any of the following: electric transmission service, distribution service and/or retail electricity sales.

Hybrid Resource: Has the meaning as defined in the CAISO Tariff.

Initial Expected Battery Storage Capacity: Has the meaning set forth in Exhibit A.

Initial Expected PV Capacity: Has the meaning set forth in Exhibit A.

Interconnection Agreement or LGIA: The Large Generator Interconnection Agreement (LGIA) between SMUD and Seller specific to the interconnection of the Project to the SMUD Transmission System.

Interconnection Capacity Limit: The maximum instantaneous amount of Energy that is permitted to be delivered to the Point(s) of Interconnection under the LGIA, in the amount of 344 MW.

Interest Rate: Shall be the lesser of (a) 2% plus the “prime rate” of interest as published on that date in the Wall Street Journal, and generally defined therein as “the base rate on corporate loans posted by at least 75% of the nation’s 30 largest banks,” or if the Wall Street Journal is not published on a date for which such interest rate must be determined, the “prime rate” published in the Wall Street Journal on the nearest-preceding date on which the Wall Street Journal was published, or if the Wall Street Journal is no longer in publication, such other similar interest rate reasonably agreed to by the Parties, and (b) the highest rate permitted under applicable law.

ITC or Investment Tax Credit: The investment tax credit established pursuant to Section 48 of the United States Internal Revenue Code of 1986, as it may be amended from time to time.

ITC Recapture Amount: The amount payable (determined on an after-tax basis) to the IRS by Seller (or its Affiliate or tax equity investor) under Code §50(a) due to Seller’s ineligibility for all or a portion of ITC after such time as Seller or its Affiliate or tax equity investor has claimed the ITC.

J. Aron: Has the meaning set forth in Section 17.1.3.

Law: Any statute, law, treaty, rule, regulation, ordinance, code, enactment, injunction, order, writ, decision, authorization, judgment, decree or other written legal or regulatory determination or restriction by a court or Governmental Authority of competent jurisdiction.

Letter of Credit: One or more irrevocable, standby letters of credit issued by a Qualified Issuer in substantially the form set forth in Exhibit Q.

Loss: Has the meaning set forth in Section 8.5.1(a).

Maximum Hourly Energy Delivery: The Interconnection Service (as defined in the CAISO Tariff) provided under the LGIA.

Major Equipment Failure: A failure of the step-up transformer, high side switch, and high side breaker(s) that interconnects to the SMUD Transmission System.

Maximum power (Pmax): The maximum power in MW delivered to the Delivery Points.

Measurement Period: Any two consecutive Contract Year periods during the Delivery Term.

Monthly Operating Report: Has the meaning set forth in Section 2.4.10 and is similar to the form of report in Exhibit V.

Monthly Settlement Amount: Has the meaning set forth in Section 2.4.7(a).

Moody’s: Moody’s Investors Service, Inc., or any successor organization thereto.

MW: Megawatt(s) of alternating current.

MWh (Megawatt-hours): A unit of energy measurement corresponding to 1,000 kilowatt-hours.

NERC: The North American Electric Reliability Corporation, or any successor organization.

NERC Holidays: Days that NERC establishes as holidays for electric energy trading.

Non-Defaulting Party: Has the meaning set forth in Section 8.2.2(a).

NP-15: The zone within the CAISO Balancing Authority area designated as North of Path 15 by the CAISO for congestion settlement purposes.

NP-15 EZ Gen Hub Price: The day-ahead hourly locational marginal price as published by the CAISO for generator transactions in the NP-15 zone of the CAISO.

Outage Coordination Process: Has the meaning set forth in Section 7.4.

Option Notice: Has the meaning set forth in Section 19.1.

Party/Parties: SMUD and Seller are referred to individually as a "Party" and collectively as "Parties."

PCC1 REC Price: Has the meaning set forth in Section 2.4.2(b).

Performance Metrics: The PV Reliability Percentage, Battery Storage Reliability Percentage, and Availability Percentage for each of the Solar Project and the Battery Storage Project, as applicable.

Permits: Permits, licenses, certificates, concessions, consents, waivers, exemptions, variances, franchises, orders, decrees, rights, registrations, submissions, determinations, authorizations, approvals, registrations, orders, and filings, in each case, as required by a Governmental Authority.

Permitted Transfer:

- a) Foreclosure by any lender on the direct or indirect ownership interests in Seller (including a transfer in lieu of foreclosure or any transfer to a Qualified Transferee);
- b) Any direct or indirect transfer of equity interests in Seller in connection with a financing (for purposes of clarity, this does not prohibit or otherwise restrict any transfer of interests in the Solar Project or the Battery Storage Project);
- c) Any direct or indirect transfer of this Agreement or equity interests in Seller to an Affiliate of Seller (including any investment fund or partnership for which an Affiliate of Seller is the managing member), provided that in the case of a transfer of this Agreement only, such Affiliate's creditworthiness is equal to or better than that of Seller;
- d) Any direct or indirect transfer of this Agreement or any equity interests in Seller to a person succeeding to all or substantially all of the assets of Seller; or
- e) Any direct or indirect transfer of this Agreement or any equity interests in Seller to a Qualified Transferee.

Planned Outage: An outage that has been scheduled in advance pursuant to the Outage Coordination Process, of one or more of the Project's components that results in a reduction of 1 MWdc or more in the ability of the Project to produce Energy.

Plant Controller: A device or compilation of devices used to take inputs either directly or indirectly from the Transmission Provider, power system operator, or other affiliated group and provide outputs or feedback in the implementation of controls of the Solar Project and/or Battery Storage Project, and that has the ability to interface with the Supervisory Control and Data Acquisition (SCADA) System using industry standard protocol such as DNP3.0.

Point(s) of Interconnection or "POI": The specific locations at the 230kV side of the disconnect switch inside the Country Acres Switching Station at which the Project interconnects with SMUD, as set forth in the LGIA.

Portfolio Content Category 1 (PCC1): Renewable energy comprised of Energy and Environmental Attributes meeting the criteria defined by the CEC Renewables Portfolio Standard Eligibility Guidebook, for Portfolio Content Category 1, as may be amended or supplemented from time to time, and meeting any applicable regulations promulgated by the CEC.

Pre-COD Index Price: The applicable hourly Locational Marginal Price "LMP" for the Project, or if the LMP has not been established for the Project, the applicable hourly NP-15 EZ Gen Hub Price.

Product: Solar Product and Battery Storage Product, inclusive of all energy and energy-related products and energy-related attributes currently defined as PV Energy, Discharging Energy, Capacity, Capacity Attributes, flexibility, Frequency Response, Ancillary Services, and Environmental Attributes. Any Solar Product or Battery Storage Product, or any similar product or feature that can be valued intrinsically or extrinsically is included in Product, with the exception of tax and other financial incentives associated with the Project.

Project: Has the meaning set forth in the Preamble and shall include the Solar Project and the Battery Storage Project.

Proposed Battery Storage Products Purchase Notice: Has the meaning provided in Section 2.3.2.1.

Proposed Battery Storage Products Sale Notice: Has the meaning provided in Section 2.3.2.1.

Proposed Solar Products Purchase Notice: Has the meaning provided in Section 2.3.2.2.

Proposed Solar Products Sale Notice: Has the meaning provided in Section 2.3.2.2.

Prudent Utility Practice: Those practices, methods and acts that would be implemented and followed by prudent operators of solar photovoltaic electric energy generating facilities and battery storage facilities in the Western United States, similar to the Project, during the relevant time period, which practices, methods and acts, in the exercise of prudent and responsible professional judgment in the light of the facts known at the time the decision was made, could reasonably have been expected to accomplish the desired result consistent with prudent business practices, reliability, and safety. Seller acknowledges that the use of Prudent Utility Practice by Seller does not exempt Seller from any obligations set forth in this Agreement.

Prudent Utility Practice includes, at a minimum, those professionally responsible practices, methods and acts described in the preceding paragraph that comply with manufacturers' warranties, restrictions in this Agreement, the LGIA, the requirements of Governmental Authorities, and WECC and NERC standards. Prudent Utility Practice is not required to be the optimum practice, method or act to the exclusion of all others.

Prudent Utility Practice also includes taking reasonable steps in accordance with the first sentence of this definition to ensure that:

- a) Equipment, materials, resources, and supplies, including reasonable spare parts inventories, are available to meet the Project's needs;
- b) Sufficient operating personnel are available at all times and are adequately experienced and trained and licensed as necessary to operate the Project properly and efficiently, and are capable of responding to reasonably foreseeable emergency conditions at the Project and emergencies whether caused by events on or off the Project site;

- c) Preventive, routine, and non-routine maintenance and repairs are performed on a basis that is designed to ensure reliable, long-term and safe operation of the Project, and are performed by knowledgeable, trained, and experienced personnel utilizing proper equipment and tools;
- d) Appropriate monitoring and testing are performed for the purpose of ensuring equipment is functioning as designed;
- e) Equipment is not operated in a reckless manner, in violation of manufacturer's guidelines, warranty requirements, or in a manner unsafe to workers, the general public, or the connecting utility's Electric System or contrary to environmental laws, permits or regulations or without regard to defined limitations such as, flood conditions, safety inspection requirements, operating voltage, current, volt ampere reactive (VAR) loading, frequency, rotational speed, polarity, synchronization, and control system limits; and
- f) Equipment and components are designed and manufactured to meet or exceed the standard of durability that is generally used for hybrid solar photovoltaic electric energy generating plus battery storage facilities operating in the Western United States and to function properly over the full range of ambient temperature and weather conditions reasonably expected to occur at the Project site and under both normal and emergency conditions.

Purchase Option: Has the meaning set forth in Section 19.1.

Purchase Option Due Diligence Period: Has the meaning set forth in Section 19.2.

Purchase Price: Has the meaning set forth in Section 19.1.

PV: "Photovoltaic".

PV Availability Requirement: Eighty-Five percent (85%).

PV Capacity Shortfall: The Initial Expected PV Capacity less the Expected PV Capacity that has been commissioned and is capable of reliably delivering Energy and meeting minimum functionality requirements under Section 2.3.7.

PV Capacity Test: Any test or retest of the Expected PV Capacity conducted in accordance with the testing procedures, requirements and protocols set forth in Exhibit L.

PV Commercial Operation Test: Has the meaning set forth in Section 2.3.10.

PV Deficit Damages: Has the meaning set forth in Section 2.3.8(a).

PV Energy: That portion of Energy that is delivered directly from the Solar Project to the Delivery Points, as measured at the Solar Meter, and is not Discharging Energy.

PV Reliability Percentage: Has the meaning set forth in Exhibit S.

PV Price: Has the meaning set forth in Exhibit B.

Qualified Issuer: Has the meaning set forth in Section 9.2.

Qualified Transferee: A person that (a) for the three (3) preceding years, has owned or operated (or had access to the expertise required to operate through committed management agreements with its Affiliates

or through a committed operations and maintenance agreement with any person) at least 500 MWs of renewable energy generation facilities and (b) either itself or its direct or indirect parent, has (i) a tangible net worth of at least \$50,000,000 or (ii) a credit rating of “BBB-” or higher by S&P or “Baa3” or higher by Moody’s.

Real-Time Market: Has the meaning as defined in the CAISO Tariff.

Renewable Energy Credit (REC): A certificate of proof issued by WREGIS that an Eligible Renewable Energy Resource (ERR) has generated one megawatt hour (MWh or 1,000 kWh) of electricity. A REC shall also have the same meaning as in California Public Utilities Code Section 399.12(h). Currently RECs are used to convey Environmental Attributes associated with electricity production by a renewable energy resource. For purposes of this Agreement, the term REC shall be synonymous with bundled or unbundled renewable energy credit, tradable renewable energy certificates, WREGIS certificate, or any other term used to describe the documentation that evidences the renewable and Environmental Attributes associated with electricity production by an Eligible Renewable Energy Resource.

Required Percentage: Ninety five percent (95%).

Resource Adequacy: A requirement by a Governmental Authority or in accordance with its FERC-approved tariff, or a policy approved by a local regulatory authority, that is binding upon either Party and that requires such Party procure a certain amount of electric generating Capacity.

Resource ID: Has the meaning set forth in the CAISO Tariff.

Round Trip Efficiency: Has the meaning set forth in Exhibit O.

Round Trip Efficiency Liquidated Damages: Has the meaning set forth in Exhibit O.

RPS Certification: A certification by the CEC that the Project is eligible for the purposes of the California Renewable Portfolio Standard, and that all Energy produced by the Project, qualifies as generation from an Eligible Renewable Energy Resource.

RPS Pre-Certification: A pre-certification by the CEC obtained by Seller that the Project is eligible for purposes of the California Renewables Portfolio Standard.

RTU: Has the meaning set forth in Section 6.5.1.

S&P: Standard & Poor’s Ratings Group, or any successor organization thereto.

Scheduled Commercial Operation Date: The planned Commercial Operation Date of the Project set forth in Exhibit A, as such date may be extended as provided in Section 2.3.7.

Scheduled Energy: The applicable SMUD Setpoint for the Dispatch of Energy from the Solar Project for each Dispatch Interval, not to exceed the Available PV Capacity.

Scheduling: The act of producing, or relating to the production of, a schedule for the delivery, production or use of Energy, Capacity, and/or transmission that is in compliance with NERC Scheduling (NERC tagging) requirements.

Scheduling Coordinator: Has the meaning set forth in the CAISO Tariff.

Scheduled Battery Storage: The applicable SMUD Setpoint for Charging Energy and/or Discharging Energy for each Dispatch Interval, not to exceed the Available Battery Storage Capacity.

Seller: The Party so identified in the preamble of this Agreement, and its successors and permitted assigns.

Settlement Period: Has the meaning set forth in Section 2.4.7(a).

SMUD: Sacramento Municipal Utility District.

SMUD Point(s) of Interconnection Meter (SMUD POI Meter): The bi-directional revenue quality meter(s) operated by SMUD, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Energy measured at the Point(s) of Interconnection.

SMUD Service Territory: The geographical area in which SMUD is the provider of distribution service. This includes virtually all of Sacramento County and a small part of neighboring Placer and Yolo Counties.

SMUD Setpoint: SMUD's Dispatch Instruction to Seller communicated through the SMUD MW control signal to the Seller Plant Controller, or if SMUD's communication system is not operating properly, SMUD's Dispatch Instruction to Seller communicated through SMUD system operator's verbal instruction on a recorded phone line, followed up with a written log, clearly identifying the start time, end time, and MW value.

Solar Irradiance Data: Data used for measuring solar insolation comprising global horizontal irradiance (GHI, W/m<sup>2</sup>) and plane of array (PoA), and as otherwise agreed upon by the Parties.

Solar Meter: The bi-directional revenue quality meter or meters, along with a compatible data processing gateway or remote intelligence gateway, telemetering equipment and data acquisition services sufficient for monitoring, recording and reporting, in real time, the amount of Energy produced by the Solar Project. For clarity, (i) the Project will contain multiple measurement devices that will make up the Solar Meter, and, unless otherwise indicated, references to the Solar Meter shall mean all such measurement devices and the aggregated data of all such measurement devices, taken together, and (ii) the Solar Meter will be located, and the Energy will be measured, at the low voltage side of the main step up transformer and will be subject to adjustment in accordance with any meter requirements of SMUD and Prudent Utility Practices to account for the applicable Electrical Losses to the Delivery Point.

Solar Product: All Energy, Environmental Attributes (including but not limited to Renewable Energy Certificates (RECs)), Expected PV Capacity, and Capacity Attributes of the Solar Project, in each case which are or can be produced by or associated with generation from the Solar Project. Solar Product must count in SMUD's Renewables Portfolio Standard (RPS) portfolio as a Portfolio Content Category One (PCC 1) resource, as defined by the CEC RPS Eligibility Guidebook, as may be amended or supplemented from time to time or otherwise consistent with applicable regulations promulgated by the CEC as generated by the Project and delivered to the Delivery Points under this Agreement; provided that Solar Product shall include (and Seller's payments shall not be reduced for) charging energy produced by the Solar Project and lost in the Battery Storage Project as efficiency losses, whether or not such charging energy counts in SMUD's RPS as PCC-1 energy and RECs.

Solar Project: The solar panels, buildings, collection lines, substation, and other improvements related thereto owned by Seller for the generation of Energy by Seller for delivery to SMUD hereunder and more particularly described on Exhibit A attached hereto.

State of Charge (SOC): The portion of Energy stored by the Battery Storage Project relative to the Available Battery Storage Capacity.

Station Service Load: The electric energy used by the Project to power the lights, motors, control systems and other auxiliary electrical loads that are necessary for operation of the Project. Station Service Load includes all power consumed on-site at the Solar Project, Battery Storage Project, and Project substation. Station Service Load does not include transformer losses, line losses, gen-tie losses, and does not include power consumed at a SMUD switching station. Examples of Station Service Load include: All inverter conversion systems for the Solar Project and the Battery Storage Project, control systems, power supplies,

lighting, control building HVAC, SCADA, telecommunication equipment, enclosure cooling for the Battery Storage Project, and 120v outlets.

Station Service Load Letter of Agreement: That certain Station Service Load Letter of Agreement by and between Seller and SMUD, entered into after the Effective Date of this Agreement.

Stored Energy Level: At a particular time, the amount of electric energy stored in the Battery Storage Project, expressed in MWh.

Surety Bond: A surety bond issued for the benefit of the SMUD that (i) is provided by an issuer duly licensed or authorized in the State of California to issue bonds for the limits required and (ii) is substantially in the form of Exhibit T or in a form reasonably acceptable to Seller and Buyer.

Suspension Date: Has the meaning set forth in Section 8.2.2(b)(ii).

Term: Has the meaning set forth in Section 8.1.

Termination Event: Has the meaning set forth in Section 8.3.

Termination Payment: Has the meaning set forth in Section 8.5.

Test Energy: The Solar Product produced by the Solar Project, delivered to SMUD at the Delivery Points, and purchased by SMUD pursuant to Section 2.4.1 of this Agreement, prior to the Commercial Operation Date.

Third-Party SC: Has the meaning set forth in Section 7.2

Transfer: Has the meaning set forth in Section 17.1.

Transmission Provider: An entity that directs the operation of a Transmission System and provides transmission service.

Transmission System: The relatively high voltage wires, transformers and related equipment owned or controlled by a particular electric utility or grid operator, and generally used to move bulk quantities of power between different electric utilities or from large electric generators to a utility's Distribution System; as opposed to being used to make final delivery of electric power to retail customers.

Ultimate Parent: Enlight Renewable Energy Ltd.

WECC: The Western Electricity Coordinating Council, which is the regional entity responsible for coordinating and promoting bulk electric system reliability in the western United States and western Canada, or any successor organization.

WREGIS: Has the meaning set forth in Exhibit H.

WREGIS Certificate: Has the meaning set forth in Exhibit H.

WREGIS Operating Rules: Has the meaning set forth in Exhibit H.

WREGIS Shortfall: Has the meaning set forth in Section 2.4.2(b).

[NTD: All Section references need to be checked.]

## 1.2 RULES OF INTERPRETATION

In this Agreement, except as expressly stated otherwise or unless the context otherwise requires:

**1.2.1** headings and the rendering of text in bold and italics are for convenience and reference purposes only and do not affect the meaning or interpretation of this Agreement;

**1.2.2** words importing the singular include the plural and vice versa and the masculine, feminine and neuter genders include all genders;

**1.2.3** the words “hereof”, “herein”, and “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement;

**1.2.4** a reference to an Article, Section, paragraph, clause, Party, or Exhibit is a reference to that Section, paragraph, clause of, or that Party or Exhibit to, this Agreement unless otherwise specified;

**1.2.5** a reference to a document or agreement, including this Agreement shall mean such document, agreement or this Agreement including any amendment or supplement to, or replacement, novation or modification of this Agreement, but disregarding any amendment, supplement, replacement, novation or modification made in breach of such document, agreement or this Agreement;

**1.2.6** a reference to a person or entity includes that person’s or entity’s successors and permitted assigns;

**1.2.7** the term “including” means “including without limitation” and any list of examples following such term shall in no way restrict or limit the generality of the word or provision in respect of which such examples are provided;

**1.2.8** references to any statute, code or statutory provision are to be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or reenacted, and include references to all bylaws, instruments, orders and regulations for the time being made thereunder or deriving validity therefrom, unless the context otherwise requires;

**1.2.9** in the event of a conflict, a mathematical formula or other precise description of a concept or a term shall prevail over words providing a more general description of a concept or a term;

**1.2.10** references to any amount of money shall mean a reference to the amount in United States Dollars;

**1.2.11** a reference to a “day” is to a calendar day unless the context indicates otherwise;

**1.2.12** the expression “and/or” when used as a conjunction shall connote “any or all of”;

**1.2.13** words, phrases or expressions not otherwise defined herein that (i) have a generally accepted meaning in Prudent Utility Practice shall have such meaning in this Agreement or (ii) do not have well known and generally accepted meaning in Prudent Utility Practice but that have well known and generally accepted technical or trade meanings, shall have such recognized meanings; and

**1.2.14** each Party acknowledges that it was represented by counsel in connection with this Agreement and that it or its counsel reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

## **2. PROJECT; PURCHASE AND SALE OF PRODUCTS**

### **2.1 Project and Expected PV Capacity**

This Agreement governs SMUD's purchase of the Product from the Project as described in Exhibit A.

**2.1.1** The Initial Expected PV Capacity and the Initial Expected Battery Storage Capacity are shown in Exhibit A. Seller shall be permitted to modify, augment and/or replace the Project and its equipment and components with other equipment and components, at any time prior to or following Commercial Operation, so long as the Initial Expected PV Capacity and the Initial Expected Battery Storage Capacity, in each case as measured at the Delivery Points, are not reduced. Notwithstanding the foregoing, at least ninety (90) days prior to the date on which Seller reasonably anticipates that Commercial Operation will occur, Seller will provide SMUD with a final version of Exhibit A, which shall identify any updates or changes to certain of the equipment and components set forth in Exhibit A as attached to this Agreement. During the Delivery Term, Seller may modify the Project and its equipment and components from time to time so long as Seller provides SMUD with reasonably prompt written notice setting forth any modifications to Exhibit A. Once provided by Seller, this Agreement shall be deemed amended to include such final or modified version of Exhibit A.

**2.1.2** The Parties agree that the Project configuration will be initially Co-located Resources, consisting of separate CAISO Resource IDs for PV Generation and the Battery Energy Storage System. If requested by SMUD in writing not later than twelve (12) months prior to the Scheduled Commercial Operation Date, or during the Delivery Term following reasonable notice by SMUD to Seller, which notice shall be a minimum of three (3) months, and commensurate with the CAISO process for implementing the conversion from Co-located Resource to Hybrid Resource, or implement future conversions in accordance terms as specified herein. Seller shall exercise commercially reasonable efforts to convert the Project from a storage facility co-located with solar to a Hybrid Resource with a single CAISO Resource ID in accordance with the CAISO Tariff, provided that such efforts and conversion (a) do not require Seller to incur any additional actual or potential obligations, liabilities or expenses (other than de minimus internal administrative expenses, including staff time and overhead) above a cap of \$10,000, unless SMUD agrees to compensate Seller for costs above \$10,000, (b) do not reduce Seller's actual or expected compensation under this Agreement, unless SMUD agrees to compensate Seller for such reduction in actual or expected compensation, and (c) are subject to the Parties' mutual agreement on amendments to this Agreement that may be required to effectuate such conversion. Notwithstanding any of the above conversion conditions, Seller shall use commercially reasonable efforts to minimize costs and schedule duration associated with such conversion.

## 2.2 Products Purchased

During the Delivery Term, Seller shall sell and deliver, or cause to be delivered, and SMUD shall purchase and receive, or cause to be received, (i) Solar Products, and (ii) Battery Storage Products in accordance with the terms of this Agreement. During the Delivery Term, all Products shall be supplied only from the Project and shall be supplied from the Project only to SMUD. Subject to Section 2.3.2 below, SMUD acknowledges that Seller shall have the right to supply Products from the Project to third parties upon the expiration or earlier termination of the Delivery Term.

As of the Effective Date and during the Delivery Term and except as otherwise provided in Section 3.4, Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that the Solar Project's output delivered to SMUD qualified under the requirements of California Public Utilities Code 399.16(b)(1) of the Public Utilities Code for a Portfolio Content Category 1 transaction.

## 2.3 Delivery Term, Delivery Points, and Commercial Operation

### 2.3.1 Delivery Term

The "**Delivery Term**" shall commence at the start of the hour ending 01:00 PST on the COD and shall expire at the completion of the hour ending 24:00 PST on the last day of the (i) thirtieth (30th) Contract Year for the Solar Project, and the (ii) twentieth (20<sup>th</sup>) Contract Year for the Battery Storage Project, unless either is terminated earlier as set forth herein, including for exercise of the Project Purchase Option. Notwithstanding anything herein to the contrary, all provisions of this Agreement related to the Battery Storage Project, including those set forth in Sections 2.3 and 5.4, shall expire and be of no force and effect after the twentieth (20<sup>th</sup>) Contract Year, except to the extent that such provisions relate to performance rendered prior to the end of the twentieth (20<sup>th</sup>) Contract Year. Upon expiration of the Delivery Term for the Battery Storage Project, the Parties will, upon request by either Party, amend this Agreement as necessary to remove the terms that are no longer applicable and take such other actions required to effectuate the expiration of the Delivery Term for the Battery Storage Project, including reducing or returning a portion of the Delivery Term Security. Prior to the expiration of the Delivery Term for the Battery Storage Project, and in accordance with applicable CAISO requirements, SMUD will provide notice that SMUD will no longer be the Scheduling Coordinator for the Battery Storage Project effective as of the expiration of the Delivery Term for the Battery Storage Project.

### 2.3.2 Right of First Refusal

**2.3.2.1. Battery Storage Project.** No later than twelve (12) months prior to the end of the twentieth (20th) Contract Year, if Seller chooses to sell Battery Storage Products from the Battery Storage Project to any third party, including but not limited to a market, after the expiration of the Delivery Term of the Battery Storage Project, Seller shall provide notice of such intended sale to SMUD ("**Proposed Battery Storage Products Sale Notice**"). Upon receipt of such Proposed Battery Products Storage Sale Notice, SMUD will have thirty (30) days in which to provide notice to Seller indicating SMUD's interest in negotiating with Seller to purchase Battery Storage Products from the Battery Storage Project, which notice shall include SMUD's proposed contract price for such continued purchase ("**Proposed Battery Storage Products Purchase Notice**"). If SMUD provides such Proposed Battery Storage Products Purchase Notice to Seller, then the Parties shall negotiate in good faith for a period of sixty (60) days from the date of SMUD's Proposed Battery Storage Products Purchase Notice to determine if they are able to reach mutual agreement on the terms and conditions of a sale to SMUD under a separate agreement after the end of the twentieth (20th) Contract Year for the sale of Battery Storage Products. If SMUD does not timely provide a Proposed Battery Storage Products Purchase Notice to Seller or if the Parties are unable to agree upon the terms and conditions of any sale of such Battery Storage Products to SMUD within such 60-day negotiation period set forth above (subject to extension by mutual agreement), then, subject to SMUD's option to purchase the Battery Storage Project as provided in Section 19, Seller shall be free to negotiate for the sale of such Battery

Storage Products from the Battery Storage Project to any third party thereunder. For the avoidance of doubt, Seller is not obligated to provide such Proposed Battery Products Storage Sale Notice if Seller determines in its reasonable discretion that sales to SMUD after the twentieth (20th) Contract Year for Battery Storage Products would negatively impact its ability to qualify for the Investment Tax Credit, due to extension of the Delivery Term for the Battery Storage Project for more than eighty percent (80%) of the estimated useful life of the Battery Storage Project, or the estimated remaining residual value of the Battery Storage Project at the conclusion of the extended Delivery Term for the Battery Storage Project would be less than twenty percent (20%) of the original cost of the Battery Storage Project; and neither Party is obligated to enter into any agreement as a result of any negotiations after the Proposed Battery Storage Products Purchase Notice is provided; and this Section 2.3.2.1 shall be of no force and effect upon expiration of the applicable Delivery Term of the Battery Storage Project.

**2.3.2.2. Solar Project.** No later than twelve (12) months prior to the end of the thirtieth (30th) Contract Year, if Seller chooses to sell Solar Products from the Solar Project to any third party, including but not limited to a market, after the expiration of the Delivery Term of the Solar Project, Seller shall first provide notice of such intended sale to SMUD (“**Proposed Solar Products Sale Notice**”). Upon receipt of such Proposed Solar Products Sale Notice, SMUD will have thirty (30) days in which to provide notice to Seller indicating SMUD’s interest in negotiating with Seller to purchase Solar Products from the Solar Project, which notice shall include SMUD’s proposed contract price for such continued purchase (“**Proposed Solar Products Purchase Notice**”). If SMUD provides such Proposed Solar Products Purchase Notice to Seller, then the Parties shall undertake for a period of sixty (60) days from the date of SMUD’s Proposed Solar Products Purchase Notice to determine if they are able to reach mutual agreement on the terms and conditions of a sale to SMUD under a separate agreement after the end of the thirtieth (30th) Contract Year for the sale of Solar Products. If SMUD does not timely provide a Proposed Solar Products Purchase Notice to Seller or if the Parties are unable to agree upon the terms and conditions of any sale of such Solar Products to SMUD within such 60-day negotiation period set forth above (subject to extension by mutual agreement), then Seller shall be free to negotiate for the sale of such Solar Products from the Solar Project to any third party thereafter. For the avoidance of doubt, Seller is not obligated to provide such Proposed Solar Products Sale Notice if it does not intend to make third party sales after the end of the Delivery Term or if Seller determines in its reasonable discretion that sales to SMUD after the thirtieth (30th) Contract Year for Solar Products would negatively impact its ability to qualify for the Investment Tax Credit, due to extension of the Delivery Term for the Solar Project for more than eighty percent (80%) of the estimated useful life of the Solar Project, or the estimated remaining residual value of the Solar Project at the conclusion of the extended Delivery Term for the Solar Project would be less than twenty percent (20%) of the original cost of the Solar Project; and neither Party is obligated to enter into any agreement as a result of any negotiations after the Proposed Solar Products Purchase Notice is provided; and this Section 2.3.2.2 shall be of no force and effect upon expiration of the applicable Delivery Term of the Solar Project.

### **2.3.3 Scheduled Commercial Operation Date**

The Scheduled Commercial Operation Date of the Project is shown in Exhibit A.

### **2.3.4 Requirements for Commercial Operation**

Commercial Operation shall have been achieved when each of the following conditions have been satisfied or waived by the Parties (“**COD Conditions**”):

- a) The Required Percentage of (i) the Initial Expected PV Capacity of the Solar Project and (ii) the Initial Expected Battery Storage Capacity of the Battery Storage Project has each been installed, fully commissioned, and satisfactorily completed all startup testing;

- b) An independent, professional engineer that is actively registered in California, has provided a certificate with a PE stamp, certifying that (i) testing pursuant to ASTM E2848-13 (2018) (Standard Test Method for Reporting Photovoltaic Non-Concentrator System Performance), as further detailed in Exhibit L, has reported that the Solar Project is capable of delivering the Required Percentage of the Initial Expected PV Capacity at the Delivery Points, on a continuous basis, without operator intervention and with Availability no less than the Guaranteed Availability, with the exception of normal daily shut-down during hours of insufficient solar irradiation, as demonstrated through a 120 hour continuous operation test of the Solar Project, taking into account the photovoltaic nature of the Solar Project, (ii) the Required Percentage of the Initial Expected Battery Storage Capacity of the Battery Storage Project is installed and capable of charging and discharging Energy, and (iii) Seller has completed the Battery Storage Commercial Operation Test in accordance with Exhibit M;
- c) Seller has provided for and SMUD has successfully completed Pre-Commercial Operation Date Testing and Modifications as specified in Section 6, Appendix G and Appendix H of the LGIA;
- d) Meteorological and any other site data as specified in Appendix H of the LGIA are capable of being delivered to SMUD and/or a third party reasonably designated by SMUD for the purposes of creating a generation forecast;
- e) The Plant Controller (as defined in the LGIA) required pursuant to the LGIA is operational;
- f) Seller has provided documentation demonstrating a NERC Generator Owner (GO) registration and a NERC Generator Operator (GOP) registration are in progress or have completed for the Project, such as a screenshot of the registration request demonstrating that the pertinent NERC registration is in progress;
- g) Seller has provided official contact information, including direct telephone numbers and email addresses for the Project GOP's Control Center personnel and the corresponding Supervisor/Manager/Director responsible for the Control Center operations;
- h) A Permission To Operate (PTO) letter has been signed and executed by SMUD's Director of Grid Operations (consistent with Prudent Utility Practice and LGIA requirements), not to be unreasonably withheld, conditioned or delayed (it being understood and agreed that this condition shall be deemed to be achieved upon issuance of the permission to operate notice in accordance with Section 6 of the LGIA); and
- i) Seller has issued the COD Notice.

Seller shall issue a notice of Commercial Operation to SMUD when Seller believes that the Project has satisfied all COD Conditions (a "**COD Notice**"). Solar Project and Battery Storage Project shall have the same COD. A COD Notice shall include all necessary supporting documentation of the satisfaction or occurrence of all COD Conditions. SMUD shall have ten (10) days to review the COD Notice and raise any reasonable objections to Seller's satisfaction of any COD Conditions; provided, however, that Seller's COD Notice shall be deemed accepted by SMUD if SMUD fails to object within such time period. The Commercial Operation Date will be the date upon which Seller submits its COD Notice to SMUD, unless SMUD timely objects to

Seller's evidence of the COD Conditions, then the Commercial Operation Date will be either (i) the date upon which such evidence is provided to SMUD's reasonable satisfaction or is deemed to have been accepted by SMUD, or (ii) the date determined pursuant to Section 21 Dispute Resolution, as applicable.

### **2.3.5 Provision for Separate COD of Battery Storage**

Buyer and Seller may mutually agree to a separate COD for the Battery Storage Project, for any reason, including if Solar Project is delayed, and appropriate Amendments to the agreement.

### **2.3.6 Commercial Operation Date Confirmation Letter**

Upon satisfaction of the COD Conditions, SMUD shall execute and then provide to Seller for execution, the "Commercial Operation Date Confirmation Letter." The fully executed version shall be attached as Exhibit E to this Agreement.

### **2.3.7 Payment for Delay of Commercial Operation; Extension of Scheduled COD**

If (a) the Solar Project fails to achieve Commercial Operation or (b) the Battery Storage Project fails to achieve Commercial Operation, in each case, on or before the Scheduled Commercial Operation Date (as such date may be extended as provided herein) (the "**Delay LD Start Date**"), then Seller shall pay SMUD Delay Damages of \$100/MW/day for each day following the Delay LD Start Date for each MW or portion thereof by which (i) the Capacity of the Solar Project that has been commissioned and is capable of reliably delivering Energy and minimum functionality for such capacity consistent with Appendices G and H of the Interconnection Agreement (provided that SMUD's inability to receive data shall not be deemed the Project's inability to satisfy the minimum functionality requirement) to the Delivery Points is less than the Required Percentage of the Initial Expected PV Capacity of the Solar Project, to be adjusted daily as additional parts of the Solar Project are commissioned and become capable of reliably delivering Energy to the Delivery Points pursuant to Section 2.1.1, and (ii) the Capacity of the Battery Storage Project that has been commissioned and capable of charging and discharging Energy is less than the Required Percentage of the Initial Expected Battery Storage Capacity, until the earlier of (A) Commercial Operation, or (B) the Guaranteed Commercial Operation Date. The Parties agree that SMUD's receipt of Delay Damages shall be SMUD's sole and exclusive remedy for any default prior to the Commercial Operation Date, but shall not be construed as SMUD's notification that an Event of Default or Termination Event has occurred under any provision of Article 8.

The Scheduled Commercial Operation Date shall be extended on a day-for day basis and Seller shall not owe SMUD Delay Damages for any Excusable Delay, provided that the Parties shall exercise due diligence to overcome or mitigate the effects of any Excusable Delay.

### **2.3.8 Payment for PV Deficit Damages or Battery Storage Deficit Damages**

- a) If Seller achieves Commercial Operation with less than the Initial Expected PV Capacity, then Seller shall use commercially reasonable efforts following the Commercial Operation Date to cause the remaining portion of the Initial Expected PV Capacity to achieve Commercial Operation. If Seller has not caused the PV Capacity Shortfall to achieve Commercial Operation on or before one hundred eighty (180) days after the COD, then Seller shall pay SMUD damages equal to the PV Capacity Shortfall multiplied by \$150,000/MW ("**PV Deficit Damages**"). However, if the reason for the PV Capacity Shortfall is the result of (i) delays with or restrictions to Permit(s) (unless and to the extent due to the fault or negligence of Seller), (ii) delays with or restrictions to transmission interconnection (unless and to the extent due to the fault or negligence of Seller), (iii) local fire jurisdiction delays or restrictions (e.g. reduced

site size) (unless and to the extent due to the fault or negligence of Seller, (iv) the failure of SMUD to perform its performance obligations hereunder or under the Lease (unless and to the extent due to the fault or negligence of Seller), or (v) an event or circumstance described in Subsection (c) of the Force Majeure definition, then Seller shall not be obligated to pay any PV Deficit Damages associated directly with the portion of PV Capacity Shortfall not built because of such delays or restrictions. For the avoidance of doubt, the conditions above are the sole and exclusive reasons that Seller is not obligated to pay PV Deficit Damages in the event of a PV Capacity Shortfall, and any other reasons including, but not limited to Force Majeure events (except for Subsection (c) of the Force Majeure definition), do not excuse Seller from its obligation to pay PV Deficit Damages. Thereafter, the Expected PV Capacity will be equal to such final amount for all purposes under this Agreement and all requirements and deliverables hereunder that are determined based upon the Expected PV Capacity (including the Expected Energy Production set forth in Exhibit C and the required Delivery Term Security as set forth in Section 9.1) shall be reduced on a pro rata basis.

- b) If Seller achieves Commercial Operation with less than the Expected Battery Storage Capacity, then Seller shall use commercially reasonable efforts following the Commercial Operation Date to cause the remaining portion of the Expected Battery Storage Capacity to achieve Commercial Operation. If Seller has not caused the delayed Capacity to achieve Commercial Operation on or before three hundred sixty five (365) days after the COD, then Seller shall pay SMUD damages equal to the Battery Storage Capacity Shortfall multiplied by \$150,000/MW (“**Battery Storage Deficit Damages**” and together with the PV Deficit Damages, the “**Deficit Damages**”). However, if the reason for the Battery Storage Capacity Shortfall is the result of (i) delays with or restrictions to Permit(s) (unless and to the extent due to the fault or negligence of Seller), (ii) delays with or restrictions to transmission interconnection (unless and to the extent due to the fault or negligence of Seller), (iii) local fire jurisdiction delays or restrictions (e.g. reduced site size) (unless and to the extent due to the fault or negligence of Seller), or (iv) the failure of SMUD to perform its performance obligations hereunder or under the Lease (unless and to the extent due to the fault or negligence of Seller), then Seller shall not be obligated to pay any Battery Storage Deficit Damages associated directly with the portion of Battery Storage Capacity Shortfall not built because of such delays or restrictions. For the avoidance of doubt, the conditions above are the sole and exclusive reasons that Seller is not obligated to pay Battery Storage Deficit Damages, and any other reasons including, but not limited to Force Majeure events, do not excuse Seller from its obligation to pay Battery Storage Deficit Damages. Thereafter, the Expected Battery Storage Capacity will be reduced proportionately to account for the final Expected Battery Storage Capacity at the end of such three hundred sixty five (365)-day period for all purposes under this Agreement. Thereafter, the Expected Battery Storage Capacity will be equal to such final amount for all purposes under this Agreement and all requirements and deliverables hereunder that are determined based upon the Expected Battery Storage Capacity (including the required Delivery Term Security as set forth in Section 9.1) shall be reduced on a pro rata basis.
- c) Parties agree that SMUD’s receipt of Deficit Damages shall be SMUD’s sole and exclusive remedy for failure to achieve Commercial Operation with less than the Initial Expected PV Capacity or Initial Expected Battery Storage Capacity, as applicable. Parties further agree that (i) payment of any PV Deficit Damages and any corresponding decrease in the Capacity of the Solar Project shall not in any way affect the Expected Battery Storage Capacity and (ii) payment of any Battery Storage Deficit Damages and any corresponding decrease in the Expected Battery Storage Capacity shall not in any way affect the Expected PV Capacity.

### 2.3.9 Cap on Damages.

Notwithstanding anything in this Agreement to the contrary, Delay Damages owed by Seller to SMUD hereunder together with any Deficit Damages shall not exceed the Development Security provided by Seller pursuant to Section 9.1.

### 2.3.10 Project Testing.

Prior to the Commercial Operation Date, Seller shall schedule with SMUD and complete 1) a commercial operation test that establishes the Expected PV Capacity of the Solar Project, in accordance with Exhibit L ("**PV Commercial Operation Test**"), and 2) a commercial operation test that establishes the Expected Battery Storage Capacity of the Battery Storage Project, in accordance with Exhibit M ("**Battery Storage Commercial Operation Test**").

## 2.4 Payment for Products Purchased

### 2.4.1 Pre-Commercial Energy Price

Seller will sell Pre-COD energy and associated Environmental Attributes to SMUD. If the Pre-COD Index Price is greater than zero dollars (\$0) prior to the Commercial Operation Date, SMUD will pay (a) for Test Energy produced by the Solar Project, by multiplying (i) fifty (50)% of the Pre-COD Index Price by (ii) the applicable hourly Energy quantity (in MWh) as measured by the Solar Meter and (b) ten dollars (\$10) for each REC associated with the Test Energy that is confirmed to be a valid PCC-1 REC and is transferred into Buyer's WREGIS subaccount. If the Pre-COD Index Price is less than zero dollars (\$0) prior to the Commercial Operation Date, SMUD will pay (A) for Test Energy produced by the Solar Project by multiplying (1) one hundred percent (100%) of the Pre-COD Index Price, but not less than negative ten dollars (-\$10), by (2) the applicable hourly Energy quantity (in MWh) as measured by the Solar Meter, and (B) ten dollars (\$10) for each REC associated with the Test Energy that is confirmed to be a valid PCC-1 REC and is transferred into Buyer's WREGIS subaccount. SMUD will have the right to schedule the Solar Project and Battery Storage Project prior to the Commercial Operation Date, and may curtail Energy therefrom, so long as such curtailment does not unreasonably interfere with Seller's testing and installation activities.

### 2.4.2 PV Price after Commercial Operation Date

- a) Subject to Sections 2.4.2(b), once the Project has achieved Commercial Operation, SMUD shall pay Seller the Monthly Settlement Amount.
- b) In the event that SMUD fails to receive WREGIS Certificates associated with the amount of PV Energy delivered to the Delivery Points within one hundred ten (110) days after the end of the month that the Energy was generated and delivered to SMUD at the Delivery Points and the cause of such failure is due to Seller's actions or inactions inconsistent with its obligations under this Agreement ("**WREGIS Shortfall**"), then the Monthly Settlement Amount will be discounted by an amount equal to the PCC1 REC Price for such Energy previously delivered at the Delivery Points. The "**PCC1 REC Price**" means the market value as reasonably determined by SMUD using commercially reasonable efforts for PCC1 RECs, based on the average of 3 broker quotes for NP-15 Solar PV CEC RPS PCC-1 RECs, if available, in the month following the month in which the WREGIS Shortfall occurs. SMUD will provide notice to Seller of any WREGIS Shortfall, including SMUD's calculation and supporting evidence for the PCC1 REC Price and volume of Energy for which Seller owes SMUD a refund. Any disputes with respect to the cause of a WREGIS Shortfall

or the calculation of the PCC1 REC Price will be resolved pursuant to the provisions of Section 21. Seller shall provide a true-up payment to SMUD or SMUD may offset its payment to Seller in the next regular settlement for any amounts owed by Seller to SMUD pursuant to this Section 2.4.2(b). If Seller cures a WREGIS Shortfall after Seller has refunded the PCC 1 REC Price to SMUD, then SMUD shall refund all or part of the true-up amounts associated with such cure to Seller in the next invoice after such WREGIS shortfall is cured.

#### **2.4.3 [Reserved]**

#### **2.4.4 Energy in Excess of LGIA Limitation**

Seller may not deliver Energy in excess of any limitation set forth in the Large Generator Interconnection Agreement.

#### **2.4.5 SMUD Meters**

Energy produced by the Project, which is interconnected to the SMUD Transmission System, shall be measured at, or as of, the Point(s) of Interconnection as defined in the LGIA. Metering shall occur at the Solar Meter and Battery Storage Meter, which shall account for Electrical Losses between the meter location and the Point of Interconnection. SMUD shall have the right, but not the obligation, to read the Project's meters on a daily basis.

#### **2.4.6 Title and Risk of Loss**

Title to and risk of loss related to the Products produced from the Solar Project shall transfer from Seller to SMUD at the Delivery Points. Except as provided hereunder, Seller warrants that it will deliver to SMUD all Products from the Solar Project free and clear of all liens, security interests, claims and encumbrances, or any interest therein or thereto by any person arising prior to the Delivery Points.

#### **2.4.7 Settlement Payments**

- a) Following the end of each calendar month ("**Settlement Period**"), Seller shall deliver to SMUD Seller's settlement calculations with respect to the Settlement Period within 25 days after the end of such Settlement Period. By the later of the 15<sup>th</sup> day of the second month after the Settlement Period, or 20 days after receipt of Seller's settlement calculation, SMUD shall deliver to Seller a settlement checkout statement which shall include a calculation of the Capacity Subtotal Payment (as defined below) as adjusted by the Performance Metrics for such Settlement Period. The sum total results of such calculation shall be referred to herein as the "**Monthly Settlement Amount**". The Capacity Subtotal Payment for the Solar Project and the Battery Storage Project, respectively, shall be equal to PV Price or Battery Storage Price multiplied by Expected PV Capacity or Expected Battery Storage Capacity (the "**Capacity Subtotal Payment**"); and such payment shall cover payment for the respective Solar Products and/or Battery Storage Product. The Monthly Settlement Amount shall be equal to the sum of 1) the Capacity Subtotal Payment for the Solar Project multiplied by PV Reliability Percentage multiplied by the Availability Percentage for the Solar Project, and 2) the Capacity Subtotal Payment for the Battery Storage Project multiplied by the Battery Storage Reliability Percentage

multiplied by Availability Percentage for the Battery Storage Project, as demonstrated in the form below and with example calculations in Exhibit W.

Resource	Contract Price	X	Expected PV Capacity or Expected Battery Storage Capacity	=	Capacity Subtotal Payment	X	Availability Percentage	X	PV Reliability Percentage or Battery Storage Reliability Percentage	=	Total
Solar Project	\$				\$						\$
Battery Storage Project	\$				\$						\$
<b>Monthly Settlement Amount</b>											

- b) For purposes of the calculation of the Capacity Subtotal Payment, the Expected PV Capacity shall reflect the most recent PV Capacity Test results. Further, for purposes of the calculation of the Capacity Subtotal Payment, the Expected Battery Storage Contract Capacity shall reflect the most recent Battery Storage Capacity Test results. SMUD shall pay the Monthly Settlement Amount with respect to such month on the 15<sup>th</sup> day of the second month following the relevant Settlement Period (or the next succeeding Business Day), subject to the provisions of Section 2.4.7. Changes to Expected PV Capacity or the Expected Battery Storage Capacity shall become effective at the beginning of the next Settlement Period following such PV Capacity Test or Battery Storage Capacity Test.
- c) A Party may in good faith, dispute the correctness or absence of any settlement or adjustment to a settlement rendered under this Agreement or adjust any settlement for any arithmetic or computational error within twenty-four (24) months after the settlement is rendered or any specific adjustment to the settlement is made. In the event a settlement or portion thereof, or any other claim or adjustment arising hereunder is disputed, payment of the undisputed portion of the settlement shall be required to be made when due in accordance with this Section 2.4.7, with notice of the objection given to the Party issuing such settlement. Any billing dispute or billing adjustment shall be in writing and shall state the basis for such dispute or adjustment. Payment of the disputed amount shall not be required until the dispute is resolved, however the Party in receipt of the dispute notice is required to respond to such dispute notice with reasonable supporting documentation no later than ten (10) Business Days following delivery of such notice. If it is determined that an adjustment to the settlement is appropriate or an underpayment was made, then such payment shall be required to be made within ten (10) Business Days of such determination along with interest accrued at the Interest Rate from and including the due date to but excluding the date paid. Overpayments by a Party shall, at the option of the Party making such overpayment, be returned upon request or deducted by the Party receiving such overpayment from subsequent payments, with interest accrued at the Interest Rate from and including the date of such overpayment to but excluding the date repaid or deducted by the Party receiving such overpayment. Any dispute with respect to a settlement is waived unless the other Party is notified in accordance with this Section 2.4.7(c) within twenty-four (24) months after the settlement is rendered or any specific adjustment to the settlement is made.

- d) The final monthly settlement checkout statement shall set forth, as applicable, (1) the Monthly Settlement Amount; and (2) any other fees, charges or other amounts due and owing to Buyer pursuant to this Agreement.
- e) Either Party may offset the payment due to the other Party under this Agreement against the amounts owing from such other Party to the offsetting Party pursuant to this Agreement.

#### **2.4.8 Reserved**

#### **2.4.9 Capacity Testing**

The Expected PV Capacity is the result of the most recent PV Capacity Test, which shall be performed as described in Exhibit L ("**Expected PV Capacity**"). The Expected Battery Storage Capacity is the result of the most recent Battery Storage Capacity Test, which shall be performed as described in Exhibit M ("**Expected Battery Storage Capacity**"). The PV Capacity Test and/or Battery Storage Capacity Test will be performed upon request by either Party, when SMUD system conditions can allow for such testing, as reasonably determined by SMUD, not less than one (1) test every Contract Year, and (i) with respect to the PV Capacity Test, not more than one (1) test per month to be conducted only during the months of February, May and August, and one test between October 14<sup>th</sup> – November 14<sup>th</sup>, or (ii) with respect to the Battery Storage Capacity Test, not more than one (1) test per calendar quarter, except for (a) a single retest of each original test within approximately seven (7) days of original test, or (b) not more than one (1) test per calendar month at the request of either Party if such Party reasonably determines that the Capacity of the Solar Project or the Battery Storage Project has failed to conform to at least 90% of the Expected PV Capacity or Expected Battery Storage Capacity, respectively, for more than five (5) days and continues to fail to conform, in each case when SMUD system conditions can allow for such testing. Upon the request of either Party, on or after the second (2<sup>nd</sup>) anniversary of the Commercial Operation Date, the Parties shall use good faith efforts to negotiate a replacement for the capacity testing methodology based on a continuous performance metric.

#### **2.4.10 Availability Determination & Reporting**

Seller shall generate a comprehensive operating report for each month, containing Seller's record of Availability for the Solar Project and the Battery Storage Project at the POI (measured separately), utilizing data originating from the Availability System of Record, and the monthly report generated by the operations & maintenance provider of the facility, unless Buyer agrees to utilize data from an alternate system ("**Monthly Operating Report**"). The Monthly Operating Report shall be substantially in the form attached herein as Exhibit V. The timing of the Monthly Operating Report shall be synchronized with the monthly settlement process, and due to Buyer by the 25<sup>th</sup> day following the end of the Settlement Period, in support of Section 2.4.7 Settlement Period payment. Buyer and Seller shall discuss and resolve any disputes involving the Monthly Operating Report by the 5<sup>th</sup> day of the second month following the end of the Settlement Period, in accordance with Section 2.4.b. The final Monthly Operating Report shall be used as part of the monthly settlement amount determination in Section 2.4.7.

##### **a) PV Availability**

Within forty-five (45) days after the end of each Contract Year, Seller shall submit its determination of the Annual Average PV Availability from the Availability System of Record.

##### **b) Battery Storage Availability**

Within forty-five (45) days after the end of each Contract Year, Seller shall submit its determination of the Annual Average Battery Storage Availability from the Availability System of Record.

### **2.4.11 Round Trip Efficiency**

Within forty-five (45) days after the end of each Contract Year, Seller shall submit its calculation of the Round Trip Efficiency in accordance with Exhibit O. During the Delivery Term, the Battery Storage Project shall maintain a Round Trip Efficiency of no less than the Guaranteed Round Trip Efficiency. If the Round Trip Efficiency following the Annual Battery Storage Capacity Test is less than the Guaranteed Round Trip Efficiency, then Seller shall pay Round Trip Efficiency Liquidated Damages, as defined and determined in accordance with Exhibit O. Such Round Trip Efficiency Liquidated Damages shall be SMUD's sole and exclusive remedy for Seller's failure to satisfy the Guaranteed Round Trip Efficiency. For the avoidance of doubt, Round Trip Efficiency Liquidated Damages shall only be calculated from data obtained during an Annual Battery Storage Capacity Test conducted within thirty (30) days after the end of each Contract Year.

## **3. CERTIFICATION AS AN ELIGIBLE RENEWABLE ENERGY RESOURCE**

### **3.1 CEC RPS and Green-e Certifications**

Subject to Section 3.4, SMUD requires that all renewable energy sold under this Agreement will meet the RPS requirements. At its own expense but subject to Section 3.4, Seller shall comply with the following:

- a) Commensurate with the Commercial Operation Date or as soon as reasonably practicable thereafter, Seller shall also provide a completed Green-e generator registration and attestation form (under the Green-e Standard) to SMUD and the Center for Resource Solutions, and Seller shall provide evidence of Green-e eligibility.
- b) Seller shall file an application with the CEC for RPS Pre-Certification within thirty (30) days after the Effective Date, and shall use commercially reasonable efforts to obtain the CEC Pre-Certification no later than the date on which the milestone regarding permission to energize for transmission and generation is achieved.
- c) In no event later than thirty (30) Business Days after the Commercial Operation Date (COD), Seller shall file for full RPS Certification of the Project with the CEC.
- d) Seller shall use commercially reasonable efforts to ensure that Seller's RPS Certification applies, starting with the Commercial Operation Date as set forth in the Commercial Operation Date Confirmation Letter (see Exhibit E).
- e) Seller shall respond to inquiries from the CEC related to its applications for CEC Pre-Certification and RPS Certification within five (5) Business Days of receipt of such inquiry.
- f) Except as otherwise provided in Section 3.4, Seller shall maintain such RPS Certification throughout the Delivery Term at its own expense.
- g) Subject to Section 3.4, Seller shall ensure that throughout the Delivery Term, Energy and Environmental Attributes from the Project delivered to the Delivery Points (not including Energy and Environmental Attributes associated with any Energy that is not PV Energy delivered to the Delivery Points) meet the criteria of California Public Utilities Code 399.16(b)(1); and ensure that the electricity and RECs from the Project are bundled according to the applicable CEC RPS Eligibility Guidebook.

### 3.2 Environmental Attribute Delivery Obligation

Seller shall sell and deliver, and SMUD shall receive and purchase from Seller, all rights, title, and interest in all Environmental Attributes associated with Energy produced by the Project and delivered to SMUD at the Delivery Points whether now existing or that hereafter come into existence prior to and including the Delivery Term. Seller agrees to sell to SMUD all such Environmental Attributes to the fullest extent allowable by applicable Law, and convey the same to SMUD in accordance with the procedures in Exhibit H. Seller warrants that all Environmental Attributes provided to SMUD shall be free and clear of all liens, security interests, claims and encumbrances.

### 3.3 WREGIS Registration

Documentation of Environmental Attributes associated with the Energy produced under this Agreement shall be tracked through WREGIS. Seller shall assign rights to register the Project in WREGIS to SMUD, such that RECs are deposited directly into SMUD's WREGIS account. In accordance with Exhibit H and Section 3.4, SMUD shall be responsible for all WREGIS costs and fees associated with the issuance/creation of WREGIS RECs for the Project, and SMUD shall be responsible for any fees associated with the transfer and/or retirement of such WREGIS RECs to SMUD. WREGIS REC identification information shall support both CEC RPS and Green-e Standard REC retirements. At least forty-five (45) days before the end of the Term, or as soon as practicable before the date of any early termination of this Agreement before the end of the Term, SMUD shall take all actions necessary to terminate the assignment of registration rights in WREGIS associated with the Project as of the last day of the Term.

### 3.4 Change in Law

**3.4.1** The Parties agree that expenditures to comply with the requirements of this Article 3 ("**Environmental Attribute Compliance Expenditures**") that Seller shall be required to bear during the Term of this Agreement shall be capped at a total of \$150,000 per Contract Year and \$2,000,000 in the aggregate over the Term ("**Environmental Attribute Compliance Expenditure Cap**"). Environmental Attribute Compliance Expenditures do not include costs up to the \$10,000 cap associated with switching from a Co-located Resource to a Hybrid Resource under Section 2.1.2. The Environmental Attribute Compliance Expenditures and the Capacity Attribute Compliance Expenditures shall not, when summed together, exceed the cap of \$150,000 per Contract Year or \$2,000,000 in the aggregate. For the avoidance of doubt, there is combined dollar cap (\$150,000 and \$2,000,00, respectively) that applies to both Environmental Attribute Compliance Expenditures and Capacity Attribute Compliance Expenditures.

**3.4.2** If a change in Law occurs after the Effective Date that affects Seller's compliance with its obligations under this Section 3, Seller shall not be in breach of such obligations if Seller has used commercially reasonable efforts to comply with such change in Law as it pertains to such obligations. For purposes of this Section 3.4.2, the term "commercially reasonable efforts" shall not require additional out-of-pocket expenditures in the aggregate in excess of the Environmental Attribute Compliance Expenditure Cap in complying with the changes in Law described in this Section 3.4 unless SMUD and Seller have agreed in writing for SMUD to reimburse Seller for or to pay directly such excess expenditures.

**3.4.3** Within thirty (30) days after the end of each calendar quarter during the Term, Seller shall provide SMUD with a report describing the Environmental Attribute Compliance Expenditures that Seller incurred during that calendar quarter and the total Environmental Attribute Compliance Expenditures incurred during the Contract Year that includes such calendar quarter. Prior to incurring Environmental Attribute Compliance Expenditures that are

anticipated to exceed \$25,000, Seller shall notify SMUD of the expected Environmental Attribute Compliance Expenditures. Following such notice, the Parties shall attempt to agree to limit such Environmental Attribute Compliance Expenditures to the extent practicable; provided, however, that nothing herein limits Seller's right to incur Environmental Attribute Compliance Expenditures that Seller believes in good faith must be incurred for Seller to comply with its obligations under this Agreement, as long as the above notification provisions are met. If Seller determines that costs in excess of the Environmental Attribute Compliance Expenditure Cap will have to be incurred, then Seller shall notify SMUD and provide documentation and calculations to support the expected excess costs. SMUD may then: (1) approve the expected excess costs and notify Seller of such approval, and Seller shall comply upon receipt of notice of SMUD's approval and SMUD's payment for the expected excess costs (such costs, "**Accepted Compliance Expenditures**"); or (2) elect not to pay Seller for the expected excess costs and notify Seller of such decision, in which case this Agreement shall continue in full force and effect and Seller shall continue to be excused from performing any obligation that causes, or would cause, the incurrence of such Environmental Attribute Compliance Expenditures in excess of the Environmental Attribute Compliance Expenditure Cap. SMUD is not required to reimburse Seller for any Environmental Attribute Compliance Expenditures unless and until SMUD agrees to the expected Compliance Expenditures in excess of the Environmental Attribute Compliance Expenditure Cap. To the extent that SMUD has not agreed to reimburse, or has not reimbursed, Seller for any Accepted Compliance Expenditures, then SMUD is deemed to have waived Seller's obligation that causes, or would cause, the incurrence of such Environmental Attribute Compliance Expenditures in excess of the Environmental Attribute Compliance Expenditure Cap and (x) Seller will not be in default under this Agreement for failure to satisfy any such obligation and (y) payments to Seller under this Agreement during the entirety of the Delivery Term will not decrease as a result of such change in Law and will be maintained as if all such obligations were taken.

### **3.5 Additional Evidence of Environmental Attribute Conveyance**

At SMUD's reasonable request, Seller shall provide additional reasonable evidence to SMUD or to third parties of SMUD's right, title, and interest in Environmental Attributes and information with respect to Environmental Attributes; provided that no such request may impose any material additional costs on the Seller.

### **3.6 Modification of Environmental Attribute Reporting and Conveyance Procedure**

The Parties shall revise Exhibit H as appropriate and issue a new Exhibit H which shall then become part of this Agreement, subject to Seller acceptance of any changes impacting costs or revenues, in order to reflect changes necessary in the Environmental Attribute conveyance procedure for SMUD to be able to receive and report the Environmental Attributes purchased under this Agreement as belonging to SMUD, in the event that:

- a) WREGIS changes the WREGIS Operating Rules after the Effective Date or applies the WREGIS Operating Rules in a manner inconsistent with Exhibit H after the Effective Date; or,
- b) WREGIS is replaced as the primary method that SMUD uses for conveyance of Environmental Attributes, or additional methods to convey all Environmental Attributes are required.

In no event will such revised Exhibit H cause Seller to incur any category of cost for which it is not already otherwise responsible under this Agreement, without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller and subject to Section 3.4.

### **3.7 Reporting of Ownership of Environmental Attributes**

Seller shall not report to any person or entity that the Environmental Attributes sold and conveyed hereunder to SMUD belong to anyone other than SMUD, and SMUD may report under any such program that such Environmental Attributes purchased hereunder belong to SMUD.

### **3.8 Greenhouse Gas (GHG) Emissions**

Seller shall bear all liability for reporting any and all GHG emissions from the Project, and for any compliance obligations under federal, state (including AB 32) and local laws for such emissions.

## **4. CONVEYANCE OF CAPACITY ATTRIBUTES**

### **4.1 Conveyance of Capacity Attributes**

Seller shall provide to SMUD any attestation SMUD reasonably requires in order for SMUD to show evidence that it has procured the Capacity Attributes associated with the Project in accordance with the procedure in Exhibit F. At SMUD's reasonable request, provided that no such request may impose any material additional costs on the Seller, Seller shall execute such documents and instruments as may be reasonably required to affect recognition and transfer of the Capacity Attributes.

### **4.2 Reporting of Ownership of Capacity Attributes**

Seller shall not report to any person or entity that the Capacity Attributes sold and conveyed hereunder to SMUD belong to anyone other than SMUD, and SMUD may report under any such program that such Capacity Attributes purchased hereunder belong to it.

### **4.3 Modification of Capacity Attribute Conveyance Procedure**

SMUD may revise Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F which shall then become part of this Agreement, provided that no such modification may impose any material additional costs or obligations on the Seller, or reduce Seller's compensation hereunder, in order to reflect changes necessary in the Capacity Attribute conveyance procedure for SMUD to be able to receive and report the Capacity Attributes purchased under this Agreement as belonging to SMUD.

In no event will such revised Exhibit F cause Seller to incur any category of cost for which it is not already otherwise responsible under this Agreement without prior notice by SMUD and agreement of the Parties as to the appropriateness of such cost belonging with the Seller.

### **4.4 Energy Market Participation**

The Parties acknowledge and agree that as of the date hereof, SMUD is participating in the EIM and/or other energy markets. The Parties have agreed to a structure in this Agreement to facilitate SMUD's use of the Project to participate in such markets. Notwithstanding anything herein to the contrary, SMUD's joining or continued participation in such markets shall not require Seller to perform any additional measures or incur any additional or increased cost, liability or obligation, in each case other than what Seller is already otherwise expressly obligated under this Agreement, unless compensated by SMUD. If in the future, market rules or policies change, then without limiting Seller's and SMUD's rights under Section 3.4, the Parties shall meet and confer to discuss the new market rules and whether updates to the scheduling, settlements, or other procedures are required and to preserve the economic "benefit of the bargain" to both Parties to this Agreement.

## 4.5 Change in Law

**4.5.1** The Parties agree that expenditures to comply with the obligations set forth in this Article 4 that Seller shall bear with respect to the conveyance of Capacity Attributes to SMUD ("**Capacity Attribute Compliance Expenditures**") shall be capped at a total of \$150,000 per Contract Year and \$2,000,000 in the aggregate over the Delivery Term of the Battery Storage Project ("**Capacity Attribute Compliance Expenditure Cap**"). The Capacity Attribute Compliance Expenditures and the Environmental Attribute Compliance Expenditures shall not, when summed together, exceed the cap of \$150,000 per Contract Year or \$2,000,000 in the aggregate. For the avoidance of doubt, there is combined dollar cap (\$150,000 and \$2,000,00, respectively) that applies to both Capacity Attribute Compliance Expenditures and Environmental Attribute Compliance Expenditures.

**4.5.2** If a change in Law occurs after the Effective Date that affects Seller's compliance with its obligations under this Article 4, Seller shall not be in breach of such obligations if Seller has used commercially reasonable efforts to comply with such change in Law as it pertains to such obligations. For purposes of this Section 4.5.2, the term "commercially reasonable efforts" shall not require additional out-of-pocket expenditures in the aggregate in excess of the Capacity Attribute Compliance Expenditure Cap in complying with the changes in Law described in this Section 4.5 unless SMUD and Seller have agreed in writing for SMUD to reimburse Seller for or to pay directly such excess expenditures.

**4.5.3** Within thirty (30) days after the end of each calendar quarter during the Delivery Term for the Battery Storage Project, Seller shall provide SMUD with a report describing the Capacity Attribute Compliance Expenditures that Seller incurred during that calendar quarter and the total Capacity Attribute Compliance Expenditures incurred during the Contract Year that includes such calendar quarter. Prior to incurring Capacity Attribute Compliance Expenditures that are anticipated to exceed \$25,000, Seller shall notify SMUD of such expected Compliance Attribute Compliance Expenditures. Following such notice, the Parties shall attempt to agree to limit such Capacity Attribute Compliance Expenditures to the extent practicable; provided, however, that nothing herein limits Seller's right to incur Capacity Attribute Compliance Expenditures that Seller believes in good faith must be incurred for Seller to comply with its obligations under this Agreement, as long as the above notification provisions are met. If Seller determines that costs in excess of the Capacity Attribute Compliance Expenditure Cap will have to be incurred, then Seller shall notify SMUD and provide documentation and calculations to support the expected excess costs. SMUD may then: (1) approve the expected excess costs and notify Seller of such approval, and Seller shall comply upon receipt of notice of SMUD's approval and SMUD's payment for the expected excess costs (such costs, "**Accepted Capacity Attribute Compliance Expenditures**"); or (2) elect not to pay Seller for the expected excess costs and notify Seller of such decision, in which case this Agreement shall continue in full force and effect and Seller shall continue to be excused from performing any obligation that causes, or would cause, the incurrence of such Capacity Attribute Compliance Expenditures in excess of the Capacity Attribute Compliance Expenditure Cap. SMUD is not required to reimburse Seller for any Capacity Attribute Compliance Expenditures unless and until SMUD agrees to the expected Capacity Attribute Compliance Expenditures in excess of the Capacity Attribute Compliance Expenditure Cap. To the extent that SMUD has not agreed to reimburse, or has not reimbursed, Seller for any Accepted Capacity Attribute Compliance Expenditures, then SMUD is deemed to have waived Seller's obligation that causes, or would cause, the incurrence of such Capacity Attribute Compliance Expenditures in excess of the Capacity Attribute Compliance Expenditure Cap and (x) Seller will not be in default under this Agreement for failure to satisfy any such obligation and (y) payments to Seller under this

Agreement during the entirety of the Delivery Term will not decrease as a result of such change in Law and will be maintained as if all such obligations were taken.

## **5. INTERCONNECTION; TELEMETERING; STORAGE DISPATCH**

### **5.1 Interconnection Agreement**

Seller shall execute a LGIA with SMUD at the same time as execution of this Agreement. The LGIA specifies the obligations of the parties thereto with respect to the construction, operation and maintenance of certain interconnection facilities.

### **5.2 Station Service Load**

Station Service Load for the Project shall be governed by the Country Acres Clean Power, LLC – 230kV Retail Station Service Load, Letter of Agreement; provided, that Seller may service Station Service Load of the Battery Storage Project with output of the Solar Project. The use of Battery Storage Energy for Station Service Load is prohibited. The amount of metered Charging Energy delivered by SMUD and measured at the Battery Storage Meter and the amount of Discharging Energy delivered to SMUD and measured at the Battery Storage Meter shall not be separately adjusted to reflect Station Service Load.

### **5.3 No Additional Loads**

Seller shall not connect any loads not associated with Station Service Loads at the location of the Project in a manner that would reduce the Energy provided from the Project to SMUD hereunder. Seller shall obtain separate retail electric service under existing tariffs for the service of any such additional loads. Retail electric service may be obtained from SMUD or other retail electric service provider for the project site, as applicable.

### **5.4 Charging Energy Management**

**5.4.1** Upon receipt of a valid Charging Notice, Seller shall take all actions necessary to allow Charging Energy to be delivered to the Battery Storage Project in accordance with the SMUD Setpoint. SMUD shall be responsible for arranging, managing, purchasing, scheduling and paying all costs and charges, including any CAISO market costs and charges, associated with all of the Charging Energy for the Battery Storage Project in accordance with the terms of this Section 5.4 and the Operating Restrictions. SMUD shall be responsible for delivery of, and shall be deemed in control of, Charging Energy to and at the Delivery Points, and Seller shall be responsible for accepting and transferring, and shall be deemed in control of, Charging Energy from the Delivery Points to the Battery Storage Project. Seller shall be responsible for delivering all Discharging Energy to the Delivery Points in accordance with the SMUD Setpoint. SMUD shall be responsible for accepting and transferring all Discharging Energy at and from the Delivery Points.

**5.4.2** SMUD will have the right to charge the Battery Storage Project seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Charging Notices to Seller electronically, subject to the availability of the Battery Storage Project and the requirements and limitations set forth in this Agreement, including the Battery Storage Operating Restrictions and the provisions of Section 5.4.1. Each Charging Notice issued in accordance with this Agreement will be effective unless and until SMUD modifies such Charging Notice by providing Seller with an updated Charging Notice.

**5.4.3** Seller shall not charge the Battery Storage Project during the Delivery Term other than (a) pursuant to a valid Charging Notice, (b) in connection with a Battery Storage Capacity

Test or other test required in accordance with Prudent Utility Practices, or (c) pursuant to a notice from SMUD under the LGIA, or any Governmental Authority. If, during the Delivery Term, Seller (i) charges the Battery Storage Project to a Stored Energy Level greater than the Stored Energy Level provided for in the Charging Notice or (ii) charges the Battery Storage Project in violation of the first sentence of this Section 5.4.3, then (A) Seller shall be responsible for all energy costs associated with such charging of the Battery Storage Project, and (B) SMUD shall be entitled to discharge such energy and entitled to all of the benefits (including Battery Storage Product) associated with such discharge.

**5.4.4** SMUD will have the right to discharge the Battery Storage Project seven (7) days per week and twenty-four (24) hours per day (including holidays), by providing Discharging Notices to Seller electronically, subject to the availability of the Battery Storage Project and the requirements and limitations set forth in this Agreement, including the Battery Storage Operating Restrictions. Each Discharging Notice issued in accordance with this Agreement will be effective unless and until SMUD modifies such Discharging Notice by providing Seller with an updated Discharging Notice.

**5.4.5** The Plant Controller shall automatically determine the amount of Charging Energy or Discharging Energy based on the SMUD Setpoint.

Notwithstanding any other provision of this Agreement, **at any and all times** the Battery Storage Project may not be, and SMUD shall not issue any instruction, order, Charging Notice, Discharging Notice or other communication requesting or requiring the Battery Storage Project to be, charged, discharged or operated in any manner which results in, or gives rise to any inconsistency with the Battery Storage Operating Restrictions, or any inconsistency with or breach of the Interconnection Agreement; and in the event of any conflict or inconsistency between the Battery Storage Operating Restrictions or the other terms of this Agreement, the Battery Storage Operating Restrictions will prevail.

**5.4.6** If requested by SMUD, Seller and SMUD shall enter into good faith discussions to amend this Agreement to modify the Battery Storage Operating Restrictions in Exhibit J and to make any related amendments. Each Party acknowledges and agrees that this Section 5.4.6 does not create any legally binding obligation on either Party to enter into such amendment.

## **5.5 Telemetry**

The Project will require telemetry equipment connected to SMUD's energy management system ("**EMS**") including the CAISO automated Dispatch system (ADS) as provided in the Data Points List in Appendix H of the LGIA.

## **6. PERMITTING; STANDARD OF CARE; OPERATIONS; CURTAILMENT**

### **6.1 Permitting**

The Parties' respective obligations to secure Permits for the Project are specified in the Country Acres Lease and Development Services Agreement.

## **6.2 Standard of Care**

Seller shall pay and be responsible for designing, installing, operating, and maintaining the Project in accordance with all applicable Laws and Prudent Utility Practice.

Seller shall: (a) operate and maintain the Project in a safe manner in accordance with Prudent Utility Practice and (b) maintain any governmental authorizations and Permits required for the construction and operation thereof.

SMUD shall: (a) operate and maintain its Transmission System in a safe manner in accordance with Prudent Utility Practice and all applicable Laws, as such Laws may be amended from time to time; and (b) maintain any governmental authorizations and Permits required for the construction and operation thereof.

## **6.3 Project Cleaning**

SMUD may request at any time that Seller clean the panels of the Solar Project, and Seller shall do so within a reasonable amount of time of receiving SMUD's request, at SMUD's cost, without Seller mark-up; provided that SMUD may only request panel cleaning up to twice in any Contract Year, with additional cleanings by mutual agreement. Seller shall provide to SMUD a good faith estimate of the cost of panel cleaning prior to each cleaning event.

## **6.4 Operational Modes**

Upon request by SMUD from time to time during the Term, Seller will negotiate in good faith with SMUD to establish one or more commercially reasonable operational modes associated with the operation of the Project that would coordinate the automated Dispatch of the Battery Storage Project with the operations of the Solar Project and/or implement other desired functionality of the Battery Storage Project ("Operational Modes"). All agreed-upon Operational Modes will be documented in writing, executed by authorized representatives of each Party and govern the operations of the Project by the Parties, but will not be considered a modification of this Agreement and will be subject at all times to the terms of this Agreement, including the Operating Restrictions, except to the extent expressly indicated in such writing. Seller shall not be required to agree upon an Operational Mode that would require a modification to the Project, this Agreement, including the Operating Restrictions, the LGIA or any other agreement between Seller and SMUD, or that will expose Seller, in its reasonable judgment, to financial or operational risk. Any disagreements regarding the adoption or implementation of an Operational Mode will be resolved in accordance with the dispute resolution provisions in Section 21 hereof.

## **6.5 Dispatchability**

Subject to the terms of this Agreement, the available insolation, the Availability of the Solar Project and the Battery Storage Project as specified in accordance with the Outage Coordination Process, Seller shall at all times follow the SMUD Setpoint and respond to Dispatch Instructions from SMUD, as provided for in Section 5.4 and this Section 6.5.

**6.5.1** Subject to the foregoing, Seller grants SMUD the authority to Dispatch the output of the Solar Project and to curtail the Solar Project in full or in part from 0% to 100% of nominal capability up to the Expected PV Capacity and, subject to the Battery Storage Operating Restrictions, the ability to Dispatch the charging or discharging of the Battery Storage Project from 0% to 100% of nominal capability up to the Expected Battery Storage Capacity, by sending a control signal to the Project's Plant Controller for a specific level of power generation (MW), at any time as reflected in the SMUD Setpoint. The MW control signal can be separate outputs for the Solar Project and the Battery Storage Project. Seller shall install

a Plant Controller with the ability to accept a control signal from SMUD's Energy Management System (EMS) through a local SMUD remote terminal unit (RTU) to curtail the Project. The Plant Controller must be able to control both the solar generation and battery storage as one integrated system with requisite metering and controls necessary to bifurcate energy delivered from each subsystem (panels and battery storage). The Plant Controller shall run in mutually exclusive local or remote control modes. In local control mode, controller modes and setpoints can be selected by an operator from the plant SCADA. In remote control mode, controller modes and setpoints are selected via the SMUD remote terminal unit. Transition between local and remote modes shall be initiated by the SMUD operator via SMUD's EMS. In remote control mode the controller shall track remote setpoints and provide seamless transitioning from remote to local control mode.

**6.5.2** The Plant Controller shall have a "No Grid Charging" control flag.

- c) When this "No Grid Charging" flag is turned "On", the Plant Controller shall take automatic action to immediately stop charging the Battery Storage Project upon detecting that the Charging Energy of the Battery Storage Project is from the Transmission Provider's transmission grid, not from the Solar Project.
- d) When this "No Grid Charging" flag is turned "Off", the Plant Controller shall take no action regarding grid charging.

**6.5.3** The Plant Controller shall have the capability to limit the total combined instantaneous energy delivered to the Point(s) of Interconnection by the Solar Project and Battery Storage Project to not higher than the Interconnection Capacity Limit. When the Plant Controller detects that the instantaneous total combined energy delivered to the Point(s) of Interconnection is higher than the Interconnection Capacity Limit, the Plant Controller shall take automatic action to either immediately reduce the Discharging Energy from the Battery Storage Project such that the total combined instantaneous energy delivered to the Point(s) of Interconnection is no more than the Interconnection Capacity Limit, or charge the Battery Storage Project, as the case may be.

**6.5.4** Active power ramp rate control shall provide for the transition between generation levels at a controlled ramp rate. The controller shall support a power generation ramp rate in compliance with LGIA requirements.

**6.5.5** PV Dispatchability control accuracy shall be better than a +/- 2 MW average over a five (5) minute interval. Battery Dispatchability control accuracy shall be better than a +/- 2 MW average over a five (5) minute interval. Seller shall provide SMUD evidence of this accuracy upon SMUD's request.

**6.5.6** Notwithstanding any other provision of this Agreement, the Battery Storage Project shall not be required to comply with any instructions, requests or directions for the Battery Storage Project to perform or operate in a manner inconsistent with the Battery Storage Operating Restrictions.

## 7. SCHEDULING AND FORECASTING; OUTAGES; ACCESS RIGHTS

### 7.1 Scheduling and Forecasting

The Project is interconnected to the SMUD Service Territory, and SMUD will make its own forecast, or contract with a third party for forecasting, of Project Energy production for use in its Scheduling process. SMUD shall (1) be responsible for all costs, charges and penalties associated with SMUD's bidding and scheduling rights under this Agreement for scheduling of the Project's Products, and all imbalance energy costs, charges and penalties and (2) be entitled to all revenues assessed or provided associated with SMUD's bidding and scheduling of the Project's Products.

Seller shall comply with SMUD's Outage Coordination Process.

### 7.2 Scheduling Coordinator; CAISO Settlements

SMUD shall be the Scheduling Coordinator for scheduling services for the Project, and for both the delivery and receipt of the Product at the Delivery Points, or contract with a third party for Scheduling Coordinator responsibilities (any such third party, a "**Third-Party SC**"). The Scheduling Coordinator requirements include, but are not limited to SMUD's participation in the CASIO's EIM and day-ahead market or other energy markets. As between Seller and SMUD, SMUD is responsible for all acts and omissions of any Third-Party SC and for all cost, charges and liabilities incurred by Third-Party SC to the same extent that SMUD would be responsible under this Agreement for such acts, omissions, costs, charges and liabilities if taken, omitted or incurred by SMUD directly. Seller shall have no liability to a Third-Party SC for any reason under this Agreement. SMUD (as the Scheduling Coordinator) shall be responsible for all settlement functions with the CAISO related to the Project, and shall submit bids to the CAISO in accordance with this Agreement, the applicable CAISO Tariff, protocols and scheduling practices for Product on a day-ahead, hour-ahead, fifteen-minute market, real-time or other market basis that may develop after the Effective Date, as determined by Buyer consistent with the CAISO Tariff.

#### 7.2.1 Scheduling Coordinator Fee

As consideration for Buyer's services as Scheduling Coordinator, Seller shall pay Buyer a fee for Scheduling Coordination equal to One Hundred Thousand Dollars (\$100,000) per Contract Year ("**Scheduling Coordination Fee**"). This fee shall escalate at an annual rate of two percent (2.0%), as shown in Exhibit G, commencing on the first day of the second Contract Year and continuing throughout the Delivery Term or until the earlier termination of this Agreement. The pro rata share of the Scheduling Coordination Fee will be included with each monthly settlement statement. The amount owed by Seller to Buyer under this section for services rendered may be set-off from amounts owed by Buyer to Seller as provided in Section 16 of this Agreement. For the time period beginning with the first day that the Seller is producing pre-COD Energy as detailed in Section 2.4.1 through the day before the official COD as provided in Section 2.3.4, the Seller shall pay Buyer a pro-rated Scheduling Coordination Fee of \$273.97 per day for each day during this time period.

### 7.3 Energy Imbalance Market – EIM or other

SMUD participates in the EIM, and the Parties acknowledge that the Project will be an EIM Participating Resource and such participation will incur imbalance deviation charges. Extensions of the EIM into the Day-Ahead Market may result in additional imbalance deviations, the responsibility for which shall be governed by Section 7.1.

## **7.4 Outage Coordination**

All electrical or mechanical testing of the Solar Project and Battery Storage Project, or related facilities that may have an impact on generation or could result in a change to the normal state of the facility shall be coordinated with SMUD in accordance with current, as of the Effective Date (subject to Section 7.7), version of "SMUD Transmission Generation Outage Coordination Process" or ("**Outage Coordination Process**") posted to the smud.org website, under Interconnection Information, to ensure Bulk Electrical System reliability in accordance with Federal standards.

## **7.5 Planned Outages**

Planned Outages may only be taken upon thirty (30) days written notice to SMUD and SMUD approval. Seller shall use commercially reasonable efforts to not schedule or take any Planned Outages from 6:00 a.m. through 10:00 p.m. Pacific Prevailing Time during the months of May through September unless required by Prudent Utility Practice or applicable Law. Seller shall use commercially reasonable efforts in accordance with Prudent Utility Practice to minimize the frequency and actual duration of Planned Outages and optimize the availability of Energy from the Project. Seller shall provide Planned Outage notifications in accordance with the Outage Coordination Process.

## **7.6 Forced Outages**

Seller shall provide Forced Outage notifications in accordance with the Outage Coordination Process. When Seller desires to return the Project to service, Seller shall notify SMUD of the same. SMUD shall use commercially reasonable efforts to accommodate the return to service as soon as practicable after such request; provided that SMUD shall permit the Project to return to service no later than the estimated time of return. SMUD may require Seller to interrupt or reduce deliveries of Energy pursuant to a Dispatch Instruction due to an event or circumstance at or following the estimated time of return. When Seller provides notice to SMUD that Seller desires to return the Project to service and the Project is actually capable of returning to service, the Project shall be deemed to be available for all purposes under this Agreement, notwithstanding any delay caused by SMUD.

## **7.7 Modification of Outage Coordination Process**

SMUD may, from time to time, revise the Outage Coordination Process by providing reasonable notice to Seller, in accordance with Prudent Utility Practice, prior to the effectuation of such change, provided that no change to the Outage Coordination Process shall require Seller to incur costs or suffer liabilities other than de minimis administrative internal costs.

## **7.8 Access Rights**

SMUD, its authorized agents, employees and inspectors, upon advance notice to Seller and at their own cost and expense and subject to Section 12.2, shall have the right to reasonably, periodically visit the Project site and inspect the Project in accordance with the Definitive Agreements.

## 8. TERM, TERMINATION EVENT AND TERMINATION

### 8.1 Term

The term of this Agreement (the “**Term**”) shall commence upon the last execution by the duly authorized representatives of each of SMUD and Seller, and shall remain in effect until the conclusion of the Delivery Term, unless terminated sooner pursuant to the terms of this Agreement. All indemnity rights shall survive the termination of this Agreement for twelve (12) months.

### 8.2 Events of Default; Remedies

**8.2.1** An “**Event of Default**” shall mean, with respect to a Party (a “**Defaulting Party**”), the occurrence of any of the following:

- a) the Defaulting Party fails to make, when due, any payment required under this Agreement if such failure is not remedied within ten (10) days after receipt of notice from the Non-Defaulting Party;
- b) any representation or warranty made by such Defaulting Party herein is false or misleading in any material respect when made, and such failure is not cured within thirty (30) days after receipt of notice from the Non-Defaulting Party, or such longer period not to exceed sixty (60) days if the failure is not capable of being cured within such thirty (30) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial thirty (30)-day period;
- c) the Defaulting Party fails to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate default under this Section 8.2.1 or otherwise has a specific remedy provided in this Agreement), if such failure is not remedied within thirty (30) days of receipt of notice from the Non-Defaulting Party, or such longer period not to exceed ninety (90) days if the failure is not capable of being cured within such thirty (30) days with the exercise of reasonable diligence, so long as the Defaulting Party has commenced and is diligently pursuing a cure during such initial thirty (30)-day period; and/or
- d) the Defaulting Party becomes Bankrupt.

#### 8.2.2 Remedies

- a) Termination for Default. Except as otherwise expressly provided in this Agreement, an Event of Default by a Defaulting Party, the other Party (the “**Non-Defaulting Party**”) shall have the right to (a) terminate this Agreement by providing notice of such termination to the Defaulting Party, which termination shall be effective on a day no earlier than five (5) days after such notice is deemed to be received (as provided in Section 15) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 15) and, except as provided in Section 8.3 to the contrary, the Defaulting Party shall pay the Non-Defaulting Party a Termination Payment calculated in accordance with Section 8.5, or (b) pursue any other remedies available at law or in equity, including where appropriate, specific performance or injunctive relief, except to the extent such remedies are expressly limited under this Agreement. If the Non-Defaulting Party fails to terminate this Agreement under clause (a) of this paragraph by notice to the Defaulting Party within six (6) months

following the Non-Defaulting Party's notice of an Event of Default, then the Non-Defaulting Party shall be deemed to have waived its rights to terminate this Agreement pursuant to clause (a) of this paragraph with respect to such Event of Default. If the Non-Defaulting Party elects to terminate this Agreement under clause (a) of this paragraph, then the sole and exclusive remedy available to the Non-Defaulting Party shall be the Termination Payment calculated in accordance with Section 8.5. Notwithstanding any provision herein to the contrary, if Seller commits an Event of Default under this Agreement prior to the Commercial Operation Date, SMUD's sole and exclusive remedy in respect of such Event of Default shall be to terminate this Agreement and retain the Development Security then-held by SMUD pursuant to Section 9.1 of this Agreement (less any Delay Damages already paid by Seller).

For the avoidance of doubt, the Non-Defaulting Party shall not be entitled to multiple monetary remedies for the same damages caused by an event of default under the Definitive Agreements.

b) Suspension.

i) **Duty to Mitigate Damages.** In addition to (and without limiting) the remedies for an Event of Default otherwise available at law or in equity, during the existence of an Event of Default, the Non-Defaulting Party shall use commercially reasonable efforts to mitigate the damages incurred as a result of such Event of Default.

ii) **Right to Suspend.** In addition, during the existence of an Event of Default, the Non-Defaulting Party may, by notice to the Defaulting Party, suspend (the date of such notice, the "**Suspension Date**") in whole or in part its payment (excluding accrued payment obligations prior to such Suspension Date) or performance under this Agreement, in either case, not to exceed thirty (30) days.

iii) **Responsibility for damages during Suspension.** Such suspension shall not relieve the Defaulting Party of its obligations to pay damages arising out of such Event of Default.

iv) **Resumption of Performance Following Suspension.** After the Defaulting Party's cure of such Event of Default, and provided there is no other Event of Default by such Defaulting Party then occurring and this Agreement has not been terminated, the Non-Defaulting Party will resume performance of its obligations under this Agreement.

c) **Termination or Suspension without Cause.** Except for the rights to terminate and suspend expressly set forth in this Agreement, neither Party shall have any right to terminate this Agreement or suspend its performance for any reason.

### 8.3 Termination Rights

SMUD shall have the right but not the obligation to terminate this Agreement, in whole or in part, if any of the following occur, each of which is a "**Termination Event**":

### **8.3.1 Failure to achieve Commercial Operation**

If the Project does not achieve Commercial Operation by the Guaranteed COD for a reason other than an Excusable Delay, Buyer has the right but not the obligation to terminate this Agreement and Seller liability is capped at the sum of the Project Development Security minus the amount of any Delay Damages that have been paid.

If the Project does not achieve Commercial Operation by the Guaranteed COD as a result of an Excusable Delay and the delay in Commercial Operation exceeds two (2) years, either Party may terminate this Agreement, SMUD and Seller shall have no further liability under this Agreement, and SMUD shall return any security provided by Seller; provided that the foregoing does not excuse SMUD from any liability under this Agreement associated with an Excusable Delay that is a default under this Agreement or that is caused by the negligence of SMUD.

If an Excusable Delay results in Seller' failure to meet the commercial operation date milestone under the Interconnection Agreement, and as a result the Interconnection Agreement is terminated, either Party may terminate this Agreement, SMUD and Seller shall have no further liability under this Agreement and SMUD shall return any security provided by Seller; provided that the foregoing does not excuse SMUD from any liability under this Agreement associated with an Excusable Delay that is a SMUD default under this Agreement or that is caused by the negligence of SMUD.

To exercise the right to terminate, the terminating Party shall provide the other Party with a ten (10) day advance written notice. If Seller achieves the Commercial Operation Date prior to the end of the ten (10) day notice period, SMUD shall not exercise its right to terminate the Agreement.

### **8.3.2 Failure to sell or deliver Energy**

If, after the Commercial Operation Date, Seller has not sold or delivered Products from the Project to SMUD for a period of twelve (12) consecutive months, except due to Force Majeure events and/or SMUD breaches that prevent or excuse Seller from delivering Products, then SMUD shall have the right to terminate this Agreement. If the reason for such failure in deliveries is due to any Major Equipment Failure and Seller is working diligently to overcome the effect of such failure, Seller shall have an additional twelve (12) month period to cure any such failure.

### **8.3.3 Availability below Requirements**

Beginning on the first day of the second full Contract Year of this Agreement, and annually thereafter, if the Annual Average Battery Storage Availability or the Annual Average PV Availability during any Measurement Period is less than the respective Battery Storage Availability Requirement or the PV Availability Requirement, then SMUD shall have the right to terminate this Agreement.

Notice of such termination for this Event of Default shall be given in writing a minimum of sixty (60) days prior to the effectiveness of such termination and within one hundred twenty (120) days following the end of the second of the applicable two (2) Contract Years.

SMUD's ability to exercise such termination right in respect of any Measurement Period shall be deferred for up to one year (or deferred up to two years if caused by a Major Equipment Failure) if Seller has reasonably demonstrated to SMUD, and is actively implementing in good faith, a cure plan for any such failure as described below.

A cure plan may include, but is not limited to, the addition of solar modules or batteries to the system at Seller's sole expense. A cure plan that reasonably shows the Project's ability to achieve the applicable PV or Battery

Storage Availability Requirement in that current Measurement Period must be submitted to SMUD within 60 days of Seller's receipt of SMUD's notice of termination. SMUD shall then have 30 days after receipt of the cure plan to inform Seller in writing of any reasonable objections to the cure plan. SMUD's non-objection to, or requested modifications to, Seller's cure plan does not waive SMUD's termination rights in the event that Seller does not remedy the Annual Average Battery Storage Availability or Annual Average PV Availability, respectively, by either 1) the end of the following Contract Year for non-Major Equipment Failures, or 2) the end of the following second Contract Year for Major Equipment Failures. Any disagreements regarding the cure plan will be resolved in accordance with the dispute resolution provisions in Section 21 hereof.

To the extent that a Major Equipment Failure causes the Annual Average PV Availability to be less than the Solar Availability Requirement, or the Annual Average Battery Storage Availability to be less than the Battery Storage Availability Requirement, such failure can be excluded from the Annual Availability determination only as it relates to this Section 8, but cannot be excluded by Seller from the monthly payment and commercial settlements process described in Section 2.4.9. For the avoidance of doubt, loss of availability due to a Major Equipment Failure would impact the monthly Availability Percentage but could be excluded from the determination of the Annual Average PV Availability.

#### **8.3.4 Failure to Comply with RPS Requirements**

Except as otherwise provided in Section 3.4, in which case, for the avoidance of doubt there will be no termination right if the cause of such non-compliance is SMUD's choice to not pay costs in excess of the Compliance Expenditure Cap:

- a) Seller fails to obtain RPS Certification for the Solar Project within six (6) months after COD, except if failure to obtain RPS Certification within this six (6) month period is not due to Seller's action or inaction, then Seller shall be provided a day-for-day delay right to obtain RPS Certification up to an additional of six (6) months for a total of no more that twelve (12) months after COD as long as such day-for-day delay is not due to Seller's action or inaction. Seller shall present to SMUD a reasonable plan of action laying out those steps that Seller shall take in order to obtain such certification as quickly as possible, for acceptance by SMUD, which acceptance shall not be unreasonably withheld; or
- b) Subject to Section 3.4, Seller's failure to maintain RPS Certification for the Solar Project, if such failure is not cured within thirty (30) days after written notice; provided that during any period where Seller has not maintained RPS Certification for the Solar Project, whether before or after written notice, SMUD shall not be obligated to purchase any Energy or other Products from Seller hereunder, but Seller may sell such Energy and other Products to third parties.

#### **8.3.5 Termination of Land Lease or LGIA**

If the Lease is terminated for a Tenant default pursuant to the terms of such agreement, or if Seller elects to terminate the LGIA and/or Lease under the terms of those agreements, this Agreement shall terminate automatically without any further action of the Parties, effective upon the date of the subject agreement termination.

#### **8.4 Notice of Termination Event**

If a Termination Event has occurred, SMUD shall have the right to: (a) send notice, designating a day, no earlier than five (5) days after such notice is deemed to be received (as provided in Section 15) and no later than twenty (20) days after such notice is deemed to be received (as provided in Section 15) (unless, in each

case, a longer notice period is set forth in Section 8.3), as an early termination date of this Agreement (“**Early Termination Date**”) unless the Parties have agreed to resolve the circumstances giving rise to the Termination Event; (b) except for a termination pursuant to Section 8.3.1 or as elsewhere provided in this Agreement to the contrary, calculate the Termination Payment in accordance with Section 8.5 owed in connection with such Termination Event; and (c) terminate this Agreement and end the Delivery Term effective as of the Early Termination Date. With respect to any Termination Event prior to the Commercial Operation Date, including pursuant to Section 8.3.1, Seller’s sole and exclusive liability and SMUD’s sole and exclusive remedy aside from terminating this Agreement shall be the forfeiture of Seller’s Development Security to SMUD less any Delay Damages already paid by Seller.

## 8.5 Termination Payment Calculation

If a Termination Event occurs or if this Agreement is terminated following a breach or default as provided in Section 8.2 of this Agreement, in each case ultimately resulting in termination of this Agreement, a “**Termination Payment**” shall be determined in accordance with this Section 8.5. Notwithstanding any provision herein to the contrary, prior to the Commercial Operation Date, the Termination Payment associated with a Termination Event or breach or default caused by Seller shall be zero dollars (\$0.00).

**8.5.1** The Termination Payment payable by the Defaulting Party to the Non-Defaulting Party shall equal: (i) Non-Defaulting Party’s Loss as calculated under Section 8.5.1(a) below and discounted to present value as set forth under Section 8.5.1(b) below; plus (ii) Non-Defaulting Party’s Cost as calculated under Section 8.5.1(c) below; which will then be aggregated with any amounts owed to the Non-Defaulting Party as of the Early Termination Date. If the Termination Payment as so calculated would be less than zero, it shall be deemed to be zero, provided that notwithstanding anything herein to the contrary, each Party shall compensate the other Party for amounts due in respect of prior performance rendered under this Agreement.

- a) The Parties intend that Non-Defaulting Party’s “**Loss**” shall be the net economic loss (exclusive of Costs), if any, resulting from the termination of this Agreement, determined in a commercially reasonable manner as calculated in accordance with this Section 8.5. The Loss, if any, suffered by Non-Defaulting Party shall be determined by:
  - i) Comparing the value of the remaining Term, applying the Expected PV Capacity or Expected Battery Storage Capacity, as the case may be, multiplied by twelve (12), minus capacity reduction for degradation in future years (assumed to be 0.5% per year for both the Solar Project and the Battery Storage Project), and the PV Price or Battery Storage Price (loss is computed separately for the Solar Project and the Battery Storage Project) for each year of the remaining Term under this Agreement had it not been terminated to the equivalent quantity with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of CA RPS PCC 1 RECs for the affected period of a similar quality and quantity in the geographical location closest in proximity to the Delivery Points and averaging the four quotes.
  - b) REC volume will be a prorated amount based on Exhibit C Expected Energy Production. If either Party fails to provide two quotes, then the average of the other Party’s two quotes shall determine the replacement price. For clarity, if SMUD is the Non-Defaulting Party, the Non-Defaulting Party’s Loss equals the amount by which the market price of replacement Products exceeds the Contract Price therefor, and if

the Seller is the Non-Defaulting Party, the Non-Defaulting Party's Loss equals the amount by which the Contract Price hereunder exceeds the market price of such replacement Products, less the expenses saved by Seller due to SMUD's default (if any), which includes, but is not limited to, the cost of production of the Products. To ascertain the market price of a replacement contract, Non-Defaulting Party may consider, among other valuations, quotations from leading dealers in ERR capacity contracts, and other bona fide third party offers, all adjusted for the length of the remaining Term and differences in transmission. It is expressly agreed that Non-Defaulting Party shall not be required to enter into replacement transactions in order to determine the Termination Payment. For the avoidance of doubt, if this Agreement is terminated as a result of a SMUD Event of Default and the Interconnection Agreement is also terminated, then the Parties agree it shall be reasonable for Seller to assume no replacement sales will occur in calculating the Termination Payment and therefore, in calculating Seller's Loss, the "market price of replacement Products" shall be deemed to be zero.

- c) The Loss calculated under paragraph (a) shall be discounted to present value using a discount rate of four and one-half percent (4.5%) or appropriate for the Non-Defaulting Party as of the time of termination (to take into account the period between the time notice of termination was effective and when such amount would have otherwise been due pursuant to this Agreement).
- d) Non-Defaulting Party's "**Costs**" shall be calculated as the sum of the brokerage fees, commissions and other similar transaction costs and expenses reasonably incurred in terminating and replacing this Agreement, including, reasonable transmission costs associated with any replacement contract, if any, incurred in connection with Non-Defaulting Party enforcing its rights with regard to this Agreement. Non-Defaulting shall use reasonable efforts to mitigate or eliminate Costs. Consistent with Section 21.2, each Party shall pay and be responsible for their own attorney fees.
- e) The Non-Defaulting Party shall add any amounts owed by the Defaulting Party to the Non-Defaulting Party as of the Early Termination Date as part of the Termination Payment calculation. The Non-Defaulting Party may set-off any amounts owing by the Non-Defaulting Party to the Defaulting Party as of the Early Termination Date against the Termination Payment so that all such amounts are aggregated and/or netted to a single amount. The net amount due to or from the Non-Defaulting Party shall be paid within thirty (30) Business Days following the effective date of termination, or, if the Parties disagree regarding the calculation of the Termination Payment, the date that the calculation of the Termination Payment is resolved pursuant to Section 8.5.2 below.
- f) In no event, however, shall the calculation of Loss or Costs include any penalties or similar charges imposed by the Non-Defaulting Party.

**8.5.2** If the Defaulting Party reasonably disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, the calculation issue shall be resolved in accordance with Section 21 of this Agreement.

## 9. CREDITWORTHINESS

### 9.1 Project Development and Delivery Term Security

Within thirty (30) days of the Effective Date, Seller shall provide project development security in the amount equal to the product of (i) \$40/kW<sub>AC</sub> multiplied by (ii) the sum of the Initial Expected PV Capacity and the Initial Expected Battery Storage Capacity (for example, 516 MW<sub>AC</sub> which is equal to the sum of 344 MW<sub>AC</sub> PV plus 172 MW<sub>AC</sub> Battery Storage), to be maintained until the start of the Delivery Term (“**Development Security**”).

Prior to commencement of the Delivery Term, Seller shall provide Delivery Term Security in the amount equal to the product of (a) \$75/kW<sub>AC</sub> multiplied by (b) the sum of the Expected PV Capacity plus the Expected Battery Storage Capacity at COD, in the form of cash or Letter of Credit from a Qualified Issuer for the initial 3 years of operations, and SMUD shall return the Development Security provided pursuant to this Section 9.1 to Seller. If after Contract Year 3 the project meets all material contract requirements, the Seller may replace cash or Letter of Credit with a Exhibit T Surety Bond or guaranty in a form and from a provider reasonably acceptable to SMUD, including provisions for prompt payment of amounts owed for the duration of the Delivery Term (“**Delivery Term Security**”). Seller shall maintain the Delivery Term Security from a Qualified Issuer for the duration of the Delivery Term.

No lien or other security will be required and SMUD’s recourse against Seller shall be limited to the security provided.

“**Qualified Issuer**” is (A) with respect to a Letter of Credit, a major U.S. commercial bank or a U.S. branch of a foreign bank (“**Bank**”) that, at the time of delivery of a letter of credit, (i) has a combined capital surplus of \$10,000,000,000 and (ii) has a senior unsecured long-term credit rating of at least “A-” by S&P or “A3” by Moody’s. If Qualified Issuer fails to meet the foregoing capital surplus and unsecured long-term credit rating requirements, Seller must replace credit support with another Bank, and (B) with respect to a Surety Bond, an insurance company or companies rated not lower than A-/IX by the A.M. Best Company.

## 10. WAIVER OF SOVEREIGN IMMUNITY

SMUD will solely be responsible for all debts, obligations and liabilities accruing and arising out of this Agreement. SMUD warrants and covenants, to the extent of its legal authority, it will not claim immunity on the grounds of sovereignty or similar grounds with respect to the enforcement of its obligations under this Agreement.

## 11. FORCE MAJEURE

### 11.1 Effect of Force Majeure

Buyer or Seller, as the case may be, shall be excused from performance under this Agreement to the extent, but only to the extent, that performance hereunder is prevented or delayed by an act or event of Force Majeure. The Party invoking Force Majeure shall exercise due diligence to overcome or mitigate the effects of such an act or event of Force Majeure; *provided*, however, that nothing in this Agreement shall be deemed to obligate the Party invoking Force Majeure (a) to forestall or settle any strike, lock-out or other labor dispute against its will; or (b) for Force Majeure affecting Seller only, to purchase electric power to cure the event of Force Majeure.

## **11.2 Notice of Force Majeure**

In the event of any delay or nonperformance resulting from an event of Force Majeure, the Party invoking Force Majeure shall, as soon as practicable under the circumstances, notify the other Party in writing of the nature, cause, date of commencement thereof and the anticipated extent of any delay or interruption in performance.

## **11.3 Termination Due to Force Majeure Event**

If a Party is prevented from performing its material obligations under this Agreement for a period of twelve (12) consecutive months or longer due to Force Majeure, the unaffected Party may terminate this Agreement, without liability of either Party to the other, upon thirty (30) days written notice at any time during the Force Majeure event.

## **12. INDEMNITY**

### **12.1 Indemnity by Seller**

Seller shall defend, release, indemnify and hold harmless SMUD, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees, resulting from, or arising out of or in any way connected with claims by third parties associated with the acts or omissions of Seller, its directors, officers, employees, contractors, agents and representatives relating to: (i) the Energy delivered at the Delivery Points; (ii) Seller's operation and/or maintenance of the Project; or (iii) this Agreement; excepting only such loss, claim, action or suit to the extent caused by the willful misconduct or gross negligence of SMUD, its agents, employees, directors or officers.

### **12.2 Indemnity by SMUD**

SMUD shall defend, release, indemnify and hold harmless Seller, its directors, officers, employees, agents, and representatives against and from any and all losses, claims, demands, liabilities and expenses, actions or suits, including reasonable costs and attorney's fees resulting from, or arising out of or in any way connected with claims by third parties associated with acts or omissions of SMUD, its directors, officers, employees, contractors, agents, invitees and representatives, relating to: (i) the Energy delivered by Seller under this Agreement after the Delivery Points, (ii) SMUD's operation and/or maintenance of its Electric System; (iii) the Agrivoltaics FOP; or (iv) this Agreement; excepting only such loss, claim, action or suit to the extent caused by the willful misconduct or gross negligence of Seller, its agents, employees, directors or officers.

## **13. LIMITATION OF DAMAGES**

EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY; SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED UNLESS EXPRESSLY HEREIN PROVIDED. EXCEPT WITH REGARD TO INDEMNIFICATION OF THIRD PARTY CLAIMS IN ACCORDANCE WITH SECTION 12, NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, OR OTHERWISE. UNLESS EXPRESSLY HEREIN PROVIDED, AND SUBJECT TO THE PROVISIONS OF SECTION 12, IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES

RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. THE TERMINATION PAYMENT UNDER SECTION 8.5.1 IS NOT SUBJECT TO THE LIMITATION OF DAMAGES PROVISION SET FORTH IN THIS SECTION 13. THE PARTIES EXPRESSLY ACKNOWLEDGE AND AGREE THAT THE LIMITATION OF DAMAGES PROVISIONS CONTAINED IN THIS SECTION 13 WILL NOT LIMIT THE RECOVERY BY SELLER OF DAMAGES BASED ON THE VALUE OF ANY ITC (AS DEFINED IN DEFINITIONS) OR OTHER TAX BENEFITS THAT ARE LOST, UNAVAILABLE, DISALLOWED, REDUCED OR RECAPTURED AND ITC RECAPTURE AMOUNTS (AS DEFINED IN DEFINITIONS) THAT ARE REQUIRED TO BE REPAID, DETERMINED ON AN AFTER-TAX BASIS, BY SELLER, SELLER'S DIRECT OR INDIRECT OWNERS, A LENDER, A TAX EQUITY INVESTOR OR ANY OF THEIR AFFILIATES DUE TO AN EVENT OF DEFAULT BY SMUD THAT SELLER HAS NOT BEEN ABLE TO MITIGATE AFTER USE OF COMMERCIALY REASONABLE EFFORTS (WHICH SUCH AMOUNTS WILL BE DEEMED TO BE DIRECT DAMAGES RECOVERABLE BY SELLER).

## **14. REPRESENTATION AND WARRANTIES; COVENANTS**

### **14.1 Representations and Warranties**

On the Effective Date, each Party represents and warrants to the other Party that:

**14.1.1** It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

**14.1.2** The execution, delivery and performance of this Agreement is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

**14.1.3** This Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms;

**14.1.4** It is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its actual knowledge, threatened against it which would result in it being or becoming Bankrupt;

**14.1.5** There are not pending or to its actual knowledge threatened legal proceedings against it or any of its affiliates that could materially adversely affect its ability to perform its obligations under this Agreement; and

**14.1.6** It is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of, and understands and accepts, the terms, conditions and risks of this Agreement.

### **14.2 General Covenants**

Each Party covenants that throughout the Term of this Agreement:

**14.2.1** It shall continue to be duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

**14.2.2** It shall maintain (or obtain from time to time as required, including through renewal, as applicable) all regulatory authorizations necessary for it to legally perform its obligations under this Agreement; and

**14.2.3** It shall perform its obligations under this Agreement in a manner that does not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it.

### **14.3 SMUD Representations and Warranties**

**14.3.1** As of the Effective Date and throughout the Delivery Term, SMUD represents and warrants to Seller that:

**14.3.2** SMUD is subject to claims and to suit for damages in connection with its obligations under this Agreement pursuant to and in accordance with the laws of the State of California applicable to municipal utility districts;

**14.3.3** SMUD is a "local public entity" as defined in Section 900.4 of the Government Code of the State of California.

## **15. NOTICES**

Notices shall, unless otherwise specified herein, be in writing and may be delivered by hand delivery, United States mail, overnight courier service, facsimile or electronic messaging (e-mail). Whenever this Agreement requires or permits delivery of a "notice" (or requires a Party to "notify"), the Party with such right or obligation shall provide a written communication in the manner specified below. A notice sent by facsimile transmission or email will be recognized and shall be deemed received on the Business Day on which such notice was transmitted if received before 5 p.m. Pacific prevailing time (and if received after 5 p.m., on the next Business Day) and a notice by overnight mail or courier shall be deemed to have been received two (2) Business Days after it was sent or such earlier time as is confirmed by the receiving Party unless it confirms a prior oral communication, in which case any such notice shall be deemed received on the day sent. A Party may change its addresses by providing notice of same in accordance with this provision. All written notices shall be directed as shown in Exhibit I. Either Party may request a change to Exhibit I as necessary to keep the Exhibit I information current without amendment to this Agreement.

## **16. SET OFF**

Each Party shall be entitled to offset amounts owed by the other Party under this Agreement from the amounts owed to it under this Agreement.

## **17. ASSIGNMENT**

**17.1** There shall be no Change of Control of any interest in the Project or sale, transfer or assignment of this Agreement (collectively, a "**Transfer**") without the prior written consent of the other Party, which consent shall not be unreasonably withheld; provided, however;

**17.1.1** A Transfer of (i) this Agreement or (ii) any direct or indirect ownership interests in Seller, in each case to any lender or its designee as collateral for any financing or refinancing of the Project, shall not constitute an assignment, Change of Control or Transfer requiring the consent of SMUD under this Agreement. Any such Transfer shall not relieve Seller of its obligations under this Agreement arising prior to the effective date of such Transfer. To facilitate Seller's obtaining of financing in connection with the Project, SMUD shall provide

such consents to assignments, certifications, estoppels, opinions, representations, information or other documents as may be reasonably requested by Seller or the lenders in connection with the debt or tax equity financing of the Project, as applicable; provided that in responding to any such request, SMUD shall have no obligation to (a) provide any consent, certification, representation, information or other document, or enter into any agreement, that materially and adversely affects, or that could reasonably be expected to have or result in a material adverse effect on, any of SMUD's rights, benefits, risks and/or obligations under this Agreement (other than terms customary in connection with the applicable financing) or (b) incur any unreimbursed third-party expense. Seller shall reimburse, or shall cause the lender(s) to reimburse, SMUD for the incremental direct third party expenses (including the reasonably documented fees and expenses of SMUD's counsel) incurred by SMUD in the preparation, negotiation, execution and/or delivery of any documents requested by Seller or the lenders, and provided by SMUD, pursuant to this Section 17.1.1. Upon written request of Seller, SMUD will negotiate a Consent and Agreement between Seller and Seller's lender and/or tax equity investor substantially in the form attached herein as Exhibit K, as such form may be modified to reflect reasonable changes requested by Seller, Seller's lender and/or tax equity investor.

**17.1.2** Without limitation as to other reasonable grounds for withholding consent, the Parties hereby agree that it shall be reasonable under this Agreement and under any applicable Law for SMUD to withhold consent to any proposed Transfer, where at the time of the Assignment, the assignee is not concurrently assuming all of the future obligations under the LGIA as well as the future obligations under this Agreement; provided that if the Seller is not in default under the this Agreement and notwithstanding the foregoing, no consent shall be required for any Permitted Transfer. Any such Transfer shall not relieve Seller of its obligations under this Agreement arising prior to the effective date of such Transfer. Notwithstanding the foregoing, to the extent not prohibited by applicable Law, Seller shall, within thirty (30) days prior to such Transfer, provide SMUD with written notice of any Transfer permitted under this Section, which notice shall identify the transferee and contain evidence that the transferee has assumed or will assume all of the obligations under this Agreement arising after the date of the Transfer, and reasonable proof that the Transfer qualifies as an exempt transfer under this Section. The term "Affiliate" as used herein means, with respect to Seller, any corporation or limited liability company that directly or indirectly controls, is controlled by, or is under common control with, Seller.

**17.1.3** SMUD may request that Seller enter negotiations to permit SMUD's limited assignment of a portion of SMUD's rights and obligations under this Agreement to J. Aron and Company, LLC ("**J. Aron**") or other third party at any time upon not less than 30 days' notice by delivering a written request for such assignment. Following any such request by SMUD, (a) Seller, SMUD and J. Aron (or other third party) shall negotiate in good faith the execution of a limited assignment agreement based on the form attached hereto as Exhibit R, and (b) if requested by Seller, Seller and SMUD shall negotiate in good faith an indemnity and/or a legal opinion, to be provided by SMUD for the benefit of Seller, in form and substance satisfactory to Seller. SMUD shall reimburse, or shall cause J. Aron (or other third party) to reimburse, Seller for the reasonable, documented, incremental and direct third-party expenses (including the fees and expenses of Seller's counsel) incurred by Seller in the preparation, negotiation, execution and/or delivery of any documents requested by SMUD or the lenders, and provided by Seller, pursuant to this Section 17.1.

**18. [Reserved]**

## 19. PROJECT PURCHASE OPTION

Seller hereby grants to SMUD the right and option to purchase all of Seller's right, title and interest in and to the Project and Products pursuant to the terms set forth herein.

**19.1** SMUD shall have the option (the "**Purchase Option**") to terminate this Agreement and purchase from Seller: (A) upon the twelfth (12<sup>th</sup>) anniversary of the Commercial Operation Date, the Solar Project and the Battery Storage Project, together, for a price equal to the greater of (i) the Fair Market Value of the Solar Project plus the Fair Market Value of the Battery Storage Project, and (ii) \$ [REDACTED]; (B) upon the fifteenth (15<sup>th</sup>) anniversary of the Commercial Operation Date, the Solar Project and the Battery Storage Project, together, for a price equal to the greater of (i) the Fair Market Value of the Solar Project plus the Fair Market Value of the Battery Storage Project, and (ii) \$ [REDACTED]; (C) at the end of the twentieth (20<sup>th</sup>) Contract Year, the Battery Storage Project, on a stand-alone basis, for a price equal to the greater of (i) the Fair Market Value of the Battery Storage Project, and (ii) \$ [REDACTED]. For the avoidance of doubt, in the event that SMUD exercises the Purchase Option pursuant to the terms of this Section 19.1, then the price associated with the option that SMUD has selected in the foregoing sentence shall be the "**Purchase Price**".

SMUD may exercise the Purchase Option upon (i) the twelfth (12<sup>th</sup>), fifteenth (15<sup>th</sup>), or twentieth (20<sup>th</sup>) anniversary of the Commercial Operation Date, respectively. In the event that SMUD desires to exercise the Purchase Option, SMUD shall deliver to Seller a notice indicating SMUD's intent to exercise the Purchase Option (an "**Option Notice**") on or before the date which is no less than six (6) months prior to the twelfth (12<sup>th</sup>), fifteenth (15<sup>th</sup>) or twentieth (20<sup>th</sup>) anniversary of the Commercial Operation Date (the "**12, 15 and 20-year Purchase Options**"), respectively.

**19.2** For a period of six (6) months following delivery of the Option Notice with respect to the 12, 15 and 20-year Purchase Options (the "**Purchase Option Due Diligence Period**"), SMUD and its representatives shall have the right to conduct any and all due diligence which SMUD may reasonably deem necessary with respect to the Project and Products. Seller shall, during the Purchase Option Due Diligence Period, make available to SMUD and its representatives full access to the Project, related title work, surveys, contracts, data and records and operating personnel ("**Full Access**"). The Purchase Option Due Diligence Period will be extended day-for-day to the extent that, due to Seller's default, Force Majeure or any other reason not attributable to Seller, Full Access cannot be provided.

**19.3** SMUD and Seller shall execute a SMUD Purchase and Sale Agreement under which Seller will sell and SMUD, or its assignee, will purchase the Solar Project and/or Battery Storage Project at a closing for the purchase and sale of the Solar Project and/or Battery Storage Project (the "**Closing**") to be held on a date which is within six (6) months following the 12, 15 or 20-year Purchase Option, as applicable, (the "**Closing Date**") at a location selected by SMUD.

**19.4** Between the date of the Option Notice and the Closing Date, Seller may not take any actions that would materially adversely affect the Project site, the Project and Products or SMUD's interest in purchasing the Project and Products. Under this Agreement, among other standard provisions, effective as of the Closing:

**19.4.1** Seller shall transfer the purchased Solar Project and/or Battery Storage Project and any related Products to SMUD on an as-is, where-is basis, and Seller shall not be required to make any representations or warranties with regard to such Solar Project and/or Battery Storage Project and Products; *provided, however*, that Seller shall remove any encumbrances placed on the purchased Solar Project and/or Battery Storage Project and Products by Seller at Seller's expense. No such transfer shall relieve Seller of any liability whatsoever arising from the violation, breach or default by Seller of this Agreement, any

transferred contract, transferred permit, transferred intellectual property or other transferred asset, or resulting from any act or omission by Seller that occurred prior to the Closing Date.

**19.4.2** Seller shall transfer the purchased Solar Project and/or Battery Storage Project and any related Products to SMUD, free and clear of all liens and encumbrances. Seller shall assign and transfer to SMUD all of its right, title and interest in the following: (a) all raw materials, consumables and spare parts, in each case, to the extent relating to the purchased Solar Project and/or Battery Storage Project and related Products; (b) all tangible personal property to the extent relating to the purchased Solar Project and/or Battery Storage Project and related Products; (c) all intangible personal property, including permits, patents, patent licenses, patent applications, trade names, trademarks, trademark registrations and applications therefore, trade secrets, copyrights, know-how, secret formulae and any other intellectual property rights, in each case, to the extent exclusively used by Seller in the operation of the purchased Solar Project and/or Battery Storage Project and related Products; (d) all buildings and fixtures to the extent relating to the purchased Solar Project and/or Battery Storage Project and related Products; (e) computerized and non-computerized records, reports, data, files, and information, in each case, to the extent exclusively used by Seller in the operation of the purchased Solar Project and/or Battery Storage Project and related Products; (f) all design, construction and equipment warranties and guarantees related to the purchased Solar Project and/or Battery Storage Project and related Products in which Seller has any remaining rights against engineers, contractors, suppliers, equipment manufacturers or other persons; and (g) all permits and entitlements; (h) any and all interests in real property associated with the purchased Solar Project and/or Battery Storage Project. Notwithstanding this Section 19.4.2, Seller shall have the right to retain copies of, and shall have the right to use, any and all records, reports, data, files and information assigned and transferred by Seller to SMUD pursuant to Section 19.4.2(e) for its internal business use, which may include by way of illustration and not be way of limitation: (i) use in accordance with Seller's standard document retention policies; (ii) responding to or otherwise complying with regulatory audits or requests; (iii) responding to third party due diligence requests; (iv) complying with applicable Laws; (v) responding to or defending third party claims or allegations; or (vi) enforcing, defending or interpreting Seller's rights, claims or remedies under this Agreement. SMUD is specifically prohibited from purchasing the LLC, necessitating the descriptions in Section 19.

**19.4.3** All items relating to the ownership and operation of the purchased Solar Project and/or Battery Storage Project and related Products, which are customarily prorated, shall be prorated as of the Closing Date. Seller shall be liable with respect to items or obligations that relate to any time period prior to the Closing Date and SMUD shall be liable with respect to items or obligations relating to time periods after the Closing Date, and to the extent practicable, shall be credited to Seller's settlement account.

**19.5** This Agreement shall terminate upon the Closing Date, other than the Closing Date in connection with SMUD's exercise of the Purchase Option available at the end of the twentieth (20<sup>th</sup>) Contract Year, and (a) the payment in full to Seller of the Purchase Price and (b) the satisfaction or payment of all other obligations due to either Party under this Agreement. Note that the LGIA and Lease have specified agreement terms that extend past the term of the PPA.

**19.6** The "Fair Market Value" of the Solar Project and/or Battery Storage Project and related Products shall be the value determined by the mutual agreement of SMUD and Seller after receipt by Seller of SMUD's Option Notice requesting a determination of the Fair Market Value by obtaining an appraisal (the "Appraisal") from a mutually acceptable qualified licensed appraiser (the "Initial Appraiser"). In the event that Seller does not approve the value provided by the Appraisal, Seller shall select a second third-party appraiser (the "**Second Appraiser**") to provide a second appraisal

to determine the fair market value of the Solar Project and/or Battery Storage Project sought to be purchased and any related Products (the “**Alternative Appraisal**”). In the event that Seller selects the Second Appraiser, the fair market value of the Solar Project and/or Battery Storage Project and related Products shall be the average of the Appraisal and the Alternative Appraisal. Notwithstanding the foregoing, if two appraisals have been provided and one of the appraisals so rendered reflects fair market value of the Solar Project and/or Battery Storage Project and related Products that is more than 10% greater or more than 10% less than the fair market value of the Solar Project and/or Battery Storage Project and related Products reflected in the other appraisal, the Initial Appraiser and Second Appraiser shall promptly select a third appraiser (or, if such appraisers cannot agree on the selection of a third appraiser, the third appraiser shall be selected by the American Arbitration Association or any successor organization upon application by either Member), which appraiser shall make its own determination and then establish the fair market value of the Solar Project and/or Battery Storage Project and related Products for purposes of this Agreement by taking the arithmetic average of the three appraisals; provided that if any one appraisal is more or less than 15% of the average, such appraisal shall be discarded and the average shall be calculated on the remaining two appraisals. Or if there is no such agreement, the value determined by an independent appraiser as provided under this Section 19.6. Within ten (10) days of Seller’s receipt of an Option Notice, SMUD and Seller shall jointly select three recognized independent appraisers, with experience and expertise in the solar photovoltaic and energy storage industry to value such Solar Project and/or Battery Storage Project and related Products with whom the Parties will discuss methods and assumptions. Such appraisers shall act reasonably and in good faith to determine the Fair Market Value and shall set forth such determination in a written opinion delivered to the Parties within a timeframe established upon appointment of the appraiser, aspirationally no later than thirty (30) days after the date of appointment. The valuation made by the appraiser shall be the Fair Market Value in the absence of fraud or manifest error. The costs of the appraisals shall be borne equally by both Parties. The appraiser shall determine the Fair Market Value as the amount a willing buyer would pay for the Project and Products and all rights and interests associated therewith, in an arm’s-length transaction, to a willing seller under no compulsion to sell, assuming that this Agreement remains in full force and effect, and that the Solar Project and/or Battery Storage Project is able to generate revenue for the then-remaining Term at the prices set forth in this Agreement, assuming that thereafter the Solar Project and/or Battery Storage Project is able to generate revenue at a rate equal to the then fair market rates for the associated Products and any other products and services associated with and/or produced by the Solar Project and/or Battery Storage Project, and assuming that the Solar Project and/or Battery Storage Project will remain in place on the site for the remaining useful life of the Solar Project and/or Battery Storage Project.

## **20. APPLICABLE LAW**

THIS AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW.

## **21. DISPUTE RESOLUTION**

### **21.1 Trial; Venue**

The Parties agree that any suit, action or other legal proceeding by or against any party (or its affiliates or designees) with respect to or arising out of this Agreement shall be brought in the federal courts of the United States sitting in the County of Sacramento, California.

## **21.2 Dispute Resolution**

If the Parties are unable to resolve a dispute with respect to this Agreement, either Party shall send a notice to the other requesting a meeting at which senior officers or officials of the Parties shall attempt to resolve the dispute. If the Parties are unable to resolve the dispute within ten (10) days after the meeting notice is received by the Party to whom it is directed, or such longer period as the Parties may agree, then either Party may elect to resolve such dispute in the federal courts of the United States sitting in the County of Sacramento, California. Each Party shall pay and be responsible for their own attorney fees.

## **22. SEVERABILITY**

If any provision in this Agreement is determined to be invalid, void or unenforceable by any court or arbitration panel having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Agreement and the Parties shall use commercially reasonable efforts to modify this Agreement to give effect to the original intention of the Parties.

## **23. COUNTERPARTS**

This Agreement may be executed in one or more counterparts each of which shall be deemed an original and all of which shall be deemed one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile, PDF, or electronic transmission will be deemed as effective as delivery of an originally executed counterpart. Each Party delivering an executed counterpart of this Agreement by facsimile, PDF, or electronic transmission will also deliver an originally executed counterpart, but the failure of any Party to deliver an originally executed counterpart of this Agreement will not affect the validity or effectiveness of this Agreement. The preceding does not apply in the case of electronically signed documents.

## **24. GENERAL**

No amendment to, modification of, or waiver under this Agreement shall be enforceable unless reduced to writing and executed by both Parties. This Agreement shall not impart any rights enforceable by any third party other than a permitted successor or assignee bound to this Agreement. Waiver by a Party of any default by the other Party shall not be construed as a waiver of any other default. The term "including" when used in this Agreement shall be by way of example only and shall not be considered in any way to be in limitation. The headings used herein are for convenience and reference purposes only.

## **25. MOBILE SIERRA**

Notwithstanding any provision of this Agreement, neither Party shall seek, nor shall they support any third party in seeking, to prospectively or retroactively revise the rates, terms or conditions of service of this Agreement through application or complaint to FERC pursuant to the provisions of Section 205, 206 or 306 of the Federal Power Act, or any other provisions of the Federal Power Act, absent prior written agreement of the Parties. Further, absent the prior agreement in writing by both Parties, the standard of review for changes to the rates, terms or conditions of service of this Agreement proposed by a Party, a non-Party or the FERC acting *sua sponte* shall be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 US 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 US 348 (1956) and clarified by *Morgan Stanley Capital Group, Inc. v. Pub. Util. Dist. No. 1 of Snohomish*, 554 U.S. 527, 128 S. Ct. 2733 (2008) and *NRG Power Mktg., LLC v. Maine Pub. Util. Comm'n*, 130 S. Ct. 503 (2010).

**26. SERVICE CONTRACT; FORWARD AGREEMENT**

The Parties intend that this Agreement will be treated as a service contract pursuant to Section 7701(e)(3) of the Internal Revenue Code for the sale to SMUD of energy produced at an alternative energy Project, and the Parties shall not file any tax returns inconsistent with such treatment. The Parties agree that this Agreement constitutes a 'forward contract' as defined in the United States Bankruptcy Code and that each Party is a "Forward Contract Merchant" within the meaning of the United States Bankruptcy Code.

**27. ENTIRE AGREEMENT**

This Agreement, together with the LGIA, the Development Services Agreement, the Lease, and the Station Service Load Letter of Agreement constitutes the entire agreement between the Parties with reference to the subject matter hereof, and supersedes all prior and contemporaneous understandings or agreements, oral or written, between the Parties with respect to the subject matter hereof and thereof. Other than the LGIA, the Development Services Agreement, the Lease, and the Station Service Load Letter of Agreement, there are no other agreements, representations, warranties, or covenants which constitute any part of the consideration for, or any condition to, either Party's compliance with its obligations under this Agreement.

Draft - Not for Execution

**IN WITNESS WHEREOF**, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below.

**SACRAMENTO MUNICIPAL UTILITY COUNTRY ACRES CLEAN POWER, LLC**  
**DISTRICT**

**By:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Name:**  
**Title:**

**Name:**  
**Title:**

**Date:** \_\_\_\_\_

**Date:** \_\_\_\_\_

*Draft - Not for Execution*

## **EXHIBITS**

**Exhibit A – Description and Location of Project**

**Exhibit B – Contract Price**

**Exhibit C – Expected Energy Production**

**Exhibit D - Reserved**

**Exhibit E – Commercial Operation Date Confirmation Letter**

**Exhibit F – Capacity Attribute Reporting and Conveyance Procedure**

**Exhibit G – Scheduling Coordination Fee**

**Exhibit H – Environmental Attribute Reporting and Conveyance Procedure**

**Exhibit I – Notices**

**Exhibit J – Battery Storage Operating Restrictions**

**Exhibit K – Form of Consent and Agreement to Collateral Assignment**

**Exhibit L – PV Capacity Testing**

**Exhibit M – Battery Storage Capacity Testing**

**Exhibit N – Project Milestone Schedule**

**Exhibit O – Battery Storage Guarantees**

**Exhibit P – Metering Diagram**

**Exhibit Q – Form of Letter of Credit**

**Exhibit R – Form of Limited Assignment Agreement**

**Exhibit S – PV Reliability Percentage and Battery Storage Reliability Percentage**

**Exhibit T – Form of Surety**

**Exhibit U – PV Availability and Battery Storage Availability Calculations**

**Exhibit V – Monthly Operating Report**

## Exhibit A

### DESCRIPTION AND LOCATION OF PROJECT

- A.1 The Project is described as a fully integrated PV system plus battery storage facility, comprised of PV arrays, inverters, battery cells, and associated facilities and equipment. Final inverter count to be provided after commissioning testing.
- A.2 The Project is in Placer County approximately near the following coordinates 38°46'11.96"N, 121°24'58.42"W.
- A.3 The Project's primary fuel is solar.
- A.4 The Initial Expected PV Capacity is 344 MW<sub>AC</sub> at the Delivery Points.  
The Initial Expected Battery Storage Capacity is 172 MW<sub>AC</sub> at the Delivery Points. The duration of the battery shall be four (4) hours of continuous discharge at 172 MW<sub>AC</sub>.
- A.5 The Project will be designed and constructed to accommodate the Agrivoltaics FOP.
- A.6 Reserved.
- A.7 The Delivery Points are the locations of the interconnection of the Project on the high-side of the step-up transformers that interconnect to the SMUD Transmission System, as shown in Exhibit C to the LGIA.
- A.8 The Scheduled Commercial Operation Date is December 15, 2026, as may be extended for Excusable Delays.
- A.9 The Guaranteed COD for Commercial Operation is six (6) months after the Scheduled COD; i.e., June 13, 2027, subject to day-for-day extension to the extent the Scheduled COD is extended.
- A.10 The Operating Characteristics and Operating Restrictions of Battery Storage Project are as described in Exhibit J Battery Storage Operating Restrictions.
- A.11 Meters are as described in Exhibit P Meter Diagram.
- A.12 Design Standards  
Electrical subsystems, including but not limited to the solar array equipment, medium voltage collection system, and solar 230kV substation, shall comply with relevant IEEE, NESC, NEC, ANSI, NFPA, ASCE, IBC, ASTM, CPUC General Orders, and SMUD specific design standards set forth in **the Country Acres Large Generator Interconnect Agreement (LGIA) and Country Acres Lease, including Lease Section 2.5 and Lease Appendix J "Design Guidelines"**. Operator shall operate the Project as required by its registration as NERC Generator Owner and Generator Operator under the NERC Functional Model or successor models.

**Exhibit B**

**Contract Price**

The “PV Price” with respect to each Contract Year is set forth in the table immediately below:

<b>Contract Year</b>	<b>PV Price</b>
1 – 30	\$█/kW-mo. (flat) with no escalation

The “Battery Storage Price” with respect to each Contract Year is set forth in the table immediately below:

<b>Contract Year</b>	<b>Battery Storage Price</b>
1 – 20	\$█/kW-mo. (flat) with no escalation

## Exhibit C

### EXPECTED ENERGY PRODUCTION

No later than (a) three (3) months prior to the Commercial Operation Date, and (b) on or before July 1 for each calendar year thereafter for every subsequent Contract Year during the Delivery Term, Seller shall provide to SMUD a non-binding, illustrative schedule of the hourly expected energy production for each day in each month of the following calendar year in a form reasonably acceptable to SMUD.

This Exhibit C is non-binding and illustrative, except it is binding with respect to Sections 2.3.8 and 8.5.

Year of Term	Expected Energy Production (MWh)
1	657,754
2	654,465
3	651,177
4	647,888
5	644,599
6	641,310
7	638,021
8	634,733
9	631,444
10	628,155
11	624,866
12	621,578
13	618,289
14	615,000
15	611,711
16	608,423
17	605,134
18	601,845
19	598,556
20	595,267
21	591,979
22	588,690
23	585,401
24	582,112
25	578,824
26	575,535
27	572,246
28	568,957
29	565,668
30	562,380

The Expected Monthly Energy Production (EMEP) assumes an annual degradation rate of 0.5%.

The Expected Monthly Energy Production will be updated by Seller to account for the final equipment selection of the Project and the Parties will revise this Exhibit to update such values and issue a new Exhibit which shall

then become part of the Agreement. No formal amendment of the Agreement is required to update this Exhibit.

Upon mutual agreement of both Parties, a new Exhibit C may be issued. When updated, the Parties will insert a new effective date for this Exhibit C, which will replace the prior Exhibit C.

Effective Date: Month, Day, Year

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD

*Draft - Not for Execution*

**Exhibit E**

**COMMERCIAL OPERATION DATE CONFIRMATION LETTER**

In accordance with the terms of that certain Power Purchase Agreement dated \_\_\_\_\_ (“Agreement”) by and between the Sacramento Municipal Utility District (“SMUD”) and Country Acres Clean Power, LLC (“Seller”), this letter serves to document the parties further agreement that (i) the COD Conditions for the occurrence of the Commercial Operation Date have been satisfied, and (ii) the Commercial Operation Date occurred on \_\_\_\_.

This letter shall confirm the Commercial Operation Date, as defined in the Agreement, as the date referenced in the preceding sentence.

IN WITNESS WHEREOF, each Party has caused this Agreement to be duly executed by its authorized representative as of the date of last signature provided below:

Country Acres Clean Power, LLC

Sacramento Municipal Utility District

By: \_\_\_\_\_

By: \_\_\_\_\_

Name:

Name:

Title:

Title: Director, Energy Trading & Contracts

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Draft - Not for Execution

**Exhibit F**

**CAPACITY ATTRIBUTE REPORTING AND CONVEYANCE PROCEDURE**

F.1 Additional Definitions for the Conveyance of Capacity:

None.

F.2 Reporting of Capacity Attributes. SMUD will report the Capacity Attributes acquired herein in any regulatory filing that SMUD is required to make in order to declare or determine the Capacity of the Solar Project (or any portion thereof) and the Capacity of the Battery Storage Project (or any portion thereof) as meeting SMUD's Capacity planning requirement (also known as Resource Adequacy).

F.3 Changes in Capacity Attribute Conveyance Procedure. Subject to Section 4.3, SMUD may revise this Exhibit F as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit F, which shall then become part of the Agreement in the event that the method for reporting and conveying Capacity Attributes changes from the process described herein provided that no update to this Exhibit F shall be permitted to impose any material additional costs on Seller.

Upon mutual agreement of both Parties, a new Exhibit F may be issued. When updated, the Parties will insert a new effective date for this Exhibit F, which will replace the prior Exhibit F.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD

**Exhibit G**

**SCHEDULING COORDINATION FEE**

Year of Term	Coordination Fee (\$)
1	100,000
2	102,000
3	104,040
4	106,121
5	108,243
6	110,408
7	112,616
8	114,869
9	117,166
10	119,509
11	121,899
12	124,337
13	126,824
14	129,361
15	131,948
16	134,587
17	137,279
18	140,024
19	142,825
20	145,681
21	148,595
22	151,567
23	154,598
24	157,690
25	160,844
26	164,061
27	167,342
28	170,689
29	174,102
30	177,584

## Exhibit H

### ENVIRONMENTAL ATTRIBUTE REPORTING AND CONVEYANCE PROCEDURE

#### H.1 Additional Definitions for the Conveyance of Environmental Attributes:

“Certificate Transfers” means the process, as described in the WREGIS Operating Rules whereby a WREGIS account holder may request that WREGIS Certificates from a specific generating unit be directly deposited into another WREGIS account.

“WREGIS” means the Western Renewable Energy Generation Information System, sponsored by the WECC and utilized by the CEC and Green-e for tracking the generation and transfer of RECs. The URL for WREGIS is [www.WREGIS.org](http://www.WREGIS.org).

“WREGIS Certificates” means a certificate created within the WREGIS system that represents all Renewable and Environmental Attributes from one MWh of electricity generation from an Eligible Renewable Energy Resource that is registered with WREGIS.

“WREGIS Operating Rules” means the document published by WREGIS that govern the operation of the WREGIS system for registering, tracking, conveying, etc. Renewable Energy Credits produced from Eligible Renewable Energy Resources that are registered with WREGIS.

#### H.2 Renewable Energy Credits. Environmental Attributes shall be conveyed by Seller to SMUD through Renewable Energy Credits (“RECs”) which shall be registered, tracked, and conveyed to SMUD using WREGIS.

#### H.3 WREGIS Registration. Prior to the Commercial Operation Date, SMUD will initiate registration of the Project in SMUD’s WREGIS account on behalf of Seller. Final acceptance by WREGIS requires submittal by SMUD of Exhibit E, “Commercial Operation Date Confirmation Letter.”

#### H.4 SMUD’s WREGIS Account. SMUD shall, at its sole expense, establish and maintain SMUD’s WREGIS account sufficient to accommodate the WREGIS Certificates produced by the output of the Project. SMUD shall be responsible for all expenses associated with (A) establishing and maintaining SMUD’s WREGIS Account, and (B) subsequently transferring or retiring WREGIS Certificates.

#### H.5 Qualified Reporting Entity. SMUD shall be the Qualified Reporting Entity for Project, and shall be responsible for providing metered Project output data to WREGIS in accordance with WREGIS reporting guidelines.

#### H.6 Reporting of Environmental Attributes. In lieu of Seller transferring the WREGIS Certificates using Certificate Transfers from Seller’s WREGIS account to the WREGIS account of SMUD, SMUD shall report the Project as being directly in its WREGIS account, which will preclude Seller from reporting the Project in its own WREGIS account.

H.6.1 By avoiding the use of Certificate Transfers, there will be no transaction costs to Seller or SMUD for the Certificate Transfers that would otherwise be used.

H.6.2 WREGIS Certificates for the Project will be created on a calendar month basis in accordance with the certification procedure established by the WREGIS Operating Rules in an amount equal to the Energy generated by the Project and delivered to SMUD in the same calendar

month.

H.6.3 WREGIS Certificates will only be created for whole MWh amounts of energy generated. Any fractional MWh amounts (*i.e.*, kWh) will be carried forward until sufficient generation is accumulated for the creation of a WREGIS Certificate and all such accumulated MWh of Environmental Attributes will then be available to SMUD.

H.6.4 Should a WREGIS Certificate Modification be required to reflect any errors or omissions regarding the Environmental Attributes from the Project SMUD will manage the submission of the WREGIS Certificate Modification.

H.6.5 Due to the expected delay in the creation of WREGIS Certificates relative to the timing of settlement payments under Section 2.4, SMUD shall make a settlement payment for a given month in accordance with Section 2.4 before the WREGIS Certificates for such month may be created in SMUD's WREGIS account. Notwithstanding this delay, SMUD shall have all right and title to all such WREGIS Certificates upon payment to Seller in accordance with Section 2.4.

H.7 Changes in Environmental Attributes Reporting and Conveyance Procedure. Subject to Sections 3.4 and 3.6, **SMUD may revise this Exhibit H as appropriate, give written notice to Seller regarding the revision, and issue a new Exhibit H which shall then become part of the Agreement, in order to reflect changes necessary in the Environmental Attribute conveyance procedure for SMUD to be able to receive and report the Environmental Attributes purchased under this Agreement as belonging to SMUD provided that no such updated Exhibit H may impose new material (non-administrative) additional costs on Seller.**

**Exhibit I**

**NOTICES**

All notices shall be directed as follows:

**I.1 For Contract Administration**

**To SMUD:**

Sacramento Municipal Utility District  
Power Contracts Administration

6301 S Street  
Sacramento, CA 95817-1899

Or,

P.O. Box 15830  
Sacramento, CA 95852-1830

Phone: (916) 732-6244  
Email: PowerContractsAdministration@smud.org

**To Seller:**

Country Acres Clean Power LLC  
c/o Clenera, LLC  
Attn: Admin. Dept.  
P.O. Box 2576  
Boise, ID 83701  
Phone: (208) 639-3232  
Email: clenera.notices@clenera.com

With a copy to:

General Counsel,  
Clenera, LLC  
P.O. Box 2576  
Boise, ID 83701  
Phone: (208) 639-3232

**I.2 For Billing and Settlements**

**To SMUD:**

Energy Settlements

Phone: (916) 732-6751  
Email: EnergySettlements@smud.org

**To Seller:**

Country Acres Clean Power LLC  
c/o Clenera, LLC

Attn: Jeff Kohler  
P.O. Box 2576  
Boise, ID 83701  
Phone: (208) 639-3232  
Email: jeff.kohler@clenera.com

### **I.3 For Scheduling**

**To SMUD:**  
Day Ahead Trading Desk

Phone: (916) 732-5669  
Email: dayaheadtrading@smud.org

**To Seller:**

Country Acres Clean Power LLC  
c/o Clenera, LLC  
Attn: Asset Management Dept.  
P.O. Box 2576  
Boise, ID 83701  
Phone: (208) 639-3232  
Email: clenera.notices@clenera.com

### **I.4 For Planned Outages**

**To SMUD:**  
Day Ahead Trading Desk  
Phone: (916) 732-5669  
Real Time Trading Desk  
(916)732-5177  
Email: psooc@smud.org, rtt1@smud.org, rtt2@smud.org, dayaheadtrading@smud.org

Power System Operations Outage Coordination  
Phone: (916) 732-5242

**To Seller:**

Country Acres Clean Power LLC  
c/o Clenera, LLC  
Attn: Asset Management Dept.  
P.O. Box 2576  
Boise, ID 83701  
Phone: (208) 639-3232  
Email: clenera.notices@clenera.com

**I.5 For Forced Outages**

**To SMUD:**

Real Time Scheduling Desks  
Phone: (916) 732-5177

And

Power System Grid Operations  
916-732-6225 (Generation Desk), or 916-732-6730 (Shift Senior Power System Operator)

Email: psooc@smud.org, rtt1@smud.org, rtt2@smud.org, dayaheadtrading@smud.org

**To Seller:**

Country Acres Clean Power LLC  
c/o Clenera, LLC  
Attn: Asset Management Dept.  
P.O. Box 2576  
Boise, ID 83701  
Phone: (208) 639-3232  
Email: clenera.notices@clenera.com

**I.6 Same-day Phone Notification of Outages**

**To SMUD:**

Power System Grid Operations  
916-732-6225 (Generation Desk), or 916-732-6730 (Shift Senior Power System Operator)

**To Seller:**

Country Acres Clean Power LLC  
c/o Clenera, LLC  
Attn: Asset Management Dept.  
P.O. Box 2576  
Boise, ID 83701  
Phone: (208) 639-3232  
Email: clenera.notices@clenera.com

**I.7 Notification Requirements for Start/Completion of Planned Outages & Normal Start-up/Shutdown**

Prior to starting, and at the completion of, a Planned Outage, contact the Power System Operator to report and coordinate the start or completion time of the Planned Outage.

Prior to paralleling or after disconnection from the SMUD transmission system, always contact the Power System Operator with the following as applicable:

- Intent to parallel before any start-up,
- After the unit has paralleled, report the parallel time and intended unit output,
- After any separation, report the separation time as well as the date and time estimated for return to service.

**Power System Operations**

916-732-6225 (Generation Desk) or 916-732-6730 (Shift Senior Power System Operator)

**I.8 Changes to Exhibit I**

Either Party may request a change to Exhibit I as necessary to keep the information current. The Parties shall update Exhibit I prior to COD to ensure consistency with other notice provisions in this Agreement, subject to mutual agreement of the Parties.

Upon mutual agreement of both Parties, a new Exhibit I may be issued. When updated, the Parties will insert a new effective date for this Exhibit I, which will replace the prior Exhibit I.

Effective Date: Month, Day, Year

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD

**Exhibit J**  
**Battery Storage Operating Restrictions**

The Battery Storage Operating Restrictions include the limitations, conditions and restrictions set forth in this Exhibit J. Prior to the Commercial Operation Date and from time to time during the Delivery Term, by mutual written agreement the Parties may amend these Battery Storage Operating Restrictions.

The operation of the Battery Storage Project shall be subject to the following limitations:

- a. If the year-to-date average State of Charge exceeds 50% at any time during the second half of a Contract Year, then the maximum allowed State of Charge shall be limited to the State of Charge that, if held for the rest of the Contract Year, would equal an annual average State of Charge of 50%. If the allowable State of Charge has been limited, the State of Charge limitation will be released once the year-to-date State of Charge is less than 49%. Seller shall be permitted to reject or deviate from any Dispatch Instruction and may operate the Battery Storage Project as reasonably necessary, to ensure that the annual average State of Charge in any Contract Year does not exceed 50%.
- b. The limitations set forth in the table below.

#	OPERATING PARAMETER	VALUES	OPERATING RESTRICTIONS
1	Charging method	Constant Power (CP), Constant Voltage (CV)	
2	Discharging method	Constant Power (CP)	
3	Maximum CP-rate for Charging and Discharging the Battery Storage Facility	172 MWac discharge, with 172 MWac maximum for grid-charging only, which can be adjusted accordingly, as reasonably agreed upon by the Parties, based up on the final design of the Battery Storage Project	Battery shall charge and discharge at the maximum capacity available for the Battery Storage Project while not exceeding the maximum project electrical facility rating for the Battery Storage Project.
4	Operational State of Charge limits	0%-100%	As reflected in the Energy Management System. The 100% State of Charge represents the amount of Expected Battery Storage Capacity available to SMUD.
5	Maximum State of Charge during Charging	100%	In the event State of Charge during charging exceeds the Maximum State of Charge, then the battery system is out of compliance.
6	Minimum State of Charge during Discharging	0%	Minimum State of Charge to obtain contractual energy capacity. In the event State of Charge during charging is less than the Minimum State of Charge, then the battery system is out of compliance. Value of State of Charge shall not violate operating parameters established by the manufacturer for the Battery Storage Project.
7	Maximum number of Cycles per Contract Year	365	Notwithstanding any other provision of this Agreement, SMUD will not be

			permitted to utilize more than 365 Cycles per Contract Year. Seller will make commercially reasonable efforts to provide the maximum cycle limit flexibility available from the OEM.
8	Daily Dispatch Limits	Maximum of Two Cycles per operating day	This limit applies to each Battery Storage Project container, individually and collectively.
9	Charge/Discharge Hold Period	To be determined (TBD) by Battery Original Equipment Manufacturer (OEM)	TBD by Battery OEM
10	Maximum charging capacity (MW)	172 MWac	Battery Storage Project shall charge at the maximum capacity available for the Battery Storage Project while not exceeding the maximum project electrical facility rating for the Battery Storage Project.
11	Minimum Charging Capacity	0 MW	
12	Maximum discharging capacity (MW)	172 MWac	Battery Storage Project shall discharge at the maximum capacity available for the Battery Storage Project while not exceeding the maximum project electrical facility rating for the Battery Storage Project.
13	Maximum Discharge Energy per Cycle (MWh)	688 MWhac / Cycle	As measured at the Delivery Points and equal to the Expected Battery Storage Capacity.
14	Minimum Discharging Capacity	0 MW	
15	Minimum Stored Energy Level	0 MWh	
16	Ramp Rate Limitation	5-20% of rated capacity/min	Default to be 10%/min.
17	Maximum ambient operating temperature with de-rate	Battery Storage Project de-rate ambient temperature is 45° C and shut-down ambient temperature is 55° C	The rated power of the Battery Storage Project will be reduced linearly from the derate to the shutdown ambient temperature; the Battery Storage Project may shut down in Seller's discretion.

18	Minimum ambient operating temperature with de-rate	De-rate below -30° C	Below – 0 C°, the Battery Storage Project may shut down in Seller’s discretion.
19	Maximum Annual Average State of Charge	50%	The Battery Storage Project shall be operated to maintain an annual average State of Charge equal to 50%.
20	Maximum Throughput	Maximum Daily Throughput: 1,376 MWh-ac  Maximum Annual Throughput: 251,120 MWh-ac	Throughput is based on battery discharge energy (MWh) only and not charge energy (MWh) and therefore equivalent to the cycles in item #7 above.

As used in this Exhibit J, “Cycle” means a change or changes in State of Charge that total(s) to 200%, irrespective of the initial State of Charge and the number of discrete charging or discharging increments.

Upon mutual agreement of both Parties, a new Exhibit J may be issued. When updated, the Parties will insert a new effective date for this Exhibit J, which will replace the prior Exhibit J.

Effective Date: [Month, Day, Year]

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD

## Exhibit K

### FORM OF CONSENT AND AGREEMENT TO COLLATERAL ASSIGNMENT

This CONSENT AND AGREEMENT (this "Consent"), dated as of [\_\_\_], is entered into by and among the Sacramento Municipal Utility District, a California Municipal Utility District formed and existing under the laws of the State of California (together with its successors and permitted assigns, "SMUD" or "Purchaser"), [Financial Institution] (together with its successors, designees and assigns in its capacity as [Collateral Agent], (the "Collateral Agent") for the Secured Parties, as defined in the hereinafter defined Financing Agreement, and Country Acres Clean Power LLC, a limited liability company formed and existing under the laws of the State of [\_\_\_] (together with its successors and permitted assigns, "Seller"). Purchaser, Seller and the Collateral Agent shall be referred to hereunder as the "Parties" and, individually, as a "Party". Unless otherwise defined, all capitalized terms have the meaning given in the Power Purchase Agreement (as hereinafter defined).

### RECITALS

Purchaser and Seller have entered into that certain Power Purchase Agreement, dated as of [\_\_\_] (as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof, the "PPA" or the "Assigned Agreement").

[Seller]/[\_\_\_, an Affiliate of Seller ("Borrower")]) has entered into that certain [Financing Agreement] (as the same may be amended, modified or supplemented from time to time, the "Financing Agreement") relating to the financing for the construction, [operation and maintenance] of the fully integrated solar photovoltaic generation plus battery storage facility located in Placer County, California (the "Project"), dated as of [\_\_\_] involving [Seller]/[Borrower], the financial institutions from time to time party thereto (collectively, the "Lenders"). [Provide further description of Financing Agreement].

### AGREEMENT

#### 1. Definitions.

Capitalized terms used but not defined in this Consent shall have the meanings given to them in the PPA, or if not defined therein, in the Financing Agreement. In addition, the following terms shall have the meanings set forth below with respect to each term:

"Person" shall mean any individual, sole proprietorship, corporation, limited liability company, limited or general partnership, joint venture, association, joint-stock company, trust, incorporated organization, institution, public benefit corporation, unincorporated organization, government entity or other entity.

"Qualified Operator" shall mean any entity that at the time it becomes a Transferee (i) has the financial means to operate and maintain the Project and perform its obligations under the Assigned Agreement, (ii) either itself or its direct or indirect parent, has a tangible net worth of at least

\$50,000,000 or a credit rating of “BBB-” or higher by S&P or “Baa3” or higher by Moody’s, (iii) has, or has entered into contracts for operation of the Project with a Person or Persons that has or have, for the three (3) preceding years, has owned or operated (or had access to the expertise required to operate through committed management agreement with affiliates or through a committed operations and maintenance agreement with any Person) fully integrated solar photovoltaic generation plus battery storage facilities in the California region, and (iv) has met all applicable requirements for operating the Project in accordance with Good Utility Practices, including, without limitation, the requirements of the Transmission Provider.

“Security Agreement” shall mean that certain [Security Agreement], dated as of [ ], between the Collateral Agent and [Seller]/[Borrower], granting to the Collateral Agent a security interest in the Assigned Agreement.

“Secured Obligations” shall mean, collectively: all obligations and liabilities of Seller in respect of: (a) the principal of and interest on all loans made under the Financing Agreement; (b) all other amounts due and to become due to the Collateral Agent, the Lenders or any other financing parties under the Financing Agreement or any other document contemplated thereby, including, without limitation, the expenses, indemnities and interest which would accrue on any of the foregoing but for the commencement of a case by or against [Seller]/[Borrower] under any applicable bankruptcy laws; and (c) the performance and observance of all of the covenants and agreements made by [Seller]/[Borrower] under and in connection with the Financing Agreement.

“Transferee” is defined in Section 5(e) herein.

2. Scope of Obligations.

Nothing in this Consent shall make Purchaser liable for any obligations, damages or other amounts under the Financing Agreement or for any other damages for which it would not otherwise be liable to Seller under the Assigned Agreement.

3. Consent to Assignment. Purchaser hereby:

(a) acknowledges and irrevocably consents to the assignment pursuant to the Security Agreement<sup>1</sup> by Seller to the Collateral Agent for the benefit of the Secured Parties of the Assigned Agreement as security for the performance of the Secured Obligations;

(b) acknowledges and irrevocably agrees that the Collateral Agent (and the other Secured Parties) shall not be or become liable for the performance or observance of any of the obligations or duties of Seller under the Assigned Agreement, nor shall the Collateral Agent (nor the other Secured Parties) be or become liable to perform or observe any obligations or duties owing to Purchaser, in either case solely by reason of the assignment of the Assigned Agreement to the Collateral Agent hereunder, except as otherwise expressly provided in this Consent;

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<sup>1</sup> Subject to SMUD’s review of the Security Agreement.

(c) acknowledges that, upon Purchaser's receipt of a notice from the Collateral Agent of an Event of Default, the Collateral Agent has the right to make all demands, give all notices, take all actions and exercise all rights of, Seller under the Assigned Agreement; and

(d) acknowledges and agrees, subject in all respects to the conditions and limitations contained in this Consent, that none of the following shall constitute, as between Purchaser and the Secured Parties, an Event of Default by Seller under the Assigned Agreement or shall result in a suspension or termination thereof: (i) the assignment by Seller to the Collateral Agent for the benefit of the Secured Parties of a first-priority lien on and security interest in the Project (including, without limitation, the Assigned Agreement); (ii) the operation of the Project by any Transferee that is a Qualified Operator upon the exercise of the Collateral Agent's and the Secured Parties' rights with respect to an [Event of Default]<sup>2</sup> under, as defined in and in accordance with, the Financing Agreement<sup>3</sup>; (iii) the commencement of a foreclosure or similar proceeding to enforce the lien of the Secured Parties against the Project (including, without limitation, the Assigned Agreement); (iv) the acquisition of the rights of Seller in the Project (including, without limitation, the Assigned Agreement) in foreclosure by the Collateral Agent or any Secured Party in connection with such party's exercise of its rights and remedies, at law, in equity or otherwise (or acceptance of an absolute assignment of the Project in lieu of foreclosure); or (v) the subsequent sale, assignment, and/or conveyance of the Project (including, without limitation, the Assigned Agreement) by the Collateral Agent or any other Secured Party after acquisition of the rights of Seller in the Project following any foreclosure or assignment in lieu of foreclosure.

4. Representations and Warranties. As of the date of this Consent,

(a) Purchaser hereby represents and warrants to the Collateral Agent, for the benefit of the Secured Parties, that: (i) Purchaser has the full power and authority to execute, deliver and perform this Consent and to carry out the transactions contemplated hereby; (ii) the execution and delivery of this Consent by Purchaser and the carrying out by Purchaser of the transactions contemplated hereby have been duly authorized by all requisite corporate action, and this Consent has been duly executed and delivered by Purchaser and constitutes the legal, valid and binding obligation of Purchaser, enforceable against it in accordance with the terms hereof and thereof, subject, as to enforceability, to bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to or affecting the enforcement of creditors' rights generally and to general principles of equity; (iii) all authorizations, consents, approvals or orders of, notices to, or registrations, qualifications, declarations or filings with, any Governmental Authority, required for the execution, delivery and performance by Purchaser of this Consent or the carrying out by Purchaser of the transactions contemplated hereby, have been obtained and are in full force and effect; and (iv) none of the execution, delivery, and performance by Purchaser of this Consent, the compliance with the terms and provisions hereof, and the carrying out of the transactions contemplated hereby, conflicts or will conflict with or result in a breach or violation of any of the terms, conditions, or provisions of any law, governmental rule or regulation or the charter documents, as amended, or by-laws, as amended, of Purchaser or any applicable order, writ, injunction, judgment or decree of any court or Governmental Authority against Purchaser or by which it or any of its properties is bound, or any material loan agreement, indenture, mortgage, bond, note, resolution, contract or other agreement or instrument to which Purchaser is a party or by which it or any of its properties is bound.

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<sup>2</sup> Applicable defined term in Financing Agreement to be confirmed.

<sup>3</sup> Subject to SMUD's review of the Financing Agreement.

(b) Purchaser further represents and warrants to the Collateral Agent, for the benefit of the Secured Parties that: (i) neither an Event of Default by Purchaser, nor any event or circumstance that with the passage of time or giving of notice or both would result in an Event of Default by Purchaser, nor, to its actual knowledge after due inquiry, an Event of Default by Seller nor any event or circumstance that with the passage of time or giving of notice or both would result in an Event of Default by Seller exists and is continuing under the Assigned Agreement; (ii) to its actual knowledge Purchaser has no existing counterclaims, offsets or defenses against Seller in respect of the Assigned Agreement; (iii) to its actual knowledge after giving effect to Purchaser's consent to the assignment consented to by Purchaser under Section 3(a) herein, and recognizing that Seller has continuing and additional obligations to perform after the date of this Consent, there exists no present event or condition, except those expressly contained in the Assigned Agreement, which enable either Purchaser or Seller to terminate or suspend its obligations under the Assigned Agreement; (iv) except for the assignment to the Collateral Agent for the benefit of the Secured Parties, Purchaser has no notice of any assignment relative to any right, title and interest of Seller in, to and under the Assigned Agreement; (v) the Assigned Agreement and the instruments and documents referred to therein constitute the only agreements between Purchaser and Seller with respect to the matters and interests described therein; and (vi) there are no proceedings pending or, to its actual knowledge without inquiry, threatened against or affecting Purchaser in any court or by or before any Governmental Authority or arbitration board or tribunal which could reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under the Assigned Agreement or this Consent.

5. Rights of the Secured Parties. Purchaser agrees that the Secured Parties, so long as any Secured Obligations shall remain outstanding, shall have the following rights with respect to the Assigned Agreement:

(a) Assignment, Amendments, Etc.

(i) No assignment by Purchaser of its obligations under the Assigned Agreement shall be effective unless (A) such assignment complies with the Assigned Agreement, and (B) Purchaser contemporaneously delivers to the Collateral Agent a copy of all notices due to Seller with respect to such assignment.

(ii) no waiver, amendment, or other modification of the Assigned Agreement by Seller shall be effective without the prior written consent (such consent not to be unreasonably withheld) of the Collateral Agent (except for any waiver, amendment, and/or modification which is of a routine, ministerial or administrative nature or which is required by law or by any Governmental Authority).

(b) Performance of Seller's Obligations. If the Collateral Agent shall provide Purchaser with notice of an [Event of Default] by [Seller]/[Borrower] under the Financing Agreement, then following Purchaser's receipt of such notice the Collateral Agent or any of the other Secured Parties may, but shall have no obligation to, perform one or more of the obligations of Seller under the Assigned Agreement and Purchaser will accept such performance, if otherwise in accordance with the terms of the Assigned Agreement and this Consent, in lieu of performance by Seller and in satisfaction of the obligations of Seller under the Assigned Agreement. In the event that the Secured Parties or the Collateral Agent exercise any right under the Financing Agreement to assume possession and control of the Project, the Secured Parties or the Collateral Agent shall obtain the appointment of a Qualified Operator to assume possession and control of the Project prior to or pending a foreclosure, and the Secured Parties or the Collateral Agent shall cause the Project to be

operated by such Qualified Operator.

(c) Copies of Notices. Purchaser acknowledges that it is obligated to send the Collateral Agent copies of any notice furnished to Seller of the existence of an Event of Default under the Assigned Agreement or the termination of the Assigned Agreement, and certain other notices as expressly set forth in the Assigned Agreement concurrently with or within one (1) Business Day following delivery of such notices to Seller; provided that any failure of Purchaser to send such notice shall not give rise to any liability to any Person on the part of Purchaser hereunder.

(d) Cure Rights.

(i) Subject to the terms of this Consent, each of the Collateral Agent, the Secured Parties and a Transferee shall have the right, but not the obligation, to cure any Event of Default under the Assigned Agreement which is capable of being cured; provided that during the applicable cure period the Collateral Agent, the Secured Parties, and/or a Transferee continue to perform each of Seller's other obligations under the Assigned Agreement.

(ii) The Assigned Agreement shall not be suspended or terminated automatically or terminated by Purchaser if the Collateral Agent, the Secured Parties or a Transferee cures, within the applicable cure period, each Event of Default thereunder that is capable of being cured as set forth in clause (iii), below.

(iii) Each of the Collateral Agent, the Secured Parties and a Transferee shall be entitled to cure an Event of Default of Seller under the Assigned Agreement within the following cure periods: (A) if such Event of Default is a monetary Event of Default or an Event of Default arising due to a failure to comply with obligations under Section 11.1 of the Assigned Agreement, fifteen (15) Days after the receipt by the Collateral Agent of such notice to cure a monetary Event of Default or Event of Default arising due to a failure to comply with obligations under Section 11.1 of the Assigned Agreement; and (B) if such Event of Default is a non-monetary Event of Default, thirty (30) Days after the receipt by the Collateral Agent of such notice to cure a non-monetary Event of Default; Solely with respect to any Events of Default by Seller under the Assigned Agreement that cannot be cured by any Person other than Seller or its designated operator, as the owner or designated operator of the Project, if the Secured Parties or an agent representing the Secured Parties declare an [Event of Default] under and in accordance with the Financing Agreement and promptly commence foreclosure proceedings, and subsequently notify Purchaser, then, so long as the Secured Parties or the Collateral Agent are diligently pursuing such foreclosure proceedings, the Secured Parties, the Collateral Agent and a Transferee will be allowed such additional period, not to exceed one hundred eighty (180) Days from the date of commencement of such proceedings, as is necessary to complete such proceedings in which to cure the existing Event(s) of Default under the Assigned Agreement. For the avoidance of doubt, the Collateral Agent and the other Secured Parties shall have cured all Events of Default which are capable of being cured on or prior to the completion of such proceedings (not to exceed one hundred eighty (180) Days).

(iv) Once an Event of Default under the Assigned Agreement is timely cured by the Collateral Agent or the Secured Parties, such event or condition shall no longer be

deemed to be an Event of Default under the Assigned Agreement.

(e) Consent to Transfer; Continuation of Agreement. Purchaser consents to the transfer of Seller's interest in the Project to the Collateral Agent or any other Secured Party, or their designee or to any other Person provided that (i) the Collateral Agent or the other Secured Parties or has retained a Qualified Operator to act as operator of the Project in lieu of Seller (collectively, a "Transferee"), (ii) the Collateral Agent or the other Secured Parties shall have caused the Assigned Agreement to be conveyed and transferred to the Transferee at the time of the transfer of the Project and shall have caused the Transferee to assume and to agree to be bound by all the terms and provisions of the Assigned Agreement, which has and continues to remain in full force and effect in accordance with its terms and (iii) the Collateral Agent or the other Secured Parties shall identify the Transferee in a written notice to Purchaser on or before the effective date of the transfer and shall furnish Purchaser with Transferee's written agreement to assume and to agree to be bound by all the terms and provisions of the Assigned Agreement, and Purchaser shall recognize such a Transferee as the "Seller" under the Assigned Agreement, if the Transferee shall or shall have:

(i) cure or cured within the relevant cure period established in the Assigned Agreement, as modified by subsection 6(d)(iii) above, all Events of Default of Seller which are then existing under the Assigned Agreement and which are capable of being cured at the time of such transfer; and

(ii) assume or assumed and perform all other obligations of Seller under the Assigned Agreement arising on or after the date of such transfer to the Transferee.

6. Replacement Agreements. If the Assigned Agreement is rejected or terminated as a result of any bankruptcy or insolvency proceeding involving Seller, and Purchaser has been reimbursed by any Person for all amounts which would be due and payable by Seller to Purchaser under the Assigned Agreement but for such bankruptcy or insolvency proceeding, the Collateral Agent may, within thirty (30) Days after such rejection or termination, certify in writing to Purchaser that the Transferee intends to perform and is capable of performing the obligations of Seller arising after the date of such certification as and to the extent required under the Assigned Agreement. In such case, Purchaser, [subject to approval by SMUD's Board of Directors,] shall execute and deliver to the Transferee a new agreement (a "Replacement Agreement") which shall be for the balance of the remaining term under such rejected Assigned Agreement and, in such case, for purposes of Section 19.3 of the Assigned Agreement, the Delivery Period under the Assigned Agreement shall not be deemed to have expired. The Replacement Agreement shall contain the same conditions, agreements, terms, provisions and limitations as the original Assigned Agreement, except that the Transferee will be substituted where the Seller appears in Assigned Agreement.

7. Purchaser's Reliance on Written Notices by Agent. Seller agrees that Purchaser is entitled to rely on the written instructions of an employee, authorized representative or other agent of the Collateral Agent as permitted herein, including without limitation, any such notice concerning the existence and continuation of an [Event of Default] under the Financing Agreement, the destination of payments to be made under the Assigned Agreement or whether the Secured Obligations have been fully paid or not, and that Purchaser may make payments that are due to Seller as directed by any such Person upon the written instructions of any such Person to do so. Seller waives any claims that it has or may have against Purchaser based upon the good faith reliance by it on such written instructions.

8. Notices. Any communications between the Parties hereto or notices provided herein to be given may be given to the addresses set forth in the table below. All notices to be given under this Consent shall be in writing and shall be

(i) delivered personally, (ii) sent by certified or registered first-class mail, postage prepaid, return receipt requested, or (iii) sent by a recognized courier service, with delivery receipt requested, , unless the recipient has given notice of another address for receipt of notices; provided that in the case of notices to the Collateral Agent and Seller, a copy each notice shall be sent by email to the email address set forth in the table below. All notices sent hereunder shall be deemed to have been given when transmitted by email (with the receipt confirmation) or personally delivered or in the case of a notice mailed or sent by courier, upon receipt, at the address provided for herein; provided, however, if such notice is given after the close of business on a Business Day of the receiving party, or on a Day on which the receiving party is not open for business, such notice shall be deemed to have been given on the next following Business Day.

If to Purchaser:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_

If to Collateral \_\_\_\_\_ Agent:  
\_\_\_\_\_

\_\_\_\_\_  
Attn: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_

If to Seller:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

With a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attention: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Email: \_\_\_\_\_

9. Arrangements Regarding Payments. Commencing on the date of this Consent and so long as the Financing Agreement remains in effect, Purchaser hereby agrees to make all payments required to be made by it under the Assigned Agreements in U.S. dollars, directly to the Collateral Agent, acting for the benefit of the Secured Parties for deposit into the account described immediately below, or, if Purchaser has been notified that an [Event of Default] under the Financing Agreement has occurred and is continuing, to such other Person and/or at such other address or account as the Collateral Agent may from time to time specify in writing to Purchaser. Seller hereby instructs Purchaser, and Purchaser accepts such instructions, to make all payments due and payable to the Collateral Assignor under the Assigned Agreement as set forth in the immediately preceding sentence.

Account # [ ]

[wiring instructions to be added]

10. ACKNOWLEDGMENTS BY SELLER. Seller, by its execution hereof, acknowledges and agrees that neither the execution of this Consent, the performance by Purchaser of any of the obligations of Purchaser hereunder, the exercise of any of the rights of Purchaser hereunder, or the acceptance by Purchaser of performance of the Assigned Agreement by any party other than Seller shall (1) release Seller from any obligation of Seller under the Assigned Agreement, (2) constitute a consent by Purchaser to, or impute knowledge to Purchaser of, any specific terms or conditions of the Financing Agreement or Security Agreement, or (3) except as expressly set forth in this Consent, constitute a waiver by Purchaser of any of its rights under the Assigned Agreement. Seller and Lender

acknowledge hereby for the benefit of Purchaser that this Consent does not alter, amend, modify or impair (or purport to alter, amend, modify or impair) any provisions of the Assigned Agreement except as provided herein.

11. Miscellaneous.

(a) Separate Counterparts; Amendments; Waiver. This Consent may be executed in separate counterparts, each of which when so executed and delivered shall be an original but all such counterparts shall constitute one and the same instrument. Until termination as to the respective party, neither this Consent nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by each of Purchaser, Seller and the Collateral Agent.

(b) Severability of Provisions. Any provision of this Consent which is prohibited or unenforceable shall be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

(c) Successors and Assigns. This Consent shall be binding upon and shall inure to the benefit of Purchaser and its successors and permitted assigns, Seller and its successors and permitted assigns, the Collateral Agent and the other Secured Parties and its or their successors and permitted assigns.

(d) Governing Law; Venue.

(i) This Consent shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and to be performed in such state.

(ii) Each of Purchaser, Seller and the Collateral Agent irrevocably waives, to the fullest extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

(e) Each of the Parties hereto agrees to execute and deliver all such instruments and take all such action as may be reasonably necessary to effectuate the purposes of this Consent.

(f) No failure on the part of any Party to exercise and no delay in exercising, any right under this Consent shall operate as a waiver of such right nor shall any single or partial exercise of any right under this Consent preclude any further exercise of such right or the exercise of any other right.

(g) Upon the reasonable request of Seller and the Collateral Agent, including immediately prior to permanent equity financing of the Project, Purchaser agrees to provide Seller with a certificate stating that as of the date of such certificate, the representations and warranties of Purchaser set forth in Sections 4(a) and 4(b) of this Consent are true and correct (and to the extent any such representation or warranty is not true and correct, providing appropriate modifications describing the events or circumstances rendering such representation or warranty

untrue or incorrect). Nothing in any such certificate shall make Purchaser liable for any damages or other amounts under the Financing Agreement or for any other damages for which it would not otherwise be liable to Seller under the Assigned Agreement.

[Signature Pages Follow]

*Draft - Not for Execution*

IN WITNESS WHEREOF, the parties hereto by their officers thereunto duly authorized, have duly executed this Consent as of the date first set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

a \_\_\_\_\_

[COLLATERAL AGENT]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_, as Collateral Agent

Country Acres Clean Power, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Draft - Not for Execution

## Exhibit L

### PV Capacity Testing

#### 1 PURPOSE

The objective of the PV Capacity Test is to establish the Expected PV Capacity for the Solar Project. The guidance for this PV Capacity Test is based on ASTM 2848-13 and ASTM 2939-13.

Seller shall provide to SMUD a proposed test procedure for the PV Capacity Test compliant with this Exhibit L for SMUD's approval. The proposed test procedure shall be provided six (6) months prior to testing, and in accordance with LGIA Exhibit G requirements. SMUD shall review and comment within 30 days and SMUD's approval shall not be unreasonably withheld or delayed. The approved test procedure shall be referred to herein as the "Test Procedure."

The Test Procedure shall apply to both the PV Commercial Operation Test, as well as to subsequent PV Capacity Tests conducted pursuant to the Agreement. For the subsequent PV Capacity Tests, the previously approved Test Procedure shall be utilized unless Seller or SMUD requests a revised Test Procedure 60 days prior to the beginning of such test, or such timeframe mutually agreed between the Parties.

#### 2 ADDITIONAL DEFINITIONS

**PVsyst Model** shall mean the PVsyst base energy model agreed upon by the Seller and SMUD. The initial PVsyst Model assumptions will be submitted as Appendix 1 to this Exhibit L. The PAN file, OND file, and MET file used for the PVsyst model (v 7.x) will also be provided.

**PV Capacity Test Period** shall mean the period comprising a minimum of five (5) consecutive days and a maximum of twenty-eight (28) days of consecutive or (with SMUD's approval) non-consecutive testing. A minimum of 150 valid data points must be collected over a minimum of three (3) separate days during this period. The PV Capacity Test Period shall utilize 5-minute averaged data derived from  $\leq$  1-minute SCADA data samples.

#### 3 CONDITIONS

1. The PV Commercial Operation Test report shall be certified by an independent, professional engineer.
2. PV Capacity Tests, other than the PV Commercial Operation Test, will not need to be certified by an independent, professional engineer. Any dispute regarding test results that cannot be resolved between SMUD and Seller are to be resolved by an agreed upon independent, professional engineer in accordance with Section 8 of this Exhibit L.
3. Plane-of-array (POA) irradiance sensors (pyranometers and albedometers) must be clean, calibrated, and operational. Greater than 60% of pyranometers must be available.
4. Solar Meter must be operational.
5. SCADA system must be operational.
6. The PVsyst Model's assumed metering location and gen-tie losses shall match the actual metering location and any gen-tie losses.

#### 4 PROCEDURE

Seller shall inform SMUD of intent to begin PV Capacity Test in accordance with requirements of the Outage Coordination Process. SMUD shall confirm the dates in writing prior to the first date of the test.

The ASTM 2848-13 test employs a multiple linear regression of AC power ( $P$ ) to total irradiance ( $E_{Tot}$ ), ambient temperature ( $T_a$ ), and wind speed ( $v$ ) through the following equation (“Equation 1”):

$$P = E_{Tot}(a_1 + a_2 * E_{Tot} + a_3 * T_a + a_4 * v)$$

$$E_{Tot} = E_{POA} + E_{Rear} * \Psi$$

Where:

$E_{POA}$  = Front side POA irradiance (W/m<sup>2</sup>)

$E_{Rear}$  = Rear side POA irradiance (W/m<sup>2</sup>)

$\Psi$  = Module bifaciality factor

Module bifaciality factor shall be based on module PAN file.

Modeled PV Capacity shall utilize the Pvsyst Model 8760 dataset centered around thirty (30) days relative to the PV Capacity Test Period, filtered based on the Test Procedure. For example, if the Test Period is June 20 – June 28, the 30 day window for the Pvsyst Model 8760 dataset will utilize the data from June 9 through July 9. The Pvsyst Model power readings shall be fitted against the Pvsyst Model total irradiance ( $E_{Tot}$ ), ambient temperature ( $T_a$ ), and wind speed ( $v$ ) to obtain regression coefficients as per Equation (1).

Measured PV Capacity shall utilize the data collected during the PV Capacity Test period, filtered according to the Test Procedure. The measured power readings shall be fitted against the measured total irradiance ( $E_{Tot}$ ), ambient temperature ( $T_a$ ), and wind speed ( $v$ ) to obtain regression coefficients as per Equation (1). The resulting regression analysis shall demonstrate  $R^2 \geq 0.95$  unless otherwise agreed by Seller and SMUD.

Reporting Conditions (RC) for total irradiance ( $E_{Tot}$ ), ambient temperature ( $T_a$ ), and wind speed ( $v$ ) will be determined in accordance with the Test Procedure and will follow the general guidance established in ASTM 2848-13 and ASTM 2939-13.

$$\text{PV Capacity Test Percentage} = P_{\text{measured}} / (P_{\text{modeled}} * \text{Adj}_{\text{Soil}} * \text{Adj}_{\text{Avail}})$$

Where:

$P_{\text{measured}}$  is evaluated at RC in Equation 1 with the measured regression coefficients.

$P_{\text{modeled}}$  is evaluated at RC in Equation 1 with the modeled regression coefficients.

$\text{Adj}_{\text{Soil}}$  is calculated using the method described in Section 7 of this Exhibit L, and only to be used during the PV Commercial Operation Test and not the subsequent PV Capacity Tests.

$\text{Adj}_{\text{Avail}}$  is calculated utilizing the availability calculation as established in Appendix U, inclusive of the Agrivoltaics FOP. Data points used in this availability calculation will match the time periods used for the Measured PV Capacity calculation.

$$\text{Expected PV Capacity} = \text{PV Capacity Test Percentage} * \text{Initial Expected PV Capacity}$$

The table below demonstrates example RC and model regression coefficients if the 30-day dataset were discrete months. Final RC, model regression coefficients, and  $P_{\text{modeled}}$  will be determined based on the actual 30-day window selected for filtering the PVsyst Model 8760 and any final filtering guidance agreed upon in the Test Procedure.

	Example RC			Example model regression coefficients				Example $P_{\text{modeled}}$
	$E_{\text{Tot}}$ (W/m <sup>2</sup> )	$T_a$ (degC)	$v$ (m/s)	a1	a2	a3	a4	P (MW)
Jan	661.99	8.15	2.39	384,745.30	-27.56	-1,249.54	-12.37	235.86
Feb	727.03	16.44	2.10	387,478.09	-31.72	-1,271.79	-63.46	249.65
Mar	711.01	15.43	2.45	384,490.55	-27.76	-1,314.71	20.12	244.95
Apr	779.74	20.63	2.12	385,911.11	-30.88	-1,288.87	46.31	261.48
May	759.89	23.75	2.26	383,302.41	-30.20	-1,309.89	-45.98	250.11
Jun	809.17	28.15	2.70	374,739.63	-29.87	-1,274.02	17.34	254.68
Jul	805.32	29.56	2.31	364,430.37	-27.09	-1,243.01	-0.50	246.33
Aug	793.66	28.46	2.00	351,814.91	-23.51	-1,205.11	-29.39	237.15
Sep	780.90	28.31	1.75	347,745.55	-23.59	-1,204.91	-36.19	230.48
Oct	715.57	21.90	2.73	352,534.68	-21.39	-1,219.25	-32.60	222.14
Nov	693.31	16.47	1.87	380,484.15	-27.74	-1,269.30	-6.93	235.96
Dec	631.08	10.24	2.06	280,676.50	105.90	-1,299.30	-441.55	210.34
Annual	768.35	24.27	2.27	394,909.53	-34.18	-2,122.52	110.96	243.86

## 5 DATA QUALITY

- Inverter clipping shall be excluded from the dataset (clipping undermines linearity between POA irradiance and power).
- Irradiance ( $E_{\text{Tot}}$ ) not within  $\pm 25$  percent of RC irradiance shall be excluded. A minimum irradiance threshold of 400 W/m<sup>2</sup> will also be applied.
- Rear side POA (RPOA) sensors will be used for the measured data.
- Any deviations from expected performance shall be noted in the PV Capacity Test report.
- The 5-minute interval data shall be averaged together from duplicate sensors and analyzed such that any nuisance data points and bad data that exhibit a high degree of error (such as errors caused by faulty instrumentation) shall be removed from the data set and noted in the PV Capacity Test report.
- The Seller shall document all data removed and provide a justification describing why it was removed for SMUD review.
- The PV Capacity Test may be performed on non-consecutive days on SMUD's approval if weather delays or schedule does not permit consecutive day testing.
- Data points collected while the whole plant or greater than 20% of inverters are off-line shall be eliminated and noted in the PV Capacity Test Report.

- Obstructions or external shading that is believed to impact the results of the PV Capacity Test, and data collected for periods during which the array experiences shading from objects unrelated to the Solar Project, such as trees, buildings, etc., may be eliminated for purposes of the regression analysis. The Seller shall document all data eliminated and identify the source(s) of shading.

## 6 REPORTING

The Seller shall submit to SMUD a detailed PV Capacity Test report and supporting calculations within ten (10) Business Days of completion of a PV Capacity Test. The report shall include raw primary and secondary (if applicable) test instrument data, PVsyst Model 8760, and full Excel-based formulas and calculations. Raw testing data shall be submitted to SMUD with the test report.

## 7 SOILING ADJUSTMENTS

Soiling degradation shall be calculated immediately before the PV Commercial Operation Test and not the subsequent PV Capacity Tests, by the following procedure and conditions:

### Conditions

- No more than one week before beginning the Capacity Test
- Measurements shall be taken during cloudless periods, between 10 am and 2 pm.
- Procedure shall be completed for at least half of the met station locations.
- For the avoidance of doubt, monthly soiling values in the PVSyst Model, as provided by the independent engineer, Luminate, shall be used for subsequent PV Capacity Tests.

### Procedure

1. Record the first I-V curve for two modules, including plane-of-array irradiance and module temperature data. Record calculated  $P_{mp1}$  (corrected to STC) from the I-V curve measurement provided by the I-V curve trace device. Measurements for the two modules should be taken at approximately the same time.
2. Clean front and back of one of the two modules with water.
3. Let the cleaned module stabilize to the module temperature observed before cleaning – use the unwashed module as another point of temperature stabilization comparison. It is important that the modules reach a stable temperature, and not continue to increase through the second measurement.
4. Record the second I-V curve for the two modules, including plane-of-array irradiance and module temperature. Record calculated  $P_{mp2}$  (corrected to STC) from I-V curve measurement provided by I-V curve trace device. Measurements for the two modules should be taken at approximately the same time.
5. Calculate measured soiling loss for the cleaned module:  $Soil_{Measured\_n} = 1 - P_{mp1} / P_{mp2}$ , where n represents the met station location for the measurement.
6. Calculate the ratio of  $P_{mp1}/P_{mp2}$  for the unwashed module. If this ratio is not near 1, it is an indication that the conditions between the two measurement periods were not sufficiently close and the Soiling Loss value calculated for the washed module at that particular met station location is subject to error and may be excluded.
7.  $Soil_{Measured}$  equals the average of viable  $Soil_{Measured\_n}$  measurements.
8.  $Adj_{Soil} = 1 - Soil_{Measured}$

## Documentation

- I-V curve trace reports for  $P_{mp1}$  and  $P_{mp2}$

## 8 DISPUTE RESOLUTION

At the request of either Party, an independent, professional engineer shall be retained by the Parties to resolve any dispute under this Exhibit L. The requesting Party may select an expert from the following pre-approved independent, professional engineers: Leidos, Luminate, DNV, and Black & Veatch. An expert not on this pre-approved list will need to be agreed to by both Parties. Each Party shall cooperate reasonably with the other and with the selected expert to resolve the dispute expeditiously and efficiently. Each Party shall, within 30 days of the selection of the expert, provide to the expert in writing its position on the dispute and any back-up material supporting its position. The expert must agree with the position of one Party and may not implement a resolution to the dispute that differs from the proposal of a Party. The expert shall, within 30 days of the submission of Parties' positions, choose the Party position that, in the expert's determination, best reflects the appropriate resolution of the dispute. The Party whose position is not accepted by the expert shall pay all of the costs for the expert.

Draft - Not for Execution

## Appendix 1 to Exhibit L

Included in following file:to\_SMUD\_20230809.zip

- **PV-Syst pdf output file**
  - country\_acres\_tilt\_Project.VDG-Report.pdf
- **PV-Syst raw output file**
  - Country\_acres\_tilt\_Project.VDG\_HourlyRes\_0.csv
- **8760 Energy model inclusive of losses to point of interconnection**
  - Energy\_model\_forward\_facing.xlsx
- **Equipment and site modeling files including**
  - Solar Anywhere 3.6 TMY met file
    - CA\_SMUD\_SA6\_TMY3\_SA\_TMY.MET
  - Site shading scene
    - Clenera Country Acres – Analysis.SHD
  - Hyperion HY-DH144P8 545W module .PAN file
    - HY-DH144P8-545.PAN
  - Sungrow SG350HX .OND file
    - Sungrow\_SG350HX-US\_16MPPT\_V1\_PVsyst686.OND



Version 7.3.4

# PVsyst - Simulation report

## Grid-Connected System

Project: country\_acres\_tilt\_Project

Variant: ppa\_reference\_392MWdc\_344MWac\_1198inverters\_no\_wash

Sheds, single array

System power: 392.0 MWp

CA\_SMUD\_SA6 - United States

**Author**  
Clenera, LLC (United States)



Project: country\_acres\_tilt\_Project

Variant: ppa\_reference\_392MWdc\_344MWac\_1198inverters\_no\_wash

**PVsyst V7.3.4**  
 VDG, Simulation date:  
 08/08/23 17:12  
 with v7.3.4

Clenera, LLC (United States)

**Project summary**

<b>Geographical Site</b>		<b>Situation</b>		<b>Meteo data</b>								
CA_SMUD_SA6		Latitude 38.75 °N		CA_SMUD_SA6								
United States		Longitude -121.45 °W		Solar Anywhere, satellite data, SUNY model - TMY								
		Altitude 18 m										
		Time zone UTC-8										
<b>Monthly albedo values</b>												
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Albedo	0.17	0.16	0.17	0.19	0.20	0.21	0.23	0.24	0.24	0.23	0.19	0.17

**System summary**

<b>Grid-Connected System</b>		<b>Sheds, single array</b>		<b>User's needs</b>	
<b>PV Field Orientation</b>		<b>Near Shadings</b>		Unlimited load (grid)	
Fixed plane		According to strings			
Tilt/Azimuth 15 / 0 °		Electrical effect 100 %			
<b>System information</b>					
<b>PV Array</b>					
Nb. of modules	719287 units		<b>Inverters</b>		Nb. of units 1198 units
Pnom total	392.0 MWp		Pnom total		383.4 MWac
			Pnom ratio		1.023

**Results summary**

Produced Energy	678645122 kWh/year	Specific production	1731 kWh/kWp/year	Perf. Ratio PR	83.40 %
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**Table of contents**

Project and results summary	2
General parameters, PV Array Characteristics, System losses	3
Near shading definition - Iso-shadings diagram	5
Main results	6
Loss diagram	7
Predef. graphs	8
Single-line diagram	9



Project: country\_acres\_tilt\_Project

Variant: ppa\_reference\_392MWdc\_344MWac\_1198inverters\_no\_wash

PVsyst V7.3.4

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Clenera, LLC (United States)

**General parameters**

<b>Grid-Connected System</b>		<b>Sheds, single array</b>										
<b>PV Field Orientation</b>		<b>Sheds configuration</b>										
<b>Orientation</b>		Nb. of sheds	320 units									
Fixed plane		Single array										
Tilt/Azimuth	15 / 0 °	<b>Sizes</b>										
		Sheds spacing	6.52 m									
		Collector width	4.56 m									
		Ground Cov. Ratio (GCR)	70.0 %									
		Top inactive band	0.02 m									
		Bottom inactive band	0.02 m									
		<b>Shading limit angle</b>										
		Limit profile angle	29.6 °									
<b>Horizon</b>		<b>Near Shadings</b>										
Free Horizon		According to strings										
		Electrical effect	100 %									
		<b>User's needs</b>										
		Unlimited load (grid)										
<b>Bifacial system</b>												
Model	2D Calculation											
	unlimited sheds											
<b>Bifacial model geometry</b>		<b>Bifacial model definitions</b>										
Sheds spacing	6.52 m	Ground albedo average	0.20									
Sheds width	4.60 m	Bifaciality factor	70 %									
Limit profile angle	29.6 °	Rear shading factor	10.0 %									
GCR	70.6 %	Rear mismatch loss	10.0 %									
Height above ground	0.46 m	Shed transparent fraction	0.0 %									
<b>Monthly ground albedo values</b>												
Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Year
0.17	0.16	0.17	0.19	0.20	0.21	0.23	0.24	0.24	0.23	0.19	0.17	0.20

**PV Array Characteristics**

<b>PV module</b>		<b>Inverter</b>	
Manufacturer	Runergy	Manufacturer	Sungrow
Model	HY-DH144P8-545	Model	SG350HX-US
(Custom parameters definition)		(Custom parameters definition)	
Unit Nom. Power	545 Wp	Unit Nom. Power	320 kWac
Number of PV modules	719287 units	Number of inverters	1198 units
Nominal (STC)	392.0 MWp	Total power	383360 kWac
Modules	24803 Strings x 29 In series	Operating voltage	500-1500 V
<b>At operating cond. (50°C)</b>		Max. power (=>30°C)	352 kWac
Pmpp	357.6 MWp	Pnom ratio (DC:AC)	1.02
U mpp	1080 V	Power sharing within this inverter	
I mpp	330959 A		
<b>Total PV power</b>		<b>Total inverter power</b>	
Nominal (STC)	392011 kWp	Total power	383360 kWac
Total	719287 modules	Max. power	421696 kWac
Module area	1858100 m <sup>2</sup>	Number of inverters	1198 units
		Pnom ratio	1.02



Project: country\_acres\_tilt\_Project

Variant: ppa\_reference\_392MWdc\_344MWac\_1198inverters\_no\_wash

Clenera, LLC (United States)

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Array losses

Array Soiling Losses

Average loss Fraction 4.8 %

Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1.5%	1.5%	1.5%	1.5%	2.5%	5.0%	7.5%	10.5%	12.0%	10.0%	3.0%	1.5%

Thermal Loss factor

Module temperature according to irradiance  
Uc (const) 29.0 W/m²K  
Uv (wind) 0.0 W/m²K/m/s

DC wiring losses

Global array res. 0.031 mΩ  
Loss Fraction 0.9 % at STC

LID - Light Induced Degradation

Loss Fraction 1.5 %

Module Quality Loss

Loss Fraction -0.1 %

Module mismatch losses

Loss Fraction 1.0 % at MPP

IAM loss factor

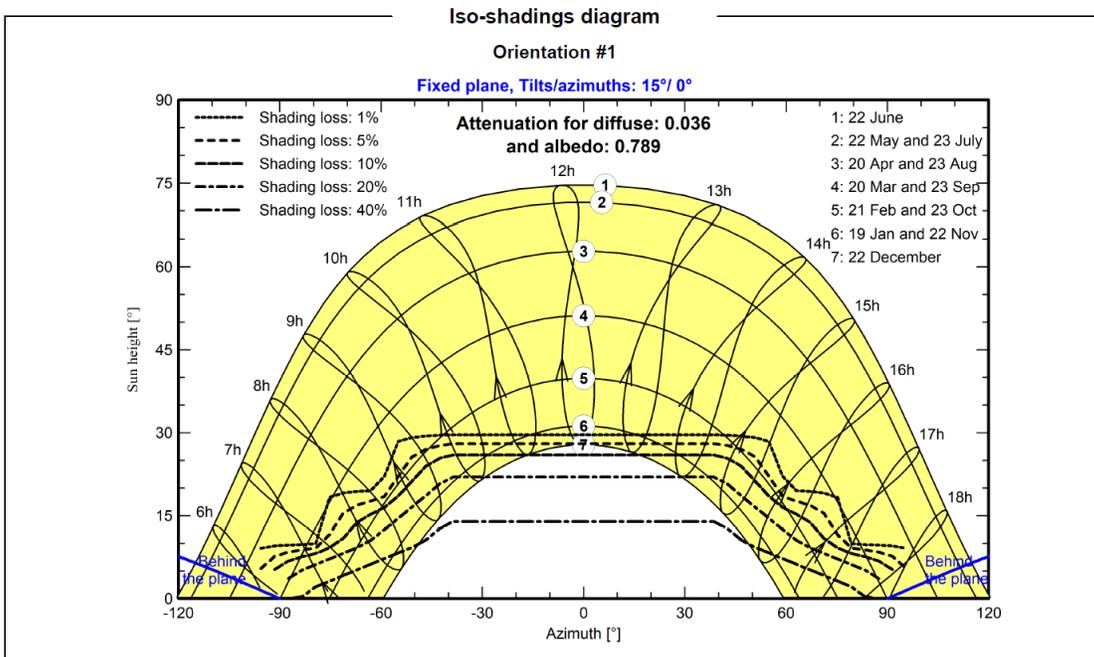
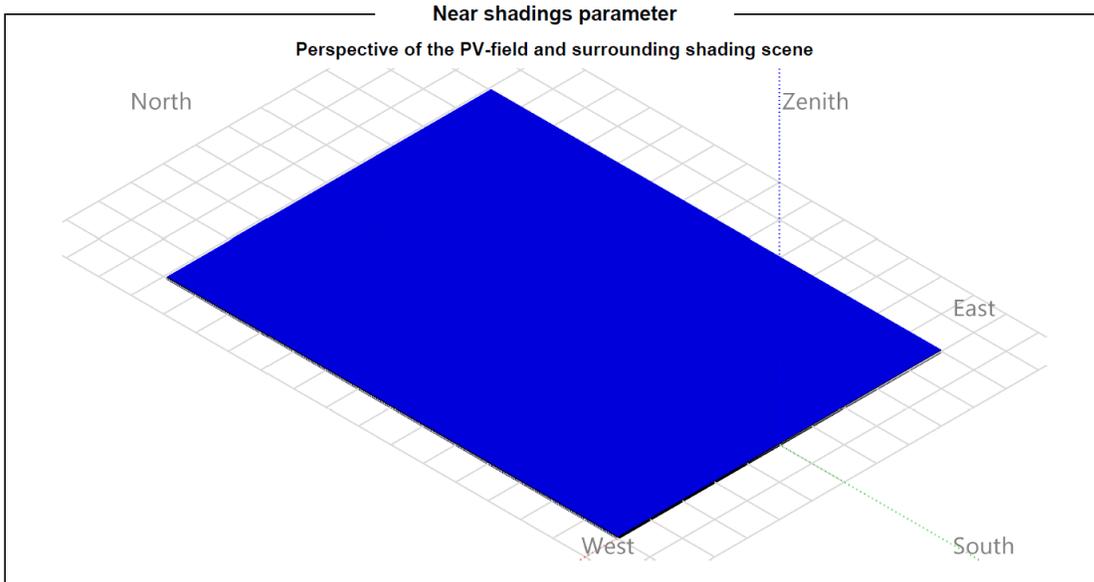
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Project: country\_acres\_tilt\_Project

Variant: ppa\_reference\_392MWdc\_344MWac\_1198inverters\_no\_wash

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Main results

System Production

Produced Energy

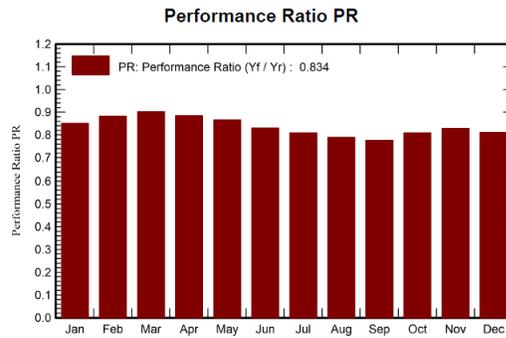
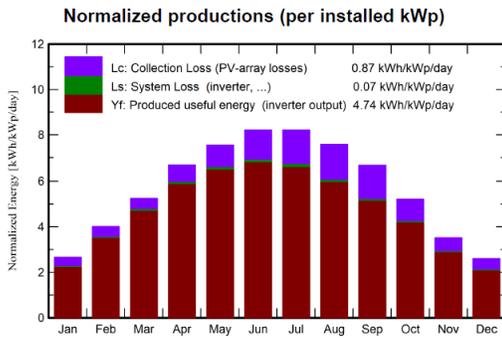
678645122 kWh/year

Specific production

1731 kWh/kWp/year

Perf. Ratio PR

83.40 %



Balances and main results

	GlobHor kWh/m <sup>2</sup>	DiffHor kWh/m <sup>2</sup>	T_Amb °C	GlobInc kWh/m <sup>2</sup>	GlobEff kWh/m <sup>2</sup>	EArray kWh	E_Grid kWh	PR ratio
January	62.7	27.75	8.05	82.2	74.5	27897043	27413598	0.851
February	89.9	31.42	12.94	112.3	105.5	39435261	38834702	0.882
March	142.0	56.03	12.49	162.5	154.9	58354494	57490290	0.902
April	186.2	58.38	16.35	200.4	192.0	70584126	69481945	0.884
May	229.3	62.87	19.47	234.1	222.2	80742897	79504577	0.866
June	246.7	53.53	24.53	246.5	228.2	81565310	80283148	0.831
July	252.2	50.48	25.28	254.8	229.8	82087546	80812407	0.809
August	221.8	50.20	24.62	235.2	205.2	73925533	72803440	0.790
September	175.6	36.93	24.40	200.0	171.2	61766226	60864285	0.776
October	130.4	32.97	18.23	161.7	140.3	51992506	51239783	0.809
November	78.7	25.83	13.31	105.5	95.2	34807666	34278147	0.829
December	58.8	23.46	8.33	80.6	71.2	26089605	25638799	0.811
Year	1874.3	509.85	17.34	2075.8	1890.4	689248216	678645122	0.834

Legends

GlobHor	Global horizontal irradiation	EArray	Effective energy at the output of the array
DiffHor	Horizontal diffuse irradiation	E_Grid	Energy injected into grid
T_Amb	Ambient Temperature	PR	Performance Ratio
GlobInc	Global incident in coll. plane		
GlobEff	Effective Global, corr. for IAM and shadings		



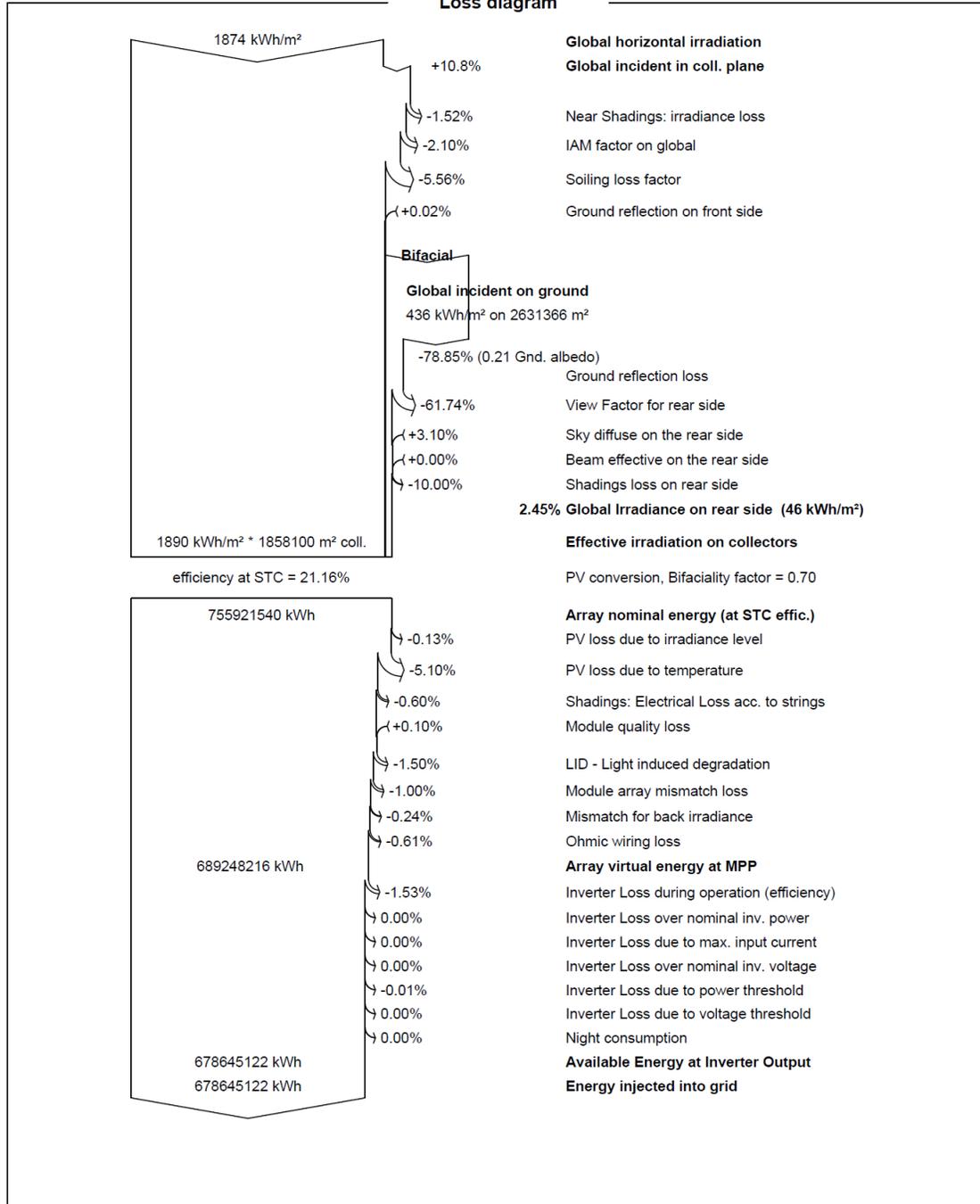
Project: country\_acres\_tilt\_Project

Variant: ppa\_reference\_392MWdc\_344MWac\_1198inverters\_no\_wash

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Loss diagram



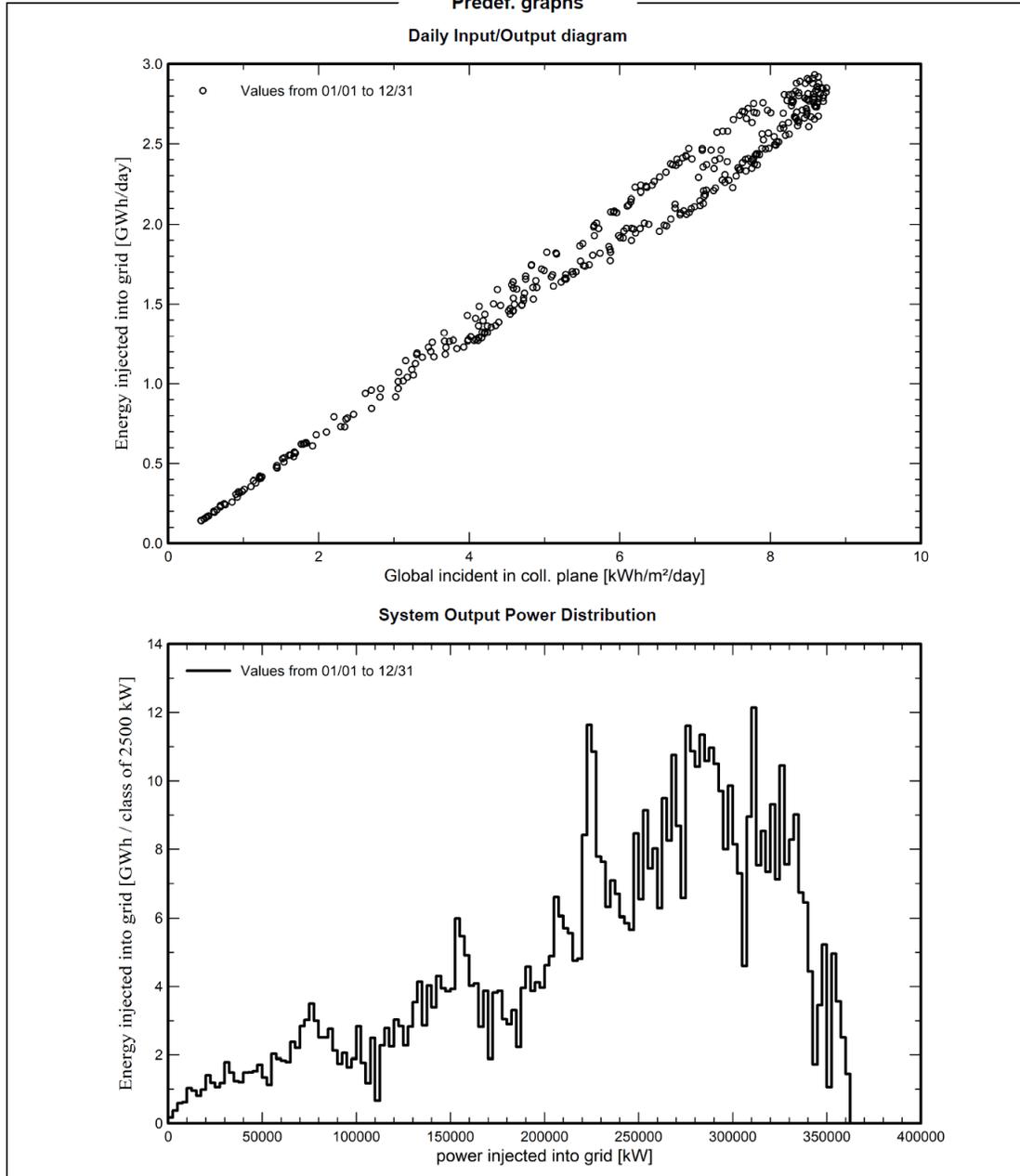


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08/08/23 17:12  
with v7.3.4

Project: country\_acres\_tilt\_Project  
Variant: ppa\_reference\_392MWdc\_344MWac\_1198inverters\_no\_wash

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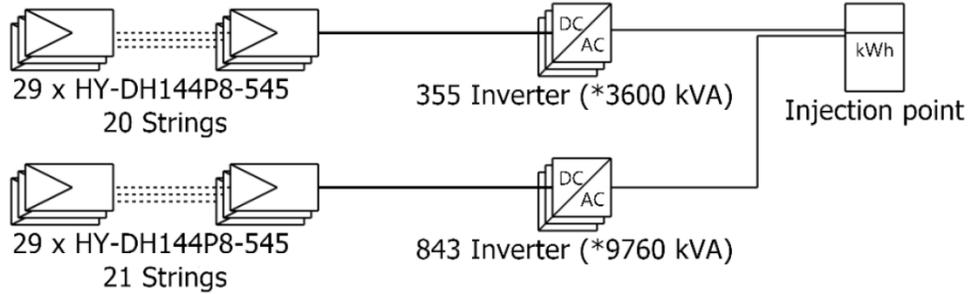
Predef. graphs





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# Single-line diagram



PV module	HY-DH144P8-545
Inverter	SG350HX-US
String	29 x HY-DH144P8-545

		country_acres_tilt_Project	Clenera, LLC (United States)
		VDG : ppa_reference_392MWdc_344M Wac_1198inverters_no_wash	08/08/23

**Exhibit M**  
**Battery Storage Testing**

**I. GENERAL**

**a. Overview**

The purpose of this Exhibit M is to describe the requirements for each of the following tests, collectively the “Battery Storage Tests”:

- Battery Storage Commercial Operation Test
- Annual Battery Storage Capacity Test
- Battery Storage Capacity Test
- Battery Storage Operational Mode Test
- Battery Storage AGC Discharge Test
- Battery Storage AGC Charge Test
- Battery Storage Response Time and Ramp Rate Test
- Battery Storage Reactive Power Capability Test

All Battery Storage Tests described in this Exhibit M shall conform to the requirements herein as may be superseded by the approved Test Procedure (as defined below) for each test. All Battery Storage Tests shall be performed using Prudent Utility Practice.

**b. Test Procedures**

Seller shall submit a Test Procedure for each Battery Storage Test. As used in this Exhibit M, a “Test Procedure” is a detailed test procedure document and shall at a minimum describe, for each Battery Storage Test, the purpose, starting state, measured variables, step by step test procedure, conditions for pausing or restarting, ending state, calculation of results, and reporting requirements. Seller shall submit Test Procedures to SMUD for approval no later six (6) months prior to initial testing, in accordance with LGIA Exhibit G requirements. than thirty (30) days prior to the beginning of any Battery Storage Test and SMUD’s approval shall not be unreasonably withheld or delayed. For any recurring Battery Storage Test and after the first occurrence of any such test, the previously approved Test Procedure shall be utilized unless Seller or SMUD requests a revised Test Procedure 60 days prior to the beginning of such test, or such timeframe mutually agreed between the Parties.

**c. Witnessing of Tests**

SMUD or its representative shall be provided the opportunity to be present for any Battery Storage Test and may, for information only, separately utilize its own metering equipment so long as such use does not interfere with the test or Seller’s operation of the Battery Storage Project. SMUD shall be responsible for any incremental costs associated with SMUD’s witnessing of Battery Storage Tests including the use of SMUD’s own metering equipment.

**d. Test Reports**

Seller shall provide to SMUD a written report (“Test Report”) of the results of any completed Battery Storage Test no later than five (5) Business Days after the completion of the test or such other timeframe as may be defined in the approved Test Procedure. Each Test Report shall include the following, in addition to any additional requirement of a specific test as described in the applicable

Test Procedure:

1. A record of the personnel present during the test that served in an operating, testing, monitoring, or other such participatory role.
2. The measured data for the test as well as each parameter set forth in the relevant Test Procedure.
3. Copies of the raw data taken during the test and plant log sheets verifying the operating conditions shall be provided.
4. Summary of relevant final results of the test, including the results described in the sections below, as applicable.
5. Any anomalous observations made during the test.
6. Test uncertainty.
7. Seller's statement of acceptance or rejection of the test results and reasons therefore.

**e. Retests**

Retesting is allowable in accordance with Section 2.4.9 of the Agreement.

**f. Cessation of Tests**

Seller may at its sole discretion immediately cease any Battery Storage Test if Seller determines that continuation of the test would pose risk of damage or adverse effect to equipment or becomes aware of any circumstance for which continuing the test would violate Prudent Utility Practice.

**g. Incomplete Tests**

If any Battery Storage Test is not completed in accordance with this Exhibit M, SMUD may in its sole discretion: (i) accept the results up to the time the Battery Storage Test was stopped without any modification to the results; (ii) require that the incomplete portion of the Battery Storage Test be completed within a reasonable and specified time period; or (iii) require that the Battery Storage Test be entirely repeated within a reasonable and specified time period. Notwithstanding the above, if Seller is unable to complete a Battery Storage Test due to a Force Majeure event or the actions or inactions of SMUD or the CAISO or the Transmission Provider, Seller shall be permitted to retest in accordance with the requirements of this Exhibit M and on an expedited timeframe as may be agreed by both Seller and SMUD.

**h. Data Capture**

All measurements necessary to calculate the results for each Battery Storage Test described in this Exhibit M shall be collected at a rate of one (1) minute resolution or less unless higher resolution measurements are specified in the applicable approved Test Procedure.

Battery Storage Test measurements shall be made using instrumentation provided by Seller and, where appropriate, using instruments present at the Battery Storage Project during normal operation. All instruments providing measurements for a Battery Storage Test shall be calibrated according to the instrument manufacturer's recommendations and certificates provided with the applicable Test Report if required by the Test Procedure.

Ambient conditions including temperature and relative humidity shall be recorded during the test.

**i. Responsibilities**

Seller is responsible for executing all Battery Storage Tests. SMUD shall provide reasonable operational support during any Battery Storage Test. All Energy for Battery Storage Tests shall be provided by SMUD.

**j. Test Uncertainty**

Uncertainties shall be addressed by a test tolerance of 0.5% applied to the results of any Battery Storage Test with respect to any guarantee in this Agreement.

**k. Dispute Resolution**

At the request of either Party, an independent, professional engineer shall be retained by the Parties to resolve any dispute under this Exhibit M. The requesting Party may select an expert from the following pre-approved independent, professional engineers: Leidos, Luminare, DNV, and Black & Veatch. An expert not on this pre-approved list will need to be agreed to by both Parties. Each Party shall cooperate reasonably with the other and with the selected expert to resolve the dispute expeditiously and efficiently. Each Party shall, within 30 days of the selection of the expert, provide to the expert in writing its position on the dispute and any back-up material supporting its position. The expert must agree with the position of one Party and may not implement a resolution to the dispute that differs from the proposal of a Party. The expert shall, within 30 days of the submission of Parties' positions, choose the Party position that, in the expert's determination, best reflects the appropriate resolution of the dispute. The Party whose position is not accepted by the expert shall pay all of the costs for the expert.

**II. BATTERY STORAGE CAPACITY TEST**

**a. Purpose**

The Battery Storage Capacity Test is designed to establish the Expected Battery Storage Capacity and Round Trip Efficiency prior to COD and to provide annual updates and supplemental updates to the Expected Battery Storage Capacity and Round Trip Efficiency. The Battery Storage Capacity Test conducted prior to COD is referred to as the "Battery Storage Commercial Operation Test".

**b. Scheduling**

Battery Storage Capacity Tests shall be scheduled at the following times:

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. Within thirty (30) days of the end of each Contract Year unless waived or delayed by mutual agreement between Seller and SMUD. The Battery Storage Capacity Test conducted per this Section II.2.B shall be the "Annual Battery Storage Capacity Test".
- iii. Within ten (10) Business Days of either Party's request for additional Battery Storage Capacity Test, but not more than one (1) such additional test per calendar quarter, except as described in Section 2.4.9 of the Agreement.
- iv. As otherwise provided in the Agreement.

Seller shall provide Notice to SMUD of intent to conduct a Battery Storage Capacity Test no less

than ten (10) Business Days prior to the planned test date, and in accordance with requirements of the Outage Coordination Process. SMUD shall confirm the dates in writing prior to commencement of the test. All Battery Storage Capacity Tests shall be conducted when SMUD system conditions can allow for such testing, as reasonably determined by SMUD.

**c. Procedure**

i. Starting state:

Any scheduled Battery Storage Capacity Test shall be rescheduled and any in-progress Battery Storage Capacity Test restarted, if ambient temperature is expected to be below 10°C or above 50°C during any portion of the test.

The Battery Storage Project SOC shall be 0% and shall have rested for at least 10 minutes since the last instruction to charge or discharge prior to the start of any Battery Storage Capacity Test.

ii. Charging: Instruct the Battery Storage Project to charge from 0% SOC to 100% SOC at the Expected Battery Storage Capacity. The energy in MWh metered at the Battery Storage Meter during this step is the “Capacity Test Charging Energy”. Record the time required to complete this charging step. The “Capacity Test Average Charging Power” is the Capacity Test Charging Energy divided by the number of hours required to complete this charging step, expressed as a decimal”. Record the time required to complete this charging step.

iii. Resting: Allow the Battery Storage Project

to remain at 100% SOC for a duration of time specified by battery manufacturer and confirm the Battery Storage Project remains grid-connected during the rest period.

iv. Discharging: Instruct the Battery Storage Project to discharge from 100% SOC to 0% SOC at the Expected Battery Storage Capacity for a maximum of four (4) hours. The energy in MWh metered at the Battery Storage Meter during this step is the “Capacity Test Discharging Energy”. The “Capacity Test Average Discharging Power” is the Capacity Test Discharging Energy divided by the number of hours required to complete this discharging step, expressed as a decimal.

v. Resting: Allow the Battery Storage Project to remain at 0% SOC for a duration of time specified by the battery manufacturer and confirm the Battery Storage Project remains grid-connected during the rest period.

vi. Ending state: The Battery Storage Project is reconfigured to normal operation.

**d. Results**

Seller shall include the following key results among the other information in the Test Report.

i. Expected Battery Storage Capacity equals:

Total amount of discharged energy from the Battery Storage Meter divided by four (4) hours

ii. Round Trip Efficiency

The Round Trip Efficiency shall be calculated as follows:

$$100\% \times \frac{\text{Capacity Test Discharging Energy}}{\text{Capacity Test Charging Energy}}$$

**e. Additional Requirements**

- i. Both real and reactive power shall be measured and reported as measured by the Battery Storage Meter for any Battery Storage Capacity Test.

**III. BATTERY STORAGE AGC DISCHARGE TEST**

**a. Purpose**

This test will demonstrate the ability of the facility to receive, acknowledge, and begin responding to AGC commands in less than 4 seconds.

**b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

**c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The EMS will be configured to follow a predefined agreed-upon active power profile.

- i. Record the facility active power level at the Battery Storage Meter.
- ii. Command the facility to follow a simulated control signal of PMAX at .95 power factor for ten (10) minutes.
- iii. Record and store the facility active power response (in seconds).

System end state: The facility will be in the on-line state and at a commanded active power level of 0 MW.

**IV. BATTERY STORAGE AGC CHARGE TEST**

**a. Purpose**

This test will demonstrate the ability of the facility to receive, acknowledge, and begin responding to AGC commands in less than 4 seconds.

**b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

**c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The facility control system will be configured to follow a predefined agreed-upon active power profile.

- i. Record the facility active power level at the Battery Storage Meter.
- ii. Command the facility to follow a simulated control signal of P<sub>MAX</sub> at .95 power factor for ten (10) minutes.
- iii. Record and store the facility active power response (in seconds).

System end state: The facility will be in the on-line state and at a commanded active power level of 0 MW.

## **V. BATTERY STORAGE RESPONSE TIME AND RAMP RATE TEST**

### **a. Purpose**

This test measures time for the Battery Storage Project to respond to dispatch setpoints.

### **b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

### **c. Procedure**

- i. The Battery Storage Project will be placed into Idle Mode.
- ii. The Battery Storage Project shall be placed into Manual Mode and dispatched at full power rating.
- iii. Overall Response Time consists of two parts, as follows:
  - d. The time from when the command is written to the Seller's controller, according to the Seller's EMS, until the Battery Storage Project starts to move power setpoint as witnessed on the Battery Storage Meter; and
  - e. The Ramp Rate from when the Battery Storage Project starts to move power setpoint as witnessed on Battery Storage Meter to the time when the dispatch power point is reached.
- i. The communication latency time period is considered ended as soon as the meter registers a power value that is 100% +/-2.0% (of nameplate) different from the value it was at the start of the Response Time test.
- ii. The ramping time period is considered ended as soon as the meter registers a power value that is within 100% +/- 2.0% (of nameplate) of the dispatch power value.

### **f. Results**

- i. Trend from EMS showing dispatch signal and power throughout the testing period.
- ii. Results matrix (data download from EMS).

**g. Pass Criteria**

The Battery Storage Project must satisfy the Response Time as well as the Ramp Rate, expressed in MW/min, and according to Prudent Electrical Practices.

**VI. BATTERY STORAGE REACTIVE POWER CAPABILITY TEST**

**a. Purpose**

This test will demonstrate the reactive power production capability of the facility.

**b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

**c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The EMS will be configured to follow an agreed-upon predefined reactive power profile.

- i. Record the facility reactive power level at the Battery Storage Meter.
- ii. Command the facility to follow 15 MW for ten (10) minutes.
- iii. Record and store the facility reactive power response.

System end state: The facility will be in the on-line state and at a commanded reactive power level of 0 MVAR.

**VII. BATTERY STORAGE REACTIVE POWER CONSUMPTION TEST**

**a. Purpose**

This test will demonstrate the reactive power consumption capability of the facility.

**b. Scheduling**

- i. As required to meet the conditions for Commercial Operation of Section 2.3.4 of the Agreement.
- ii. As otherwise provided in the Agreement.

**c. Procedure**

System starting state: The facility will be in the on-line state at 50% SOC and at an initial active power level of 0 MW and reactive power level of 0 MVAR. The facility control system will be configured to follow an agreed-upon predefined reactive power profile.

- i. Record the facility reactive power level at the Battery Storage Meter.

- ii. Command the facility to follow 15 MW for ten (10) minutes.
- iii. Record and store the facility reactive power response.

System end state: The facility will be in the on-line state and at a commanded reactive power level of 0 MVAR.

In addition to the Battery Storage Tests described in this Exhibit M, Seller shall update the Test Procedure to include Operational Mode tests after each such Operational Mode is defined. Operational Mode testing shall be completed after the development of any new Operational Mode and also upon request where requests are limited to two per Contract Year. Testing shall demonstrate that the Operational Mode performs as intended.

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**Exhibit N**

**PROJECT MILESTONE SCHEDULE**

Below is a list of key project milestones and the targeted completion date for each.

In the case that a milestone is not achieved by the listed completion date the following actions will be required:

1. An updated project schedule which shows the recovery needed to make COD and GCOD
2. Report provided to Buyer detailing the cause for delay, its impact to the project overall and the plan moving forward
3. An updated Exhibit N submitted and signed by Seller

Upon mutual agreement of both Parties, a new Exhibit N may be issued. When updated, the Parties will insert a new effective date for this Exhibit N, which will replace the prior Exhibit N.

Effective Date: [Month, Day, Year] \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD

<b>Milestone</b>	<b>Responsible Party</b>	<b>Date</b>	<b>Contract</b>
Pre-Energization Testing—indoor/outdoor Equipment Testing (energy source is station service)	SMUD/Seller	3/1/2026	LGIA Section 6.1
Permission to energize for transmission and generation (energy source is 230kV to allow for back feed)	SMUD	3/9//2026	LGIA Section 6.1
Start Pre-commercial Energy & Operation Testing	SMUD/Seller	6/1/2026	LGIA Section 6.2
Development Security Submittal	Seller	Within 30 days of Effective Date	PPA Section 9.1
Delivery Term Security Submittal	Seller	12/15/2026	PPA Section 9.1
Scheduled COD	Seller	12/15/2026	PPA Exhibit A
Guaranteed COD	Seller	6/13/2027	PPA Exhibit A

**Exhibit O**  
**BATTERY STORAGE PROJECT ROUND TRIP EFFICIENCY GUARANTY**

For purposes of the Agreement and this Exhibit O, the term “Guaranteed Round Trip Efficiency” means, for each Contract Year, the corresponding value set forth in the Round Trip Efficiency Guaranty Table set forth below.

Round Trip Efficiency Guaranty Table

Contract Year	Guaranteed Round Trip Efficiency (%)
1	84.500%
2	84.375%
3	84.250%
4	84.125%
5	84.000%
6	83.875%
7	83.750%
8	83.625%
9	83.500%
10	83.375%
11	83.250%
12	83.125%
13	83.000%
14	82.875%
15	82.750%
16	82.625%
17	82.500%
18	82.375%
19	82.250%
20	82.000%

For purposes of the Agreement and this Exhibit O, the term “Round Trip Efficiency” is the amount set forth in the following formula, as determined in the Battery Storage Capacity Test performed under Exhibit M.

$$\text{Round Trip Efficiency} = \frac{\text{Discharging Energy}}{\text{Charging Enregy}}$$

**Round Trip Efficiency Liquidated Damages**

If, for any Contract Year, the Round Trip Efficiency determined by the Annual Battery Storage Capacity Test (or any retest conducted within seven days of the initial Battery Storage Capacity Test) conducted for such Contract Year is less than the corresponding Guaranteed Round Trip Efficiency for such Contract Year, the following Round Trip Efficiency Liquidated Damages will apply on an annual basis:

$$\text{RTELD} = \text{LMP} \times \text{RTES} \times \text{CE}$$

Where:

RTELD = Round Trip Efficiency Liquidated Damages

LMP = the simple average of the Locational Marginal Price (as defined in the CAISO Tariff) at the Battery Storage Project pNode (as defined in the CAISO Tariff) in the Day-Ahead Market for the hours that the Battery Storage Project is either charging or discharging in response to a Dispatch Instruction during the Contract Year

RTES = Guaranteed Round-Trip Efficiency minus the Round Trip Efficiency determined by the relevant annual Battery Storage Capacity Test (or, if a retest is taken within seven days of the initial Battery Storage Capacity Test conducted for such Contract Year, then such retest)

CE = the amount of Charging Energy used to charge the Battery Storage Project during the Contract Year

Upon mutual agreement of both Parties, a new Exhibit O may be issued. When updated, the Parties will insert a new effective date for this Exhibit O, which will replace the prior Exhibit O.

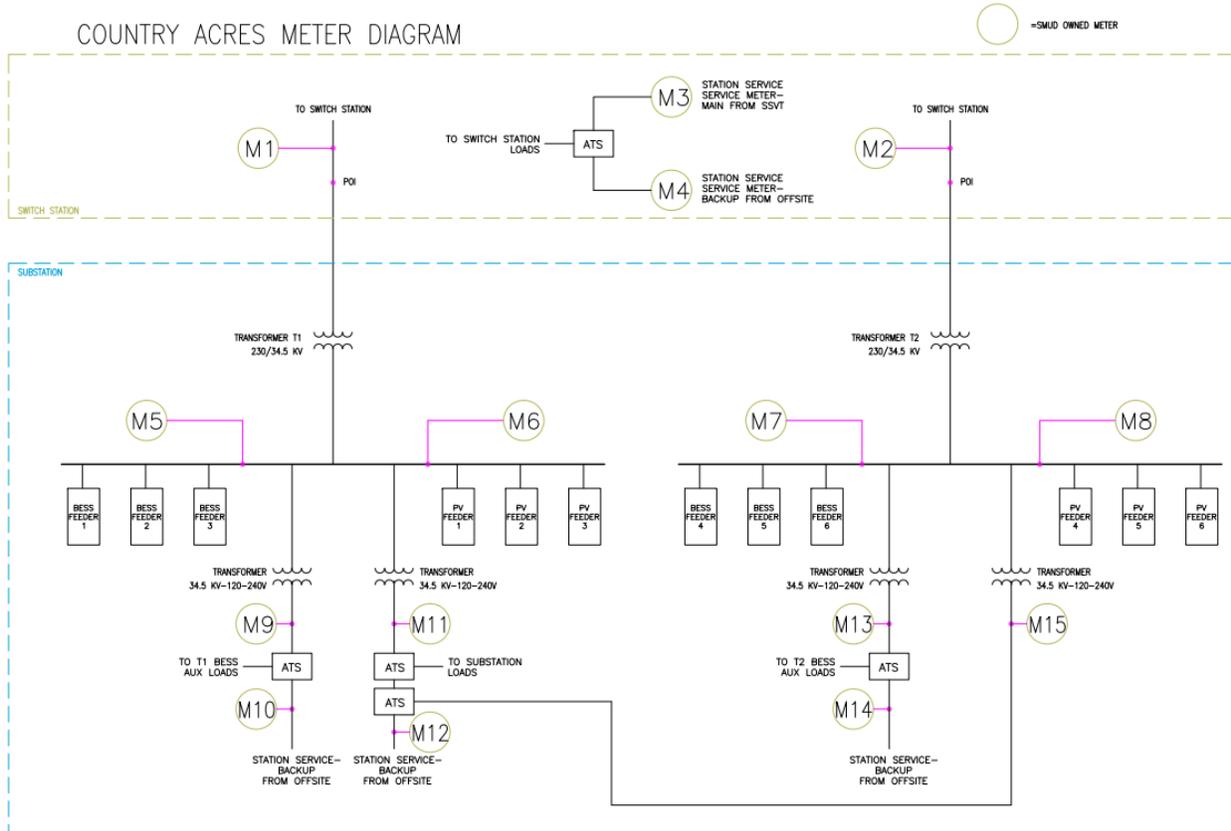
Effective Date: [Month, Day, Year] \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD

Draft - Not for Execution

## EXHIBIT P METERING DIAGRAM



Upon mutual agreement of both Parties, a new Exhibit P may be issued. When updated, the Parties will insert a new effective date for this Exhibit P, which will replace the prior Exhibit P.

Effective Date: [Month, Day, Year] \_\_\_\_\_

\_\_\_\_\_  
Signature of Seller

\_\_\_\_\_  
Signature of SMUD

**EXHIBIT Q  
FORM OF LETTER OF CREDIT**

**LETTER OF CREDIT**

To: Sacramento Municipal Utility District  
Energy Contracts Administration  
6301 S Street, MS A404  
Sacramento, CA 95817-1899

Re: Our Irrevocable Standby Letter of Credit No. [ ]  
In the Amount of US\$ [ ] ([ ]) and [ ]/100 U.S. Dollars) for [Development/Delivery  
Term] Security

Gentlemen:

We hereby open our irrevocable standby Letter of Credit Number No.[ ] in favor of the Sacramento Municipal Utility District ("Beneficiary"), by order and for account of Country Acres Clean Power, LLC ("Account Party"), available at sight upon demand at our counters, at [ ], for an amount of US\$ [ ] ([ ]) and [ ]/100 U.S. Dollars) and against presentation one of the following documents:

1- Statement signed by a person purported to be an authorized representative of Beneficiary stating that: Country Acres Clean Power, LLC (the "Seller") is in default under the Agreement between Beneficiary and Seller, dated [ ], or under any transaction contemplated thereby (whether by failure to perform or pay any obligation thereunder or by occurrence of a "default", "event of default" or similar term as defined in such agreement, any other agreement between Beneficiary and Seller, or otherwise). The amount due to Beneficiary is US \$[ ]."

Or

2. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "Country Acres Clean Power, LLC ("Seller") has terminated the Agreement between Beneficiary and Seller dated [ ] pursuant to such agreement. The amount due to Beneficiary is US \$[ ]."

Or

3. Statement signed by a person purported to be an authorized representative of Beneficiary stating that: "as of the close of business on [ ] [insert date, which is less than forty-five (45) days prior to the expiration date of the Letter of Credit] you have provided written notice to us indicating your election not to permit extension of this Letter of Credit beyond its current expiry date. The amount due to Beneficiary, whether or not a default has occurred, is U.S. \$[ ]."

Special Conditions:

- All costs and banking charges pertaining to this Letter of Credit are for the account of Account Party.
- Partial and multiple drawings are permitted.
- Presentation of the Letter of Credit and Documents 1, 2 or 3 above may be made (i) in person, (ii) by first class certified and registered U.S. mail, or by (iii) overnight mail on or before the expiration date.

This Letter of Credit expires on [one year anniversary of date of issuance] at our counters.

We hereby engage with Beneficiary that upon presentation or facsimile transmission of a document as specified under and in compliance with the terms of this Letter of Credit, this Letter of Credit will be duly honored in the amount stated in Document 1, 2 or 3 above. If a document is so presented by 1:00 pm New York time on any banking day, we will honor the same in full in immediately available funds on the next banking day and, if so presented after 1:00 pm New York time on a banking day, we will honor the same in full in immediately available funds by noon on the second succeeding banking day.

It is a condition of this Letter of Credit that it shall be deemed automatically extended without an amendment for a one year period beginning on the present expiry date hereof and upon each anniversary of such date, unless at least ninety (90) days prior to any such expiry date we have sent you written notice by registered mail or overnight courier service that we elect not to permit this Letter of Credit to be so extended beyond the then current expiry date, and it will expire on its then current expiry date. No presentation made under this Letter of Credit after such expiry date will be honored.

Except as stated herein, this letter of credit is not subject to any condition or qualification and is our individual obligation which is in no way contingent upon reimbursement or any right of subrogation. We irrevocably waive any and all rights of subrogation, whether as provided by statute or otherwise, now or hereafter that might, but for such waiver exist, in respect to this letter of credit or any payment we make under it, as to the Applicant, Beneficiary, or the transaction between Beneficiary and Country Acres Clean Power, LLC. We further give irrevocable notice that we are not now and will not be the secondary obligor or co-obligor of Country Acres Clean Power, LLC's obligation and liabilities to Beneficiary for any purpose. Our obligations to Beneficiary under this letter of credit are our primary obligations and are strictly as stated herein

We agree that if this Letter of Credit would otherwise expire during, or within 30 days after, an interruption of our business caused by an act of god, riot, civil commotion, insurrection, act of terrorism, war or any other cause beyond our control or by any strike or lockout, then this Letter of Credit shall expire on the 30<sup>th</sup> day following the day on which we resume our business after the cause of such interruption has been removed or eliminated and any drawing on this Letter of Credit which could properly have been made but for such interruption shall be permitted during such extended period.

This Letter of Credit shall be governed by the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 ("ISP98"), except to the extent that the terms hereof are inconsistent with the provisions of the ISP98, in which case the terms of this Letter of Credit shall govern.

[\_\_\_\_], a [\_\_\_\_\_]

\_\_\_\_\_  
Authorized Signature(s)

**EXHIBIT R**  
**FORM OF LIMITED ASSIGNMENT AGREEMENT**

This Limited Assignment Agreement (this “**Assignment Agreement**” or “**Agreement**”) is entered into as of [\_\_\_\_], 20\_\_ by and among [\_\_\_\_], a [\_\_\_\_] (“**PPA Seller**”), [Participant], a [\_\_\_\_] (“**PPA Buyer**”), and [Assignee], and relates to that certain power purchase agreement (the “**PPA**”) between PPA Buyer and PPA Seller as described on Appendix 1. Unless the context otherwise specifies or requires, capitalized terms used but not defined in this Agreement have the meanings set forth in the PPA.

In consideration of the premises above and the mutual covenants and agreements herein set forth, PPA Seller, PPA Buyer and [Assignee] (the “**Parties**” hereto; each is a “**Party**”) agree as follows:

**1. Limited Assignment and Delegation.**

- (a) PPA Buyer hereby assigns, transfers and conveys to [Assignee] all right, title and interest in and to the rights of the delivered Products under the PPA described on Appendix 1 (the “**Assigned Products**”) during the Assignment Period (as defined in Appendix 1), as such rights may be limited or further described in the “Further Information” section on Appendix 1 (the “**Assigned Product Rights**”). All Assigned Products shall be delivered pursuant to the terms and conditions of this Agreement during the Assignment Period as provided in Appendix 1. All other rights of PPA Buyer under the PPA are expressly reserved for PPA Buyer.
- (b) PPA Buyer hereby delegates to [Assignee] the obligation to pay for all Assigned Products that are actually delivered to [Assignee] pursuant to the Assigned Product Rights during the Assignment Period (the “**Delivered Product Payment Obligation**” and together with the Assigned Product Rights, collectively the “**Assigned Rights and Obligations**”). All other obligations of PPA Buyer under the PPA are expressly retained by PPA Buyer. To the extent [Assignee] fails to pay for any Assigned Products by the due date for payment set forth in the PPA, PPA Buyer agrees that it will remain jointly and severally responsible as a primary obligor (and not as a surety) for such payment within five (5) Business Days (as defined in the PPA) of receiving notice of such non-payment from PPA Seller and that, regardless of receiving notice, it will indemnify and hold PPA Seller harmless from and against all losses, costs, damages, liabilities and expenses of any kind as a result of or arising from assignment, transfer, conveyance and delegation described in clauses (a) and (b) of paragraph 1 above, the failure of [Assignee] to make any such payment in respect of Delivered Product Payment Obligation as and when due under the PPA (and disregarding the effects of any stay or other suspension rights, including without limitation under sections 362 or 365 of the Bankruptcy Code or similar laws), whether due to bankruptcy, insolvency or any other cause.
- (c) [Assignee] hereby accepts and PPA Seller hereby consents and agrees to the assignment, transfer, conveyance and delegation described in clauses (a) and (b) above.
- (d) All scheduling of Assigned Products and other communications related to the PPA shall take place between PPA Buyer and PPA Seller pursuant to the terms of the PPA; provided that (i) title to Assigned Product will pass from PPA Seller to [Assignee] upon delivery by PPA Seller of Assigned Product in accordance with the PPA; (ii) PPA Buyer is hereby authorized by [Assignee] and shall act as [Assignee]’s agent with regard to scheduling Assigned Product; (iii) PPA Buyer will provide copies to [Assignee] of any Notice (as defined in the PPA) of a Force Majeure Event or Event of Default or default, breach or other occurrence that, if not cured within the applicable grace period, could result in an Event of Default contemporaneously upon delivery thereof to PPA Seller and promptly after receipt thereof from PPA Seller; (iv) PPA Buyer will provide copies to [Assignee] of annual and monthly forecasts received from PPA Seller as contemplated under Sections [\_\_\_\_] of the PPA; (v) PPA Buyer will provide copies to [Assignee] of all invoices and supporting data received from PPA Seller pursuant to Section [\_\_\_\_] of the PPA, provided that any payment adjustments or subsequent reconciliations occurring after the date that is 10 days prior to the payment due date for a monthly invoice will be resolved solely between PPA Buyer and PPA Seller

and therefore PPA Buyer will not be obligated to deliver copies of any communications relating thereto to [Assignee]; and (vi) PPA Buyer will provide copies to [Assignee] of any other information reasonably requested by [Assignee] relating to Assigned Products.

- (e) PPA Seller acknowledges that (i) [Assignee] intends to immediately transfer title to any Assigned Products received from PPA Seller through one or more intermediaries such that all Assigned Products will be re-delivered to PPA Buyer, and (ii) [Assignee] owns or has the right to purchase receivables due from PPA Buyer for any such Assigned Products. To the extent [Assignee] owns or purchases any valid, lien-free receivables due from PPA Buyer for Assigned Product, [Assignee] may transfer good, marketable and lien-free title to such receivables to PPA Seller and PPA Buyer waives all rights to dispute or claim any defense in respect of such receivables other than a defense that would have arisen under the PPA if this Assignment Agreement were not in effect. Upon such transfer, [Assignee] may apply the face amount thereof as a reduction to any Delivered Product Payment Obligation owed by [Assignee] to PPA Seller; provided that no such transfer or application shall reduce or limit PPA Buyer's obligations under Section 1(b) above.
- (f) In the event the PPA described on Appendix 1 or the Assigned Product Rights are either or both rejected or terminated in or as a result of any bankruptcy, insolvency, reorganization or similar proceeding affecting [Assignee], PPA Buyer shall, at the option of PPA Seller exercised within 30 days after such rejection or termination, enter into a new agreement with PPA Seller having identical terms as the PPA described on Appendix 1 (subject to any conforming changes necessitated by the substitution of parties and other changes as the parties may mutually agree), provided that the term under such new agreement shall be no longer than the remaining balance of the term specified in the PPA described on Appendix 1.

## **2. Assignment Early Termination.**

- (a) The Assignment Period may be terminated early upon the occurrence of any of the following:
  - (1) delivery of a written notice of termination by either [Assignee] or PPA Buyer to each of the other Parties hereto;
  - (2) delivery of a written notice of termination by PPA Seller to each of [Assignee] and PPA Buyer following [Assignee]'s failure to pay when due any amounts owed to PPA Seller in respect of any Delivered Product Payment Obligation and such failure continues for one business day following receipt by [Assignee] of written notice thereof;
  - (3) delivery of a written notice by PPA Seller to the other Parties hereto if any of the events described in Section  [Bankruptcy] of the PPA occurs with respect to [Assignee]; or
  - (4) delivery of a written notice by [Assignee] if any of the events described in Section  [Bankruptcy] of the PPA occurs with respect to PPA Seller.
- (b) The Assignment Period will end at the end of last delivery hour on the date specified in the termination notice provided pursuant to Section 2(a), which date shall not be earlier than the end of the last day of the calendar month in which such notice is delivered if termination is pursuant to clause (a)(1) or (a)(2) above. All Assigned Rights and Obligations shall revert from [Assignee] to PPA Buyer upon the early termination of the Assignment Period, provided that (i) [Assignee] shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to [Assignee] prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period in respect of the Parties not subject inter se to such restrictions, provided that [Assignee] will not have any further obligations hereunder following an early termination of the Assignment Period regardless of any such legal restrictions on the effectiveness of such reversion.

(c) The Assignment Period will automatically terminate upon the expiration or early termination of the PPA. All Assigned Rights and Obligations shall revert from [Assignee] to PPA Buyer upon the expiration of or early termination of the PPA, provided that (i) [Assignee] shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to [Assignee] prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period in respect of the Parties not subject inter se to such restrictions, provided that [Assignee] will not have any further obligations hereunder following an early termination of the Assignment Period regardless of any such legal restrictions on the effectiveness of such reversion.

**3. Representations and Warranties.** The PPA Seller and the PPA Buyer represent and warrant to [Assignee], each with respect to itself only, that as of the date hereof (a) the PPA is in full force and effect; (b) to the best of its knowledge, no event or circumstance exists (or would exist with the passage of time or the giving of notice) that would give either of them the right to terminate the PPA or suspend performance thereunder; and (c) all of its obligations under the PPA required to be performed on or before the date hereof have been fulfilled.

**4. Notices.** Any notice, demand, or request required or authorized by this Assignment Agreement to be given by one Party to another Party shall be delivered in accordance with Section [ ] and the Cover Sheet of the PPA and to the addresses of each of PPA Seller and PPA Buyer specified in the PPA. PPA Buyer agrees to notify [Assignee] of any updates to such notice information, including any updates provided by PPA Seller to PPA Buyer. Notices to [Assignee] shall be provided to the following address, as such address may be updated by [Assignee] from time to time by notice to the other Parties:

[  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_]

**5. Miscellaneous.** Sections [ ] (Buyer's Representations and Warranties), [ ] (Confidential Information), Sections [ ] (Severability), [ ] (Counterparts), [ ] (Amendments), [ ] (No Agency), [ ] (Mobile-Sierra), [ ] (Counterparts), [ ] (Facsimile or Electronic Delivery), Section [ ] (Binding Effect) and [ ] (No Recourse to Members of Buyer) of the PPA are incorporated by reference into this Agreement, *mutatis mutandis*, as if fully set forth herein.

**6. U.S. Resolution Stay Provisions.**

(a) In the event that [Assignee] becomes subject to a proceeding under (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder or (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder (a "U.S. Special Resolution Regime") the transfer from [Assignee] of this Agreement, and any interest and obligation in or under, and any property securing, this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any interest and obligation in or under, and any property securing, this Agreement were governed by the laws of the United States or a state of the United States.

(b) In the event that [Assignee] or an Affiliate becomes subject to a proceeding under a U.S. Special Resolution Regime, any Default Rights (as defined in 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable ("Default Right")) under this Agreement that may be exercised against [Assignee] are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

- (1) Limitation on Exercise of Certain Default Rights Related to an Affiliate's Entry Into Insolvency Proceedings. Notwithstanding anything to the contrary in this Agreement, the Parties expressly acknowledge and agree that:
- i. PPA Buyer and PPA Seller shall not be permitted to exercise any Default Right with respect to this Agreement or any Affiliate Credit Enhancement that is related, directly or indirectly, to an Affiliate of [Assignee] becoming subject to receivership, insolvency, liquidation, resolution, or similar proceeding (an "Insolvency Proceeding"), except to the extent that the exercise of such Default Right would be permitted under the provisions of 12 C.F.R. 252.84, 12 C.F.R. 47.5 or 12 C.F.R. 382.4, as applicable; and
  - ii. Nothing in this Agreement shall prohibit the transfer of any Affiliate Credit Enhancement, any interest or obligation in or under such Affiliate Credit Enhancement, or any property securing such Affiliate Credit Enhancement, to a transferee upon or following an Affiliate of [Assignee] becoming subject to an Insolvency Proceeding, unless the transfer would result in PPA Buyer or PPA Seller being the beneficiary of such Affiliate Credit Enhancement in violation of any law applicable to PPA Buyer or PPA Seller, as applicable.
- (2) U.S. Protocol. To the extent that PPA Buyer and PPA Seller each adhere to the ISDA 2018 U.S. Resolution Stay Protocol, as published by the International Swaps and Derivatives Association, Inc. as of July 31, 2018 (the "ISDA U.S. Protocol"), after the date of this Agreement, the terms of the ISDA U.S. Protocol will supersede and replace the terms of this Section 6.
- (3) For purposes of this Section 6:

"Affiliate" is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

**"Credit Enhancement" means any credit enhancement or credit support arrangement in support of the obligations of [Assignee] under or with respect to this Agreement, including any guarantee, collateral arrangement (including any pledge, charge, mortgage or other security interest in collateral or title transfer arrangement), trust or similar arrangement, letter of credit, transfer of margin or any similar arrangement.**

## 7. Governing Law, Jurisdiction.

### (a) Governing Law.

THIS ASSIGNMENT AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES UNDER THIS ASSIGNMENT AGREEMENT WILL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ANY CONFLICTS OF LAWS PROVISIONS THAT WOULD DIRECT THE APPLICATION OF ANOTHER JURISDICTION'S LAWS; PROVIDED, HOWEVER, THAT THE AUTHORITY OF THE PPA BUYER TO ENTER INTO AND PERFORM ITS OBLIGATIONS UNDER THIS ASSIGNMENT AGREEMENT SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

### (b) [Reserved].<sup>4</sup>

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<sup>4</sup> NOTE: Parties to negotiate and agree upon jurisdiction provision, if any, at the time of execution.

## Appendix 1

### Assigned Rights and Obligations

“PPA” means [\_\_\_\_\_].

“Assignment Period” means the period beginning on [\_\_\_\_\_] and extending until [\_\_\_\_\_], provided that in no event shall the Assignment Period extend past the earlier of (i) the termination of the Assignment Period pursuant to Section 2 of the Assignment Agreement and (ii) the end of the delivery period under the PPA; provided that applicable provisions of this Agreement shall continue in effect after termination of the Assignment Period to the extent necessary to enforce or complete, duties, obligations or responsibilities of the Parties arising prior to the termination.

“Assigned Products: include [\_\_\_\_\_].

#### Further Information:

Subject to all of PPA Seller’s rights under the PPA and the Assignment Agreement, PPA Seller shall continue to comply with its obligations associated with all Renewable Energy Credits corresponding to all Delivered Energy under the PPA pursuant to Section [\_\_] of the PPA. All Assigned Product delivered by PPA Seller to [Assignee] shall be a sale made at wholesale, with [Assignee] reselling all such Assigned Product.

1. In connection with the assignment of the Assigned Products, PPA Buyer hereby assigns, transfers and conveys to [Assignee] its right to any amounts payable by PPA Seller to PPA Buyer pursuant to [Section \_\_ (Guaranteed Energy Production)] of the PPA, and any such amount will be set forth in the consolidated invoice described in Section 1(b) of this Agreement.
2. The Assigned Prepay Quantity is set forth in Appendix 2; provided that (i) all Assigned Products shall be delivered pursuant to this Agreement during the Assignment Period and (ii) the Assigned Prepay Quantity is defined for the convenience of PPA Buyer and [Assignee] and shall have no impact on the obligations of the Parties under this Agreement or the PPA.

**Appendix 2**

**Assigned Prepay Quantity**

[NOTE: To be set forth in a monthly volume schedule.]

*Draft - Not for Execution*

**EXHIBIT S**  
**PV RELIABILITY PERCENTAGE AND BATTERY STORAGE RELIABILITY PERCENTAGE**

**1. General**

**a. Introduction and Purpose**

The purpose of the PV Reliability Percentage and Battery Storage Reliability Percentage calculations are to quantify the extent to which each project is shown to reliably follow the SMUD setpoint during a given Settlement Period.

It is the intent of the PV Reliability Percentage and Battery Storage Reliability Percentage calculations of this Exhibit S to avoid double counting the same event as contributing both to a reduced Availability Percentage and a reduced PV Reliability Percentage or Battery Storage Reliability Percentage. The Availability Percentage calculations of Exhibit U must be calculated prior to beginning the PV Reliability Percentage or Battery Storage Reliability Percentage calculations of this Exhibit S. The PV Reliability Percentage or Battery Storage Reliability Percentage calculations of this Exhibit S shall be adjusted to avoid counting as a reduction to the PV Reliability Percentage or Battery Storage Reliability Percentage, any interval for which a reduced PV Availability Percentage or Battery Storage Availability Percentage has already been calculated. For the avoidance of doubt, a time interval may be assessed both to reduce the Availability Percentage and the PV Reliability Percentage or Battery Storage Reliability Percentage, respectively, if it can be reasonably shown that each type of underperformance has been adjusted to avoid double counting.

**b. Technical Disputes**

At the request of either Party, an independent, professional engineer shall be retained by the Parties to resolve any dispute under this Exhibit S. The requesting Party may select an expert from the following pre-approved independent, professional engineers: Leidos, Luminata, DNV, and Black & Veatch. An expert not on this pre-approved list will need to be agreed to by both Parties. Each Party shall cooperate reasonably with the other and with the selected expert to resolve the dispute expeditiously and efficiently. Each Party shall, within 30 days of the selection of the expert, provide to the expert in writing its position on the dispute and any back-up material supporting its position. The expert must agree with the position of one Party and may not implement a resolution to the dispute that differs from the proposal of a Party. The expert shall, within 30 days of the submission of Parties' positions, choose the Party position that, in the expert's determination, best reflects the appropriate resolution of the dispute. The Party whose position is not accepted by the expert shall pay all of the costs for the expert. For avoidance of doubt, the resolution of the dispute shall not apply to aspects of settlement that are included in other sections or exhibits of this PPA beyond this Exhibit S.

**2. PV Reliability Percentage**

**a. Prerequisite Conditions for Reliability Percentage Intervals**

The following conditions are required for any time interval to be included in the PV Reliability Percentage calculation:

- (i) Solar Meter is operational and properly calibrated
- (ii) SCADA system for Solar Project is operational and providing valid data

(iii) Scheduled Energy is valid and in accordance with this Agreement

**b. Calculation**

PV Reliability Percentage is calculated using the following equation, averaged over all valid 5-minute intervals within a given Settlement Period.

$$PVRP = 100\% \times \left(1 - \frac{SE - MTR}{X}\right)$$

When SE >25% of CP, X = SE, otherwise X = 25% of CP

Where:

- PVRP = PV Reliability Percentage
- SE = Scheduled Energy
- MTR = Solar Project output measured at Solar Meter
- CP = Available PV Capacity

Any interval where MTR is greater than SE and the difference is less than 500 kW shall be adjusted to set MTR equal to the SE.

Any interval where MTR is less than SE shall be adjusted to set MTR equal to SE, except for any such deviation between MTR and SE where (x) the cause is attributable to mis-operation of Solar Project's power plant controller and (y) to the extent such deviation exceeds 1 MW. Such mis-operation of the power plant controller shall be prorated based on the extent to which the deviation was caused by controller mis-operation and adjusted to not include any deviation caused by lack of solar irradiance. Mis-operation of the power plant controller shall be evidenced by SCADA data showing that inverters are curtailed to a value below their maximum output in time intervals where they would otherwise be able to produce more power. In such intervals, the SE shall be replaced by an estimate of the expected power generation of the Solar Project for the ambient conditions for any intervals where the SE exceeds this estimate.

**3. Battery Storage Reliability Percentage**

**a. Prerequisite Conditions for Reliability Percentage Intervals**

The following conditions are required for any time interval to be included in the Battery Storage Reliability Percentage calculation:

- (iv) Battery Storage Meter is operational and properly calibrated
- (v) SCADA system for Battery Storage Project is operational and providing valid data
- (vi) Scheduled Battery Storage is valid and in accordance with this Agreement

**b. Calculation**

Battery Storage Reliability Percentage is calculated using the following equation, averaged over all valid 5-minute intervals within a given Settlement Period.

$$BSRP = 100\% \times \left(1 - \frac{SBS - MTR}{X}\right)$$

When SBS >25% of CP, X = SBS, otherwise X = 25% of CP

Where:

BSRP = Battery Storage Reliability Percentage

SBS = Scheduled Battery Storage

MTR = Charging Energy or Discharging Energy, as applicable, recorded at the Battery Storage Meter

CP = Available Storage Capacity

Any interval where MTR deviates from SBS by less than 500 kW shall be adjusted to set MTR equal to SBS.

The Battery Storage Reliability Percentage calculation shall account for deviations from SBS caused by failure to control ramp rate in accordance with Exhibit J.

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**Exhibit T  
Form of Surety**

EXHIBIT \_\_

**FORM OF SURETY BOND**

BOND NUMBER: \_\_\_\_\_  
\_\_\_\_\_

**FINANCIAL AND PERFORMANCE GUARANTEE BOND**

KNOW ALL MEN BY THESE PRESENTS: That we, \_\_\_\_\_, a \_\_\_\_\_ limited liability company (hereinafter called the Principal), and \_\_\_\_\_ with its principal office at \_\_\_\_\_ located in the Continental United States, a corporation duly organized under the laws of the State of \_\_\_\_\_ (hereinafter called the Surety) as Surety, are held and firmly bound unto \_\_\_\_\_, a \_\_\_\_\_ (hereinafter called the Obligee), as Obligee, in the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) for the payment of which sum well and truly to be made, we the said Principal and the said Surety, bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

This Financial and Performance Guarantee Bond (the "Bond") is being issued in connection with an Power Purchase and Sale Agreement between Principal and Obligee dated \_\_\_\_\_ (referred to as the "Agreement").

Now therefore, the condition of this obligation is such that if the Principal shall well and truly keep all the terms and conditions as outlined in the Agreement, then this obligation shall be null and void; otherwise to remain in full force and effect, until terminated or expired as set forth below.

Provided, however, this Bond is executed by the Surety and accepted by the Obligee subject to the following conditions:

1. No assignment of this Bond shall be effective without the written consent of the Surety.
2. This Bond shall be effective for a period of one (1) year with an effective date of \_\_\_\_\_ and shall have an expiration date of \_\_\_\_\_, except that if the Surety has not provided written notice to the Obligee at least sixty (60) days prior to such expiration date that this Bond will terminate on such expiration date, this Bond shall automatically renew for an additional one-year period. Any notice by the Surety to the Obligor shall be sent by registered mail to the address below.

[insert address]

3. Such expiration shall not affect any liability incurred or accrued under this Bond prior to the effective date of such expiration. It is understood and agreed that the Obligee may recover the full amount of the Bond (less any previous amounts paid to the Obligee under the Bond) if Surety notifies Obligee that the Surety will not renew the Bond and, within thirty (30) days prior to the effective date of nonrenewal, the Obligee has not received replacement Performance Security (as defined in the Agreement).

4. Provided, however, it shall be a condition precedent to any right of recovery herein that, in the event of any breach of any payment or performance obligation of Principal under the Agreement, a written notice of such breach shall be given by the Obligee to the Surety and the Surety will pay the amount set forth in the Obligee's notice within ten (10) Business Days (as defined below) after the Surety's receipt of such notice, subject to Section 7 below. "Business Days" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday in California.

5. This Bond is a primary obligation of the Surety, and such obligation shall not be affected by:

a. any modification, amplification, amendment, supplement, renewal or waiver of the Agreement or any of the terms or conditions of the Agreement;

b. any postponement or extension of the date on which any payment must be made by the Obligee pursuant to the Agreement and mutually agreed to by the Obligee and the Principal or postponement or extension of the date on which any payment must be made, or act must be performed, by the Principal thereunder;

c. any failure, omission, delay, waiver or refusal by the Obligee to exercise, in whole or in part, any right or remedy held by the Obligee with respect to the Agreement, except as to applicable statutes of limitation;

d. any legal disability of the Principal or the Surety;

e. any rights of subrogation, reimbursement, indemnity or contribution that the Surety or the Obligee may have against the Principal;

f. any lack of knowledge by the Surety as to the condition (including financial) of the Principal, since the Surety shall be responsible for obtaining its own knowledge of such condition;

g. any rights or defenses that are or may become available to the Surety by reason of Sections 2819 or 2845 of the California Civil Code; or

h. any termination of or change in corporate existence, structure or ownership of the Principal or the Surety, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Principal or its assets.

6. No action, suit or proceeding shall be had or maintained against the Surety on this unless the same be brought or instituted within six (6) months after the termination or expiration of this Bond.

7. Regardless of the number of years this Bond is in force, the aggregate liability of the Surety shall not be cumulative in amounts from period to period and shall in no event exceed the amount set forth above, or as amended by rider.

In witness whereof, said Principal and said Surety have caused this Bond to be duly signed and their seals affixed this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

\_\_\_\_\_

Principal

BY: \_\_\_\_\_

\_\_\_\_\_

Surety

BY: \_\_\_\_\_

Attorney-in-Fact

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**EXHIBIT U**  
**AVAILABILITY PERCENTAGE CALCULATIONS**

**1. General**

**a. Introduction and Purpose**

The purpose of the Availability Percentage calculation is to measure the Availability of the equipment associated with the Solar Project and Battery Storage Project, respectively, and to allow the Availability for each facility to be compared with the Guaranteed Availability. Such Availability Percentage calculations are carried out with respect to a "Reporting Period" which is equal to the Settlement Period according to the requirements of the Agreement.

The Solar Project Availability Percentage calculation and the Battery Storage Project Availability Percentage calculation generally follows the International Electrotechnical Commission (IEC) Technical Specification 63019 (Edition 1.0 2019-05) titled "Photovoltaic power systems (PVPS) – Information model for availability".

Notwithstanding anything herein to the contrary, in the event that the calculated Availability Percentage is equal to or greater than the Guaranteed Availability, the Availability Percentage shall be deemed to be one hundred percent (100%) for all purposes hereunder.

**b. Methods and Updates**

For PV only, if inverters with capacity of 500 kW or less are utilized, the associated Solar Project Availability Percentage or Battery Storage Project Availability Percentage calculation, as applicable, shall assess the component Availability based upon the measured AC power for each inverter. If inverters with capacity greater than 500 kW are utilized, the associated Solar Project Availability Percentage calculation, shall assess the component Availability based upon the DC internal parallel bussed distribution (e.g. combiners by way of current measurement).

**2. Solar Project Availability Percentage Calculation**

**a. Prerequisite Conditions for Availability Intervals**

The following conditions are required for any time interval to be included in the Solar Project Availability Percentage Calculation:

- (a) The average plane-of-array pyranometer readings report irradiance above 70 W/m<sup>2</sup>
- (b) SMUD Setpoint is above 5 MW<sub>ac</sub>, unless Solar Project is derated at or below 5 MW<sub>ac</sub> not due to an Excused Event, in which case this condition is not required

**b. Valid Availability Data Conditions**

The following conditions are required for any time interval to be valid with respect to the Solar Project Availability Percentage calculation. Any time interval lacking any one of these

requirements shall be considered an “Solar Invalid Data Time Interval”:

- (a) Plane-of-array irradiance sensors (pyranometers and albedometers) are clean, calibrated, and operational per manufacturer recommendations
- (b) Solar Meter is operational and properly calibrated
- (c) SCADA system is operational and providing valid data

Solar Invalid Data Time Intervals shall be excluded from the Solar Project Availability Percentage calculation, provided that if more than 15% of potential time intervals meeting the requirements of Section 2(a) of this Exhibit U fail to meet the requirements of this Section 2(b) and if Seller is unable to provide an estimate of Availability from the available data, Buyer may, at its reasonable discretion, require Seller to include all Solar Invalid Data Time Intervals and assume 90% Availability or no change to the prior Availability determined in all such intervals. For non-communicating inverters, or inverters providing invalid data, such inverters shall be treated on a pro-rated basis for the purpose of determining the percent of time intervals qualifying as Solar Invalid Data Time Intervals.

### c. Calculation

For each Reporting Period the Solar Project Availability Percentage is expressed as the average “Inverter Availability” of all inverters, where the Inverter Availability for each inverter is calculated as:

$$SAP = 100\% \times \left(1 - \frac{TOH - EEH}{PH}\right)$$

Where:

SAP = Availability Percentage for the Solar Project.

PH = total period hours in the relevant Reporting Period meeting the conditions of Sections 2(a) and 2(b) of this Exhibit U.

EEH = hours that the relevant inverter was unavailable due to an Excused PV Event

TOH = hours that the relevant inverter was unavailable due to any cause (inclusive of EEH)

All calculations shall utilize up to 60-minute averaged data derived from raw data collected at one-minute or smaller time increments where the conditions of Section 2(a) of this Exhibit U are satisfied.

For purposes of this Solar Project Availability Percentage calculation, “Excused PV Event” shall mean the total number of hours or partial hours that the relevant inverter was unavailable due to a Planned Outage, a Force Majeure event not already reflected in the Expected PV Capacity calculation, any test scheduled in accordance with the requirements of the Agreement, any circumstances at the high voltage-side of the Delivery Point or beyond that may limit Seller’s delivery of Product, any failure by Buyer to perform its obligations under this Agreement, any event or circumstance affecting the availability of the Solar Project associated with the Agrivoltaics FOP, except to the extent resulting from the fault or negligence of Seller.

For the purpose of identifying unavailable hours among EEH and TOH an inverter is unavailable when it is generating below 0.2% of its nameplate and when the Solar Meter reports generation that is more than 150kW below the Scheduled Energy.

### 3. Battery Storage Project Availability Percentage Calculation

#### a. Prerequisite Conditions for Availability Intervals

The following condition is required for any time interval to be included in the Battery Storage Project Availability Percentage calculation:

(a) Notwithstanding Excused Battery Events, the Battery Storage Project is able, in whole or in part, to provide Battery Storage Product as a result of the Battery Storage Operating Restrictions.

#### b. Valid Availability Data Conditions

The following conditions are required for any time interval to be valid with respect to the Battery Storage Project Availability Percentage calculation and therefore included in the resulting calculations to determine the Battery Project Availability Percentage. Any time interval lacking any one of these requirements shall be considered a "Storage Invalid Data Time Interval" and therefore not included in the calculation to determine the Battery Storage Project Availability:

- (a) The Battery Storage Meter is operational and properly calibrated
- (b) SCADA system is operational and providing valid data

Storage Invalid Data Time Intervals shall be excluded from the Battery Storage Project Availability Percentage calculation provided, however, that if more than 10% of potential time intervals meeting the requirements of Section 3(a) of this Exhibit U fail to meet the requirements of this Section 3(b), and if Seller is unable to provide an estimate of Availability from the available data, Buyer may at its reasonable discretion require Seller to include all Storage Invalid Data Time Intervals and assume 90% Availability in all such intervals. For non-communicating inverters and batteries, or inverters and batteries providing invalid data, such inverters and batteries shall be treated on a pro-rated basis for the purpose of determining the percent of time intervals qualifying as Storage Invalid Data Time Intervals.

#### c. Calculation

For each Reporting Period the Battery Storage Project Availability Percentage is calculated as:

$$BSAP = 100\% \times \left(1 - \frac{TOH - EBH}{PH}\right)$$

Where:

BSAP = Availability Percentage for the Battery Storage Project

PH = total period hours in the relevant Reporting Period meeting the conditions of Sections 3(a) and 3(b) of this Exhibit U.

EBH = equivalent hours of battery unavailability due to an Excused Battery Event

TOH = equivalent hours of battery unavailability due to any cause (inclusive of EBH)

All calculations shall utilize up to 60-minute averaged data derived from raw data collected at one-minute or smaller time increments where the conditions of Section 3(a) of this Exhibit U are satisfied.

For the purposes of this Battery Storage Project Availability Percentage calculation, "Excused Battery Event (EBH)" shall mean the total number of hours or partial hours in the Reporting Period (PH) that are not included as available hours due to a Planned Outage, a Force Majeure event, any Buyer dispatched tests scheduled in accordance with the Agreement, any circumstances at the high voltage-side of the Delivery Point or beyond that may limit Seller's delivery of Battery Storage Product, or any failure of Buyer to perform its obligations under this Agreement, any approved maintenance hours, Operating Restrictions in Exhibit J, Buyer breach or default.

For the purpose of identifying equivalent unavailable hours among EBH and TOH, the fractional Availability shall be calculated for each time interval as the average of the ratio of available Capacity in MW to Expected Battery Storage Capacity.

**Example calculation:**

Duration: a full hour consisting of 1-minute time intervals

Derated power and energy:

- 0.6 MW power derate due to offline PCS inverters in all intervals (not excused)
- 8.0 MWh energy derate due to Planned Outage in 30 1-minute intervals (excused)

$$TOH = \frac{1}{2} \left[ \left( \frac{60}{60} \text{ minutes} \hat{\sim} \frac{0.6}{1} \text{ MW} \right) + \left( \frac{30}{60} \text{ minutes} \hat{\sim} \frac{8.0}{1} \text{ MWh} \right) \right] = 0.004651 \text{ hours}$$

$$EBH = \frac{1}{2} \left[ \left( \frac{60}{60} \text{ minutes} \hat{\sim} \frac{0.6}{1} \text{ MW} \right) + \left( \frac{30}{60} \text{ minutes} \hat{\sim} \frac{8.0}{1} \text{ MWh} \right) \right] = 0.002907 \text{ hours}$$

PH = 1 hours

The Battery Storage Availability for this hour is:

$$100\% \times \left( 1 - \frac{0.004651 + 0.002907}{1} \right) = 99.83\%$$

**EXHIBIT V**  
**MONTHLY OPERATING REPORT**

The monthly operating report shall include the following content, to the extent applicable and as may be revised by the Parties by mutual agreement.

1. Summary
  - a. Safety & Environmental Summary
  - b. Maintenance Summary
  - c. Performance Summary
2. Plant Performance
  - a. Energy and Insolation (Insolation is PV Only)
  - b. Performance Metrics
  - c. Performance Summary
  - d. Equivalent full cycles per day, per month (BESS only)
  - e. Average Battery SOC (BESS only)
  - f. Total Energy throughput (all energy in and out) for Battery (BESS only)
  - g. Capacity for Period
    - i. Last Capacity test date
    - ii. Actual Capacity v Budget Capacity
3. Lost Energy and Outage Events
  - a. Forced Outage Events
    - i. Summary and Planned Resolution
  - b. Planned Outage Events
  - c. Planned Outage(s) Next Month
  - d. Top 10 Historic Outage & Downtime Events
4. Inverter & Battery PCS Availability
  - a. Actual v Budget for reporting period
  - b. Total hours for reporting period
  - c. Excused Event Hours for reporting period
5. Health, Safety, & Environmental
  - a. Safety Statistics
  - b. Health, Safety, & Environmental Notes
  - c. Environmental Incidents
6. Maintenance
  - a. Reactive Maintenance Log
  - b. Preventative Maintenance Log
  - c. Preventative Maintenance Inspection Schedule
  - d. Work Orders
  - e. BESS thermal management downtime including HVAC system, air flow obstruction(s), etc. (BESS only)
7. Inventory
  - a. Owners Inventory, Consumed & On-Order
8. Warranties
  - a. PV Module Supply Agreement Warranty Claims (PV Only)
  - b. Battery Supply Agreement Warranty Claims (BESS Only)
  - c. Inverter & PCS Warranty Claims
  - d. EPC Warranty Claims
  - e. Warranty Work Orders
9. Visitors Log
10. Alarms & Maintenance Updates
  - a. Top Five Inverter & Battery Alarms

- b. Top Ten SCADA Alarms
- c. Annual Maintenance Plan Updates

*Draft - Not for Execution*

**EXHIBIT W**  
**MONTHLY SETTLEMENT AMOUNT EXAMPLE CALCULATIONS**

The following are provided as example calculations for the purposes of determining the Monthly Settlement Amount:

**Example Month A**

Resource	Contract Price	X	Expected PV Capacity or Expected Battery Storage Capacity	=	Capacity Subtotal Payment	x	Availability Percentage	x	PV Reliability Percentage or Battery Storage Reliability Percentage	=	Total
Solar Project	\$ [REDACTED]		343,000		\$ [REDACTED]		96.0%		100%		\$ [REDACTED]
Battery Storage Project	\$ [REDACTED]		172,000		\$ [REDACTED]		99.0% (100%)		99.0%		\$ [REDACTED]
<b>Monthly Settlement Amount</b>											\$ [REDACTED]

**Example Month B**

Resource	Contract Price	X	Expected PV Capacity or Expected Battery Storage Capacity	=	Capacity Subtotal Payment	x	Availability Percentage	x	PV Reliability Percentage or Battery Storage Reliability Percentage	=	Total
Solar Project	\$ [REDACTED]		345,000		\$ [REDACTED]		96.0%		100%		\$ [REDACTED]
Battery Storage Project	\$ [REDACTED]		172,000		\$ [REDACTED]		99.0% (100%)		98.5%		\$ [REDACTED]
<b>Monthly Settlement Amount</b>											\$ [REDACTED]

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, in 2021, SMUD released a competitive solicitation to develop the Country Acres project; and

**WHEREAS**, SMUD evaluated the offers received through that solicitation and determined that the **Clenera (parent company of Country Acres Clean Power, LLC)** offer provided superior value versus the alternatives; and

**WHEREAS**, SMUD and **Clenera** negotiated a mutually beneficial **Power Purchase Agreement (PPA)** under which SMUD will purchase the energy, capacity and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs), for full dispatch rights to 344 MW of solar photovoltaic power (Solar PV) plus 172 MW/4-hour battery storage for an annual approximate cost of \$59.7 million, with a combined maximum output of 344 MW at the Point of Interconnection to SMUD's transmission system; and

**WHEREAS**, the project's scheduled commercial operation date is December 15, 2026; and

**WHEREAS**, in addition to the **PPA**, SMUD is also negotiating a **Large Generator Interconnection Agreement, Lease Agreement, Station Service Agreement**, and a **Development Services Agreement (DSA)** that define the requirements for interconnection, land use, and certain project development responsibilities and terms; and

**WHEREAS**, the **DSA** terms include direct reimbursement or waiver of costs where this method is more beneficial to SMUD than **Clenera** paying and passing those costs back to SMUD through the **PPA** price; and

**WHEREAS**, two additional agreements with Placer County authorities apply to the project; and

**WHEREAS**, a **Memorandum of Understanding** between the **County of Placer (Placer County)** and SMUD (**MOU**) establishes a development fee that SMUD will pay to **Placer County** to provide funding for fire, police, and public protection services as well as additional costs and requires an annual payment of \$1,178,790 during the operational period of the project; and

**WHEREAS**, a **Mitigation Agreement** between **Placer Conservation Authority** and SMUD (**PCA Agreement**) establishes a mechanism to pay for the mitigation required by the **Environmental Impact Report** and **Conditional Use Permit** to be considered by **Placer County** and requires a one-time payment of approximately \$25 million; and

**WHEREAS**, the price and other terms proposed in the **PPA** are commercially reasonable and benefit SMUD's ratepayers; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** The Chief Executive Officer and General Manager, or his delegate, is authorized to negotiate and execute the **Country Acres Clean Power, LLC (Country Acres) Power Purchase Agreement (PPA)** with a 30-year term for 344 MW of solar photovoltaic power (Solar PV) and a 20-year term for 172 MW of battery storage, substantially in the form of **Attachment \_\_\_\_**, and all other agreements necessary to facilitate the **Country Acres** project.

**Section 2.** The Chief Executive Officer and General Manager, or his delegate, is authorized to make future changes to the terms and conditions of the

**DRAFT**

contracts that, in his prudent judgment: (a) further the primary purpose of the contract(s); (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract(s) amounts and applicable contingencies.



SSS No. ET&C 23-029

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 09/19/23
Board Meeting Date September 21, 2023

TO				TO			
1.	Jon Olson	6.	Scott Martin				
2.	Russell Mills	7.	Jose Bodipo-Memba				
3.	Steve Lins	8.					
4.	Lora Anguay	9.	<b>Legal</b>				
5.	Jennifer Davidson	10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b>	<input checked="" type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Chad Adair		DEPARTMENT Energy Trading & Contracts		MAIL STOP A404	EXT. 6151	DATE SENT 08/31/23	

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager to execute Appendix Firm Storage Service (FSS) documents with **Wild Goose Storage LLC** for:

- a. Five-year Firm Storage Agreement for 2 Bcf of natural gas storage service for the period April 1, 2024, through March 31, 2029; and
- b. Natural gas injection service for the period December 1, 2023, through March 31, 2024.

**Summary:** SMUD has a contract for 1 Bcf of storage inventory with a storage provider in Northern California that expires on March 31, 2024. A Request for Proposals (RFP) was issued to replace this agreement upon expiration, and SMUD received only three offers from two storage providers. Wild Goose Storage LLC (Wild Goose) provided “traditional” and “ratchet” bids and was the successful bidder for a 5-year term. This new transaction will increase SMUD’s storage capacity from 1 Bcf to 2 Bcf of inventory with ratcheted injection rate of 12,500 – 14,000 Dth per day and a withdrawal rate of 10,000 – 24,000 Dth per day. Reservation charge will be \$5M per year. Variable charges are expected to average \$90,000 per year. The contract term will run from April 1, 2024, through March 31, 2029. The increased cost is due to unprecedented high energy prices and low storage events from last winter across the entire state of California. This transaction will represent two thirds of our total natural gas storage services and ensure the ability to provide reliability and flexibility during summer peaks and winter weather events and potential arbitrage opportunities.

SMUD has also contracted for early injection service as a part of the 5-year storage deal that will allow SMUD to begin injecting gas into the Wild Goose facility as early as December 1, 2023, and will expire March 31, 2024. This will give Gas Trading the flexibility to move gas from our existing expiring contract into the new agreement.

**Board Policy:** Strategic Direction SD-4, Reliability – natural gas storage supports peak load deliverability and provides protection against a failure of a transport path.; Strategic Direction SD-2, Competitive Rates – natural gas storage provides opportunities to reduce the overall cost of gas to SMUD through price arbitrage.

**Benefits:** SMUD benefits by providing reliability, operational flexibility and helps maintain stable commodity costs.

**Cost/Budgeted:** Purchase of gas storage under the new agreement beginning April 1, 2024, has been included in the Commodity Budget forecast.

**Alternatives:** Pursue more expensive gas storage; do not obtain storage.

**Affected Parties:** Energy Trading & Contracts, Energy Settlements, Commodity Risk Management

**Coordination:** Energy Trading & Contracts

**Presenter:** Russell Mills, Director, Treasury & Treasurer

**Additional Links:**

SUBJECT

**Contract for Natural Gas Storage & Injection Services**

ITEM NO. (FOR LEGAL USE ONLY)

**11**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



- 5. Injection Commodity Rate: \$0.02 /Dth  
Withdrawal Commodity Rate: \$0.02 /Dth
- 6. Customer Injection Fuel Charge Election is fixed % of 0.50%  
Customer Withdrawal Fuel Charge Election is fixed % of 0.50%
- 7. Wild Goose has agreed to waive section 5.3 of Schedule FSS - Firm Storage Service.

This storage transaction is pending approval of SMUD's Board of Directors on or before September 22, 2023. If the transaction is not approved on or before September 22, 2023 both parties agree that either party may cancel this transaction via written notice to the other. The parties agree to work in good faith to approve this transaction as stated.

The parties have entered into this Appendix FSS effective August 31, 2023.

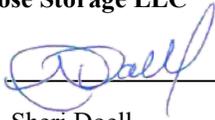
**Important Note:**

This Appendix FSS will be final and binding in accordance with Article 2 of Service Schedule FSS unless Customer objects by notice in writing by 07:00 hours Pacific Clock Time on the next Business Day following the day of the fax transmission or electronic submission of this Appendix. Signatures are not required to effect the binding nature of the Transaction set forth in this Appendix FSS. The agreement of the Parties, as evidenced by this Appendix FSS, shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction.

**Sacramento Municipal Utility District**

PER: \_\_\_\_\_  
 NAME: \_\_\_\_\_  
 TITLE: \_\_\_\_\_

**Wild Goose Storage LLC**

PER:  \_\_\_\_\_  
 NAME: Sheri Doell  
 TITLE: VP, Origination & Renewable  
 FAX: (403) 266-0636



- 5. Injection Commodity Rate: \$0.02 /Dth  
Withdrawal Commodity Rate: \$0.00 /Dth
- 6. Customer Injection Fuel Charge Election is fixed % of 0.50%  
Customer Withdrawal Fuel Charge Election is fixed % of 0.00%
- 7. Wild Goose has agreed to waive section 5.3 of Schedule FSS - Firm Storage Service.

This contract was created for EARLY INJECTION rights only. NO Withdrawal. On April 1, 2024 any inventory injected into this transaction #0940FSS014 shall be transferred to transferred into transaction #0940FSS015.

Commodity and fuel will be charged on injection.

The parties have entered into this Appendix FSS effective August 31, 2023.

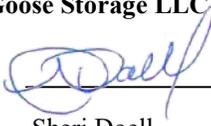
**Important Note:**

This Appendix FSS will be final and binding in accordance with Article 2 of Service Schedule FSS unless Customer objects by notice in writing by 07:00 hours Pacific Clock Time on the next Business Day following the day of the fax transmission or electronic submission of this Appendix. Signatures are not required to effect the binding nature of the Transaction set forth in this Appendix FSS. The agreement of the Parties, as evidenced by this Appendix FSS, shall at all times be subject to such changes or modifications by the Public Utilities Commission of the State of California as said Commission may from time to time direct in the exercise of its jurisdiction.

**Sacramento Municipal Utility District**

PER: \_\_\_\_\_  
 NAME: \_\_\_\_\_  
 TITLE: \_\_\_\_\_

**Wild Goose Storage LLC**

PER:  \_\_\_\_\_  
 NAME: Sheri Doell  
 TITLE: VP, Origination & Renewable  
 FAX: (403) 266-0636

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, SMUD has an agreement for 1 Bcf of storage inventory with a storage provider in Northern California that expires on March 31, 2024; and

**WHEREAS**, a Request for Proposals (RFP) was issued to replace this agreement upon its expiration; and

**WHEREAS, Wild Goose Storage LLC (WGS)** provided “traditional” and “ratchet” bids in response to the RFP and was the successful bidder for a five-year term; and

**WHEREAS**, the new transaction with **WGS** will increase SMUD’s storage capacity from 1 Bcf to 2 Bcf of inventory with ratcheted injection rate of 12,500-14,000 Dth/day and a withdrawal rate of 10,000-24,000 Dth/day; and

**WHEREAS**, reservation charges are \$5 million per year and variable costs are expected to average \$90,000 per year; and

**WHEREAS**, the increased costs of natural gas storage services are higher than the expiring contracts is due to unprecedented high energy prices and low storage events from last winter across the entire state of California; and

**WHEREAS**, this transaction will represent two-thirds of SMUD’s total natural gas storage services and ensure the ability to provide reliability and flexibility during summer peaks and winter weather events and potential arbitrage opportunities; and

**WHEREAS**, SMUD has also contracted for early injection service as part of the five-year storage deal that will allow SMUD to begin injecting gas into the **WGS** facility as early as December 1, 2023; and

**WHEREAS**, the early injection service will allow SMUD the flexibility to move gas from the existing expiring contract into the new agreement; **NOW**,

**THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** This Board authorizes the Chief Executive Officer and General Manager, or his designee, to execute a five-year Firm Storage Service (FSS) agreement for 2 Bcf of natural gas storage services with **Wild Goose Storage LLC (WGS)** for the period April 1, 2024, through March 31, 2029, substantially in the form of **Attachment \_\_\_\_**.

**Section 2.** This Board further authorizes the Chief Executive Officer and General Manager, or his designee, to execute an FSS agreement for natural gas injection services with **WGS** for the period December 1, 2023, through March 31, 2024, substantially in the form of **Attachment \_\_\_\_**

**Section 3.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.



SSS No. SCS  
PSS 23-006

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 09/19/23  
Board Meeting Date  
September 21, 2023

TO		TO	
1.	Casey Fallon	6.	Scott Martin
2.	Laurie Rodriguez	7.	
3.	Jose Bodipo-Memba	8.	
4.	Jennifer Davidson	9.	<b>Legal</b>
5.	Lora Anguay	10.	<b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>	X	<b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	X	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR)	DEPARTMENT			MAIL STOP	EXT.	DATE SENT	
Jaclyn Ketchum	People Services & Strategies			B251	5761	08/24/2023	

**NARRATIVE:**

**Requested Action:**

- a. Approve contract change to Contract No. 4500110473 with **United Health Care Insurance Company** approving 2024 medical insurance premium rates and extending the contract by one year for the period January 1, 2024, through December 31, 2024. The total estimated cost for 2024, based on the current enrollment population, is \$39.1 million; and
- b. Approve contract change to Contract No. 4500043215 with **Kaiser Permanente** approving 2024 medical insurance premium rates and extending the contract by one year for the period January 1, 2024, through December 31, 2024. The total estimated cost for 2024, based on the current enrollment population, is \$30.7 million.

**Summary:** United Health Care Insurance Company (“United HealthCare”) presented SMUD with a renewal increase for the 2024 plan year of 3.37% for our active employee, pre-65 retiree and Medicare Advantage medical plans. This percentage is based on the difference in the aggregated total cost of premiums for active employees and retirees enrolled in the United HealthCare plans from 2023 to 2024. Based on these rates and current enrollment, the total cost for 2024 medical benefit plans is projected at \$39.1 million.

Kaiser Permanente presented SMUD with renewal increases for the 2024 plan year of 5.78% for our active employee, pre-65 retiree and Medicare Advantage medical plans. This percentage is based on the difference in the aggregated total cost of premiums for active employees and retirees enrolled in the Kaiser Permanente plans from 2023 to 2024. Based on these rates and current enrollment, the total cost for 2024 medical benefit plans is projected at \$30.7 million.

These actions will allow SMUD to provide medical benefit plans for the year 2024 to approximately 9,500 employees, retirees, and eligible dependents enrolled in United HealthCare and Kaiser Permanente medical plans in the most cost-effective manner.

Note: The estimated costs above will vary based on 2024 employee/retiree Open Enrollment selections and SMUD population.

**Board Policy:** *(Number & Title)* Strategic Direction SD-3, Access to Credit Markets - SMUD staff negotiated best price and terms with medical providers in consideration of the long-term revenue requirements, debt, and financial risk to SMUD.

Strategic Direction SD-8, Employee Relations - Providing medical benefits to employees supports SMUD’s goal of an inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision, and values.

**Benefits:** Provide quality medical benefits to eligible SMUD employees, retirees, and eligible dependents.

**Cost/Budgeted:** Assuming current enrollment, SMUD’s share of cost is projected at \$58.4 million (after employee/retiree contributions).

**Alternatives:** Not accept the proposed rate increases; consider other alternatives to meet SMUD obligations.

**Affected Parties:** All eligible SMUD employees, retirees and eligible dependents participating in SMUD's medical benefit plans.

**Coordination:** People Services & Strategies, Procurement, United HealthCare and Kaiser Permanente.

**Presenter:** Laurie Rodriguez, Director, People Services & Strategies

**Additional Links:**

SUBJECT

**Contract Change with UHC & Kaiser**

ITEM NO. (FOR LEGAL USE ONLY)

**12a**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

## 2024 Active Employees Medical Rates

Active Employees Carrier	Basic		
	Employee Only	Employee + 1	Employee + Family
Kaiser HMO – High Plan	\$745.70	\$1,491.40	\$2,237.10
Kaiser HMO – Low Plan	\$706.58	\$1,413.16	\$2,119.74
United Healthcare Signature Value HMO – High Plan	\$1,256.07	\$2,650.30	\$3,793.32
United Healthcare Signature Value HMO – Low Plan	\$1,129.11	\$2,382.41	\$3,409.95
United Healthcare Signature Alliance HMO – High Plan	\$1,111.76	\$2,345.81	\$3,357.51
United Healthcare Signature Alliance HMO – Low Plan	\$999.39	\$2,108.70	\$3,018.19
United Healthcare High Deductible Health Plan	\$982.76	\$2,073.63	\$2,967.93
United Healthcare PPO Plan	\$1,899.89	\$4,008.77	\$5,737.67

## 2024 Retiree Medical Rates

Retiree Carrier	Basic			Medicare	
	Retiree Only	Retiree + 1	Retiree + Family	Retiree	Retiree + 1
Kaiser HMO	\$745.70	\$1,491.40	\$2,237.10	\$283.87	\$567.74
Kaiser Medicare Unassigned*	N/A	N/A	N/A	\$1,834.82	\$3,669.64
Kaiser Medicare Part A only**	N/A	N/A	N/A	\$1,424.17	\$2,848.34
United Healthcare Signature Value HMO	\$1,256.07	\$2,650.30	\$3,793.32	N/A	N/A
United Healthcare Signature Alliance HMO	\$1,111.76	\$2,345.81	\$3,357.51	N/A	N/A
United Healthcare PPO – In CA	\$1,899.89	\$4,008.77	\$5,737.67	N/A	N/A
United Healthcare PPO – Out Of CA	\$1,899.89	\$4,008.77	\$5,737.67	N/A	N/A
United Healthcare Medicare Advantage	N/A	N/A	N/A	\$428.88	\$857.76

\* Age 65+ retiree – not enrolled in Medicare – transitional plan

\*\* Have Medicare Part A due to disability but not enrolled in Medicare Part B due to age (under 65)

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, by Resolution No. 18-07-03, adopted July 19, 2018, this Board authorized a contract with **United Health Care Insurance Company (United HealthCare)** to provide administration of SMUD’s medical benefits for an initial three-year period from January 1, 2019, to December 31, 2021, to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 19-10-06, adopted October 17, 2019, this Board approved 2020 premiums through December 31, 2020; and

**WHEREAS**, by Resolution No. 20-09-05, adopted September 17, 2020, this Board approved 2021 premiums through December 31, 2021; and

**WHEREAS**, by Resolution No. 21-10-06, adopted October 21, 2021, this Board authorized an extension to the **United HealthCare** contract to provide medical benefits for the year 2022 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 22-10-13, adopted October 20, 2022, this Board authorized an extension to the **United HealthCare** contract to provide medical benefits for the year 2023 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, it would be in SMUD’s best interest to extend the medical benefit contract with **United HealthCare** and approve the 2024 premiums through December 31, 2024, because of their distinctive services and relatively lower cost compared to other health plans; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of the SMUD, to approve 2024 medical insurance

rates and extend Contract No. 4500110473 with **United Health Care Insurance Company** by one year, for the period January 1, 2024, through December 31, 2024; 2024 cost estimated at \$39.1 million pursuant to the premiums set forth in **Attachment \_\_\_** hereto and made a part hereof.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.



SSS No. SCS  
PSS 23-006

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 09/19/23
Board Meeting Date September 21, 2023

TO	TO
1. Casey Fallon	6. Scott Martin
2. Laurie Rodriguez	7.
3. Jose Bodipo-Memba	8.
4. Jennifer Davidson	9. <b>Legal</b>
5. Lora Anguay	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>	X	<b>Yes</b>	<i>No If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	X	<b>Yes</b>	<i>No (If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Jaclyn Ketchum	DEPARTMENT People Services & Strategies	MAIL STOP B251	EXT. 5761	DATE SENT 08/24/2023
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**NARRATIVE:**

**Requested Action:**

- a. Approve contract change to Contract No. 4500110473 with **United Health Care Insurance Company** approving 2024 medical insurance premium rates and extending the contract by one year for the period January 1, 2024, through December 31, 2024. The total estimated cost for 2024, based on the current enrollment population, is \$39.1 million; and
- b. Approve contract change to Contract No. 4500043215 with **Kaiser Permanente** approving 2024 medical insurance premium rates and extending the contract by one year for the period January 1, 2024, through December 31, 2024. The total estimated cost for 2024, based on the current enrollment population, is \$30.7 million.

**Summary:** United Health Care Insurance Company (“United HealthCare”) presented SMUD with a renewal increase for the 2024 plan year of 3.37% for our active employee, pre-65 retiree and Medicare Advantage medical plans. This percentage is based on the difference in the aggregated total cost of premiums for active employees and retirees enrolled in the United HealthCare plans from 2023 to 2024. Based on these rates and current enrollment, the total cost for 2024 medical benefit plans is projected at \$39.1 million.

Kaiser Permanente presented SMUD with renewal increases for the 2024 plan year of 5.78% for our active employee, pre-65 retiree and Medicare Advantage medical plans. This percentage is based on the difference in the aggregated total cost of premiums for active employees and retirees enrolled in the Kaiser Permanente plans from 2023 to 2024. Based on these rates and current enrollment, the total cost for 2024 medical benefit plans is projected at \$30.7 million.

These actions will allow SMUD to provide medical benefit plans for the year 2024 to approximately 9,500 employees, retirees, and eligible dependents enrolled in United HealthCare and Kaiser Permanente medical plans in the most cost-effective manner.

Note: The estimated costs above will vary based on 2024 employee/retiree Open Enrollment selections and SMUD population.

**Board Policy:** Strategic Direction SD-3, Access to Credit Markets - SMUD staff negotiated best price and terms with medical providers in consideration of the long-term revenue requirements, debt, and financial risk to SMUD.

Strategic Direction SD-8, Employee Relations - Providing medical benefits to employees supports SMUD’s goal of an inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision, and values.

**Benefits:** Provide quality medical benefits to eligible SMUD employees, retirees, and eligible dependents.

**Cost/Budgeted:** Assuming current enrollment, SMUD’s share of cost is projected at \$58.4 million (after employee/retiree contributions).

**Alternatives:** Not accept the proposed rate increases; consider other alternatives to meet SMUD obligations.

**Affected Parties:** All eligible SMUD employees, retirees and eligible dependents participating in SMUD's medical benefit plans.

**Coordination:** People Services & Strategies, Procurement, United HealthCare and Kaiser Permanente.

**Presenter:** Laurie Rodriguez, Director, People Services & Strategies

**Additional Links:**

SUBJECT

**Contract Change with UHC & Kaiser**

ITEM NO. (FOR LEGAL USE ONLY)

**12b**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

## 2024 Active Employees Medical Rates

Active Employees Carrier	Basic		
	Employee Only	Employee + 1	Employee + Family
Kaiser HMO – High Plan	\$745.70	\$1,491.40	\$2,237.10
Kaiser HMO – Low Plan	\$706.58	\$1,413.16	\$2,119.74
United Healthcare Signature Value HMO – High Plan	\$1,256.07	\$2,650.30	\$3,793.32
United Healthcare Signature Value HMO – Low Plan	\$1,129.11	\$2,382.41	\$3,409.95
United Healthcare Signature Alliance HMO – High Plan	\$1,111.76	\$2,345.81	\$3,357.51
United Healthcare Signature Alliance HMO – Low Plan	\$999.39	\$2,108.70	\$3,018.19
United Healthcare High Deductible Health Plan	\$982.76	\$2,073.63	\$2,967.93
United Healthcare PPO Plan	\$1,899.89	\$4,008.77	\$5,737.67

## 2024 Retiree Medical Rates

Retiree Carrier	Basic			Medicare	
	Retiree Only	Retiree + 1	Retiree + Family	Retiree	Retiree + 1
Kaiser HMO	\$745.70	\$1,491.40	\$2,237.10	\$283.87	\$567.74
Kaiser Medicare Unassigned*	N/A	N/A	N/A	\$1,834.82	\$3,669.64
Kaiser Medicare Part A only**	N/A	N/A	N/A	\$1,424.17	\$2,848.34
United Healthcare Signature Value HMO	\$1,256.07	\$2,650.30	\$3,793.32	N/A	N/A
United Healthcare Signature Alliance HMO	\$1,111.76	\$2,345.81	\$3,357.51	N/A	N/A
United Healthcare PPO – In CA	\$1,899.89	\$4,008.77	\$5,737.67	N/A	N/A
United Healthcare PPO – Out Of CA	\$1,899.89	\$4,008.77	\$5,737.67	N/A	N/A
United Healthcare Medicare Advantage	N/A	N/A	N/A	\$428.88	\$857.76

\* Age 65+ retiree – not enrolled in Medicare – transitional plan

\*\* Have Medicare Part A due to disability but not enrolled in Medicare Part B due to age (under 65)

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, by Resolution No. 11-09-03, adopted September 1, 2011, this Board authorized a contract with **Kaiser Permanente (Kaiser)** to provide medical benefits for the year 2012 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 12-09-03, adopted September 6, 2012, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2013 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 13-09-04, adopted September 5, 2013, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2014 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 14-08-09, adopted August 21, 2014, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2015 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 15-09-04, adopted September 3, 2015, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2016 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 16-10-03, adopted October 6, 2016, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2017 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 17-09-04, adopted September 21, 2017, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2018 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 18-07-04, adopted July 19, 2018, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2019 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 19-10-07, adopted October 17, 2019, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2020 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 20-09-06, adopted September 17, 2020, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2021 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 21-10-07, adopted October 21, 2021, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2022 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, by Resolution No. 22-10-14, adopted October 20, 2022, this Board authorized an extension of the **Kaiser** contract to provide medical benefits for the year 2023 to SMUD employees, retirees and eligible dependents; and

**WHEREAS**, it would be in SMUD's best interest to extend the medical benefit contract with **Kaiser** and approve the 2024 premiums through December 31, 2024, because of their distinctive services and relatively lower cost compared to other health plans; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of the SMUD, to approve 2024 medical insurance rates and extend Contract No. 4500043215 with **Kaiser Permanente** by one year, for

the period January 1, 2024, through December 31, 2024; 2024 cost estimated at \$30.7 million pursuant to the premiums set forth in **Attachment \_\_\_\_** hereto and made a part hereof.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.



SSS No.
CSO 23-003

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date N/A
Board Meeting Date September 21, 2023

TO	TO
1. Jennifer Restivo	6.
2. Rachel Huang	7.
3. Scott Martin	8.
4. Jennifer Davidson	9. <b>Legal</b>
5.	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>	<input type="checkbox"/>	<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR)	DEPARTMENT			MAIL STOP	EXT.	DATE SENT		
Alcides Hernandez	Revenue Strategy			B256	6397	9/5/23		

**NARRATIVE:**

**Requested Action:** Adopt resolution to make changes to SMUD’s Rates, Rules and Regulations proposed 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”).

**Summary:** Under the Municipal Utility District (MUD) Act and SMUD Ordinance No. 15-1, the Board of Directors is required to conduct a Public Hearing on the CEO & GM Report to receive and consider public comment. Resolution No. 23-06-06, dated June 15, 2023, scheduled a Public Hearing date of August 30, 2023, to consider the CEO & GM Report, which set forth in detail the proposed rate action.

SMUD issued public notices and a press release, held two qualifying public workshops, contacted over 1,200 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 276,000 customers and organizations, conducted over 30 individual presentations to community neighborhood and business organizations, and over 300 community and business partners were provided content and were asked to share information regarding the rate proposal with their members and networks. An additional 55 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held.

On August 30, 2023, the date of the Public Hearing, all interested persons were provided an opportunity to provide testimony and present comments, recommendations, and alternatives, following which the draft rate resolution was introduced by the Board of Directors for at least 10 calendar days’ circulation for public review, input, and comment. SMUD Ordinance No. 15-1 requires that the Board of Directors make a draft rate resolution available for public comment for at least 10 calendar days.

No material modification (i.e., modifications which make changes to customer rates or billings) to the draft rate resolution has been made, and, accordingly, the Board intends to adopt the rate resolution on September 21, 2023.

**Board Policy:** *(Number & Title)* Meets provisions of the Board’s competitive rates directive (SD-2 Competitive Rates), maintains low-cost access to credit markets (SD-3 Access to Credit Markets), ensures continued reliability (SD-4 Reliability), and supports the 2030 Zero Carbon Plan (SD-9 Resource Planning).

**Benefits:** Support of 2023 rate process and the above referenced strategic directives.

**Cost/Budgeted:** N/A

**Alternatives:** No action would impact ability to meet strategic directives.

**Affected Parties:** SMUD and SMUD Customers

**Coordination:** Revenue Strategy and Planning & Performance

**Presenter:** Alcides Hernandez, Manager, Revenue Strategy

**Additional Links:**

SUBJECT	<b>2023 Rate Resolution</b>	ITEM NO. (FOR LEGAL USE ONLY) <b>13</b>
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**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, on June 15, 2023, the Chief Executive Officer and General Manager released the “Chief Executive Officer & General Manager's Report and Recommendation on Rates and Services, *Volumes 1 and 2*” (the CEO & GM Report), which is incorporated by reference herein; and

**WHEREAS**, by Resolution 23-06-06, adopted June 15, 2023, a public hearing on the CEO & GM Report was scheduled for August 30, 2023, at 6:00 p.m.; and

**WHEREAS**, notices of the hearing were duly published in the *Sacramento Bee* on June 22, June 28 and July 3, 2023; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, SMUD conducted the two required public workshops on July 13, 2023, and August 3, 2023, to receive and respond to customer comments and questions; and

**WHEREAS**, in compliance with Government Code Section 54999, SMUD sent 168 written notifications by certified mail on June 28, 2023, and June 29, 2023, describing the rate proposal to local school districts, county offices of education, community college districts, California State University, the University of California, and state agencies; and

**WHEREAS**, SMUD held two qualifying public workshops, contacted over 1,200 community organizations and neighborhood associations leaders via email, letter or phone call invitations to offer an in-person presentation, sent emails to over 276,000 customers and organizations, conducted over 30 individual presentations to community neighborhood and business organizations, over 300 community and business partners

were provided content and were asked to share information regarding the rate proposal with their members and networks, and an additional 55 local agency elected officials were sent information packets with an offer of in-person presentations, which resulted in no meetings being held; and

**WHEREAS**, SMUD provided all customers information about the rate proposal via email, mail newsletters, and through the rate change proposal website on [www.smud.org/RateInfo](http://www.smud.org/RateInfo), which received approximately 1,333-page views; and

**WHEREAS**, SMUD received from members of the public written questions and, as well as comments and alternative recommendations to the rate changes proposed; and

**WHEREAS**, the public hearing was held on August 30, 2023, and was conducted in a hybrid format; on ZoomGov/Granicus and at SMUD Headquarters. All interested persons were given an opportunity to comment and submit testimony; and

**WHEREAS**, pursuant to SMUD Ordinance No. 15-1, this resolution was introduced on August 30, 2023 by this Board to be circulated for a minimum of ten calendar days for public review, input, and comment; and

**WHEREAS**, the CEO & GM Report set forth in detail the factors necessitating the proposed rate action, including the need to meet SMUD's financial targets in years 2024 and 2025, consisting of:

- Increased capital spending of approximately \$370 million toward key projects such as the Solano 4 Wind Turbine Project, several solar and storage projects, our long-duration energy storage projects, substation and line capacity projects to ensure our grid stays reliable, and

reliability projects for our hydro facilities and thermal generation plants;  
and

- Commodity costs are increasing by approximately \$85 million annually to meet new state Renewable Portfolio Standards requirements.

SMUD is investing in clean energy resources like more wind, solar, geothermal, hydropower, battery storage and biogas to meet updated state requirements; and

- Increased spending of approximately \$10 million to prevent and mitigate wildfires. We're also investing to improve our reliability and visibility into outage responses to severe winter storms; and
- Increased spending of about \$15M in electric vehicles, rooftop solar and battery storage, and electrification of homes & businesses; and
- Inflationary impacts, including higher cost of labor, materials, services, and equipment are increasing our operating costs by approximately \$25 million annually; and
- Global supply chain impacts that have disproportionately impacted costs for certain key items, for example, a 72% increase in costs for distribution substation transformers, a 40% increase in costs for line transformers and station equipment, and a 24% increase in costs for wood and steel; and

**WHEREAS**, SMUD continues to use a risk-based approach to prioritize spending while looking to find ways to offset higher costs and ensure that the required rate increases stay within general inflation; and

**WHEREAS**, SMUD launched an Operational Excellence process to identify ways to deliver significant, sustainable savings and create permanent cost reductions and operational efficiencies, which has resulted in savings of approximately \$60 million through a combination of one time and ongoing savings that reduced the amount of the proposed rate increases; and

**WHEREAS**, SMUD developed an integrated Grant Strategy Framework, which will best position us to secure alternative sources of funding to help offset or reduce costs for new infrastructure, electricity supply resources and help meet customer needs; and

**WHEREAS**, it is necessary for SMUD to increase all rate components of its retail rates by two and three quarters percent (2.75%) for all customers effective January 1, 2024, and two and three quarters percent (2.75%) for all customers effective May 1, 2024, and two and three quarters percent (2.75%) for all customers effective January 1, 2025, and two and three quarters percent (2.75%) for all customers effective May 1, 2025, in order to continue to meet the objectives and metrics set forth in this Board's Strategic Directions; and

**WHEREAS**, the recommendations in the CEO & GM Report include minor language amendments in Rate Schedules R and R-TOD to remove legacy residential rates that are no longer applicable; consolidate holidays into one section; remove an unused Critical Peak Pricing (CPP) rate category; and clarify that the CPP rate is

required only for customers participating in certain Solar and Storage Rate (SSR) incentive programs; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifications to the language related to the residential three-phase rate option to allow for flexibility for multi-family residential buildings that have been converted from commercial facilities; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifying Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4 to remove all sections, references, tables and rates related to the Legacy Commercial Rates and the transition to the restructured rates, and to reflect that the rates in the tariffs are standard rates as opposed to mandatory; and

**WHEREAS**, SMUD's Energy Assistance Program Rate (EAPR) provides discounts based on customers' Federal Poverty Level (FPL). SMUD recognizes that EAPR customers will be impacted the most by the rate increases, especially those customers in the 0-50% FPL category, whose incomes are some of the lowest in Sacramento. To help these customers, SMUD will create a new EAPR Stabilization Fund (ESF) to provide an additional monthly discount of up to \$35 funded by discretionary non-retail rates revenue; and

**WHEREAS**, the Hydro Generation Adjustment (HGA) tariff specifies that precipitation will be measured at Pacific House, however, that measuring station may not be able to continue reporting precipitation data in the future; and

**WHEREAS**, the recommendations in the CEO & GM Report include modifying Rate Schedule HGA to change the precipitation measuring station from

Pacific House to Fresh Pond and updating the generation adjustment to account for the change in geographical location; and

**WHEREAS**, the Western Area Power Administration (WAPA) produces hydro generation power through its Central Valley Project (CVP), and SMUD has a contract to purchase some of the power. SMUD currently has a WAPA Rate Stabilization Fund (WRSF) that is used to balance variances in energy received – in years with more hydro generation than is forecasted funds are added into the WRSF, and in years with less hydro generation than forecast, funds are transferred out of the WRSF to reduce the impact of having to purchase power and/or fuel on the open market; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding the WAPA hydro generation mechanism to Rate Schedule HGA, which will help stabilize commodity costs by balancing years of higher precipitation and WAPA energy deliveries with years of lower precipitation and WAPA energy deliveries; and

**WHEREAS**, the recommendations in the CEO & GM Report include updating the language in Rate Schedule Campus Billing (CB) to improve clarity and reflect current practices, including removing all references to the Data Service Meter Rental fee; updating the “Transmission – 69 kV or higher” service voltage to “Subtransmission – 69 kV or higher”; replacing the term “grandfathered” with “legacy”; and updating outdated references to staff titles; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language to Rate Schedule DWS clarifying that SMUD has the right to use

available distribution capacity to serve its own customer load before providing capacity to third parties to wheel power across SMUD's distribution system; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language in Rate Schedules AG, CI-TOD1, CI-TOD2, CI-TOD3, CI-TOD4, R, and R-TOD clarifying that customers installing, interconnecting and operating equipment to self-supply all of their power needs and use SMUD to only supply backup power will be subject to the Generator Standby Service Charge. The recommendations also include updating the name of the charge to the Standby Service Charge to accommodate the different types of technology that may be used by to reflect current practices; and

**WHEREAS**, the recommendations in the CEO & GM Report include aligning SMUD rate holidays with the current holidays established by the federal government. This change will remove Lincoln's Birthday, add Juneteenth National Independence Day as a rate holiday, and rename Columbus Day to Indigenous Peoples' Day/Columbus Day. The recommendations also include modifying the text prior to the list of holidays in the rate schedules to improve clarity in Rate Schedules AG, CI-TOD1, CI-TOD2, CI-TOD3, CI-TOD4, GS-TDP and R-TOD; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding language to Rule and Regulation 10 to establish the method to bill for unauthorized use of non-residential service, simplifying the current process, moving the language regarding unauthorized use of residential electrical service from Rate Schedule R to Rule and Regulation 10, and modifying the language slightly to allow time-of-day rates to be used if meter data is available; and

**WHEREAS**, the recommendations in the CEO & GM Report include adding a definition for distribution system to clearly identify what is considered part of SMUD's distribution system in Rule and Regulation 1; and

**WHEREAS**, the recommendations in the CEO & GM Report include updating Rule and Regulation 18 to clarify existing practice that tenants of mobile home parks that use submetering are charged the Master-Metered Multifamily Accommodation and Mobile Home Park (RSMM) rate; and

**WHEREAS**, the recommendations in the CEO & GM Report, on balance, meet the competitive rate targets and the rate design metrics in Strategic Direction 2, Competitive Rates, including:

- The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class;
- SMUD's rates shall be competitive with other local utilities on a system average basis;
- In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - Reflect the cost of energy when it is used or exported to the SMUD grid;
  - Reduce consumption during periods of high system demand;
  - Encourage energy efficiency, conservation and carbon reduction;

- Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage and energy reduction applications);
- Minimize the rate of change in the transition from one rate design to another;
- Provide customers flexibility and choices;
- Be as simple and easy to understand as possible;
- Address the needs of people with low incomes and severe medical conditions; and
- Equitably allocate costs across and within customer classes; and

**WHEREAS**, the recommendations in the CEO & GM Report will ensure SMUD meets or exceeds the financial targets in Strategic Direction 3, Access to Credit Markets, and continues to meet the metrics and targets in the other Strategic Direction adopted by this Board, including those addressing reliability, customer relations, environmental leadership, and resource planning; and

**WHEREAS**, in light of the adoption of Proposition 26 on November 2, 2010, which precludes certain new fees, levies or charges but is not retroactive as to local governments, this Board desires to maintain certain pre-Proposition 26 rates. This Board understands that Proposition 26 does not vitiate legislation adopted prior to November 3, 2010, and any changes in rates since this date are cost-justified under the analysis in the respective Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services that supported the adoption of the rates; and

**WHEREAS**, the recommendations to increase all rate components of SMUD retail rates 2.75% on January 1, 2024, 2.75% on May 1, 2024, 2.75% on January 1, 2025 and 2.75% on May 1, 2025 for all customer classes are made on an across-the-board basis to reflect SMUD's cost increases of proportionate impact on all customer classes on average and therefore does not require an examination of the allocation of costs among customer classes or of class definitions; and

**WHEREAS**, the recommendation to establish a WAPA hydro generation mechanism to Rate Schedule HGA will mitigate the financial impact of variations in the amount of energy delivered by WAPA. Because the cost of service includes the cost of maintaining sufficient reserves, the proposed rate change does not violate Proposition 26; and

**WHEREAS**, the recommendation to apply the Generator Standby Service Charge to microgrids that self-supply their own power and rely on SMUD only for back-up service as needed, recovers the cost of this standby service and therefore does not violate Proposition 26; and

**WHEREAS**, the recommendation to establish and maintain an ESF that provides an additional discount to customers with income below 50% of the FPL will be funded by available sources of discretionary revenue. The additional discount will be determined on an annual basis and will depend on the amount of available discretionary, non-rate revenue from proceeds of late fees, wholesale charges, transmission sales, or any other discretionary source of revenue. While Proposition 26 restricts the use of retail rate revenue to subsidize low-income discounts that were not

in place when the measure was adopted, it does not restrict the use of discretionary revenue and therefore this additional discount is not subject to Proposition 26; and

**WHEREAS**, this Board has carefully considered the CEO & GM Report public comment, input, and alternatives from community meetings, public rate workshops, the noticed public hearing, and comments received by mail, telephone and email; and

**WHEREAS**, this Board finds that the proposed action is reasonable and in the best interests of the public and SMUD's customers; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1. RATE INCREASE FOR RESIDENTIAL RATES:**

a. Effective January 1, 2024, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the System Infrastructure Fixed Charge (SIFC), as well as the electricity usage charges and miscellaneous charges on customer bills.

b. Effective May 1, 2024, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the SIFC, as well as the electricity usage charges and miscellaneous charges on customer bills.

c. Effective January 1, 2025, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the SIFC, as well as the electricity usage charges and miscellaneous charges on customer bills.

d. Effective May 1, 2025, adopt an increase in residential service rates by two and three quarters percent (2.75%). The increases will apply to all residential rates. The increases apply to the SIFC, as well as the electricity usage charges and miscellaneous charges on customer bills.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 2. MODIFICATIONS TO RATE SCHEDULES R AND R-TOD:**

a. Effective September 22, 2023, remove Section I, Subsection B of Rate Schedule R.

b. Effective September 22, 2023, remove Section II, Subsection B of Rate Schedule R.

c. Effective September 22, 2023, remove Section I, Subsection A, Subsection 2 of Rate Schedule R-TOD.

d. Effective September 22, 2023, modify Section I, Subsection A, Subsection 3 of Rate Schedule R-TOD as follows:

*This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown ~~below~~. ~~Holidays are detailed~~ in Section V.*

***Conditions of Service along with the holidays.***

e. Effective September 22, 2023, consolidate and move the time-of-day tables from Section I, Subsection A, Subsection 3 and Section I, Subsection C, Subsection 5 to Section V, Subsection A in Rate Schedule R-TOD.

f. Effective September 22, 2023, remove Section I, Subsection B of Rate Schedule R-TOD.

- g. Effective September 22, 2023, modify Section I, Subsection C, of Rate Schedule R-TOD as follows:

*Optional Critical Peak Pricing (CPP) Rate (rate categories ~~RTC1 and RTC2~~)*

- h. Effective September 22, 2023, modify the language in Section I,

Subsection C, Subsection 1 of Rate Schedule R-TOD as follows:

*The CPP rate is available as of June 1, 2022 for customers who are participating in a qualifying program. Customers that have accepted a storage incentive under ~~the certain~~ Solar and Storage Rate incentive programs are required to enroll in this rate for a duration as determined by SMUD program rules posted on [www.smud.org](http://www.smud.org).*

- i. Effective September 22, 2023, modify Section I, Subsection C,

Subsection 5 of Rate Schedule R-TOD as follows:

*This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown ~~below. Holidays are detailed~~ in Section V. Conditions of Service **along with the holidays.***

- j. Effective September 22, 2023, remove Section II, Subsection B of

Rate Schedule R-TOD.

- k. Effective September 22, 2023, modify Section II, Subsection D of

Rate Schedule R-TOD as follows:

*Plug-In Electric Vehicle Credit (rate categories ~~RT02, RT04 and~~ RTC1 ~~and RTC2~~)*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 3. MODIFICATIONS TO THE THREE-PHASE CHARGE:**

- a. Effective September 22, 2023, modify Section IV, Subsection J of

Rate Schedule R as follows:

*This option is open to customers located in areas where three-phase service is available. A Special Facilities fee ~~is~~ **may be** charged to cover the additional costs for providing this service. This charge is in addition to the SIFC.*

- b. Effective September 22, 2023, modify Section IV, Subsection H of

Rate Schedule R-TOD as follows:

*This option applies to customers located in areas where three-phase service is available. A Special Facilities fee ~~is~~ **may be** charged to cover the additional costs for providing this service. This charge is in addition to the System Infrastructure Fixed Charge.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 4. RATE INCREASE FOR AGRICULTURAL AND**

**COMMERCIAL & INDUSTRIAL RATES:**

a. Effective January 1, 2024, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Services, and Combined Heat & Power Distributed Generation rates (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;

- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

b. Effective May 1, 2024, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Service, and Combined Heat & Power Distributed Generation rates, (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

c. Effective January 1, 2025, Commercial & Industrial Time-of-Day, General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Services, and Combined Heat & Power Distributed Generation rates (Rate Schedules

AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;
- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

d. Effective May 1, 2025, Commercial & Industrial Time-of-Day,

General Service Temperature Dependent, Agricultural Service, Distribution Wheeling Service, and Combined Heat & Power Distributed Generation rates, (Rate Schedules AG, CHP, CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, DWS and GS-TDP) shall be increased by two and three quarters percent (2.75%) through the following components:

- Electricity Usage Charges;
- System Infrastructure Fixed Charges;
- Summer Peak Demand Charges;
- Site Infrastructure Charges;
- Maximum Demand Charges;
- Standby Service Charges;
- Power Factor and other miscellaneous charges;

- Distribution Wheeling Charges;
- Reserved Capacity Charges/Rates.

Prices in the tariffs may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 5. MODIFICATIONS TO RATE SCHEDULES CI-TOD1, CI-TOD2, CI-TOD3 AND CI-TOD4**

a. Effective September 22, 2023, remove all sections, references to and prices for the metered Legacy Commercial Rates, and the transition to the new time-of-day rates in Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4.

b. Effective September 22, 2023, remove all sections and references to the term “restructured” in Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4.

c. Effective September 22, 2023, replace the term “mandatory” with the phrase, “includes the standard rates” in Section I of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4.

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 6. RATE INCREASE FOR STREET/TRAFFIC/LIGHTING RATES**

a. Effective January 1, 2024, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and

maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

b. Effective May 1, 2024, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

c. Effective January 1, 2025, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

d. Effective May 1, 2025, Lighting Services (Rate Schedules SLS, TSS, TC ILS and NLGT) billing components shall be increased by two and three quarters percent (2.75%). The rate increases do not apply to monthly leasing and maintenance charges for street lighting lamps and fixtures, which are reviewed annually.

The prices in the tariff may reflect minor rounding differences.

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 7. MODIFICATIONS TO RATE SCHEDULE ENERGY**

**ASSISTANCE PROGRAM RATE (EAPR)**

a. Effective September 22, 2023, modify Section III of Rate Schedule EAPR as follows:

Eligible residential customers will receive a discount based on qualifying federal poverty level income guidelines. The EAPR discount will include ~~two components~~:

1. A \$10 System Infrastructure Fixed Charge discount per month; and
2. An additional discount is applied as a 100% reduction in the electricity usage cost per kilowatt hour up to the maximum discount according to the following income guidelines:

Federal Poverty Level	Maximum Electricity Usage Discount
0-50%	\$60
>50 to 100%	\$32
>100 to 150%	\$10
>150 to 200%	\$0

3. **For certain eligible residential EAPR customers per the table below, an EAPR Stabilization Fund (ESF) will be established and maintained to provide an additional discount applied as a reduction in the electricity usage cost per kilowatt hour up to the maximum discount. On an annual basis the Accountant will determine if available sources of discretionary non-retail rate revenue exist and apply those funds to cover up to the maximum ESF additional discount. The additional monthly discount amount will begin January 1, 2024 and will be determined prior to the year the value is in effect.**

Federal Poverty Level	ESF Additional Discount
0-50%	\$0-\$35

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 8. EAPR REGULATORY ACCOUNTING**

Authorize SMUD’s Accountant to defer recognition of revenue from discretionary non-retail rates revenue as regulatory liabilities and then match revenue recognition to the subsidy bill credits for EAPR customers. This authorization will allow the Accountant to

defer and recognize discretionary non-retail rates revenue in the appropriate accounting period for rate making purposes.

**Section 9. MODIFICATIONS TO RATE SCHEDULE HYDRO**

**GENERATION ADJUSTMENT**

a. Effective September 22, 2023, modify the measuring station and other related changes in the HGA tariff to continue reporting reliable and consistent precipitation data into the future as described in the following table:

Item	Current	Proposed
Measuring Station	The National Weather Service Pacific House Cooperative Observer	Fresh Pond Measuring Station
Measuring Station Replacement	Suitable replacement	Suitable replacement representative of the UARP watershed.
Precipitation Variance	N/A	If the measuring station changes, the number of years used to determine the median precipitation may vary depending on the volume of historical data available.
Generation Conversion Value	30,000 MWh/inch	28,000 MWh/inch
Generation Conversion Note	N/A	If the measuring station changes, the MWh per inch may vary.
AP Historical Data Comparison	50-year median	Median of up to a maximum of 50 years of data.
Calculation of Budget Effects	Simple average of actual NP15 prices as of April 1, and the second, third and fourth monthly forecast NP15 prices.	The monthly average of actual NP15 prices through April 1 and the monthly forecasted NP15 prices for the balance of the year.

b. Effective September 22, 2023, modify the current defined terms in the HGA tariff to indicate when they apply specifically to the SMUD hydro generation as described in the following table:

Item	Current	Proposed
Budget Impact Definition	Budget Impact (BI)	SMUD Budget Impact (SBI)
HGA Definition	HGA	SMUD HGA

c. Effective September 22, 2023, add WAPA's CVP hydro generation to the HGA tariff and start evaluating energy delivery variances for the Water Year beginning April 1, 2023, as described the in following table:

Item	Proposed
Water Year	April 1 through March 31.
Forecasted Delivery	As provided by WAPA.
Actual Delivery	As identified by SMUD.
Market Cost of Energy	The average NP15 price for each month of the Water Year.
Energy Delivery Variance (EDV)	Forecasted delivery minus the actual delivery.
WAPA Budget Impact (WBI)	Energy Delivery Variance multiplied by the Market Cost of Energy, not to exceed 2% of budgeted annual gross retail revenue.
WAPA Rate Stabilization Fund (WRSF)	Reserve fund used to balance the budget impact of deliveries from WAPA, with money transferred into the fund in years with higher than forecast deliveries, and money transferred out of the fund in years with lower than forecast deliveries.
Maximum allowed balance of WAPA Rate Stabilization Fund	4% of budgeted annual gross retail revenue.
Calculated WRSF	WAPA Rate Stabilization Fund minus the WAPA Budget Impact.
If Calculated WRSF <0	The Accountant will transfer the remaining balance of the WRSF to Operating Revenues and the WAPA HGA will be set at:

	$\frac{\text{Calculated WRSF}}{\text{Budgeted annual retail kWh sales}}$ <p>Any funds collected through the WAPA HGA will be deposited into the WRSF.</p>
If Calculated WRSF is $\geq 0$ and $\leq 4\%$ of budgeted annual gross retail revenue	The Accountant will transfer the positive WBI out of the WRSF and into Operating Revenues and transfer the negative WBI into the WRSF from Operating Revenues.
If Calculated WRSF is $> 4\%$ of budgeted annual gross retail revenue	<p>The Accountant will transfer the negative WBI into the WRSF from Operating Revenues up to 4% of budgeted annual gross retail revenue. The Board may authorize the WAPA HGA or direct the funds for another purpose. At the Board's discretion, the WAPA HGA will be set at:</p> $\frac{(\text{Calculated WRSF} - 4\% \text{ of budgeted annual gross retail revenue})}{\text{Budgeted annual retail kWh sales}}$
HGA	<p>The HGA will be comprised of the SMUD HGA and the WAPA HGA, to show one line item on the bill.</p> <p>HGA = SMUD HGA + WAPA HGA</p>

d. Effective September 22, 2023, modify Section VII of Rate Schedule

HGA as follows:

~~The HGA became effective July 1, 2008. The HGA is recalculated for each Water Year and will be applied to all the rate schedules May 1 until April 30 of the following year.~~

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 10. WAPA REGULATORY ACCOUNTING**

Authorize SMUD's Accountant to defer recognition of operating revenue from the WAPA hydro generation as regulatory liabilities and then match revenue recognition to offset replacement energy costs for below average hydro generation. This authorization will allow the Accountant to defer and recognize the WAPA hydro generation revenue in the appropriate accounting period for rate making purposes.

**Section 11. MODIFICATIONS TO RATE SCHEDULE CAMPUS BILLING**

(CB)

- a. Effective September 22, 2023, modify Section II, Subsection B of

Rate Schedule CB as follows:

*The customer must pay a Campus Meters Charge for all but the first meter. The Campus Meters Charge recovers costs for the meters, Current Transformer (CT), Potential Transformer (PT), meter testing, ~~data management services~~, auxiliary metering equipment and additional billing services. The Campus Meters Charges vary by service voltage level. Information on the associated monthly charges is available on SMUD's website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.*

- b. Effective September 22, 2023, delete Section II, Subsection C of

Rate Schedule CB.

- c. Effective September 22, 2023, modify Section II, Subsection D of

Rate Schedule CB as follows:

*Campus billing prices will be subject to any applicable changes to the Commercial & Industrial Time-of-Day rates **and**, the Campus Meter Charges, ~~and the Data Services Meter Rental Charge~~.*

- d. Effective September 22, 2023, modify Section IV, Subsection E of

Rate Schedule CB as follows:

1. ~~Transmission~~ **Subtransmission** – 69 kV or higher
2. Primary – 12 kV or 21 kV
3. Secondary – all voltages lower than 12 kV

- e. Effective September 22, 2023, modify the last paragraph in Section

IV of Rate Schedule CB as follows:

*Campus accounts created before January 1, 2014, are considered **legacy accounts** ~~grandfathered~~ under the prior rate option with regard to subsection K, and subsection L. If a ~~grandfathered-legacy~~ **legacy** account requests that additional meters be added to the campus, the addition will be allowed if the service is fed from a substation already part of the campus account.*

f. Effective September 22, 2023, modify Section V of Rate Schedule

CB as follows:

*A customer can request campus billing from a **SMUD Representative Energy Advisor**. The ~~SMUD Representative Energy Advisor~~ will verify the customer's accounts meet the requirements and the eligibility for campus billing. If the ~~SMUD Representative Energy Advisor~~ determines the accounts are eligible the **SMUD Representative Energy Advisor** will provide a Request for Campus Billing Option form for the customer detailing the startup costs and the ongoing monthly costs. Once the Request form is returned with the customer's signature acknowledging the costs the ~~SMUD Representative Energy Advisor~~ will submit the request to Billing. Campus billing will start on the bill after all accounts have been **approved and** prepared for campus billing.*

g. Effective September 22, 2023, modify Section VII of Rate Schedule

CB as follows:

*The customer can elect to revert back to individual accounts at any time by contacting ~~Billing~~ or an **SMUD Representative Energy Advisor**. All meters will be converted to single accounts and the corresponding current rates will be assigned based on usage and demand. It may take more than one billing cycle to change the campus account back to individual accounts.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 12. MODIFICATIONS TO RATE SCHEDULE DISTRIBUTION**

**WHEELING SERVICE (DWS):**

- a. Effective September 22, 2023, update Section I of Rate Schedule

DWS as follows:

*This Rate Schedule DWS is optional for customers requesting Distribution Wheeling Service. SMUD may, at its sole discretion, provide Distribution Wheeling Service to Independent Power Producers and Cogenerators, also referred to as Merchant Generators, within SMUD territory, who establish a need for this service. Wheeling service requests will be evaluated on a case by case basis and may be limited by availability of distribution system capacity. **SMUD, as the incumbent utility with native load service obligations, will determine the amount of excess distribution system capacity based on SMUD's forecasted customer loads. Any available distribution capacity in excess of SMUD's native load needs may be available to third parties requesting service under this Rate Schedule DWS.** This rate has been developed for wholesale power transactions and SMUD will not wheel non-SMUD power to its retail customers under this rate.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 13. MODIFICATIONS TO GENERATION STANDBY CHARGE:**

- a. Effective September 22, 2023, update Section V, Subsection D of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4 by removing the term “Generator” from all references to “Generator Standby Service”.

- b. Effective September 22, 2023, update Section V, Subsection D of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4 by adding the following sentence to the last paragraph:

***The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.***

c. Effective September 22, 2023, update Section IV, Subsection E of Rate Schedule R and Section IV, Subsection D of Rate Schedule R-TOD by removing the term “Generator” from all references to “Generator Standby Service”.

d. Effective September 22, 2023, update Section IV, Subsection E of Rate Schedule R and Section IV, Subsection D of Rate Schedule R-TOD by adding the following sentence to the last paragraph:

***The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.***

e. Effective September 22, 2023, update Section IV, Subsection A of Rate Schedule AG by removing the term “Generator” from all references to “Generator Standby Service”.

f. Effective September 22, 2023, update Section IV, Subsection A of Rate Schedule AG by adding the following sentence to the last paragraph:

***The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.***

Revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 14. MODIFICATIONS TO RATE HOLIDAYS:**

a. Update the holiday list in rate schedules AG Section V, Subsection D, CI-TOD1 Section VII, Subsection B, CI-TOD2 Section VII, Subsection B, CI-TOD3

Section VII, Subsection B, CI-TOD4 Section VII, Subsection B, GS-TDP Section V, Subsection D and R-TOD Section V, Subsection A to the following:

<b>Holiday</b>	<b>Month</b>	<b>Date</b>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
<del>Lincoln's Birthday</del>	<del>February</del>	<del>12</del>
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
<b>Juneteenth National Independence Day</b>	<b>June</b>	<b>19</b>
Independence Day	July	4
Labor Day	September	First Monday
<b>Indigenous Peoples' Day/Columbus Day</b>	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

b. Effective September 22, 2023, update Section VII, Subsection B of Rate Schedules CI-TOD1, CI-TOD2, CI-TOD3 and CI-TOD4 as follows:

***The holidays recognized for the Time-of-Day Billing Pperiods are as follows: ~~shall apply during the following holidays:~~***

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 15. MODIFICATIONS RELATED TO UNAUTHORIZED USE:**

a. Effective September 22, 2023, remove Section I, Subsection A, Subsection 8 of Rate Schedule R.

b. Effective September 22, 2023, modify Section IV of Rule 10 as follows:

*Where SMUD determines that there has been unauthorized use of electrical service, SMUD may bill the customer for SMUD's estimate of such unauthorized use. ~~for the substantiated period of the infraction.~~*

**a. Residential Customers**

***The Fixed Rate (see Rate Schedule R) may be used for the collection of revenue associated with unauthorized use of residential electrical service regardless of the date(s) or time(s) in which the use occurred.***

**b. Non-Residential Customers**

***The applicable rate, including revenue associated with demand charges, electricity usage charges and power factor adjustment or waiver charges, will be used for the collection of revenue associated with unauthorized use of non-residential electrical service, in addition to the applicable System Infrastructure Fixed Charge as appropriate, regardless of the date(s) or time(s) in which the use occurred.***

*Nothing in this rule shall be interpreted as limiting SMUD's right under any provisions of any applicable law.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 16. MODIFICATIONS TO RULE AND REGULATION 1:**

a. Effective September 22, 2023, add the following language to Rule and Regulation 1 in alphabetical order:

***Distribution System***

***The Distribution System consists of the three voltage classes available to customers, where SMUD provides service below 100 kV. This includes subtransmission service at a voltage level of 69 kV or as otherwise defined by SMUD, primary service at a voltage level of 12 kV or 21 kV, as well as secondary service at a voltage level below 12 kV or at a level not otherwise defined as "primary" or "subtransmission".***

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 17. MODIFICATIONS TO RULE AND REGULATION 18:**

- a. Effective September 22, 2023, modify Section IV of Rule and

Regulation 18 as follows:

*1. Mobile home parks for which submetering was permitted prior to August 1, 1971, and for which electric service is included in the facilities furnished to their tenants, may employ submetering equipment as a means of reselling SMUD electricity by retroactively adjusting rental charges for energy consumption, provided that the portion of such charges allocable to electricity **will be charged the RSMM rate** ~~may not exceed the rates SMUD would charge if it served the tenants directly~~. Specifically, the mobile home park master-meter customer may resell electricity to their submetered tenants provided the following conditions are met:*

- a. The tenants shall ~~not pay more than what SMUD would charge if the tenant is served directly by SMUD~~ **be charged the RSMM rate**.*

Additions and revisions described above are detailed in the attached Rates, Rules and Regulations.

**Section 18. ALTERNATIVE RECOMMENDATION 1: ~~To be added.~~**

SMUD received a recommendation to use kilo volt ampere hour (kVAh) as the unit of measure for energy charges, as well as utilizing power factor (PF) to determine the amount of waste occurring when a customer uses electricity. This new rate structure would be called FlexEquity.

FlexEquity would offer tiered rates in every hour. The hour's first tier exists to ensure a reasonable amount of energy for basic needs would be affordable. The second tier would be market rate for that hour. The FlexEquity System Infrastructure Fixed Charge (FlexEquity SIFC) would add a reasonable amount of energy usage for basic needs charged at the rate for the first tier. If a customer were to be charged 400 kVAh at \$0.10

per kVAh per billing period, the bill would be \$40.00 of electricity plus \$23.50 fixed charge, for a total of \$63.50.

The recommendation includes the possibility of waiving taxes by the local jurisdictions, and potentially offering a discount to customers for prepaying annually in full on one bill to reduce billing costs.

The Board has considered this alternative recommendation 1 and has determined not to adopt the alternative recommendation for the following reasons:

- The concept of potentially replacing SMUD's current rate structures with a FlexEquity rate is very creative, as it includes a tiered structure with hourly baseline price for basic needs and a second hourly price based on market rates. While it is described as flexible, it would be a significant change in rate structure and extremely complex for a regular customer. It also brings a lot of risk since before the adoption of any new rate structure, SMUD's policy is usually to test or conduct a pilot to explore the concept, evaluate rate performance, customer experience, and acceptance of the rate. For example, before the adoption and implementation of the standard residential TOD rate, SMUD conducted a comprehensive pilot known as the Smart Pricing Options study. SMUD has not done any tests or studies with the alternate rate recommendation.
- The goal of SD-2 is to maintain competitive rates, and states SMUD's rates shall be designed to balance and achieve nine goals, including be as simple and easy to understand as possible. The widely accepted industry standard among electric utilities is using kWh as a measurement of electricity sales. Since kVAh is not typically used as a measurement to bill electricity usage, customers are

unfamiliar with that measurement. The alternative recommendation is complex and would be difficult to explain the proposed unit of measure. As such, it would not meet the goal of being as simple and easy to understand as possible.

- The recommendation would be difficult to implement. It would require SMUD to spend a significant amount of resources to upgrade, set up systems, modify, and test our current systems to accommodate the new FlexEquity tiered hourly structure. There would need to be a significant amount of customer outreach to educate customers on the new rate structure and units of measure. Customers are used to seeing kilowatt hour (kWh) as the billing measure for energy consumption.
- Our commercial rate customers are already being assessed and charged a PF adjustment or waiver for the energy loss due to inefficiencies in their energy use. The PF charge is not standard for residential rate customers. It would require a significant amount of customer outreach to educate residential customers on the PF charge.
- The FlexEquity SIFC would create significant bill impacts for customers that do not use much electricity. The monthly fixed charge would include 400 kVAh, which could be more electricity than a low user customer consumes on a monthly basis. SMUD is exploring other concepts to redesign the SIFC in the future.
- SMUD does not have the authority to waive taxes.
- Prepaying annually would not reduce costs since a bill/statement would still need to be produced monthly informing the customer how much energy was used and the cost associated with the usage.

**Section 19. ALTERNATIVE RECOMMENDATION 2:** SMUD received a recommendation to back out the “9.2% scalar” built into the original time of day (TOD) rates adopted in 2017, plus all of the across the board rate increases since 2017 that have increased that scalar before applying the proposed rate increases.

This Board has considered this alternative recommendation 2 and has determined not to adopt the alternative recommendation for the following reasons:

- This rate action does not address the current or prior residential rates, which were approved by the Board in prior rate actions.
- The use of a scalar is described in the 2017 CEO & GM Report, under Appendix I. The scalar was used to reconcile marginal cost to achieve a revenue neutral restructured TOD rate design prior to adjusting the rates with the proposed 2018 rate increase adopted in 2017.
- Increasing marginal cost rates by a scalar (or equal percentage of marginal cost) is an accepted practice by the industry and is used to ensure sufficient collection of revenue to meet costs.
- Reducing rates by the scalar would result in inadequate revenues for 2024 and 2025 to meet financial obligations, and also negatively impact SMUD’s financial position. Rating agencies could downgrade SMUD’s credit rating, which would increase costs of borrowing that is needed to fund capital projects, and the increased borrowing cost would make future rate increases higher.

**Section 20. ALTERNATIVE RECOMMENDATION 3:** SMUD received a recommendation to publicize the smart meter opt out program and the analog meter option.

This Board considered this alternative recommendation 3 and has determined it is not relevant to the 2023 CEO & GM Report.

**Section 21. ALTERNATIVE RECOMMENDATION 4:** SMUD received a recommendation to begin the rate process all over again and complete it, with added expense data to comply with the Public Utilities Code, section 14404.3 (e).

This Board has considered this alternative recommendation 4 and has determined not to adopt the alternative recommendation for the following reason:

- The 2023 CEO & GM Report provides information in sufficient detail to permit an assessment of the need for any proposed changes, including a statement of each category of expense for the preceding two years, and estimates of each category of expense for the two years following. Table 14 – Pro Forma Consolidation Income Statement shows the two years following and the Audited Financial Statements show the preceding two years.

**Section 22. ALTERNATIVE RECOMMENDATION 5:** SMUD received a recommendation to provide cost justification for the proposed rates and start the rate process all over again. The alternative recommendation includes doing a new rate design study or a new rate costing study, which would show the reasonable costs of providing electricity service, as the original rate design study for RT02 showed in 2017-2018.

This Board has considered this alternative recommendation 5 and has determined not to adopt the alternative recommendation for the following reasons:

- A rate design study is used when designing a new rate structure and SMUD is not proposing any new rate structures in this rate action. The CEO & GM Report

proposes rate increases across the board on all components of the existing rates.

- The cost-of-service analysis in the SMUD Rate Costing Study (2022 Rate Study) demonstrates that cost components increased and reasonably justifies the proposed rates.

**Section 23. ALTERNATIVE RECOMMENDATION 6: SMUD received multiple comments to not increase rates.**

This Board has considered this alternative recommendation 6 and has determined not to adopt the alternative recommendation for the following reasons:

- The Board of Directors supports maintaining a strong financial plan for years 2024 and 2025 and in the future. If we did not increase rates as proposed, it would result in inadequate revenues for 2024 and 2025 to meet financial obligations.

- Among other things, this would reduce the ability to meet California's Renewables Portfolio Standard requirements, and add risk to SMUD's system reliability, which are key drivers of the rate increase.

—Not increasing rates, or even postponing the implementation of the proposed rate increases, would negatively impact SMUD's financial position. Rating agencies could downgrade SMUD's credit rating, which would increase costs of borrowing which is needed to fund capital projects, and the increased borrowing costs would make future rate increases higher.

- The alternative recommendation would negatively impact future rate increases, as avoiding rate increases now would result in a larger rate increase in the future. This would create significant bill impacts to all customers in the future.

~~Section 18.~~**Section 24.** MODIFICATIONS: The Chief Executive Officer and General Manager, or his or her designee, is authorized to make non-substantive revisions to the Rates, Rules and Regulations.

~~Section 19.~~**Section 25.** ENVIRONMENTAL COMPLIANCE:

1.0 Section 21080(b)(8) of the California Public Resources Code and Section 15273 of the California Environmental Quality Act (CEQA) Guidelines (California Code of Regulations, Title 14, Sections 15000, et seq.) provide that CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, and other charges by public agencies which the public agency finds are for the purpose of:

- (1) Meeting operating expenses, including employee wage rates and fringe benefits;
- (2) Purchasing or leasing supplies, equipment, or materials;
- (3) Meeting financial reserve needs and requirements;
- (4) Obtaining funds for capital projects necessary to maintain service within existing service areas; or
- (5) Obtaining funds that are necessary to maintain such intra-city transfers as are authorized by city charter.

2.0 Section 15061(b) (3) of the CEQA Guidelines provides that where it can be said with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

3.0 The proposed actions to increase the residential, agricultural, commercial, and street/traffic/lighting rates, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

4.0 The proposed action to make modifications to Rate Schedules R and R-TOD, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

5.0 The proposed action to modify the three-phase charge application, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

6.0 The proposed action to remove references to legacy rates and other modifications to CI-TOD1, CI-TOD2, CI-TOD3, and CI-TOD4, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

7.0 The proposed action to modify Rate Schedule Hydro Generation Adjustment, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

8.0 The proposed action to modify Rate Schedule Campus Billing, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

9.0 The proposed action to modify Rate Schedule Distribution Wheeling Service, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

10.0 The proposed action to adopt an ESF Additional Discount for the 0-50% FPL low-income customers, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

11.0 The proposed action to update the applicability of the Generator Standby Charge (or Standby Service Charge), is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

12.0 The proposed action to update the Rate Holidays, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

13.0 The proposed action to modify Rule 10 to address unauthorized use of electrical service, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

14.0 The proposed action to modify Rule 1, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

15.0 The proposed action to modify Rule 18, is for the purposes set forth in (1) through (4) of Section 1.0 of the Environmental Assessment. Therefore, this rate action is exempt from the requirements of CEQA.

~~Section 20.~~Section 26. The new and revised Rate Schedules and Rules and Regulations referenced in this Resolution are attached and incorporated herein as **Attachment \_\_\_\_\_**.

~~Section 21.~~Section 27. To the extent there is a discrepancy between this Resolution and the new and revised Rate Schedules and Rules and Regulations attached hereto, the new and revised Rate Schedules and Rules and Regulations shall control.

# **Rates, Rules and Regulations Effective in 2023**

# DRAFT

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The following listed sheets contain all effective rates, rules and regulations affecting rates and service, and information relating thereto, in effect on and after the date indicated. All rates are applicable to the territory served by SMUD.

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**Territory Served by SMUD**

SMUD supplies electric service in most of Sacramento County and in a portion of Placer County.

**Description of Service**

A description of service available is contained in SMUD's Rule and Regulation 2. The service available at any particular location should be ascertained by inquiry at SMUD's Customer Services Department office at 6301 S Street, Sacramento.

**Procedure to Obtain Service**

Any person or corporation whose premises are within the outer boundaries of SMUD may obtain service by applying for service at the Customer Services Department office establishing credit as hereinafter set forth and complying with SMUD's rules and regulations. Where an extension of SMUD's lines is necessary or whenever unusual service requirements are determined, applicant will be informed as to the conditions under which service will be supplied.

**Establishment of Credit and Deposits**

After making proper application for electric service, it will be necessary for applicant to establish his credit in accordance with Rule and Regulation 6.

**General**

1. MEASUREMENT OF ELECTRIC ENERGY  
All electric energy supplied by SMUD to its customers shall be measured by means of suitable standard electric meters, except as otherwise specifically provided in SMUD's Rules and Regulations.
2. DISCOUNTS  
All rates hereinafter listed are net rates and are not subject to discount unless specifically stated in the Rates.

# DRAFT

## Agricultural Service Rate Schedule AG

### I. Applicability

This Rate Schedule AG applies to single- or three-phase nonresidential agricultural service, delivered at standard voltages designated by SMUD as available at the customer’s premises. The electricity must be for pumping loads where a preponderance of the load is devoted to agricultural purposes such as farm lighting, feed choppers, milking machines, heating for incubators, brooders, and other farm uses; drainage pumping loads where a preponderance of the area drained is agricultural; and irrigation pumping loads for nonagricultural purposes where the entire loads, except for minor incidental uses, are devoted to such pumping.

This schedule is mandatory for agricultural accounts with monthly maximum demand that does not exceed 499 kW for three or more consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Firm Service Rate

#### A. Small Agricultural Service, Nondemand Rates – ASN

This rate applies to agricultural accounts having a monthly maximum demand of 30 kW or less. If the account does not have a meter that registers demand, and monthly usage is at least 12,000 kWh for three consecutive months, a demand meter will be installed. Whenever monthly maximum demand exceeds 30 kW for three consecutive months, the customer will be billed on the applicable demand rate. To return to the nondemand rate, the account’s monthly maximum demand must fall below 31 kW and usage must be below 12,000 kWh for 12 consecutive months.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>ASN</b>					
<b>Winter Season (November - April)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$12.85	\$13.20	\$13.55	\$13.95	\$14.30
Electricity Usage Charge					
All day <i>\$/kWh</i>	\$0.1428	\$0.1467	\$0.1508	\$0.1549	\$0.1592
<b>Summer Season (May - October)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$12.85	\$13.20	\$13.55	\$13.95	\$14.30
Electricity Usage Charge					
All day <i>\$/kWh</i>	\$0.1564	\$0.1607	\$0.1651	\$0.1696	\$0.1743

# DRAFT

## Agricultural Service Rate Schedule AG

### B. Large Agricultural Service, Demand Rates – ASD

This rate applies to agricultural accounts having a monthly maximum demand greater than 30 kW but less than 499 kW for three consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. The customer will be billed on the demand-metered rate until the demand falls below 31 kW and energy is less than 12,000 kWh for 12 consecutive months before being returned to the ASN Rate.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>ASD</b>					
<b>Winter Season (November - April)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$29.80	\$30.60	\$31.45	\$32.30	\$33.20
<b>Site Infrastructure Charge per 12 months max kW or contract capacity</b>					
First 30kW	No Charge	No Charge	No Charge	No Charge	No Charge
Additional kW per month	\$2.951	\$3.032	\$3.116	\$3.201	\$3.289
<b>Electricity Usage Charge</b>					
Base Usage 8,750 kWh per month	\$0.1580	\$0.1623	\$0.1667	\$0.1714	\$0.1761
Base Usage Plus kWh over 8,750 per month	\$0.1240	\$0.1275	\$0.1310	\$0.1346	\$0.1382
<b>Summer Season (May - October)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$29.80	\$30.60	\$31.45	\$32.30	\$33.20
<b>Site Infrastructure Charge per 12 months max kW or contract capacity</b>					
First 30kW	No Charge	No Charge	No Charge	No Charge	No Charge
Additional kW per month	\$2.951	\$3.032	\$3.116	\$3.201	\$3.289
<b>Electricity Usage Charge</b>					
Base Usage 8,750 kWh per month	\$0.1514	\$0.1556	\$0.1599	\$0.1643	\$0.1688
Base Usage Plus kWh over 8,750 per month	\$0.1095	\$0.1125	\$0.1156	\$0.1188	\$0.1221

### C. Small Agricultural Optional Time-of-Day – AON

This optional rate is for small agricultural accounts having a monthly maximum demand of 30 kW or less. Customers transferring to the small agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>AON</b>					
<b>Winter Season (November - April)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$17.25	\$17.75	\$18.25	\$18.75	\$19.25
<b>Electricity Usage Charge</b>					
On-peak \$/kWh	\$0.1641	\$0.1686	\$0.1732	\$0.1780	\$0.1829
Off-peak \$/kWh	\$0.1399	\$0.1437	\$0.1477	\$0.1518	\$0.1560
<b>Summer Season (May - October)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$17.25	\$17.75	\$18.25	\$18.75	\$19.25
<b>Electricity Usage Charge</b>					
On-peak \$/kWh	\$0.2379	\$0.2444	\$0.2512	\$0.2581	\$0.2652
Off-peak \$/kWh	\$0.1279	\$0.1314	\$0.1350	\$0.1387	\$0.1425

# DRAFT

## Agricultural Service Rate Schedule AG

### D. Large Agricultural Optional Time-of-Day – AOD

This optional rate is for large agricultural accounts with demand greater than 30 kW and less than 499 kW. Customers transferring to the agricultural Time-of-Day Rate must remain on the rate for a minimum of four months. Customers electing to move off this optional rate cannot return to service under this schedule for 12 months.

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>AOD</b>					
<b>Winter Season (November - April)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$103.80	\$106.65	\$109.60	\$112.60	\$115.70
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$2.940	\$3.021	\$3.104	\$3.189	\$3.277
<b>Electricity Usage Charge</b>					
On-peak <i>\$/kWh</i>	\$0.1634	\$0.1679	\$0.1725	\$0.1773	\$0.1821
Off-peak <i>\$/kWh</i>	\$0.1388	\$0.1426	\$0.1465	\$0.1506	\$0.1547
<b>Summer Season (May - October)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$103.80	\$106.65	\$109.60	\$112.60	\$115.70
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$4.110	\$4.223	\$4.339	\$4.458	\$4.581
<b>Electricity Usage Charge</b>					
On-peak <i>\$/kWh</i>	\$0.2528	\$0.2598	\$0.2669	\$0.2742	\$0.2818
Off-peak <i>\$/kWh</i>	\$0.1348	\$0.1385	\$0.1423	\$0.1462	\$0.1502

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges:

A. **Hydro Generation Adjustment (HGA)**. Refer to Rate Schedule HGA.

### IV. Rate Option Menu

#### A. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) are connected to SMUD's electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)	Secondary	Primary	Subtransmission
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. These charges include System Infrastructure Fixed Charges and Site Infrastructure Charges, as well as Electricity Usage and Maximum Demand Charges for SMUD-provided power.

# **DRAFT**

## **Agricultural Service Rate Schedule AG**

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**B. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**C. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**D. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is taken according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

# DRAFT

## Agricultural Service Rate Schedule AG

### C. Power Factor Adjustment

#### 1. Adjustment (charge per month varies)

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer's monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer's monthly power factor or 95 percent

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

#### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

$$\text{Excess KVAR} \times \text{Waiver Rate}$$

*Excess KVAR:* Maximum 12-month KVAR in excess of 32.868 percent of kW

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

### D. Time-of-Day Billing Periods

Winter season is from November 1 through April 30. Summer season is from May 1 through October 31.

<b>Winter On-Peak</b>	Weekdays between 7:00 a.m. and 10:00 a.m. and 5:00 p.m. and 8:00 p.m.
<b>Summer On-Peak</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.

# DRAFT

## Agricultural Service Rate Schedule AG

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

### VI. Billing

#### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

#### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage allowances, System Infrastructure Fixed Charge, Maximum Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

#### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

#### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Commercial & Industrial Campus Billing Rate Schedule CB

### I. Applicability

This Rate Schedule CB is optional for Commercial & Industrial customers served at a common address or industrial campus that have several accounts or service entrances on the same contiguous campus. Campus Billing provides for either hardwire or post-metering of a combination of these accounts to a single load shape for billing purposes. Under this option the customer receives one bill for the entire campus and the aggregated monthly maximum kW is used to determine the applicable rate schedule under which the campus account will be billed. Campus billing is available to customers where at least one existing account to be included in the campus account is on Rate Schedules CI-TOD2, CI-TOD3, or CI-TOD4.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Pricing Structure

#### A. System Infrastructure Fixed Charge

The customer pays a single System Infrastructure Fixed Charge to recover the cost of maintaining or replacing one meter and the overhead costs for billing and customer service.

#### B. Campus Meters Charge

The customer must pay a Campus Meters Charge for all but the first meter. The Campus Meters Charge recovers costs for the meters, Current Transformer (CT), Potential Transformer (PT), meter testing, auxiliary metering equipment and additional billing services. The Campus Meters Charges vary by service voltage level. Information on the associated monthly charges is available on SMUD’s website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.

#### C. Rate Changes

Campus billing prices will be subject to any applicable changes to the Commercial & Industrial Time-of-Day rates and the Campus Meter Charges.

### III. Site Infrastructure Charge

When the accounts are aggregated through Campus Billing, SMUD creates a new account with no billing history. As a result, the 12-months maximum kW basis for the Site Infrastructure Charge is initially set by the first month’s maximum kW on the campus account.

### IV. Conditions of Service

The following criteria define the conditions under which campus rates would be permitted. Failure to comply with any of these conditions will revoke the option for campus billing and the campus will be returned to individual accounts on their applicable rate.

- A. All accounts are under the same legal entity buying and consuming the power at the site.
- B. The term “legal entity” means the name on each account must be the same company/organization.
- C. All meters are on a contiguous site. The parcels of land are physically adjacent; the parcels may be separated by public streets or railways.
- D. No meter provides sub-metering on campus to third parties.
- E. All meters are served at the same service voltage. SMUD recognizes the following three voltage classes:
  - 1. Subtransmission – 69 kV or higher
  - 2. Primary – 12 kV or 21 kV
  - 3. Secondary – all voltages lower than 12 kV

**Commercial & Industrial Campus Billing  
Rate Schedule CB**

- F. Each meter is capable of interval metering on each service entrance.  
If a meter is not capable of interval metering the customer will be charged for the cost of installing such a meter.
- G. Agricultural Service and CI-TOD1 accounts.  
  
AG and CI-TOD1 can be included in a campus account, however, a campus account cannot consist of solely accounts on Agricultural service or solely on CI-TOD1 or a combination of Agricultural and CI-TOD1 cannot combine into a campus account.
- H. The campus account maintains or exceeds CI-TOD2 eligibility.
- I. No use of parallel systems for shifting load between different rate offerings.  
  
Should this occur, SMUD shall have the right to corrective billing on a single rate and full reimbursement of waived System Infrastructure Fixed Charges.
- J. The customer provides SMUD with a single point of contact for billing and service questions.
- K. At least one of the proposed campus accounts is on rate schedule CI-TOD2, CI-TOD3 or CI-TOD4 as defined in the applicable rate schedules at the time campus billing is requested.
- L. All the meters must feed off the same substation as determined by SMUD. For subtransmission customers, all meters must be fed off the same bank at the substation as determined by SMUD.

Campus accounts created before January 1, 2014, are considered legacy accounts under the prior rate option with regard to subsection K, and subsection L. If a legacy account requests that additional meters be added to the campus, the addition will be allowed if the service is fed from a substation already part of the campus account.

**V. Setting Up a Campus Account**

A customer can request campus billing from a SMUD Representative. The SMUD Representative will verify the customer’s accounts meet the requirements and the eligibility for campus billing. If the SMUD Representative determines the accounts are eligible the SMUD Representative will provide a Request for Campus Billing Option form for the customer detailing the startup costs and the ongoing monthly costs. Once the Request form is returned with the customer’s signature acknowledging the costs, the SMUD Representative will submit the request to Billing. Campus billing will start on the bill after all accounts have been approved and prepared for campus billing.

**VI. Billing**

**A. Service Rendered**

Service rendered in accordance with this rate is at SMUD’s sole discretion.

**B. Proration of Charges**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is less than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is more than 34 days	
Price changes within billing period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

**C. Contract Capacity**

Use of Contract Capacity for billing is at SMUD’s sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

## Commercial & Industrial Campus Billing Rate Schedule CB

### VII. Terminating a Campus Billing Account

If after a rolling twelve-month period the demand for the campus account falls below the minimum demand for a CI-TOD2 rate, the campus account will be terminated. All meters will revert to individual accounts. The accounts will not be eligible to return to a campus account for twelve months thereafter and only if they meet all the criteria for the Campus Billing Option listed in Section IV Conditions of Service. This rule applies to all Campus accounts regardless of the date they were created.

The customer can elect to revert back to individual accounts at any time by contacting a SMUD Representative. All meters will be converted to single accounts and the corresponding current rates will be assigned based on usage and demand. It may take more than one billing cycle to change the campus account back to individual accounts.

### VIII. Reinstating a Campus Billing Account

After terminating the Campus Billing Option, the campus account, or dropping one or more meters from the campus account, the customer cannot have any of the meters that comprised the campus account reinstated on an existing or new campus account for 12 months from the date of removal from the option.

After 12 months, the meters can be used to create a new campus account or be added to an existing campus.

If the original campus account no longer exists, the procedure for setting up a Campus Account must be followed. See section V.

*(End)*

**Combined Heat and Power (CHP) Distributed Generation  
Rate Schedule CHP**

**I. Applicability**

This Rate Schedule CHP is optional for customers who wish to sell all excess generation to SMUD from an eligible Combined Heat and Power (CHP) generation facility with a capacity of 3 MW or less operating in parallel with SMUD’s distribution system, or with a capacity of 20 MW or less operating in parallel with SMUD’s subtransmission system. The facility must continuously meet the qualifications in Section IV General Conditions. This schedule applies solely to the excess generation delivered to SMUD.

**II. Pricing Structure**

Under this schedule, SMUD will pay the customer the applicable price for metered energy delivered by the eligible CHP facility during the time periods specified in this schedule.

**A. Excess Generation Prices**

The CHP excess generation prices will be posted at SMUD’s website, www.smud.org. Prices will be differentiated by delivery voltage, season and time-of-day. CHP excess generation prices will be reset each January 1 and apply for that calendar year to all CHP excess generation delivered to SMUD, regardless of the date of the CHP commissioning and interconnection to SMUD’s system, or the effective date of the Power Purchase Agreement (PPA) and Interconnection Agreement.

The CHP excess generation prices reflect SMUD’s underlying avoided costs for procurement and delivery of comparable power during the specified terms and time periods. The avoided cost is made up of the following components:

- Market Energy Price
- Losses by voltage level
- Transmission and Distribution

SMUD will typically pay for CHP excess generation based on the voltage at the point of delivery to the SMUD system. However, to the extent that SMUD must step up the excess generation to a higher voltage level in order to serve its customers, the pricing for the excess CHP generation will be based on the higher voltage level.

**B. Time-of-Delivery Periods**

Season	Months	Super Peak	On Peak	Off Peak
Summer	June - Sept	2:00 to 8:00 p.m. Mon – Sat except holidays	6:00 a.m. to 2:00 p.m. & 8:00 p.m. to 10:00 p.m. Mon - Sat except holidays	All other hours
Fall & Winter	Oct - Feb			
Spring	Mar - May			

Off-peak pricing shall apply during the following holidays:

Holiday	Month	Date
New Year’s Day	January	1
Memorial Day	May	Last Monday
Independence Day	July	4
Labor Day	September	First Monday
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

**Combined Heat and Power (CHP) Distributed Generation  
Rate Schedule CHP**

**III. Charges**

**A. Reserved Capacity Charge**

The customer shall pay a monthly Reserved Capacity Charge to compensate SMUD for standing ready to supply supplemental service, backup electricity, and other services/electricity during interruptions in the CHP facility’s operation. The Reserved Capacity Charge is based on the greater of the following:

- The customer’s Maximum Anticipated Demand or actual monthly demand, if higher, multiplied by the Reserved Capacity Rate per kW shown below; or
- The Generator Installed Capacity of the CHP facility multiplied by the Reserved Capacity Rate per kW shown below.

<b>Reserved Capacity Rate <i>per kW</i></b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.423	\$7.423	\$7.133
Effective January 1, 2024	\$7.627	\$7.627	\$7.329
Effective May 1, 2024	\$7.837	\$7.837	\$7.531
Effective January 1, 2025	\$8.052	\$8.052	\$7.738
Effective May 1, 2025	\$8.274	\$8.274	\$7.951

**1. Maximum Anticipated Demand**

The initial maximum anticipated demand will be the customer’s maximum monthly demand in the prior 18 months at the time the PPA is executed.

**2. Generator Installed Capacity**

The Generator Installed Capacity of the facility will be set forth in the PPA.

**3. Reset of Reserved Capacity Basis**

If, at any time, the customer’s actual monthly demand exceeds the Generator Installed Capacity of the CHP facility, the demand used to calculate the Reserved Capacity Charge will be reset to use the newly established demand as the basis for the charge.

**B. Data Communications Charges**

The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data. Ongoing data communication charges paid by SMUD on behalf of the customer will be passed through to the customer and will appear on the customer’s monthly SMUD bill.

**C. Other Charges**

SMUD will continue to bill for all appropriate charges under the applicable rate schedule for SMUD supplied power to the customer. These charges include without limitation System Infrastructure Fixed Charge, Electricity Usage charges, surcharges, and taxes. Site Infrastructure Charges and Summer Peak Demand Charges are applicable if the sum of these two charges is greater than the Reserved Capacity Charge. Each month, the Reserved Capacity Charge will be compared to the sum of the Site Infrastructure Charge plus any Summer Peak Demand Charge. On the monthly bill, the customer will be charged the greater of the two calculations, but not both. The monthly bill will also include applicable metering and data communications charges.

## Combined Heat and Power (CHP) Distributed Generation Rate Schedule CHP

### IV. Conditions of Service

#### A. Eligible CHP Facility

To be eligible for this schedule, the CHP facility shall maintain without interruption certification by the California Energy Commission (CEC) as outlined in the CEC's "Guidelines for Certification of Combined Heat and Power Systems Pursuant to the Waste Heat and Carbon Emissions Reduction Act - Public Utilities Code, Section 2840 *Et Seq.*" CHP systems placed into operation before January 1, 2008 are not eligible for this schedule.

#### B. Territory

The CHP facility must be located entirely within SMUD's service territory.

#### C. Required Contract

An eligible CHP facility operating under this schedule shall execute a Power Purchase Agreement (PPA) with SMUD. The PPA shall be offered for contract durations of up to 10 years at the option of the customer.

#### D. Participation in Other SMUD Programs

An eligible CHP facility operating under this schedule may not also obtain benefits for the same facility from any of the following:

1. A separate contract with SMUD for deliveries from the same facility; or
2. Incentives from SMUD under customer programs implemented in compliance with SB1 requirements or similar program; or
3. The net metering option for energy deliveries from the same facility.

#### E. Electrical Interconnection

An eligible CHP facility under this schedule shall be interconnected within SMUD's service territory and shall be required to comply with SMUD's Rule and Regulation 21 process for interconnection and execute an Interconnection Agreement with SMUD. Facilities not meeting the Rule and Regulation 21 requirements will *not* be eligible for service. Any costs for system upgrades and facilities required for interconnection are the responsibility of the customer.

#### F. Metering Requirements

The eligible CHP facility operating under this schedule shall comply with all applicable rules in installing, at the customer's expense, a bi-directional time-of-use meter appropriate for excess sale agreements, that can be read daily by electronic means acceptable to SMUD. SMUD will pay for and install a gross output meter to measure the generator output and provide for SMUD data requirements. The customer shall provide and pay for the meter socket and cabinet, and all required current transformers and potential transformers.

#### G. Energy and Green Attributes

The customer shall, in accordance with the terms and conditions of the PPA, provide and convey to SMUD excess energy produced by the eligible CHP facility net of all station use and any and all site host load. Such conveyance shall include all related Green Attributes.

(End)

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### I. **Applicability**

This Rate Schedule CI-TOD1 applies to single- or three-phase service delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand that does not exceed 299 kW for three or more consecutive months. Commercial & Industrial Time-of-Day customers include commercial and nonagricultural irrigation pumping accounts. This schedule also applies to Commercial & Industrial Time-of-Day accounts with contract capacity of 299 kW or less. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

#### A. **C&I Secondary 0-20 kW (rate category CITS-0)**

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of 20 kW or less. Whenever the monthly maximum demand exceeds 20 kW for *any* three consecutive months and the monthly energy usage is at least 7,300 kWh for *any* three consecutive months within a 12-month period, the account will be billed on the applicable rate. To return to the CITS-0 rate, the monthly maximum demand must be 20 kW or less for 12-consecutive months or the usage must be less than 7,300 kWh for 12 consecutive months.

#### B. **Small Nondemand, Nonmetered Service (rate category GFN)**

This rate applies to Commercial & Industrial accounts where an account's monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD, at its discretion, and with the customer's consent, will calculate electricity consumed in lieu of providing metering equipment.

#### C. **C&I Secondary 21-299 kW (rate category CITS-1)**

These rates apply to Commercial & Industrial Time-of-Day accounts with a monthly maximum demand of at least 21 kW but does not exceed 299 kW for *any* three consecutive months **and** monthly energy usage of at least 7,300 kWh for *any* three consecutive months within a 12-month period. The customer will be billed on this rate unless the monthly usage is less than 7,300 kWh for 12 consecutive months; or the maximum demand falls below 21 kW for 12 consecutive months; or the monthly maximum demand exceeds 299 kW for three consecutive months.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### II. Firm Service Rates

#### A. Commercial & Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$35.15	\$36.65	\$37.65	\$39.20	\$40.30
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$0.000	\$0.713	\$0.733	\$1.505	\$1.546
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1440	\$0.1446	\$0.1485	\$0.1491	\$0.1532
Off-Peak <i>\$/kWh</i>	\$0.1364	\$0.1335	\$0.1371	\$0.1341	\$0.1377
Off-Peak Saver <i>\$/kWh</i>	\$0.1323	\$0.1276	\$0.1311	\$0.1261	\$0.1295
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$35.15	\$36.65	\$37.65	\$39.20	\$40.30
Maximum Demand Charge <i>\$ per monthly max kW</i>	\$0.000	\$0.713	\$0.733	\$1.505	\$1.546
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.2554	\$0.2718	\$0.2792	\$0.2968	\$0.3049
Off-Peak <i>\$/kWh</i>	\$0.1349	\$0.1359	\$0.1396	\$0.1410	\$0.1448
<b>CITS-1: C&amp;I Secondary 21-299 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$158.30	\$231.60	\$237.95	\$317.30	\$326.05
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$7.568	\$7.106	\$7.302	\$6.806	\$6.993
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1230	\$0.1283	\$0.1319	\$0.1374	\$0.1412
Off-Peak <i>\$/kWh</i>	\$0.1158	\$0.1170	\$0.1202	\$0.1214	\$0.1248
Off-Peak Saver <i>\$/kWh</i>	\$0.1030	\$0.0971	\$0.0998	\$0.0932	\$0.0958
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$158.30	\$231.60	\$237.95	\$317.30	\$326.05
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$7.568	\$7.106	\$7.302	\$6.806	\$6.993
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$3.468	\$5.351	\$5.498	\$7.525	\$7.732
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1983	\$0.2056	\$0.2113	\$0.2192	\$0.2252
Off-Peak <i>\$/kWh</i>	\$0.1119	\$0.1129	\$0.1160	\$0.1171	\$0.1203

Commercial rates beyond 2025 are effective as shown in Section VIII. Transition Schedule.

#### B. GFN Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>GFN</b>					
<b>All Year</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$10.50	\$10.80	\$11.10	\$11.40	\$11.70
Electricity Usage Charge					
All day <i>\$/kWh</i>	\$0.1539	\$0.1581	\$0.1624	\$0.1669	\$0.1715

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD1**

**III. Electricity Usage Surcharges**

Refer to the following rate schedules for details on these surcharges:

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar/Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level</b> <b>(\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Maximum Demand Charge, Summer Peak Demand Charges and electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Options**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

### V. Conditions of Service

#### A. Type of Electric Service

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

#### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

#### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \quad \times \quad [ (95\% \div \text{Power Factor}) - 1 ] \quad \times \quad \text{Power Factor Adjustment Rate}$$

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer’s monthly power factor or 95 percent

*Power Factor Adjustment Rate per excess KVAR*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

#### Excess KVAR x Waiver Rate

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Billing Periods

### A. Time-of-Day Billing Periods

#### 1. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD1**

**VII. Billing**

**A. Meter Data**

Meter data for service rendered in accordance with this Rate Schedule will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

**B. Proration of Charges**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge, Maximum Demand Charge, and Site Infrastructure Charge will be prorated as shown in the following table.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

**C. Contract Capacity**

Use of Contract Capacity for billing is at SMUD’s sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

**D. Discontinuance of Service**

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD’s sole discretion.

*(End)*

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD1

### VIII. Transition Schedule

Season and Charge Component**	Unit	2026*	2027*	2028*
<b>CITS-0: C&amp;I Secondary 0-20 kW</b>				
System Infrastructure Fixed Charge	per month	\$40.80	\$41.35	\$41.90
Maximum Demand Charge	per kW	\$2.320	\$3.093	\$3.866
Non-Summer Peak	per kWh	\$0.1495	\$0.1457	\$0.1420
Non-Summer Off-Peak	per kWh	\$0.1307	\$0.1237	\$0.1166
Non-Summer Off-Peak Saver	per kWh	\$0.1208	\$0.1118	\$0.1029
Summer Peak	per kWh	\$0.3151	\$0.3251	\$0.3354
Summer Off-Peak	per kWh	\$0.1423	\$0.1397	\$0.1370
<b>CITS-1: C&amp;I Secondary 21-299 kW</b>				
System Infrastructure Fixed Charge	per month	\$400.85	\$474.00	\$474.00
Site Infrastructure Charge	per kW	\$6.266	\$5.539	\$5.539
Summer Peak Demand Charge	per kW	\$9.670	\$11.609	\$11.609
Non-Summer Peak	per kWh	\$0.1435	\$0.1456	\$0.1456
Non-Summer Off-Peak	per kWh	\$0.1227	\$0.1206	\$0.1206
Non-Summer Off-Peak Saver	per kWh	\$0.0862	\$0.0770	\$0.0770
Summer Peak	per kWh	\$0.2273	\$0.2293	\$0.2293
Summer Off-Peak	per kWh	\$0.1179	\$0.1157	\$0.1157

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VII.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### I. Applicability

This Rate Schedule CI-TOD2 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer’s premises. This schedule includes the standard rates for all commercial and industrial (C&I) accounts with monthly maximum demand of at least 300 kW for three consecutive months, but not greater than 499 kW for three consecutive months during the preceding 12 months. Accounts served at the secondary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand falls below 300 kW for 12 consecutive months or exceeds 499 kW for three consecutive months. Accounts served at the primary service voltage level will remain on the CI-TOD2 rate schedule unless monthly maximum demand exceeds 499 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 300 kW, but not greater than 499 kW. The demand for any month shall be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Firm Service Rates

#### A. Commercial & Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$428.35	\$667.50	\$685.85	\$954.30	\$980.55
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.597	\$4.797	\$4.929	\$5.144	\$5.286
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.1236	\$0.1286	\$0.1321	\$0.1373	\$0.1410
Off-Peak \$/kWh	\$0.1000	\$0.1043	\$0.1072	\$0.1117	\$0.1148
Off-Peak Saver \$/kWh	\$0.0990	\$0.0959	\$0.0985	\$0.0947	\$0.0973
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$428.35	\$667.50	\$685.85	\$954.30	\$980.55
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.597	\$4.797	\$4.929	\$5.144	\$5.286
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.877	\$10.254	\$10.536	\$10.950	\$11.251
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.2195	\$0.2246	\$0.2308	\$0.2362	\$0.2427
Off-Peak \$/kWh	\$0.1333	\$0.1312	\$0.1348	\$0.1322	\$0.1359
<b>CITP-2: C&amp;I Primary 300-499 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$204.95	\$256.80	\$263.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.551	\$3.436	\$3.530	\$3.392	\$3.485
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.1249	\$0.1370	\$0.1407	\$0.1556	\$0.1598
Off-Peak \$/kWh	\$0.1033	\$0.1156	\$0.1188	\$0.1340	\$0.1377
Off-Peak Saver \$/kWh	\$0.0939	\$0.0893	\$0.0917	\$0.0850	\$0.0873
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$204.95	\$256.80	\$263.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.551	\$3.436	\$3.530	\$3.392	\$3.485
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.401	\$10.074	\$10.351	\$11.084	\$11.389
<b>Electricity Usage Charge</b>					
Peak \$/kWh	\$0.2016	\$0.1971	\$0.2025	\$0.1958	\$0.2012
Off-Peak \$/kWh	\$0.1277	\$0.1233	\$0.1267	\$0.1207	\$0.1240

Commercial rates beyond 2025 are effective as shown in Section VIII. Transition Schedule.

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD2**

**III. Electricity Usage Surcharges**

Refer the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule. These charges include System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, as well as electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as amicrogrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org)

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD2**

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

**C. Power Factor Adjustment or Waiver**

**1. Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

**Electricity Usage** x [ **95% ÷ Power Factor** - 1 ] x **Power Factor Adjustment Rate**

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer’s monthly power factor or 95 percent

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

#### Excess KVAR x Waiver Rate

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Commercial & Industrial Time-of-Day Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that falls within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD2

### VIII. Transition Schedule

Season and Charge Component**	Unit	2026*	2027*	2028*
<b>CITS-2: C&amp;I Secondary 300-499 kW</b>				
System Infrastructure Fixed Charge	per month	\$1,244.60	\$1,508.75	\$1,770.90
Site Infrastructure Charge	per kW	\$5.377	\$5.458	\$5.539
Summer Peak Demand Charge	per kW	\$11.367	\$11.482	\$11.609
Non-Summer Peak	per kWh	\$0.1428	\$0.1443	\$0.1461
Non-Summer Off-Peak	per kWh	\$0.1164	\$0.1180	\$0.1197
Non-Summer Off-Peak Saver	per kWh	\$0.0905	\$0.0838	\$0.0770
Summer Peak	per kWh	\$0.2416	\$0.2405	\$0.2394
Summer Off-Peak	per kWh	\$0.1293	\$0.1227	\$0.1163
<b>CITP-2: C&amp;I Primary 300-499 kW</b>				
System Infrastructure Fixed Charge	per month	\$331.40	\$331.40	\$331.40
Site Infrastructure Charge	per kW	\$3.485	\$3.485	\$3.485
Summer Peak Demand Charge	per kW	\$11.389	\$11.389	\$11.389
Non-Summer Peak	per kWh	\$0.1598	\$0.1598	\$0.1598
Non-Summer Off-Peak	per kWh	\$0.1377	\$0.1377	\$0.1377
Non-Summer Off-Peak Saver	per kWh	\$0.0873	\$0.0873	\$0.0873
Summer Peak	per kWh	\$0.2012	\$0.2012	\$0.2012
Summer Off-Peak	per kWh	\$0.1240	\$0.1240	\$0.1240

\*Subject to future rate increases.

\*\*Time-of-Day periods apply as described in Section VI.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### I. **Applicability**

This Rate Schedule CI-TOD3 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of at least 500 kW for three consecutive months, but not greater than 999 kW for three consecutive months during the preceding 12 months. Accounts will remain on this schedule unless monthly maximum demand falls below 500 kW for 12 consecutive months or exceeds 999 kW for three consecutive months. This schedule also includes the standard rates for accounts with contract capacity of at least 500 kW, but not greater than 999 kW. The demand for any month will be the maximum 15-minute kW delivery during the month.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### II. Firm Service Rates

#### A. Commercial Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-3: C&amp;I Secondary 500-999 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$781.65	\$1,479.90	\$1,520.60	\$2,276.85	\$2,339.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.152	\$4.692	\$4.821	\$5.391	\$5.539
Electricity Usage Charge					
Peak \$/kWh	\$0.1225	\$0.1275	\$0.1310	\$0.1367	\$0.1405
Off-Peak \$/kWh	\$0.0992	\$0.1045	\$0.1074	\$0.1129	\$0.1160
Off-Peak Saver \$/kWh	\$0.0906	\$0.0811	\$0.0832	\$0.0730	\$0.0750
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$781.65	\$1,479.90	\$1,520.60	\$2,276.85	\$2,339.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$4.152	\$4.692	\$4.821	\$5.391	\$5.539
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.732	\$10.350	\$10.635	\$11.298	\$11.609
Electricity Usage Charge					
Peak \$/kWh	\$0.2111	\$0.2141	\$0.2200	\$0.2232	\$0.2294
Off-Peak \$/kWh	\$0.1212	\$0.1138	\$0.1170	\$0.1088	\$0.1118
<b>CITP-3: C&amp;I Primary 500-999 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.127	\$3.213	\$3.301	\$3.392	\$3.485
Electricity Usage Charge					
Peak \$/kWh	\$0.1314	\$0.1350	\$0.1387	\$0.1425	\$0.1465
Off-Peak \$/kWh	\$0.1141	\$0.1172	\$0.1205	\$0.1238	\$0.1272
Off-Peak Saver \$/kWh	\$0.0727	\$0.0747	\$0.0768	\$0.0789	\$0.0811
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.127	\$3.213	\$3.301	\$3.392	\$3.485
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$10.218	\$10.499	\$10.788	\$11.084	\$11.389
Electricity Usage Charge					
Peak \$/kWh	\$0.2131	\$0.2190	\$0.2250	\$0.2312	\$0.2375
Off-Peak \$/kWh	\$0.1084	\$0.1114	\$0.1144	\$0.1176	\$0.1208
<b>CITT-3: C&amp;I Subtransmission 500-999 kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,237.65	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.427	\$3.521	\$3.618	\$3.718	\$3.820
Electricity Usage Charge					
Peak \$/kWh	\$0.1138	\$0.1169	\$0.1201	\$0.1234	\$0.1268
Off-Peak \$/kWh	\$0.0950	\$0.0976	\$0.1003	\$0.1031	\$0.1059
Off-Peak Saver \$/kWh	\$0.0618	\$0.0635	\$0.0652	\$0.0670	\$0.0689
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$1,237.65	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge <i>per 12 months max kW or contract capacity</i>	\$3.427	\$3.521	\$3.618	\$3.718	\$3.820
Summer Peak Demand Charge <i>\$ per monthly Peak max kW</i>	\$9.960	\$10.234	\$10.515	\$10.805	\$11.102
Electricity Usage Charge					
Peak \$/kWh	\$0.1913	\$0.1966	\$0.2020	\$0.2075	\$0.2132
Off-Peak \$/kWh	\$0.0922	\$0.0946	\$0.0972	\$0.0999	\$0.1027

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD3**

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, and electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

The customer shall pay for additional equipment and software identified by SMUD meter specialists as necessary for load data collection and upload to the customer electronic system. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### B. Distribution Service Voltage Definition

The following defines the three voltage classes available. The rate will be determined by the voltage level at which service is provided according to the following:

1. *Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

2. *Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

3. *Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

### C. Power Factor Adjustment or Waiver

1. **Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage:* the total monthly kWh for the account

*Power Factor:* the lesser of the customer’s monthly power factor or 95 percent

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### 2. Waiver Contract (charge per month is set for term of waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

#### Excess KVAR x Waiver Rate

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Commercial Industrial Time-of-Day Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD3

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service may be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### I. **Applicability**

This Rate Schedule CI-TOD4 applies to single- or three-phase service, delivered at standard voltages designated by SMUD as available at the customer's premises. This schedule includes the standard rates for all agricultural, commercial and industrial (C&I) accounts with monthly maximum demand of 1,000 kW or greater for three consecutive months during the preceding 12 months. Accounts will remain on this rate schedule unless monthly maximum demand falls below 1,000 kW for 12 consecutive months. The demand for any month will be the maximum 15-minute kW delivery during the month. This schedule also includes the standard rates for accounts with contract capacity of 1,000 kW or greater.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### II. Firm Service Rates

#### A. Commercial Industrial Time-of-Day Rates

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>CITS-4: C&amp;I Secondary 1000+ kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge per month per meter	\$2,319.35	\$3,592.75	\$3,691.55	\$3,793.10	\$3,897.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.876	\$5.106	\$5.246	\$5.390	\$5.539
Electricity Usage Charge					
Peak \$/kWh	\$0.1284	\$0.1330	\$0.1367	\$0.1404	\$0.1442
Off-Peak \$/kWh	\$0.1048	\$0.1094	\$0.1124	\$0.1154	\$0.1186
Off-Peak Saver \$/kWh	\$0.0833	\$0.0705	\$0.0724	\$0.0744	\$0.0765
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge per month per meter	\$2,319.35	\$3,592.75	\$3,691.55	\$3,793.10	\$3,897.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.876	\$5.106	\$5.246	\$5.390	\$5.539
Summer Peak Demand Charge \$ per monthly Peak max kW	\$6.937	\$10.701	\$10.996	\$11.298	\$11.609
Electricity Usage Charge					
Peak \$/kWh	\$0.2048	\$0.2182	\$0.2242	\$0.2304	\$0.2367
Off-Peak \$/kWh	\$0.1143	\$0.1061	\$0.1090	\$0.1121	\$0.1151
<b>CITP-4: C&amp;I Primary 1000+ kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge per month per meter	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.400	\$4.521	\$4.645	\$4.773	\$4.904
Electricity Usage Charge					
Peak \$/kWh	\$0.1295	\$0.1331	\$0.1367	\$0.1405	\$0.1444
Off-Peak \$/kWh	\$0.1051	\$0.1080	\$0.1110	\$0.1140	\$0.1172
Off-Peak Saver \$/kWh	\$0.0679	\$0.0697	\$0.0716	\$0.0737	\$0.0757
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge per month per meter	\$297.30	\$305.50	\$313.90	\$322.50	\$331.40
Site Infrastructure Charge per 12 months max kW or contract capacity	\$4.400	\$4.521	\$4.645	\$4.773	\$4.904
Summer Peak Demand Charge \$ per monthly Peak max kW	\$10.218	\$10.499	\$10.788	\$11.084	\$11.389
Electricity Usage Charge					
Peak \$/kWh	\$0.1997	\$0.2052	\$0.2108	\$0.2166	\$0.2226
Off-Peak \$/kWh	\$0.1014	\$0.1042	\$0.1071	\$0.1100	\$0.1130
<b>CITT-4: C&amp;I Subtransmission 1000+ kW</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge per month per meter	\$1,178.85	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge per 12 months max kW or contract capacity	\$3.479	\$3.521	\$3.618	\$3.718	\$3.820
Electricity Usage Charge					
Peak \$/kWh	\$0.1228	\$0.1295	\$0.1330	\$0.1367	\$0.1404
Off-Peak \$/kWh	\$0.0998	\$0.1058	\$0.1087	\$0.1117	\$0.1148
Off-Peak Saver \$/kWh	\$0.0774	\$0.0684	\$0.0703	\$0.0722	\$0.0742
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge per month per meter	\$1,178.85	\$1,271.70	\$1,306.65	\$1,342.60	\$1,379.50
Site Infrastructure Charge per 12 months max kW or contract capacity	\$3.479	\$3.521	\$3.618	\$3.718	\$3.820
Summer Peak Demand Charge \$ per monthly Peak max kW	\$6.636	\$10.234	\$10.515	\$10.805	\$11.102
Electricity Usage Charge					
Peak \$/kWh	\$0.1699	\$0.1824	\$0.1874	\$0.1926	\$0.1978
Off-Peak \$/kWh	\$0.1050	\$0.1014	\$0.1042	\$0.1071	\$0.1100

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD4**

**IV. Rate Option Menu**

**A. Energy Assistance Program Rate for Nonprofit Agencies.** Refer to Rate Schedule EAPR.

**B. Campus Billing.** Refer to Rate Schedule CB.

**C. Implementation of Energy Efficiency Program or Installation of New Solar/Photovoltaic or Storage Systems**

Customers who implement a SMUD-sponsored Energy Efficiency program or who install a SMUD-approved solar/photovoltaic or storage system to offset their on-site energy usage may request, in writing, within 30 days of the project completion and commissioning, an adjustment to their twelve month maximum demand based on the anticipated reduction in kW from the Energy Efficiency Project Worksheet. The adjusted twelve month maximum demand is valid for 12 months or until it is exceeded by actual maximum demand.

**D. Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) are connected to SMUD’s electrical system; and
3. SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator(s) maintenance service.

<b>Standby Service Charge by Voltage Level (\$/kW of Contract Capacity per month)</b>	<b>Secondary</b>	<b>Primary</b>	<b>Subtransmission</b>
Effective January 1, 2023	\$7.713	\$6.129	\$3.096
Effective January 1, 2024	\$7.925	\$6.298	\$3.181
Effective May 1, 2024	\$8.143	\$6.471	\$3.269
Effective January 1, 2025	\$8.367	\$6.649	\$3.359
Effective May 1, 2025	\$8.597	\$6.832	\$3.451

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under this rate schedule, including, but not limited to, System Infrastructure Fixed Charges, Site Infrastructure Charges, Summer Peak Demand Charges, and electricity usage charges for SMUD-provided power.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

**F. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**G. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**Commercial & Industrial Time-of-Day  
Rate Schedule CI-TOD4**

**V. Conditions of Service**

**A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Distribution Service Voltage Definition**

The following defines the three voltage classes available. The rate shall be determined by the voltage level at which service is provided according to the following:

*1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

**C. Power Factor Adjustment or Waiver**

**1. Adjustment (charge per month varies)**

Accounts on a demand rate are subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### 2. Waiver Contract (charge per month is set for the term of the waiver)

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

**Excess KVAR x Waiver Rate**

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

## VI. Commercial Industrial Time-of-Day Billing Periods

### A. Time-of-Day Billing Periods

<b>Non-Summer October 1 -May 31</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak Saver	Every day between 9:00 a.m. and 4:00 p.m., including holidays
	Off-Peak	All other hours, including holidays
<b>Summer June 1 -September 30</b>	Peak	Weekdays between 4:00 p.m. and 9:00 p.m., excluding holidays
	Off-Peak	All other hours, including holidays

The holidays recognized for the Time-of-Day Billing Periods are as follows:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year's Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples' Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

## VII. Billing

### A. Meter Data

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

## Commercial & Industrial Time-of-Day Rate Schedule CI-TOD4

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge, Summer Peak Demand Charge and Site Infrastructure Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is less than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is more than 34 days	
Price changes within billing period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

### C. Contract Capacity

Use of Contract Capacity for billing is at SMUD's sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

### D. Discontinuance of Service

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD's sole discretion.

*(End)*

## Distribution Wheeling Service Rate Schedule DWS

### I. Applicability

This Rate Schedule DWS is optional for customers requesting Distribution Wheeling Service. SMUD may, at its sole discretion, provide Distribution Wheeling Service to Independent Power Producers and Cogenerators, also referred to as Merchant Generators, within SMUD territory, who establish a need for this service. Wheeling service requests will be evaluated on a case by case basis and may be limited by availability of distribution system capacity. SMUD, as the incumbent utility with native load service obligations, will determine the amount of excess distribution system capacity based on SMUD's forecasted customer loads. Any available distribution capacity in excess of SMUD's native load needs may be available to third parties requesting service under this Rate Schedule DWS. This rate has been developed for wholesale power transactions and SMUD will not wheel non-SMUD power to its retail customers under this rate.

This Rate Schedule DWS is available to entities owning generating facilities that meet the following conditions:

- The entity's generating facility is connected to SMUD's distribution system; and
- The entity has a power purchase (offtake) agreement for the output of the generating facility with an entity other than SMUD; and
- Power delivery under the power purchase agreement occurs at a location outside of the SMUD system.

Under this service, the power from the associated generating facility will be wheeled (transferred) across SMUD's distribution system from the point of interconnection to SMUD's distribution system (Interconnection Point) to SMUD's bulk power system. Entities taking service under this rate schedule will also be required to take Transmission Wheeling Service from SMUD under the SMUD Open Access Transmission Tariff (OATT).

Service under this schedule is on a first-come, first-served basis and is available unless the usage of these wheeling facilities would be detrimental to SMUD. This schedule is available for interconnection of the qualified generating facility to the SMUD distribution system, wherever that may occur within the SMUD service territory.

### II. Rates

#### Distribution Wheeling Charge

\$/kilowatt-month	12/21 kV*	69 kV*
Effective January 1, 2023	\$11.152	\$1.737
Effective January 1, 2024	\$11.459	\$1.785
Effective May 1, 2024	\$11.774	\$1.834
Effective January 1, 2025	\$12.098	\$1.884
Effective May 1, 2025	\$12.430	\$1.936

\* includes all path charges to SMUD's bulk power system

### III. Conditions of Service

#### A. Application for Service

Any entity requesting service under this rate schedule must submit an application for Distribution Wheeling Service. Application for such service is available at the SMUD website, [www.smud.org](http://www.smud.org).

#### B. Required Service Contract

The entity taking wheeling service under the rate schedule shall execute a Distribution Wheeling Agreement (DWA) in accordance with SMUD Policy and Procedure 8-05.

#### C. Reservation Deposit

The entity requesting service under this rate schedule will be required to submit a deposit equal to one month of service under this rate. The deposit will be refundable up until the time that the entity commits to service by execution of the DWA. Once the DWA is executed, the reservation deposit becomes a nonrefundable payment for the first month of service under the rate schedule.

## Distribution Wheeling Service Rate Schedule DWS

### D. Term

Applicant must specify, at the time of application, the start date for the requested service. Applicant must also specify the duration that is requested for service. SMUD will accept applications for service up to 20 years.

### E. Application Under SMUD'S OATT

Applicants must also make application for Transmission Service under SMUD's Open Access Transmission Tariff.

### F. Definitions

The following definitions apply to this schedule:

1. Applicant: The entity requesting service under this rate schedule.
2. Distribution Wheeling: The transfer of Merchant Generator power at 12 kV, 21 kV, or 69 kV for delivery to a third party outside SMUD service territory.

### G. Electrical Interconnection

Applicant must also make a request for interconnection that complies with SMUD's Rule and Regulation 21 process for interconnection and must meet the requirements of Rule and Regulation 21, which include executing an Interconnection Agreement with SMUD. Any resources *not* meeting the Rule and Regulation 21 requirements will not be eligible for service under this schedule.

### H. Metering Requirements

Distributed generation resources receiving service under this schedule shall comply with all applicable rules in installing metering equipment appropriate for full output monitoring agreements, and which can be read daily by electronic means acceptable to SMUD. The customer shall be responsible for procuring and maintaining any communication link required by SMUD for retrieving meter data.

## IV. Line Losses

Merchant Generators taking service under this rate schedule will be assessed a line loss factor. Line losses will be applied as the electricity transitions from one voltage level to another. The line losses by voltage level are as follows:

<u>Voltage Level</u>	<u>Loss Factor</u>
12/21kV	4.06%
69kV	1.53%

SMUD reserves the right to update the line loss factor annually on January 1.

Line losses will be applied to the amount of generated electricity that is measured at the point of interconnection between the Merchant Generator's facility and SMUD's electrical system.

(End)

## Residential and Commercial & Industrial Energy Assistance Program Rate Schedule EAPR

### I. Applicability

This Rate Schedule EAPR applies to customers receiving service under residential or Commercial & Industrial rates who meet specific eligibility requirements.

### II. Eligibility for Residential Customers

Eligibility for the Energy Assistance Program (EAPR) is determined by the following:

- A. The total gross household income must conform to the Income Guidelines as specified on the application;
- B. The customer must not be claimed as a dependent on another person's income tax return; and
- C. The service address on the application must be the customer's primary residence.

### III. Discount for Residential Customers

Eligible residential customers will receive a discount based on qualifying federal poverty level income guidelines. The EAPR discount will include:

- 1. A \$10 System Infrastructure Fixed Charge discount per month; and
- 2. An additional discount is applied as a 100% reduction in the electricity usage cost per kilowatt hour up to the maximum discount according to the following income guidelines:

Federal Poverty Level	Maximum Electricity Usage Discount
0-50%	\$60
>50 to 100%	\$32
>100 to 150%	\$10
>150 to 200%	\$0

- 3. For certain eligible residential EAPR customers per the table below, an EAPR Stabilization Fund (ESF) will be established and maintained to provide an additional discount applied as a reduction in the electricity usage cost per kilowatt hour up to the maximum discount. On an annual basis the Accountant will determine if available sources of discretionary non-retail rate revenue exist and apply those funds to cover up to the maximum ESF additional discount. The additional monthly discount amount will begin January 1, 2024 and will be determined prior to the year the value is in effect.

Federal Poverty Level	ESF Additional Monthly Discount
0-50%	\$0 - \$35

### IV. Eligibility for Nonprofit Organizations

To be eligible for EAPR the nonprofit organization must meet the following requirements:

- A. The organization's qualifying site takes service directly from SMUD; and
- B. The organization meets the qualifications for a nonprofit public or private organization, as specified on the application; and
- C. The organization operates the qualifying site as residential unit(s) whose residents meet the EAPR income guidelines.
  - 1. The primary function of the site shall be to provide a home (sleeping quarters) for low-income residents who would otherwise meet the residential EAPR guidelines defining low-income if permanently residing in a residence.

## Residential and Commercial & Industrial Energy Assistance Program Rate Schedule EAPR

2. In support of the primary function that is provided by the nonprofit organization, associated facilities that provide daytime services for the homeless (such as personal hygiene facilities, laundry facilities, kitchen and/or dining facilities, etc.) may also qualify for the discount. At least 75 percent of the facility's square footage must be directly related to meeting these functions.

An energy survey of the residential unit(s) is recommended at the time of being placed on this program and implementation of recommended cost-effective energy efficiency measures is encouraged.

### V. Discount for Nonprofit Organization

All eligible non-profit organization accounts on a residential rate will receive the maximum residential discount.

Eligible Commercial & Industrial customers will receive discounts as follows:

- A. All eligible Commercial & Industrial customers will receive a discount of 15 percent of the Electricity Usage Charge (kWh), Maximum Demand Charge (kW), Site Infrastructure Charge (kW), and Summer Peak Demand Charge (kW) each billing period.
- B. The Commercial & Industrial rate schedule CI-TOD1 System Infrastructure Fixed Charge will receive a discount of 35 percent each billing period.
- C. The Commercial & Industrial rate schedules CI-TOD2, CI-TOD3 and CI-TOD4 System Infrastructure Fixed Charge will receive a 15 percent discount applied each billing period.

### VI. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

- A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### VII. Conditions of Service

#### A. Application

To qualify for EAPR, the customer must complete a SMUD application and submit requested supporting documents. Applications are processed by SMUD or SMUD's designated agent.

Residential applications are available at SMUD's website, [www.smud.org](http://www.smud.org), or by calling SMUD customer service at 1-888-742-7683.

Nonprofit organizations must provide a copy of a valid determination or ruling letter from the Internal Revenue Service attesting to their charitable nonprofit status. Nonprofit Organization applications are available by calling SMUD customer service at 1-888-742-7683.

#### B. Verification

Upon request, applicants shall provide proof, satisfactory to SMUD or its designated agent, that they meet the eligibility requirements. Failure to provide proof as requested will be considered just cause for denial to enroll in EAPR. It is the customer's responsibility to immediately notify SMUD or its designated agent when eligibility requirements change to the extent that the applicant no longer qualifies for this program. Applicants served under this program may be subject to annual review and/or verification. Any intent to defraud SMUD will result in rebilling of the applicant's bill and removal from EAPR. SMUD reserves the right to take appropriate legal action as warranted.

## Residential and Commercial & Industrial Energy Assistance Program Rate Schedule EAPR

### VIII. Billing

The effective date of EAPR will be the beginning of the billing period in which the request is approved. If participation is terminated, the effective termination date will be the beginning of the billing period in which the request is received or the cancellation date. The maximum electricity usage discount will not be prorated, regardless of the number of days in the billing period or the spanning of multiple seasons. The discount may be reflected on the customer's bill with a rate-based identifier code or line item description. The monthly System Infrastructure Fixed Charge discount will be prorated for bill periods shorter than 27 days as shown in the table below.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.

*(End)*

## General Service Temperature-Dependent Pricing/Economic Retention Rate Schedule GS-TDP (*Closed to new customers*)

### I. Applicability

This Rate Schedule GS-TDP applies to single- or three-phase service, delivered at the subtransmission voltage level. The rate charged the customer shall vary depending on the maximum forecasted temperature during the summer season (June through September). SMUD is utilizing temperature-dependent pricing as an additional rate option for economic retention.

This rate schedule was closed to new participants effective January 1, 1998.

To be eligible for this schedule, customers must have met the following requirements:

1. Certify to SMUD that serving their load has become competitive as shown through evidence of viable competitive energy sources from relocation, self-generation, cogeneration, etc.;
2. Verify that electricity costs are at least 10 percent of their variable production costs; and
3. Agree to remain a full-requirements SMUD customer for a minimum period of five years. If the customer chooses to bypass SMUD before the five year period has expired, the customer shall reimburse SMUD for all cumulative savings received under the temperature-dependent pricing rate compared to the standard rate. The customer may elect to terminate SMUD service after four years, with a one-year advance notification, without penalty.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Firm Service Rate

GS-TDP	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Winter Season (January - May)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$334.10	\$343.30	\$352.75	\$362.45	\$372.40
<b>Site Infrastructure Charge per 12 months max kW or contract capacity</b>	\$0.652	\$0.670	\$0.688	\$0.707	\$0.726
<b>Electricity Usage Charge</b>					
On-peak \$/kWh	\$0.1156	\$0.1188	\$0.1221	\$0.1254	\$0.1288
Off-peak \$/kWh	\$0.0826	\$0.0849	\$0.0872	\$0.0896	\$0.0921
<b>Summer Season (June - September)</b>					
<b>System Infrastructure Fixed Charge per month per meter</b>	\$334.10	\$343.30	\$352.75	\$362.45	\$372.40
<b>Site Infrastructure Charge per 12 months max kW or contract capacity</b>	\$0.652	\$0.670	\$0.688	\$0.707	\$0.726
<b>TDP Summer Super-Peak Demand Charge (\$/kW)</b>					
Per kW of maximum demand during Super-Peak Period per day if forecasted daily maximum temperature (T) for the following day is:					
"Heat Storm" if T ≥ 100° for 2 or more consecutive days; or	\$6.709	\$6.893	\$7.083	\$7.278	\$7.478
"Extremely Hot" if T ≥ 100° for a single day; or	\$6.305	\$6.478	\$6.657	\$6.840	\$7.028
"Very Hot" if 100° > T > 95° for a single day; or	\$1.170	\$1.202	\$1.235	\$1.269	\$1.304
"Mild to Hot" if 95° ≥ T	No Charge	No Charge	No Charge	No Charge	No Charge
<b>Electricity Usage Charge</b>					
Super-peak \$/kWh	\$0.1572	\$0.1615	\$0.1660	\$0.1705	\$0.1752
On-peak \$/kWh	\$0.1382	\$0.1420	\$0.1459	\$0.1499	\$0.1540
Off-peak \$/kWh	\$0.1039	\$0.1068	\$0.1097	\$0.1127	\$0.1158

The TDP Summer Super Peak Maximum Demand Charge varies depending on the forecasted maximum temperature, based on a mutually agreed upon weather forecast source for the Sacramento area, for the following day.

#### Minimum Demand Charge Day

A “Minimum Demand Charge Day” may be declared on days when the forecast maximum daily temperature is greater than 95°F and less than 50 percent of SMUD’s available peaking resources are being utilized. On a “Minimum Demand Charge Day” there is no charge for super-peak TDP maximum demand.

**General Service  
Temperature-Dependent Pricing/Economic Retention  
Rate Schedule GS-TDP (Closed to new customers)****Notification of Minimum Demand Charge Day**

It is the responsibility of the customer to communicate with SMUD to determine whether the SMUD system operator has declared a “Minimum Demand Charge Day.” SMUD reserves the right to cancel a “Minimum Demand Charge Day” if necessary. Any such update will be provided to the customer no later than one hour prior to application of the TDP super-peak maximum demand charge.

**III. Electricity Usage Surcharges**

Refer to the following rate schedules for details on electricity usage surcharges.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**IV. Rate Option Menu****A. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org)

**B. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**V. Conditions of Service****A. Type of Electric Service**

SMUD will provide customers on this rate schedule standard, firm service consisting of a continuous and sufficient supply of electricity.

**B. Service Voltage Definition***1. Secondary Service Voltage*

This service class provides power at voltage levels below 12 kilo-Volts (kV), or at a level not otherwise defined as “Primary” or “Subtransmission.”

*2. Primary Service Voltage*

This service class provides power at a voltage level of 12 kV or 21 kV. To be eligible for Primary Service Voltage, the customer’s monthly demand must exceed 299 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

*3. Subtransmission Service Voltage*

This subtransmission service class provides power at a voltage level of 69 kV or as otherwise defined by SMUD. To be eligible for voltage service at this level, the customer’s monthly demand must exceed 499 kW, the voltage must be available in the area being served, and SMUD must approve the arrangement for power provision.

**General Service  
Temperature-Dependent Pricing/Economic Retention  
Rate Schedule GS-TDP (Closed to new customers)**

**C. Power Factor Adjustment or Waiver**

**1. Adjustment (charge per month varies)**

Accounts on a demand rate may be subject to a power factor (PF) adjustment charge. When a customer’s monthly power factor falls below 95 percent leading or lagging, the following billing adjustment will apply:

$$\text{Electricity Usage} \times [ (95\% \div \text{Power Factor}) - 1 ] \times \text{Power Factor Adjustment Rate}$$

*Electricity Usage: the total monthly kWh for the account*

*Power Factor: the lesser of the customer’s monthly power factor or 95 percent*

*Power Factor Adjustment Rate*

Effective January 1, 2023	\$0.0127
Effective January 1, 2024	\$0.0130
Effective May 1, 2024	\$0.0134
Effective January 1, 2025	\$0.0138
Effective May 1, 2025	\$0.0142

**2. Waiver Contract (charge per month is set for the term of the waiver)**

Customers may apply for a power factor waiver contract that compensates SMUD for the power factor correction for the portion that is covered under the contract. The power factor waiver is not available to customers taking service at the subtransmission service voltage level. The waiver amount per month is calculated:

$$\text{Excess KVAR} \times \text{Waiver Rate}$$

*Excess KVAR: Maximum 12-month KVAR in excess of 32.868 percent of kW*

*Waiver Rate per excess KVAR*

Effective January 1, 2023	\$0.3372
Effective January 1, 2024	\$0.3465
Effective May 1, 2024	\$0.3560
Effective January 1, 2025	\$0.3658
Effective May 1, 2025	\$0.3759

**D. Large General Service Time-of-Use Billing Periods**

<b>Winter On-Peak: October 1 - May 31</b>	Weekdays between noon and 10:00 p.m.
<b>Summer On-Peak: June 1 - September 30</b>	Weekdays between noon and 2:00 p.m. and between 8:00 p.m. and 10:00 p.m.
<b>Summer Super-Peak: June 1 - September 30</b>	Weekdays between 2:00 p.m. and 8:00 p.m.
<b>Off-Peak</b>	All other hours, including holidays shown below.

**General Service  
Temperature-Dependent Pricing/Economic Retention  
Rate Schedule GS-TDP (Closed to new customers)**

Off-peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year’s Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples’ Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

**VI. Billing**

**A. Meter Data**

Meter data for service rendered in accordance with this rate will not be combined for billing purposes unless SMUD determines it is necessary or convenient to do so.

**B. Proration of Charges**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be prorated as shown in the following table.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

**C. Contract Capacity**

Use of Contract Capacity for billing is at SMUD’s sole discretion. Refer to Rule and Regulation 1 and Rule and Regulation 6.

**D. Discontinuance of Service**

Any customer resuming service at the same premises within 12 months after discontinuing service will be required to pay the System Infrastructure Fixed Charges and Site Infrastructure Charges that would have been billed if service had not been discontinued, except when service has been disconnected. The System Infrastructure Fixed Charge and Site Infrastructure Charge will be waived during each of those months. Retroactive billing shall be at SMUD’s sole discretion.

*(End)*

## Hydro Generation Adjustment Rate Schedule HGA

### I. Applicability

This Rate Schedule HGA applies to all customers receiving retail electric service from SMUD. Annually, SMUD will calculate how the yearly variation of precipitation affects hydro generation from SMUD's Upper American River Project (UARP) and impacts the SMUD budget. As of April 1, 2024, SMUD will also calculate how the annual hydro generation delivery variances from the Western Area Power Administration's (WAPA) Central Valley Project (CVP) impact the SMUD budget.

### II. Conditions

#### A. General Conditions

1. The Hydro Generation Adjustment (HGA) precipitation period begins April 1 of the previous year and ends on March 31 of the current year (Water Year).
2. The price of power delivered into the area designated as North Path 15 (NP15) will be used to determine the dollar impact of any excess or shortfall of energy. If NP15 is no longer available, then a suitable replacement will be used.

#### B. SMUD Conditions

1. The actual inches of precipitation (AP) for each period shall be measured at the Fresh Pond measuring station or suitable replacement representative of the UARP watershed.
2. The AP will be compared to the median (midpoint) of inches of precipitation (MP), with the most recent years of data available at the established measuring station, up to a maximum of 50 years.
3. SMUD estimates that each inch of precipitation at Fresh Pond results in 28,000 megawatt hours (MWh) of generation in the UARP.
4. The AP will be capped at a maximum of 80 inches per Water Year to accommodate for spill at the hydroelectric facilities in the UARP.

#### C. WAPA Conditions

1. The monthly Forecasted Delivery (FD) is provided by WAPA.
2. The FD will be compared to the Actual Delivery (AD) as identified by SMUD.

### III. Budget Impact Determination

#### A. SMUD Budget Impact Determination

The following calculations will be used to determine the SMUD budget impact (SBI) from precipitation variances:

##### 1. Precipitation Variance

$$\text{Inches of Precipitation Variance } (\pm \text{IPV}) = \text{MP} - \text{AP}$$

The variance of precipitation equals the difference between the 50-year median and the actual inches of precipitation. If the measuring station changes, the number of years used to determine the median precipitation may vary depending on the volume of historical data available.

##### 2. Generation Conversion

$$\pm \text{IPV} \times 28,000 \text{ MWh/inch} = \pm \text{MWh}$$

The variance of hydro generation, in megawatt hours, equals the inches of precipitation variance x 28,000 MWh/inch at Fresh Pond. If the measuring station changes, the MWh per inch may vary.

##### 3. Calculation of Budget Effects

The market cost of energy is the monthly average of the actual NP15 prices through April 1 and the monthly forecasted NP15 prices for the balance of the year. If NP15 is no longer available, then a suitable replacement will be used.

$$\pm \text{MWh} \times \text{market cost of energy } (\$/\text{MWh}) = \pm \text{SMUD budget impact } (\$)$$

## Hydro Generation Adjustment Rate Schedule HGA

### B. WAPA Budget Impact Determination

The following calculations will be used to determine the WAPA budget impact (WBI) from energy delivery variances on a monthly basis:

#### 1. Energy Delivery Variance

$$\text{MWh Energy Delivery Variance } (\pm \text{ EDV}) = \text{FD} - \text{AD}$$

The energy delivery variance equals the difference between the monthly forecasted energy delivery and the monthly actual energy delivery.

#### 2. Calculation of Budget Effects

The market cost of energy is the average NP15 price.

### IV. Rate Stabilization Funds

#### A. Hydro Rate Stabilization Fund

The SBI will first be compared to the Hydro Rate Stabilization Fund (HRSF). In Water Years with above median precipitation, funds shall be deposited to the HRSF from Operating Revenues until the HRSF reaches a maximum of 6% of budgeted annual gross retail revenue, at which time subsequent excesses may be returned to the customer through the SMUD HGA. In Water Years with below median precipitation, funds will be withdrawn from the HRSF and applied to Operating Revenues until the HRSF balance reaches zero, at which time the SMUD HGA will be levied as a surcharge on electricity usage.

The SBI will not exceed  $\pm 4$  percent of budgeted annual gross retail revenue.

#### B. WAPA Rate Stabilization Fund

The WBI will first be compared to the WAPA Rate Stabilization Fund (WRSF). In Water Years where actual energy deliveries exceed the forecasted energy deliveries, funds shall be deposited to the WRSF from Operating Revenues until the WRSF reaches a maximum of 4% of budgeted annual gross retail revenue, at which time subsequent excesses may be returned to the customer through the WAPA HGA. In Water Years where actual energy deliveries are below the forecasted energy deliveries, funds will be withdrawn from the WRSF and applied to Operating Revenues until the WRSF balance reaches zero, at which time the WAPA HGA will be levied as a surcharge on electricity usage.

The WBI will not exceed  $\pm 2$  percent of budgeted annual gross retail revenue.

### V. Rate Charges

#### A. SMUD Rate Charges

The SMUD HGA deposits into or transfers out of the Hydro Rate Stabilization Fund will be calculated as follows:

$$\text{HRSF} - \text{SBI} = \text{Calculated HRSF}$$

##### A. If Calculated HRSF is $< 0$

The Accountant will transfer the remaining balance of the HRSF to Operating Revenues and the SMUD HGA will be set at:

$$- \frac{\text{Calculated HRSF}}{\text{Budgeted annual retail kWh sales}} = \text{SMUD HGA}$$

## Hydro Generation Adjustment Rate Schedule HGA

- B.** If Calculated HRSF is  $\geq 0$  and  $\leq 6$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the positive SBI out of the HRSF and into Operating Revenues and transfer the negative SBI into the HRSF from Operating Revenues.

- C.** If the Calculated HRSF is  $> 6$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the negative SBI into the HRSF from Operating Revenues up to 6 percent of budgeted annual gross retail revenue. The Board may authorize the SMUD HGA or direct the funds for another purpose. At the Board's direction, the SMUD HGA will be set at:

$$- \frac{(\text{Calculated HRSF} - 6\% \text{ of budgeted annual gross retail revenue})}{\text{Budgeted annual retail kWh sales}} = \text{SMUD HGA}$$

### **B. WAPA Rate Charges**

The WAPA HGA deposits into or transfers out of the WAPA Rate Stabilization Fund will be calculated as follows:

$$\text{WRSF} - \text{WBI} = \text{Calculated WRSF}$$

- A.** If Calculated WRSF is  $< 0$

The Accountant will transfer the remaining balance of the WRSF to Operating Revenues and the WAPA HGA will be set at:

$$- \frac{\text{Calculated WRSF}}{\text{Budgeted annual retail kWh sales}} = \text{WAPA HGA}$$

Any funds collected through the WAPA HGA will be deposited into the WRSF.

- B.** If Calculated WRSF is  $\geq 0$  and  $\leq 4$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the positive WBI out of the WRSF and into Operating Revenues and transfer the negative WBI into the WRSF from Operating Revenues.

- C.** If the Calculated WRSF is  $> 4$  percent of budgeted annual gross retail revenue:

The Accountant will transfer the negative WBI into the WRSF from Operating Revenues up to 4 percent of budgeted annual gross retail revenue. The Board may authorize the WAPA HGA or direct the funds for another purpose. At the Board's direction, the WAPA HGA will be set at:

$$- \frac{(\text{Calculated WRSF} - 4\% \text{ of budgeted annual gross retail revenue})}{\text{Budgeted annual retail kWh sales}} = \text{WAPA HGA}$$

### **C. Rate Charges**

The HGA will be comprised of the SMUD HGA and the WAPA HGA.

$$\text{HGA} = \text{SMUD HGA} + \text{WAPA HGA}$$

## **VI. Application**

The HGA is recalculated for each Water Year and will be applied to all rate schedules May 1 until April 30 of the following year.

(End)

## Outdoor Night Lighting Service Rate Schedule NLGT

### I. Applicability

This Rate Schedule NLGT applies to SMUD-owned and maintained outdoor overhead lighting service where Street Lighting Service Rate Schedule SLS does not apply. Service furnished under this schedule may be discontinued at any location where SMUD's overhead distribution facilities are relocated or converted to underground distribution facilities.

Lamps shall be supported on SMUD-owned poles that are used to carry distribution system circuits used for other SMUD purposes and shall be at locations approved by SMUD.

### II. Rate

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>NLGT</b>					
<b>Electricity and Switching Charge \$ per watt of connected load</b>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based upon the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to existing wood poles that are used to carry distribution system circuits.

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Lamp Servicing and Relocations

- A. Upon receipt of notice from the customer that light fails to operate as scheduled, SMUD will, within a reasonable period of time, make the necessary repairs.
- B. SMUD will, at the customer's request, relocate existing outdoor lighting service equipment, provided the customer reimburses SMUD for the relocation cost.

### V. Conditions of Service

- A. Service shall be alternating current at a frequency of approximately 60 hertz, single phase.
- B. Where new facilities are required in order to provide service for an applicant under this rate, SMUD may require a contract for service for a period not to exceed three years.
- C. Information on equipment that qualifies for this rate schedule and the associated monthly charge is available on the SMUD website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least annually and update as appropriate. SMUD retains the right to modify the listing of approved fixtures and lamps to accommodate changing technology or other business needs criteria.

### VI. Billing

#### A. Connected Load

The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

## Outdoor Night Lighting Service Rate Schedule NLGT

### B. Proration of Charges

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The Electricity Usage Charge will be prorated as shown in the following table.

Billing Circumstance	Basis for Proration
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

*(End)*

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## **Residential Service Rate Schedule R**

### **I. Applicability**

This Rate Schedule R applies to single- and three-phase service for the following types of residential premises:

1. Individually metered residences including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes; and
3. Master-metered service to a qualifying multifamily accommodation or mobile home park that is submetered to all single-family units or individual mobile homes.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

#### **A. Fixed Rate (rate category RF01)**

1. The Fixed Rate is the alternative rate to SMUD’s Time-of-Day (TOD) (5-8 p.m.) Rate (rate category RT02) under Rate Schedule R-TOD.
2. The Fixed Rate is required for customers serviced with analog meters and digital non-communicating meters.
3. Customers who qualify for Rate Schedule NEM1 and have an eligible renewable electrical generation facility that was approved for installation prior to January 1, 2018 are eligible to enroll in the Fixed Rate and may remain on the Fixed Rate after December 31, 2022.
4. Customers who have an eligible renewable electrical generation facility under Rate Schedule NEM1 that was approved for installation on or after January 1, 2018 are not eligible to enroll in the Fixed Rate.
5. Customers who have an eligible renewable electrical generation facility under Rate Schedule SSR are not eligible to enroll in the Fixed Rate.
6. Customers who have a storage facility without an associated eligible generating facility are not eligible to enroll in the Fixed Rate.
7. Customers who have master meters, including those enrolled on the RSMM rate category, are not eligible to enroll in the Fixed Rate.

#### **C. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM)**

1. This rate is closed to new customers unless SMUD determines that it is not reasonable or feasible to provide service and meter the individual units directly.
2. The master-metered customer’s electricity consumption will be billed using the total kWh usage of the master-meter divided by the number of occupied single-family accommodations. The billing calculation will include applicable discounts to all kWh Usage Charges and System Infrastructure Fixed Charge (SIFC) for qualifying energy assistance and medical equipment discount program participants. The customer must advise SMUD within 15 days following any change in the number of occupied single-family accommodations wired for electric service.

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## Residential Service Rate Schedule R

### II. Firm Service Rates

#### A. Fixed Rate Customers (rate category RF01)

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Fixed Rate (RF01)</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1194	\$0.1227	\$0.1261	\$0.1295	\$0.1331
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1907	\$0.1959	\$0.2013	\$0.2069	\$0.2126

#### B. Master-Metered Multifamily Accommodation and Mobile Home Park Billing (Rate Category RSMM) Closed

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Master Metered Multifamily and Mobile Home Park Billing (Closed)</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per unit</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1324	\$0.1360	\$0.1398	\$0.1436	\$0.1476
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per unit</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
All kWh usage per month <i>\$/kWh</i>	\$0.1516	\$0.1558	\$0.1601	\$0.1645	\$0.1690

### III. Electricity Usage Surcharges

Refer to the following rate schedule for details on electricity usage surcharges that apply to all kWh.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Rate Option Menu

A. **Energy Assistance Program Rate.** Refer to Rate Schedule EAPR.

B. **Medical Equipment Discount Program.** Refer to Rate Schedule MED.

C. **Joint Participation in Medical Equipment Discount and Energy Assistance Programs.** Refer to Rate Schedule MED.

D. **Time-of-Day Rate.** Refer to Rate Schedule R-TOD.

E. **Standby Service Option**

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer's premises, that serves all or part of the customer's load; and
2. The generator(s) have a combined nameplate rating of less than 100 kW; and
3. The generator(s) are connected to SMUD's electrical system; and

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## **Residential Service Rate Schedule R**

4. SMUD is required to have resources available to provide supplemental service, backup electricity and/or to supply electricity during generator(s) maintenance service.

**Standby Charge January 1 through December 31**

**\$/kW of Contract Capacity per month**

Effective January 1, 2023	\$7.713
Effective January 1, 2024	\$7.925
Effective May 1, 2024	\$8.143
Effective January 1, 2025	\$8.367
Effective May 1, 2025	\$8.597

In addition to the Standby Charge, SMUD will continue to bill for all applicable charges under this rate. These charges include SIFC and electricity usage charges for SMUD-provided power.

The Standby Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

- F. Customer Energy Generation Option.** Refer to Rate Schedule NEM1.

**G. SMUD Renewable Energy Option**

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org).

**H. Special Metering Charge**

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD's website, [www.smud.org](http://www.smud.org).

- I. Plug-In Electric Vehicle (PEV) Option.** Refer to Rate Schedule R-TOD.

**J. Residential Three-Phase Service Option**

This option is open to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the SIFC.

**Three-Phase Service – January 1 through December 31**

**Special Facilities fee per month**

Effective January 1, 2023	\$50.45
Effective January 1, 2024	\$51.85
Effective May 1, 2024	\$53.25
Effective January 1, 2025	\$54.75
Effective May 1, 2025	\$56.25

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## **Residential Service Rate Schedule R**

### **V. Billing**

KWh usage may be prorated for nonstandard billing periods, when billing period spans a price change, and/or when the billing period spans more than one season. The monthly SIFC will be prorated when the bill period is shorter than 27 days. The following table shows the basis for the proration in these circumstances. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days (SIFC and kWh)	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days (kWh)	
Seasons overlap and price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective season or pricing periods.

*(End)*

## Residential Time-of-Day Service Rate Schedule R-TOD

### I. Applicability

This Rate Schedule R-TOD applies to single- and three-phase service for the following types of residential premises:

1. Individual or dual metered residences with digital communicating meter installed, including single-family homes, duplexes, apartments, and condominiums; and
2. General farm service where the meter also serves the residence or additional meters on a farm where the electricity consumed is solely for domestic purposes.
3. Customers who have an eligible renewable electrical generation facility under Rate Schedules NEM1 or SSR that was approved for installation by SMUD on or after January 1, 2018, or who establish service at a premises that has an electrical generation facility that is fueled by a renewable fuel source on or after January 1, 2018 must be on this Rate Schedule R-TOD.

Master-metered service to a qualifying multifamily accommodation or mobile home parks are not eligible for Time-of-Day rates under rate schedule R-TOD.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

#### A. Time-of-Day (5-8 p.m.) Rate (rate category RT02)

1. The TOD (5-8 p.m.) Rate is the standard rate for SMUD’s residential customers. Eligible customers can elect the Fixed Rate under Rate Schedule R as an alternative rate.
2. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.

#### B. Optional Critical Peak Pricing (CPP) Rate (rate category RTC1)

1. The CPP rate is available as of June 1, 2022 for customers who are participating in a qualifying program. Customers that have accepted a storage incentive under certain Solar and Storage Rate incentive programs are required to enroll in this rate for a duration as determined by SMUD program rules posted on [www.smud.org](http://www.smud.org).
2. A maximum of 30,000 customers may be enrolled in this rate at any given time.
3. CPP Events may range from one to four hours, but not more than once per day. CPP Events may be called during any hour of the day during summer months, including holidays and weekends, up to 50 hours per summer. CPP Events may span multiple time-of-day periods.
4. CPP Events will be announced by SMUD a day in advance. However, in the event of a system emergency, announcements may occur the same day as the event.
5. This rate has five kilowatt-hour (kWh) prices, depending on the time-of-day and season as shown in Section V. Conditions of Service along with the holidays.

## Residential Time-of-Day Service Rate Schedule R-TOD

### II. Firm Service Rates

#### A. Time-of-Day (5-8 p.m.) Rate

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>Time-of-Day (5-8 p.m.) Rate (RT02)</b>					
<b>Non-Summer Season (October - May)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.1547	\$0.1590	\$0.1633	\$0.1678	\$0.1724
Off-Peak <i>\$/kWh</i>	\$0.1120	\$0.1151	\$0.1183	\$0.1215	\$0.1248
<b>Summer Season (June - September)</b>					
System Infrastructure Fixed Charge <i>per month per meter</i>	\$23.50	\$24.15	\$24.80	\$25.50	\$26.20
Electricity Usage Charge					
Peak <i>\$/kWh</i>	\$0.3279	\$0.3369	\$0.3462	\$0.3557	\$0.3655
Mid-Peak <i>\$/kWh</i>	\$0.1864	\$0.1914	\$0.1967	\$0.2021	\$0.2077
Off-Peak <i>\$/kWh</i>	\$0.1350	\$0.1387	\$0.1425	\$0.1464	\$0.1505

#### B. Optional Critical Peak Pricing Rate

- The CPP Rate base prices per time-of-day period are the same as the prices per time-of-day period for TOD (5-8 p.m.).
- The CPP Rate provides a discount per kWh on the Mid-Peak and Off-Peak prices during summer months.
- During CPP Events, customers will be charged for energy used at the applicable time-of-day period rate plus the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).
- During CPP Events, energy exported to the grid will be compensated at the CPP Rate Event Price per kWh as shown on [www.smud.org](http://www.smud.org).
- The CPP Rate Event Price and discount will be updated annually at SMUD’s discretion and posted on [www.smud.org](http://www.smud.org).

#### C. Plug-In Electric Vehicle Credit (rate categories RT02 and RTC1)

This credit is for residential customers who have a licensed passenger battery electric plug-in or plug-in hybrid electric vehicle.

Credit applies to all electricity usage charges from midnight to 6:00 a.m. daily

Electric Vehicle Credit..... -\$0.0150/kWh

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on these surcharges.

- Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Rate Option Menu

- Energy Assistance Program Rate.** Refer to Rate Schedule EAPR.
- Medical Equipment Discount Program.** Refer to Rate Schedule MED.
- Joint Participation in Medical Equipment Discount and Energy Assistance Program Rate.** Refer to Rate Schedule MED.

## Residential Time-of-Day Service Rate Schedule R-TOD

### D. Standby Service Option

Standby Service applies when all of the following conditions are met:

1. The customer has generation, sited on the customer’s premises, that serves all or part of the customer’s load; and
2. The generator(s) have a combined nameplate rating less than 100 kW; and
3. The generator(s) are connected to SMUD’s electrical system; and
4. SMUD is required to have resources available to provide supplemental service, backup electricity and/ or to supply electricity during generator(s) maintenance service.

#### Standby Service – January 1 through December 31

#### \$/kW of Contract Capacity per month

Effective January 1, 2023	\$7.713
Effective January 1, 2024	\$7.925
Effective May 1, 2024	\$8.143
Effective January 1, 2025	\$8.367
Effective May 1, 2025	\$8.597

In addition to the Standby Service Charge, SMUD will continue to bill for all applicable charges under the selected residential TOD rate. These charges include System Infrastructure Fixed Charges and electricity usage charges for SMUD-provided power. All energy provided to the customer by SMUD will be billed at the applicable residential TOD rates.

The Standby Service Charge will be waived only for qualifying renewable generation under Rate Schedules NEM1 and SSR. The Standby Service Charge applies to customers who install, interconnect, and operate their own electrical generation facility and equipment to self-supply all their own power needs as a microgrid service, where SMUD provides only backup electricity.

**E. Customer Energy Generation Options.** Refer to Rate Schedules NEM1 and SSR.

### F. SMUD Renewable Energy Option

SMUD offers optional programs that allow customers to receive renewable energy for an additional charge, detailed on [www.smud.org](http://www.smud.org)

### G. Special Metering Charge

For customers who purchase and install additional equipment and software identified by SMUD meter specialists as necessary for load data collection and transfer to electronic media outside SMUD, SMUD will charge a monthly service fee to cover maintenance, software support and licensing fees. Payment for this nonstandard equipment and service will be made through provisions in Rule and Regulation 2, Section IV. Special Facilities. The fee schedule is available at SMUD’s website, [www.smud.org](http://www.smud.org).

**Residential Time-of-Day Service  
Rate Schedule R-TOD**

**H. Residential Three-Phase Service Option**

This option applies to customers located in areas where three-phase service is available. A Special Facilities fee may be charged to cover the additional costs for providing this service. This charge is in addition to the System Infrastructure Fixed Charge.

**Three-Phase Service – January 1 through December 31**

Special Facilities fee per month

Effective January 1, 2023	\$50.45
Effective January 1, 2024	\$51.85
Effective May 1, 2024	\$53.25
Effective January 1, 2025	\$54.75
Effective May 1, 2025	\$56.25

**V. Conditions of Service**

**A. Time-of-Day Billing Periods**

<b>Summer (Jun 1 - Sept 30)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Mid-Peak</b>	Weekdays between noon and midnight except during the Peak hours.
	<b>Off-Peak</b>	All other hours, including weekends and holidays <sup>1</sup> .
<b>Non-Summer (Oct 1 - May 31)</b>	<b>Peak</b>	Weekdays between 5:00 p.m. and 8:00 p.m.
	<b>Off-Peak</b>	All other hours, including weekends and holidays <sup>1</sup> .

<sup>1</sup> See Section V. Conditions of Service

Off-Peak pricing shall apply during the following holidays:

<u>Holiday</u>	<u>Month</u>	<u>Date</u>
New Year’s Day	January	1
Martin Luther King Jr. Day	January	Third Monday
Presidents Day	February	Third Monday
Memorial Day	May	Last Monday
Juneteenth National Independence Day	June	19
Independence Day	July	4
Labor Day	September	First Monday
Indigenous Peoples’ Day/Columbus Day	October	Second Monday
Veterans Day	November	11
Thanksgiving Day	November	Fourth Thursday
Christmas Day	December	25

**VI. Billing**

**A. Proration of Charges**

The electricity usage charge will not be prorated, regardless of the number of days in the billing period or the spanning of multiple seasons. The monthly System Infrastructure Fixed Charge will be prorated when the bill period is shorter than 27 days as shown in the following table. The monthly System Infrastructure Fixed Charge is determined by the billing period end date.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.

(End)

# DRAFT

## Street Lighting Service Rate Schedule SLS

### I. Applicability

This Rate Schedule SLS applies to outdoor lighting service facilities for:

1. Streets; and
2. Highways, and bridges; and
3. Public parks; and
4. Elementary schools, secondary schools, and colleges.

This schedule covers the following service categories:

- **Customer-Owned and Maintained — Rate Category SL\_COM**
- **Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M**
- **Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM**
- **SMUD (District)-Owned and Maintained — Rate Category SL\_DOM**

For the purposes of the following prices a "month" is considered to be a single billing period of 27 to 34 days.

### II. Customer-Owned and Maintained — Rate Category SL\_COM

Where the customer owns and maintains the street lighting equipment, SMUD will furnish electricity and switching. This rate is available to customers that are not eligible for the default SL\_COM\_M metered rate or as determined by SMUD. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_COM</b>					
<b>Electricity and Switching Charge</b> <i>\$ per watt of connected load</i>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

### III. Customer-Owned and Maintained, Metered — Rate Category SL\_COM\_M

Eligible street lighting customers requesting new installations of lamps or additions of new lamps to existing accounts will default to the metered SL\_COM\_M rate. Eligible street lighting customers will be served under the default rate or as determined by SMUD.

Where the customer owns and maintains street lighting equipment, that is controlled to **operate solely during dusk to dawn hours**, SMUD will furnish electricity, the meter, and switching. The charges will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_COM_M</b>					
<b>System Infrastructure Fixed Charge</b> <i>per month per meter</i>	\$10.70	\$11.00	\$11.30	\$11.60	\$11.95
<b>Electricity Usage Charge</b> <i>All day \$/kWh</i>	\$0.0925	\$0.0950	\$0.0976	\$0.1003	\$0.1031

# DRAFT

## Street Lighting Service Rate Schedule SLS

### IV. Customer-Owned, SMUD (District)-Maintained — Rate Category SL\_CODM (Closed to new customers and installations)

This rate is closed to new customers and installations effective January 23, 2014. Where the customer owns the street lighting equipment and SMUD supplies electricity, switching and, lamp servicing and maintenance, such service will be rendered for lamps and fixtures of sizes and types as SMUD has approved. Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_CODM (closed)</b>					
<b>Electricity and Switching Charge \$ per watt of connected load</b>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

There is a separate monthly charge for maintaining each fixture and/or lamp. SMUD maintains a list of acceptable lamps and fixture types with standard ratings and the corresponding monthly maintenance charge.

This service is restricted to SMUD-approved locations.

### V. SMUD (District)-Owned and Maintained — Rate Category SL\_DOM

Where the customer requests that SMUD own, install, operate, and maintain the entire street lighting system, such service will be provided with fixtures and lamps of sizes and types as approved by SMUD. This rate is restricted to streets that are defined as right-of-way held in public trust, and maintained by the applicable governmental jurisdiction. At SMUD’s sole discretion, streets not readily accessible to the general public will be served under the customer owned and maintained rates only.

There will be a separate monthly charge for installation and maintenance of each fixture (including lamps, refractors, ballasts, photocells and other typical support equipment). These charges are based on the installation of street lighting fixtures of a design specified by SMUD and mounted by means of varying length brackets affixed to poles that are used to carry distribution system circuits.

When additional or alternative facilities are installed at the customer’s request, monthly charges will be assessed according to SMUD’s published charge schedule.

#### A. Pricing

Effective the first full billing cycle after the following date(s), the charge will be as follows:

	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
<b>SL_DOM</b>					
<b>Electricity and Switching Charge \$ per watt of connected load</b>	\$0.0308	\$0.0316	\$0.0325	\$0.0334	\$0.0343

#### B. Relocations and Changes

At the customer’s request, SMUD may, at its sole discretion, relocate existing equipment provided the customer reimburses net expense to SMUD incurred in connection therewith, including appropriate engineering and general expense.

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**Street Lighting Service**  
**Rate Schedule SLS**

At the customer's request, SMUD may, at its sole discretion, replace existing equipment with new equipment prior to expiration of the existing equipment's service life, provided the customer pays to SMUD an amount equal to the unrecovered cost, less salvage value, of the existing equipment to be retired and executes a fifteen-year contract for service effective with installation of the new equipment.

**C. New Service**

New service will require an initial contract term of 15 years effective with installation of the service. If service is terminated before the contract term, the customer will be responsible for an amount equal to the unrecovered cost, less salvage value, of the equipment installed.

**VI. Electricity Usage Surcharges**

Refer to the following rate schedules for details on electricity usage surcharges that apply to all kWh.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

**VII. Conditions of Service**

- A.** Service will be alternating current at a frequency of approximately 60 hertz, single phase, at voltages specified by SMUD. Lamps shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
- B.** When a customer requests that SMUD finance as well as install customer-owned street lighting equipment, provisions of Rule and Regulation 2 apply.
- C.** Information on equipment that qualifies for rates on this schedule and the associated monthly charges is available, on SMUD's website, [www.smud.org](http://www.smud.org), or will be furnished upon request. SMUD will review this information at least once per year and update as necessary for additional approved equipment, technology improvements and pricing changes.
- D.** SMUD will furnish a meter to provide service under the metered rate categories.

**VIII. Billing**

**A.** The manufacturer's rating in watts (including all auxiliary equipment) will be used as connected load.

**B. Proration of Charges (SL\_DOM, SL\_COM, and SL\_CODM)**

Billing periods for nonstandard lengths will be billed as follows:

- 1.** Service connected for 15 or more days during a billing period will be billed for a full month's service.
- 2.** Service connected for 1-14 days during a billing period will not be billed for such partial month's service.
- 3.** Service discontinued for 15 or more days during a billing period will not be billed for such partial month's service.
- 4.** Service discontinued for 1-14 days during a billing period will be billed for a full month's service.

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**Street Lighting Service**  
**Rate Schedule SLS**

**C. Proration of Charges (SL\_COM\_M)**

Charges are prorated when the billing period is less than 27 days, more than 34 days or spans more than one price. The System Infrastructure Fixed Charge will be prorated as shown in the following table.

<b>Billing Circumstance</b>	<b>Basis for Proration</b>
Bill period is shorter than 27 days	Relationship between the length of the billing period and 30 days.
Bill period is longer than 34 days	
Price changes within bill period	Relationship between the length of the billing period and the number of days that fall within the respective pricing periods.

*(End)*

## Traffic Control Intersection Lighting Service Rate Schedule TC ILS

### I. Applicability

This Rate Schedule TC ILS applies to electric service for the benefit of cities, counties, and other public agencies for pedestrian and vehicular traffic signal units, together with related control devices for the purpose of traffic safety and management and associated intersection lighting where the mounting, standards, control supports, signal equipment, and luminaires are owned and maintained by the customer.

For the purposes of this schedule a "month" is considered to be a single billing period of 27 to 34 days.

### II. Rates (Rate Categories TS\_F, TS)

TS_F, TS	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
System Infrastructure Fixed Charge <i>for metering point per month or portion thereof</i>	\$6.36	\$6.53	\$6.71	\$6.90	\$7.09
Electricity Usage Charge <i>All day \$/kWh</i>	\$0.1161	\$0.1194	\$0.1226	\$0.1259	\$0.1294

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

A. **Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD, and at service points mutually agreed upon between the customer and SMUD.
2. Lamps for intersection lighting shall be controlled to operate from dusk to dawn each night so as to give approximately 4,000 hours of lighting service annually.
3. Where the monthly consumption of electricity is consistently small or can be predetermined with reasonable accuracy by reference to the capacity of equipment served and the hours of operation, SMUD may, with customer's consent, calculate electricity consumed in lieu of providing metering equipment (TS\_F).

### V. Billing

For billing periods of less than 27 days or more than 34 days, System Infrastructure Fixed Charges will be prorated on the basis of the relationship between the length of the billing period and 30 days. No proration will be made on first-time billing when the total period of service is less than 30 days.

(End)

## Traffic Signal Service Rate Schedule TSS (Closed to new customers)

### I. Applicability

This Rate Schedule TSS applies to electric service for pedestrian and vehicular traffic signal units, together with related control devices where the mounting standards, control supports, and signal equipment are owned and maintained by the customer.

For the purposes of this schedule a “month” is considered to be a single billing period of 27 to 34 days.

### II. Rate (Rate Category SL\_TSF)

#### Monthly Charges

SL_TSF	Effective as of January 1, 2023	Effective as of January 1, 2024	Effective as of May 1, 2024	Effective as of January 1, 2025	Effective as of May 1, 2025
For units not larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per unit</b> per month	\$4.61	\$4.74	\$4.87	\$5.00	\$5.14
For units larger than 70 watts or connected load and not exceeding three lamps per unit, the monthly charge <b>per lamp per watt</b>	\$0.0323	\$0.0332	\$0.0341	\$0.0350	\$0.0360
Total charge per month being not less than	\$4.61	\$4.74	\$4.87	\$5.00	\$5.14

### III. Electricity Usage Surcharges

Refer to the following rate schedules for details on electricity surcharges that apply to all kWh usage.

**A. Hydro Generation Adjustment (HGA).** Refer to Rate Schedule HGA.

### IV. Conditions of Service

1. Service shall be alternating current, at a frequency of approximately 60 hertz, single phase, at secondary voltages specified by SMUD.
2. No additional service will be provided by SMUD under Rate Schedule TSS. Upon notification by SMUD and installation of metering facilities, individual accounts will be transferred from Rate Schedule TSS to Rate Schedule TC ILS.

### V. Billing

#### A. Connected Load

“Connected load” as used in this rate schedule shall be the sum of the capacities of all of the customer’s equipment that may be operated from SMUD's lines at the same time.

#### B. Billing Periods of Nonstandard Length

Billing periods of nonstandard length will be billed as follows:

1. Service connected for 15 or more days during a billing period will be billed for a full month’s service.
2. Service connected for 1-14 days during a billing period will not be billed for such partial month’s service.
3. Service discontinued for 15 or more days during a billing period will not be billed for such partial month’s service.
4. Service discontinued for 1-14 days during a billing period will be billed for a full month’s service.

(End)

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## **Definitions**

### **Rule and Regulation 1**

#### ***Applicant***

A person, corporation, or agency in whose name service is rendered for a particular account as evidenced by the signature on the application, by contract or by verbal request for service. In the absence of a signed instrument, a customer will be identified by the receipt and payment of bills regularly issued in the name of the person, corporation, or agency, regardless of the identity of the actual user(s) of the service.

#### ***Connected Load***

The sum of the rated capacities of all of the customer's equipment that can be simultaneously served by electricity supplied by SMUD.

#### ***Contract Capacity***

A nonvariable maximum kW to be used for customer billing purposes. At SMUD's sole discretion the nonvariable maximum kW may be based on either 1) a customer-tailored rate agreement, or 2) the maximum load a customer can receive based on the following applicable options:

1. Capacity rating of an interconnected, customer-owned generator (Generator Installed Capacity); or
2. Capacity rating of a customer-requested or customer-dedicated transformer (Transformer Installed Capacity); or
3. SMUD sizing of customer-related equipment based on customer's application for service or actual service; or
4. The customer's connected load metered or aggregated at a single point.

#### ***Customer***

The person, corporation or agency in whose name service is rendered for a particular account as evidenced by the signature on the application, contract or verbal request for service. In the absence of a signed instrument, a customer shall be identified by the receipt of bills regularly issued in the name of the person, corporation or agency or the actual user(s) of the service.

#### ***Customer-owned Generation***

An electric generator, owned by the customer, interconnected with, and operated in parallel with, SMUD's facilities.

#### ***Demand***

The delivery of power to the customer at defined point in time and measured in kW.

#### ***Distribution System***

The Distribution System consists of the three voltage classes available to customers, where SMUD provides service below 100 kV. This includes subtransmission service at a voltage level of 69 kV or as otherwise defined by SMUD, primary service at a voltage level of 12 kV or 21 kV, as well as secondary service at a voltage level below 12 kV or at a level not otherwise defined as "primary" or "subtransmission".

#### ***Energy***

The measure of power (kW) over a period of time (hour), referred to as kilowatt-hour or kWh.

#### ***Generator Installed Capacity***

The nameplate rating of a customer-owned generator. For photovoltaic generation facilities, generation capacity is measured using the California Energy Commission Alternating Current (CEC AC) rating. For all other electrical generation facilities, the nameplate Alternating Current (AC) rating will be used to measure generation capacity.

#### ***Heat Pump***

A unit for space conditioning which is capable of heating by refrigeration and which may or may not include the capability for cooling. Heat pumps may utilize auxiliary resistance heating to the extent required by standard design techniques.

#### ***Interval Data***

The meter measures and stores the amount of energy delivered to the customer or the customer's energy usage for fixed intervals of time. The meter records the date and time period of each interval as well.

# DRAFT

## Definitions Rule and Regulation 1

### **Multiplier**

A meter multiplier is applied for locations which have electrical load that is too large for a meter to measure its total usage. In these situations, current and potential transformers are installed allowing a portion of the total usage to be measured. The measured usage is then multiplied by the appropriate amount (the multiplier) to determine the actual kWh used for billing purposes.

### **Nonagricultural Irrigation**

The irrigations of areas such as highway landscaping and golf courses.

### **Peak Demand**

The maximum 15-minute delivery of power to the customer during the defined period, measured in kW.

### **Pole Attachment**

Equipment owned by an external party and attached to a SMUD distribution pole that distributes electricity at less than 50 kilovolts. SMUD approval is required and the external party must pay the actual costs incurred by SMUD to facilitate the Pole Attachment plus ongoing attachment fees. If a Pole Attachment draws energy from SMUD, the applicable rate charges and energy rate shall also apply.

### **Power Factor**

The percent of total power delivery (KVA) which does useful work. For billing purposes, power factor is defined as the ratio of active power (KW) to apparent power (KVA). The formula to determine power factor is:

$$\text{Power Factor} = \frac{\text{KW}}{\text{KVA}}$$

where:  $\text{KVA}^2 = \text{KVAR}^2 + \text{KW}^2$       KW = maximum monthly billing demand      KVAR = maximum monthly billing KVAR demand

### **Power Theft**

*Energy Theft* – The use or receipt of the direct benefit of all or a portion of electrical service with knowledge of, or reason to believe that, a diversion, tampering, or unauthorized connection existed at the time of the use or that the use or receipt was without the authorization or consent of SMUD.

*Diversion* – To change the intended course of electricity without the authorization or consent of SMUD.

*Tampering* – To rearrange, injure, alter, interfere with, or otherwise prevent from performing normal or customary function, any property owned by SMUD for the purpose of providing utility services.

*Unauthorized Connection* – To make, or cause to be made, any connection or reconnection with property owned or used by SMUD to provide utility service without the authorization or consent of SMUD.

*Unauthorized Use* – Unauthorized use is defined as the use of electricity in noncompliance with SMUD's normal billing practices or applicable law. It includes, but is not limited to meter tampering, unauthorized connection or reconnection, theft, fraud, and intentional use of electricity whereby SMUD is denied full compensation for electric service provided.

### **Ratcheted Demand**

The highest kW recorded over the past twelve months.

# DRAFT

## Definitions Rule and Regulation 1

### **Rate Charges**

Charges that may include the following:

*System Infrastructure Fixed Charge* – That portion of the charge for service which is a fixed amount without regard to connected load, maximum demand, or electricity usage in accordance with the rate.

*Site Infrastructure Charge* – That portion of the charge which applies to site-related distribution facilities.

*Maximum Demand Charge* – That portion of the charge which varies with the billing demand in accordance with the rate.

*Summer Peak Demand Charge* – That portion of the charge which varies with the billing demand in accordance with the rate.

*Electricity Usage Charge* – That portion of the charge for service which varies with the quantity of electricity consumed in accordance with the rate.

*Standby Charge* – That portion of the charge for standby service which is a fixed amount based on the maximum load SMUD stands ready to supply in accordance with the rate.

### **Rating of Installations**

The ratings that are established by the higher of the manufacturer's name-plate rating or actual test, at the option of SMUD.

### **Reserved Capacity Charge**

The charge assessed when a customer operates a combined heat and power facility interconnected to SMUD's system and SMUD is required to have resources available to provide supplemental service, backup electricity and, or to supply electricity during generator maintenance service.

### **Resistance Heating**

Any apparatus employing the resistance of conductors to transform electric energy into heat.

### **Site Infrastructure Charge**

A component of SMUD's monthly billing for most commercial customers which is presently based on the twelve months maximum demand. This charge is levied to cover the fixed cost of capacity related facilities such as transmission and distribution facilities.

### **Subordination**

The process by which a creditor is placed in a lower priority for the collection of its debt from its debtor's assets than the priority the creditor previously had.

### **Summer Peak Demand Charge**

A component of some of the time-of-use (TOU) rate bills to recover, levied during the summers months of June through September based on summer peak hours that are specified in the Commercial Industrial rate schedules.

### **System Infrastructure Fixed Charge**

The monthly flat rate charge that covers a small portion of the shared fixed costs necessary to run SMUD operations, including service drops, transformers, trucks, and the customer call center. All SMUD customers contribute and benefit from the upkeep of these services and resources.

### **Transformer Installed Capacity**

The power handling capability of a customer-requested or customer-dedicated transformer with an assumed unity power factor; expressed in kVa.

*(End)*

## Adjustment for Errors in Electric Bills Rule and Regulation 10

### I. Investigation of Billing Error

Whenever the correctness of any bill for electric service is questioned, SMUD will cause an investigation to be made. Where the bill is questioned by the customer, SMUD may require such customer to deposit the amount of such disputed bill as evidence of good faith. Bills that do not reflect the correct charges for electric service actually rendered to the customer in accordance with applicable SMUD electric rates shall be adjusted to a correct basis as determined by SMUD's investigation.

### II. Adjustment of Bills for Billing Error

A billing error is a bill that does not reflect the correct charges for electric service rendered to the customer, which may include but is not limited to incorrect meter reads or clerical errors such as applying the wrong rate and/or rate option, wrong billing factor or an incorrect calculation. Billing error does **not** include a meter error or unauthorized use; switch or mismarked meters by other than SMUD; improper customer wiring; inaccessible meter; failure of the customer to notify SMUD of changes in the customer's equipment or operation; or failure of the customer to take advantage of a rate or condition of service for which the customer is eligible and has been given notification through a bill insert.

Where SMUD overcharges or undercharges a customer as a result of a billing error, SMUD may render an adjusted bill for the amount of the undercharge, without interest, and shall issue a refund or credit to the customer for the amount of the overcharge, without interest, for the period of the billing error, but not to exceed three years from the date of discovery in the case of an undercharge or overcharge.

### III. Adjustment of Bills for Meter Error

Adjustments to bills for meter error shall be made in accordance with the provisions of Rule and Regulation 17.

### IV. Adjustment of Bills for Unauthorized Use

Where SMUD determines that there has been unauthorized use of electrical service, SMUD may bill the customer for SMUD's estimate of such unauthorized use.

#### a. Residential Customers

The Fixed Rate (see Rate Schedule R) may be used for the collection of revenue associated with unauthorized use of residential electrical service regardless of the date(s) or time(s) in which the use occurred.

#### b. Non-Residential Customers

The applicable rate, including revenue associated with demand charges, electricity usage charges and power factor adjustment or waiver charges will be used for the collection of revenue associated with unauthorized use of non-residential electrical service, in addition to the applicable System Infrastructure Fixed Charge as appropriate, regardless of the date(s) or time(s) in which the use occurred.

Nothing in this rule shall be interpreted as limiting SMUD's right under any provisions of any applicable law.

### V. Limitation on Adjustment of Bills for Energy Use

For any error in billing not defined as a billing error, meter error, or unauthorized use, SMUD is not required to adjust the bill. However, any billing adjustment not specifically covered in the rules and regulations for an undercharge or overcharge shall not exceed three years from the date of discovery.

Where information required for correct billing is not subject to exact determination or is questioned, SMUD shall make such estimates as may be necessary by means of tests, analysis, or inquiry in a manner and to the extent SMUD considers appropriate in the circumstances.

*(End)*

## Service to Premises and Use of Energy Rule and Regulation 18

### I. General Statement of Rule

SMUD's rates are based upon supplying service in the manner described below. In order to render electric service to all customers at standard rates and under equitable and nondiscriminatory service conditions SMUD will:

1. Meter directly all premises that have separate street or mall entrances and/or exits.
2. Not permit customers to resell electricity that SMUD supplies.
3. Require ready access to all meters and service equipment.

### II. Definitions

**Premises** means all structures, apparatus, or portions thereof occupied or operated by an individual, a family, or a business enterprise, and situated on an integral parcel of land undivided by a public highway, street, or railway.

**Resell electricity** is the resale of electricity for profit.

**Central system** is defined as, but not limited to, air conditioning, heating, domestic hot water, compressed air, fire or security alarms, or an energy management system.

### III. Exceptions to Requirement That SMUD Serve All Premises Directly

1. A customer may obtain nonresidential service at a single point of delivery for two or more premises operating as a single enterprise, adjacent to each other but separated only by streets, railways, or highways if the customer provides and maintains the necessary electrical facilities between SMUD's point of delivery and the electrical apparatus in accordance with the applicable statutes, ordinances, or regulations of the governmental agencies having jurisdiction thereof, and in such a manner that the convenience of SMUD and the safety of its personnel are not adversely affected.
2. Customers for which master metering was authorized prior to August 1, 1978, may continue to obtain service at a single point of delivery through a single metering installation for two or more single-family dwelling units in the same building or for two or more multifamily dwelling buildings, provided such buildings are adjacent to each other on an integral parcel of land undivided by a public highway, street, or railway. After August 1, 1978, all multifamily residential premises will be metered individually.
3. A building, a portion of a building, a group of buildings, or an automobile trailer camp containing more than one premises will receive service through a single point of delivery if SMUD determines that it is not reasonable or feasible to serve each premises directly.
4. A separate single meter may be used for a building's central system that serves more than one premises. When exceptions as described above are granted, the cost of electric service may be included in the rent.
5. Submetering for nonbilling purposes will be allowed for use in production measurement or budget allocation, with the prior approval of SMUD.

### IV. Exceptions to Prohibition on Resale of Electricity

1. Mobile home parks for which submetering was permitted prior to August 1, 1971, and for which electric service is included in the facilities furnished to their tenants, may employ submetering equipment as a means of reselling SMUD electricity by retroactively adjusting rental charges for energy consumption, provided that the portion of such charges allocable to electricity will be charged the RSMM rate. Specifically, the mobile home park master-meter customer may resell electricity to their submetered tenants provided the following conditions are met:
  - a. The tenants shall be charged the RSMM rate.
  - b. The mobile home park shall bill each tenant for electricity use based on the tenant's submeter. The tenant's bill shall be generally in accordance with the form and content of SMUD bills, and include the amount of usage metered for the billing period, include the beginning and ending meter readings, and the amount of the bill.
  - c. Discounts for low income and medical equipment shall be passed through to the qualifying tenant; net metering discounts under Rate Schedule NEM shall be passed through to tenants.

## Service to Premises and Use of Energy Rule and Regulation 18

d. The mobile home park shall post SMUD's applicable rate schedule(s) in a conspicuous place on the mobile home park's premises.

2. Electric utilities and governmental agencies may submeter and resell electricity supplied to them by SMUD.

### V. Enforcement

SMUD reserves the right to verify any submetering program, associated records and submetering bills for the purposes of determining compliance with SMUD's Rates, Rules and Regulations.

Customers who are receiving service in conflict with this rule and who fail to bring themselves into conformity within a reasonable time after receiving written notice from SMUD shall have their service discontinued.

*(End)*



# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
 Policy – 09/13/23  
 Board Meeting Date  
 September 21, 2023

TO	TO
1. Jennifer Davidson	6.
2. Brandy Bolden	7.
3. Farres Everly	8.
4. Suresh Kotha	9. <b>Legal</b>
5.	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Laura Lewis	DEPARTMENT Executive Office/Office of the General Counsel				MAIL STOP B308	EXT. 6123	DATE SENT 08/11/23	

**NARRATIVE:**

**Requested Action:** Cast vote on **Sacramento Local Agency Formation Commission (LAFCo)** ballot regarding i) the election of a Special District Representative; ii) distribution of ballots by email; and iii) submission of completed ballots by email.

**Summary:** Pursuant to the provisions of section 56332(f) of the Government Code, the Executive Officer of Sacramento LAFCo has determined that a meeting of the Special District Selection Committee is not feasible for the purpose of i) selecting a Special District Representative [Seat # 7] to serve on the Sacramento LAFCo and ii) to approve distribution of electronic ballots to districts that wish to receive them and, if so, the district’s preference with regard to submitting its vote electronically (e.g., via fax, e-mail, or scanned ballot). Therefore, the business of the Special District Selection Committee will be conducted in writing.

To be valid, selection of a candidate must be done by a majority vote of the governing board of an Independent Special District in an official meeting of that board and certified by the secretary of the board. The ballot must be returned by no later than 5:00 p.m. on September 30, 2023. Communications from Sacramento LAFCo are attached, including copies of the ballot and resumes of the candidates for Special District Representative.

The Government Code gives LAFCo and Special Districts the option of electing Special District Representatives via email. This is more convenient for many Special Districts and results in cost savings for LAFCo. Staff is recommending that the Board (1) vote to authorize LAFCo to send out ballots via email to those Special Districts that choose to vote electronically, and (2) elect to receive future ballots via email and submit its vote electronically (via email or scanned ballot).

**Board Policy:** Governance Process GP-2, Governance Focus; Governance Process GP-3, Board Job Description  
*(Number & Title)*

**Benefits:** The SMUD Board will have a voice in determining their representatives on Sacramento LAFCo.

**Cost/Budgeted:** No budget impact.

**Alternatives:** Decide not to cast a vote for Special District Representative and electronic distribution of ballots.

**Affected Parties:** Board, Sacramento LAFCo, Special Districts

**Coordination:** Legal, Executive Office, Board Office

**Presenter:** Joe Schofield, Deputy General Counsel

**Additional Links:**

SUBJECT

**Cast Vote on Sacramento LAFCo Ballot**

ITEM NO. (FOR LEGAL USE ONLY)

**14**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



## MEMO

DATE: July 18, 2023

TO: Special District Presiding Officer

FROM: José C. Henríquez, Executive Officer   
Sacramento Local Agency Formation Commission

SUBJECT: Election of Special District Representative to Sacramento LAFCo

The Special District Selection Committee is electing a regular representative to serve a new 4-year term beginning in January 1, 2024.

Due to the size of the Special District Selection Committee, it has been difficult to establish a quorum when meeting in person. Therefore, pursuant to the provisions of Government Code §56332(f), the Executive Officer has determined that the business of the Special District Selection Committee will be conducted in writing to elect a regular Special District Representative to Sacramento LAFCo.

### Election of Special District Representative to LAFCO

Thank you for submitting nominations for the Special District Representative election.

At the time the election ends, in order to be selected as a LAFCo Representative, a nominee must receive more than fifty-percent (50%) of the submitted votes. Enclosed with this memo you will find a ballot and a copy of each candidate's Statement of Qualifications received as of the date of this memo. Please note that there is one regular (voting) seat up for election.

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#### Commissioners

*Sue Frost, Rich Desmond, County Members*  *Patrick Hume, Alternate*  
*Sean Loloe, Iva Walton, City Members*  *Katie Valenzuela, Jay Vandenburg, Alternates*  
*Chris Little, Public Member*  *Timothy Murphy, Alternate*  
*Lindsey Liebig, Gay Jones, Special District Members*  *Charlea Moore, Alternate*

#### Staff

*José C. Henríquez, Executive Officer*  *Desirae Fox, Policy Analyst*  
*Nancy Miller, DeeAnne Gillick, Commission Counsel*

The nominees, in alphabetical order, are:

- 1) Lindsey Carter, Herald Fire Protection District
- 2) Brian Danzl, Cordova Recreation & Park District
- 3) Paul Lindsey, Florin Resource Conservation District
- 4) Joanna McVay, North Highlands Recreation & Park District
- 5) Edwin Perez, Reclamation District 1000
- 6) Michael Seaman, Fulton El Camino Recreation & Park District
- 7) Robert "Bob" Wichert, Sacramento Suburban Water District

*Option of Electronic Elections*

Government Code §56332(c)(4) gives LAFCo and Special Districts the option of completing the election of special district representatives via e-mail. This would be more convenient for some districts and a time/cost saver to LAFCo. In order to implement this, however, LAFCO needs to have the consent of the districts and an indication of those districts that wish to participate in this manner. There are two questions for your district to consider.

1. On the first question, a "Yes" vote means you authorize LAFCo to send out ballots via e-mail to those special districts who choose to vote electronically in future elections. A "No" vote means LAFCO should continue to distribute paper ballots to all districts and distribute them via certified mail.
2. On the second question, if a plurality of districts approves electronic voting in the first question, a "Yes" vote means you wish to receive electronic ballots in future elections and have the option to return your ballot in an electronic format (e-mail, fax or scanned ballot). A "No" vote means your district prefers to continue to receive and submit paper ballots.

*You can choose to vote "Yes" to the first question to authorize electronic distribution of ballots but vote "No" to the second if your District wants to continue to receive paper ballots.*

*Election Deadline*

The voting period will be 75 days from July 18, 2023; all votes are due in writing on or before **5:00 pm on September 30, 2023**. Voting will cease on this date or whenever a quorum of special districts is reached, whichever occurs later. Please do not forget to have the Board President, or Chair, or the presiding officer of the board meeting in which you made your selection sign the returned ballot.

**District managers or other staff members may not substitute their signature for Board President, or Chair, or the presiding officer's signature.**

Thank you for your time and please feel free to contact me or any member of my staff at 916-874-2937 if you have any questions.



**Mail to: LAFCO**  
**1112 I Street, Suite 100**  
**Sacramento, CA 95814**

# ELECTION BALLOT

## Special District Representative to LAFCo Regular Seat #7

**The election ends on September 30, 2023 at 5:00 p.m. or until a quorum of Special District ballots is received, whichever occurs later.**

Candidate & District	Select one (1)
Lindsey Carter, Herald Fire Protection District	
Brian Danzl, Cordova Recreation & Park District	
Paul Lindsay, Florin Resource Conservation District	
Joanna McVay, North Highlands Recreation & Park District	
Edwin Perez, Reclamation District #1000	
Michael Seaman, Fulton-El Camino Recreation & Park District	
Robert "Bob" Wicher, Sacramento Suburban Water District	

*LAFCo and Special Districts have the option of completing the election of special district representatives via e-mail. Does your district approve of LAFCo distributing electronic ballots to districts that wish to receive them in the future?*

Yes       No

*If so, in the future does your district prefer to receive its ballot via e-mail and submit its vote electronically (via fax, e-mail or scanned ballot)?*

Yes       No

if Yes, ballots should be sent to e-mail address: \_\_\_\_\_

**BALLOT CONTINUES ON THE NEXT PAGE**

**Commissioners**

*Sue Frost, Rich Desmond, County Members* <sup>☐</sup> *Patrick Hume, Alternate*  
*Iva Walton, Sean Loloee, City Members* <sup>☐</sup> *Jay Vandenburg, Katie Valenzuela, Alternates*  
*Chris Little, Public Member* <sup>☐</sup> *Timothy Murphy, Alternate*  
*Lindsey Liebig, Gay Jones, Special District Members* <sup>☐</sup> *Charlea Moore, Alternate*

**Staff**

*José C. Henríquez, Executive Officer* <sup>☐</sup> *Desirae Fox, Policy Analyst*  
*Nancy Miller, DeeAnne Gillick, Commission Counsel*

**SIGNATURE OF PRESIDING OFFICER (Original Signature Required):**

\_\_\_\_\_

**Note: Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.**

**PRINTED NAME OF PRESIDING OFFICER (Required):**

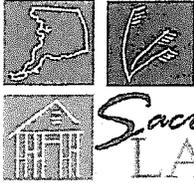
\_\_\_\_\_

**AGENDA ATTACHED (Optional): Yes \_\_\_\_\_ No \_\_\_\_\_**

**Attest:**

\_\_\_\_\_

**District Secretary, Clerk or General Manager**



**SPECIAL DISTRICT NOMINATION**

**Special District Representative to LAFCo, Seat #7**

Position	Nominee's Name	Originating District
SD Rep, Seat #7	Lindsay Carter	Herald Fire Protection District

SIGNATURE OF PRESIDING OFFICER:   
 (Original Signature Required)

**Note:** Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.

PRINTED NAME OF PRESIDING OFFICER: George Obi  
 (Required)

NAME OF NOMINATING DISTRICT: Herald Fire Protection District

MINUTES ATTACHED (Optional): Yes  No

Attest:

District Secretary, Clerk or General Manager

**Nominations must be received by LAFCO before  
 5:00 p.m. on July 1, 2023**

**Return to:**

**Sacramento LAFCo  
 1112 I Street, Suite 100  
 Sacramento, CA 95814**

**Commissioners**

Sue Frost, Rich Desmond, County Members  Patrick Hume, Alternate  
 Iva Walton, Sean Loloee, City Members  Jay Vandenburg, Katie Valenzuela, Alternates  
 Chris Little, Public Member  Timothy Murphy, Alternate  
 Lindsey Liebig, Gay Jones, Special District Members  Charlea Moore, Alternate

**Staff**

José C. Henriquez, Executive Officer  Desirae Fox, Policy Analyst  
 Nancy Miller, DeeAnne Gillick, Commission Counsel

# Lindsey Carter

---

11546 Twin Cities Road Galt, CA 95632 | 209.712.7120 | lindsey@heraldfire.com

## Experience

### **EXECUTIVE DIRECTOR | CALIFORNIA AGRICULTURAL COMMISSIONERS & SEALERS ASSOCIATION | DECEMBER 2021 - PRESENT**

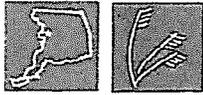
- Manage organizational functions including personnel, budget, legislative advocacy, communications, and membership development.
- Serve as the advocacy representative at state legislative meetings, industry functions and other statewide meetings and events; regularly provide legislative updates on tracked legislation to board of directors and members.
- Oversee budget for organization and various affiliates.
- Manage bylaws, procedures, and filings for board of directors, committees, and advisory groups, including meeting agenda and minutes creation and distribution.
- Develop organization's strategic plan and implement with board and staff engagement utilizing outside consultants.
- Manage updates for organization and subsidiary websites.
- Administer all grant programs and reporting for all activities.

## Public Boards & Committees

- Commissioner, Sacramento County Local Area Formation Committee (LAFCo) - 2020- present
- Board Member, Herald Fire Protection District – Elected to 4-year term in 2020
- Director, Sloughhouse Resource Conservation District – Appointed to 4-year term in 2020
- Cosumnes Groundwater Authority JPA, Current Alternate Member – 2021 - present
- Member, Protest Provisions Rewrite Working Group, CSDA/CALAFCO – 2019 - 2021
- Commissioner Member, Sacramento LAFCo Special District Advisory Committee – 2018 - present
- Alternate Representative, South Sacramento Habitat Conservation Plan Implementation Review Committee – 2018 - 2021
- Alternate Representative, Sacramento Central Groundwater Authority – 2018 – 2021
- Member, CDFA SWEEP Ad-Hoc Advisory Committee - 2021

## Community & Non-Profit Organization Involvement

- President, Sacramento Farm Bureau Foundation for Ag Education – 2015 – present
- President, National Sigma Alpha Educational Foundation – 2019 – 2022
- Member, California Special District Association Legislative Committee – 2020 - 2022
- Member, California Special District Association Bylaws & Policy Committee – 2020 - 2022
- Member, Elk Grove FFA Advisory Committee – 2020 - present
- Class 50 Fellow, California Agricultural Leadership Program – 2019- 2022



SACRAMENTO LOCAL AGENCY FORMATION COMMISSION  
 1112 I Street, Suite 100 • Sacramento, CA 95814 • (916) 874-6458  
 www.saclafco.org

**SPECIAL DISTRICT NOMINATION**

**Special District Representative to LAFCo, Seat #7**

Position	Nominee's Name	Originating District
Board Vice-chairperson	Brian Danzi	CRPD

SIGNATURE OF PRESIDING OFFICER: Michael Yearwood  
 (Original Signature Required)

**Note:** Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.

PRINTED NAME OF PRESIDING OFFICER: Michael Yearwood  
 (Required)

NAME OF NOMINATING DISTRICT: Cordova Recreation & Park District

MINUTES ATTACHED (Optional): Yes  No

Attest:

Danielle Jones  
 District Secretary, Clerk or General Manager

**Nominations must be received by LAFCo before  
 5:00 p.m. on July 1, 2023**

**Return to:**

**Sacramento LAFCo  
 1112 I Street, Suite 100  
 Sacramento, CA 95814**

**Commissioners**

Sue Frost, Rich Desmond, County Members <sup>or</sup> Patrick Hume, Alternate  
 Iva Walton, Sean Loloee, City Members <sup>or</sup> Jay Vandenburg, Katie Valenzuela, Alternates  
 Chris Little, Public Member <sup>or</sup> Timothy Murphy, Alternate  
 Lindsey Liebig, Gay Jones, Special District Members <sup>or</sup> Charlea Moore, Alternate

**Staff**

José C. Henríquez, Executive Officer <sup>or</sup> Destrae Fox, Policy Analyst  
 Nancy Miller, DeeAnne Gillick, Commission Counsel

# Brian Danzl

Director

---

(916) 826-1470    a    bdanzl@crpd.com    a    Rancho Cordova, CA 95670

---

Dynamic professional with experience in executive management and business development. Demonstrates success in driving significant growth and profitability through strategic planning and execution of innovative business initiatives. Proven track record of building and leading high-performance teams to achieve organizational objectives and exceed customer expectations. Adept at building strong relationships with clients, stakeholders and partners to create lasting value.

## Experience

MAY 23 - PRESENT

### President Elect | California Association Of Recreation And Park Districts, Roseville, CA

- Facilitated discussions between opposing sides in order to reach compromise solutions when necessary.
- Coordinated grassroots campaigns to educate districts on issues important to the parks.

MAY 15 - MAY 17

### Board Secretary | California Association Of Recreation And Park Districts, Roseville, CA

- Provided administrative support to the Board of Directors, including scheduling meetings and preparing agendas.
- Assisted in the preparation of board meeting minutes, resolutions, reports and other corporate documents.

DEC 10 - PRESENT

### Vice Chair | Cordova Recreation And Park District, Rancho Cordova, CA

- Leveraged strong interpersonal skills to build relationships with key stakeholders.
- Created operational dashboards to measure performance across multiple departments.
- Implemented process improvements resulting in increased efficiency within the organization.
- Collaborated with board members to develop corporate governance strategies.

JAN 20 - JAN 21

### Board Chair | Cordova Recreation And Park District, Rancho Cordova, CA

- Reviewed financial statements and other reports to monitor organizational performance.
- Developed strategies to increase diversity among board members to reflect community demographics.
- Advised on best practices for corporate governance matters.
- Collaborated with stakeholders on projects related to fundraising, marketing, public relations.

JAN 17 - JAN 18

### Board Chair | Cordova Recreation And Park District, Rancho Cordova, CA

- Facilitated effective communication between the Board and senior management teams.
- Evaluated proposals from vendors for goods and services required by the organization.
- Reviewed financial statements and other reports to monitor organizational performance.

JAN 15 - JAN 16

### Board Chair | Cordova Recreation And Park District, Rancho Cordova, CA

- Facilitated effective communication between the Board and senior management teams.
- Engaged in continuous development of skills necessary for successful board leadership.
- Monitored progress towards achieving established goals and objectives.



SACRAMENTO LOCAL AGENCY FORMATION COMMISSION  
1112 I Street, Suite 100 • Sacramento, CA 95814 • (916) 874-6458  
www.saclafco.org

**SPECIAL DISTRICT NOMINATION**

*Special District Representative to LAFCo, Seat #7*

Position	Nominee's Name	Originating District
Vice-chair	Paul Lindsay	Florin Resource Conservation District

SIGNATURE OF PRESIDING OFFICER: \_\_\_\_\_

DocuSigned by:  
*Tom Nelson*

(Original Signature Required)

**Note:** *Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.*

PRINTED NAME OF PRESIDING OFFICER: Tom Nelson

(Required)

NAME OF NOMINATING DISTRICT: Florin Resource Conservation District

MINUTES ATTACHED (Optional):

Yes  No

Attest:

DocuSigned by:  
*Stepani Phillips*

District Secretary, Clerk or General Manager

**Nominations must be received by LAFCO before  
5:00 p.m. on July 1, 2023**

**Return to:**

**Sacramento LAFCo  
1112 I Street, Suite 100  
Sacramento, CA 95814**

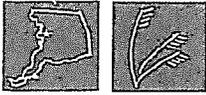
Paul Lindsay: Statement of Qualifications for Special District Commissioner for Office No. 7 on the Sacramento Local Agency Formation Commission

I currently serve as Vice Chair for the Florin Resource Conservation District (FRCD) which encompasses a good portion of southern Sacramento County. The District's work in recent years has been the provision of municipal water usage to roughly 40% of the city of Elk Grove.

Previously an Associate Director for the Florin Resource Conservation District, I was appointed to the Board to fill a vacancy and currently serve in my first full term. Retired after a 35-year career with the Social Security Administration, I worked in many different locations within California, from San Juan Capistrano to Yreka. During that time, I served in various positions, including Claims Specialist, Operations Supervisor, Area Systems Coordinator, and ultimately, District Manager. These positions required a thorough understanding of various laws and their application, IT systems, budgeting, and human resources.

My wife and I settled in Elk Grove in 1985 and I've been very involved in Civic matters since then. I've served on Sacramento County's Community Planning Advisory Commission for Elk Grove prior to its incorporation (and was heavily involved in several incorporation efforts) and was a charter member of the original Planning Commission for the City of Elk Grove, serving on it for more than seven years. I also chaired the East Elk Grove Specific Area Planning Advisory Group. Recently, I also served on the Sacramento County Grand Jury for two years (much of which was spent reviewing Special Districts, their operations, and practices). I served two years on the Cosumnes Community Service District's Landscape and Lighting Committee. During these different activities, I was able to interact with LAFCO on a variety of issues and gained an understanding of its responsibilities and duties.

I ask for your support for this position on LAFCO's Commission because I believe that I can bring a fresh perspective to the Commission and a willingness to listen, learn, and to represent Special District interests on the Commission.



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www.saclafco.org

**SPECIAL DISTRICT NOMINATION**

**Special District Representative to LAFCo, Seat #7**

Position	Nominee's Name	Originating District
Special District Commissioner	Joanna McVay	North Highlands Recreation Park

SIGNATURE OF PRESIDING OFFICER:

*Patrick B. Williams*

(Original Signature Required)

**Note:** Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.

PRINTED NAME OF PRESIDING OFFICER:

Patrick Williams

(Required)

NAME OF NOMINATING DISTRICT:

North Highlands Recreation Park

MINUTES ATTACHED (Optional):

Yes  No

Attest:

*[Signature]*  
District Secretary, Clerk or General Manager

**Nominations must be received by LAFCO before  
5:00 p.m. on July 1, 2023**

**Return to:**

**Sacramento LAFCo  
1112 I Street, Suite 100  
Sacramento, CA 95814**

**Commissioners**

*Sue Frost, Rich Desmond, County Members* <sup>or</sup> *Patrick Hume, Alternate*  
*Iva Walton, Sean Loloee, City Members* <sup>or</sup> *Jay Vandenburg, Katie Valenzuela, Alternates*  
*Chris Little, Public Member* <sup>or</sup> *Timothy Murphy, Alternate*  
*Lindsey Liebig, Gay Jones, Special District Members* <sup>or</sup> *Charlea Moore, Alternate*

**Staff**

*José C. Henríquez, Executive Officer* <sup>or</sup> *Desirae Fox, Policy Analyst*  
*Nancy Miller, DeeAnne Gillick, Commission Counsel*



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**SPECIAL DISTRICT NOMINATION**

**Special District Representative to LAFCo, Seat #7**

Position	Nominee's Name	Originating District
<del>Trustee</del> Commissioner <i>R</i>	Edwin Perez	Reclamation District 1000

SIGNATURE OF PRESIDING OFFICER: *Elena Lee Reeder*  
 (Original Signature Required)

**Note:** Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.

PRINTED NAME OF PRESIDING OFFICER: Elena Lee Reeder  
 (Required)

NAME OF NOMINATING DISTRICT: Reclamation District 1000

MINUTES ATTACHED (Optional): Yes  No

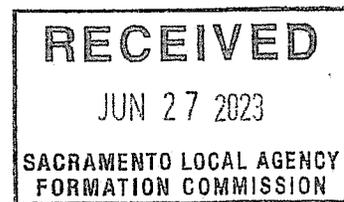
Attest:

*[Signature]*  
 District Secretary, Clerk or General Manager

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**Commissioners**

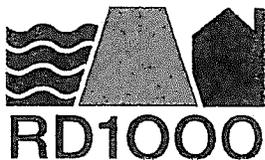
*Sue Frost, Rich Desmond, County Members* <sup>or</sup> *Patrick Hume, Alternate*  
*Iva Walton, Sean Loloee, City Members* <sup>or</sup> *Jay Vandenburg, Katie Valenzuela, Alternates*  
*Chris Little, Public Member* <sup>or</sup> *Timothy Murphy, Alternate*  
*Lindsey Liebig, Gay Jones, Special District Members* <sup>or</sup> *Charlea Moore, Alternate*

**Staff**

*José C. Henríquez, Executive Officer* <sup>or</sup> *Desirae Fox, Policy Analyst*  
*Nancy Miller, DeeAnne Gillick, Commission Counsel*



ED  
PEREZ  
TRUSTEE



**CONTACT**

PHONE:  
916-802-8053

WEBSITE:  
[www.RD1000.org](http://www.RD1000.org)

EMAIL:  
[EPerez@RD1000.org](mailto:EPerez@RD1000.org)

## STATEMENT OF QUALIFICATIONS

I am seeking a seat on the Sacramento LAFCO to leverage my years of professional experience in the areas of community engagement, organizational governance, and collaboration with various levels government to effectively represent special districts on the commission.

I was elected in 2022 as Trustee with Reclamation District 1000, the flood control agency for the Natomas Basin. In this brief period of time, I was able to leverage my extensive relationships with community members and organizations to help win voter approval of a stormwater service fee to fund much needed infrastructure maintenance and help ensure a flood-safe future for the Natomas Basin.

I have served as a City of Sacramento Commissioner, President of a 1,300 household homeowners association, board member of California's largest state employee organization, and served on the board of numerous community and non-profit organizations.

In these roles, I learned to value the input from concerned residents, the importance of collaborating with community partners, and the need to pay attention to details and also see the "big picture". These experiences have prepared me to serve on the LAFCO.

I would be honored to receive your vote and look forward to working with you.

Respectfully,

A handwritten signature in black ink, appearing to read "Ed Perez". The signature is fluid and cursive, written over a white background.

ED PEREZ

henriquezj@SACLAFco.org



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SPECIAL DISTRICT NOMINATION

Special District Representative to LAFCo, Seat #7

Position	Nominee's Name	Originating District
SPECIAL DISTRICT COMMISSIONER	MICHAEL SEAMAN	Fulton El Camino Rec + PARK DISTRICT

SIGNATURE OF PRESIDING OFFICER: Teresa Higgins  
(Original Signature Required)

Note: Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.

PRINTED NAME OF PRESIDING OFFICER: Teresa Higgins, Board Chair  
(Required)

NAME OF NOMINATING DISTRICT: FULTON-EL CAMINO RECREATION + PARK DISTRICT

MINUTES ATTACHED (Optional): Yes  No

Attest:

Leana Wallace, District Secretary  
District Secretary, Clerk or General Manager

Nominations must be received by LAFCo before 5:00 p.m. on July 1, 2023

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**STATEMENT OF QUALIFICATIONS – MICHAEL J SEAMAN**  
for Sacramento Local Agency Formation Commission

Sacramento County resident and homeowner, 1978 - present  
Veteran, U.S. Navy Civil Engineer Corps  
Current Employment – Snowsports Instructor, Boreal Mountain Resort (winter seasonal)

**Academic experience**

- B. Architecture, University of California
- M. Urban Planning, San Jose State University
- M. Landscape Architecture/Environmental Planning, University of California
- Adjunct Professor, Sacramento State University (2 years)
- Adjunct Professor, National University (3 semesters)

**Governmental experience**

- Federal
  - Active and reserve service (9+ years)
  - Navy civilian employment after discharge (1 year)
- State
  - California civil service, 32 years across 6 agencies
  - Retired since 12/2009
- Local
  - County/Council of Governments staff experience in WA and OR (2+ years)
  - Member, City of Cannon Beach Design Review Board (1 year),
  - Board Member, Fulton-El Camino Recreation & Park District (28+ years – present)

**Association experience**

- American Institute of Architects
  - Associate Member (46 years)
  - Retired Associate AIA Emeritus (8 years - present)
- California Special Districts Association
  - Participant (28+ years - present),
  - Legislative Committee (4+ years),
  - Board Member (4 years)
- California Association of Recreation and Park Districts
  - Participant (28+ years - present)
  - Board Member (4+ years - present)
- Professional Ski Instructors of America/American Association of Snowboard Instructors
  - Member (34 years - present)
  - Certified Instructor – Nordic Track Skiing, Alpine Skiing, Snowboarding

**LAFCO Experience**

- Sacramento LAFCO Special Districts Advisory Committee (4 years)
- Applicant participation, Sacramento LAFCO City of Arden Arcade Measure D (11/2010)
- Observer via Advocates for Arden Arcade citizens' group and California (un)Incorporated coalition

*July 2023*



**SPECIAL DISTRICT NOMINATION**

**Special District Representative to LAFCo, Seat #7**

Position	Nominee's Name	Originating District
Director	Robert "Bob" Wicher	Sac. Suburban Water Dist.

SIGNATURE OF PRESIDING OFFICER:

(Original Signature Required)

**Note:** Presiding Officer is the Chair/President. Any other signature invalidates this ballot, unless accompanied by Meeting Minutes designating an alternate.

PRINTED NAME OF PRESIDING OFFICER:

Jay Boatwright  
(Required)

NAME OF NOMINATING DISTRICT:

Sacramento Suburban Water District

MINUTES ATTACHED (Optional):

Yes  No

Attest:

District Secretary, Clerk or General Manager

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 5:00 p.m. on July 1, 2023**

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**Staff**

José C. Henríquez, Executive Officer <sup>or</sup> Desirae Fox, Policy Analyst  
 Nancy Miller, DeeAnne Gillick, Commission Counsel

## Robert P. "Bob" Wichert Qualifications For LAFCO

Lifelong resident of Sacramento County.

18 years employed by the Sacramento Municipal Utility District with frequent Board interactions and direction. Experience on hydroelectric power projects, and personally responsible for establishment of the first customer-choice all-renewable energy program in California, SMUD Greenergy ©.

Currently serving my third elected term on the Board of Directors of the Sacramento Suburban Water District including prior service as Board President.

Qualification as a Master's Candidate in Communication Studies at the California State University, Sacramento.

Five years as a member of the United Nations Sub-Committee of Experts on the Transport of Dangerous Goods.

Five years as a member of the International Civil Aviation Organization Dangerous Goods Panel.

Service as a writing member expert on Institute of Electrical and Electronics Engineers standards committees.

Service as a writing member expert on American Society of Mechanical Engineers codes and standards.

Service as a writing member expert on National Fire Protection Association codes and standards.

Fifteen years as a Professional Engineer in private practice, Robert P Wichert Professional Engineering, Inc.



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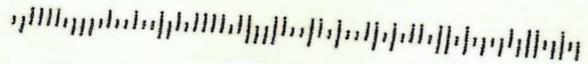
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SACRAMENTO MUNICIPAL UTILITY  
DISTRICT  
Paul Lau  
6301 S St.  
Sacramento, CA 95817

9581731816 0014



**RESOLUTION TO BE DRAFTED  
BASED ON DISCUSSION**