

# Exhibit to Agenda Item #1a

Board Policy Committee and Special SMUD Board of Directors Meeting

Wednesday, January 17, 2018, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

# Strategic Direction 2, Competitive Rates

- The Board establishes a rate target of 18% below PG&E's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10% below PG&E's published rates for each customer class
- SMUD's rate of change for both rates and bills 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;
  - Reduce use on peak;
  - Encourage energy efficiency and conservation;
  - Minimize “sticker” shock in the transition from one rate design to another;
  - Offer flexibility and options;
  - Be simple and easy to understand;
  - Meet the needs of people with fixed low incomes and severe medical conditions; and
  - Equitably allocate costs across and within customer classes

# Comparison to PG&E Rates

## Projected Average Price Comparison in \$/kWh

Customer		Average Annual Rate*		Difference	Difference	Difference
Class	Description	PG&E	SMUD	Below PG&E*	Below PG&E*	Above SMUD
		2017	2017	2017	2016	2017
Residential	Standard	\$0.2307	\$0.1487	-35.6%	-33.5%	55.2%
	Low Income	\$0.1366	\$0.0951	-30.4%	-27.0%	43.7%
<b>All Residential</b>		<b>\$0.2040</b>	<b>\$0.1385</b>	<b>-32.1%</b>	-30.6%	47.3%
Small Commercial***	<= 20 kW	\$0.2302	\$0.1464	-36.4%	-35.2%	57.2%
	21 - 299 kW	\$0.2216	\$0.1360	-38.6%	-38.5%	62.9%
Medium Commercial***	300 - 499 kW	\$0.2035	\$0.1278	-37.2%	-35.8%	59.2%
	500 - 999 kW	\$0.1779	\$0.1198	-32.6%	-30.4%	48.5%
Large Commercial***	=> 1 MW	\$0.1420	\$0.1023	-28.0%	-23.5%	38.8%
Lighting	Traffic Signals	\$0.2202	\$0.1194	-45.8%	-45.4%	84.4%
	Street Lighting	\$0.2197	\$0.1286	-41.5%	-42.6%	70.8%
Agriculture	Ag & Pumping	\$0.1782	\$0.1322	-25.8%	-25.3%	34.8%
<b>System Average</b>		<b>\$0.1909</b>	<b>\$0.1299</b>	<b>-32.0%</b>	-30.0%	47.0%

### Notes:

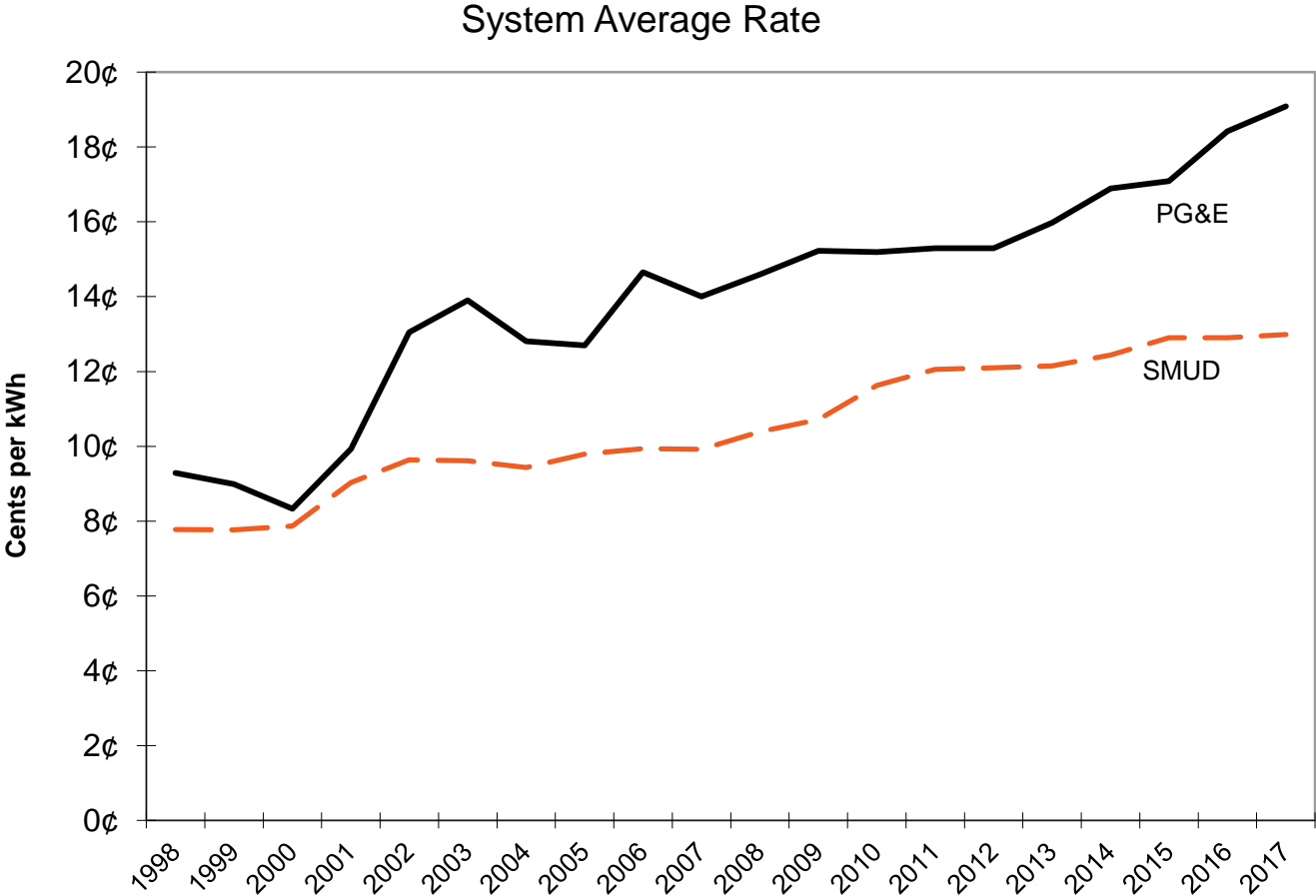
\* Projected 2017 average prices for SMUD with rates effective 01-01-17. PG&E average prices in 2017 reflect rates effective 03-01-17, per Advice Letter 5011-E-A. The rate difference in year 2016 reflects PG&E average rates as of 10-01-16, per Advice Letter 4906-E-A dated 9-30-16, and SMUD rates effective 01-01-16.

\*\* 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. The revenue forecast does not consider economic development discounts for year 2017.

# Historical Comparison to PG&E Rates

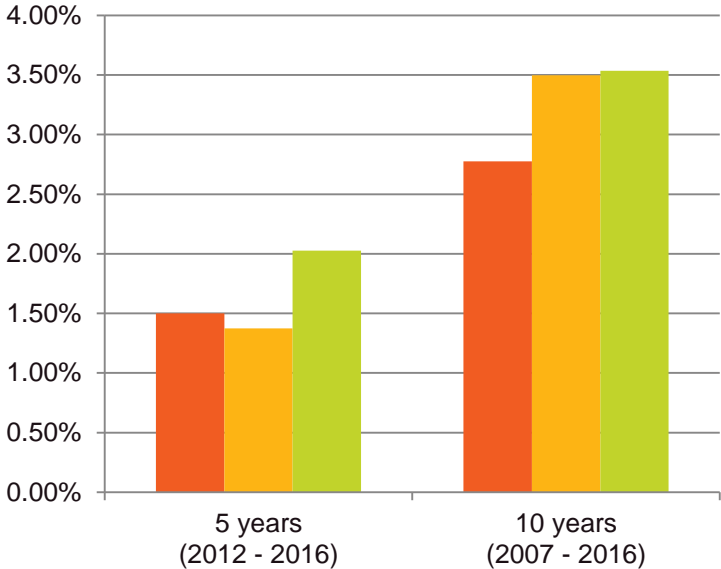


Source: SMUD & PG&E Historical Comparison 2017.xls

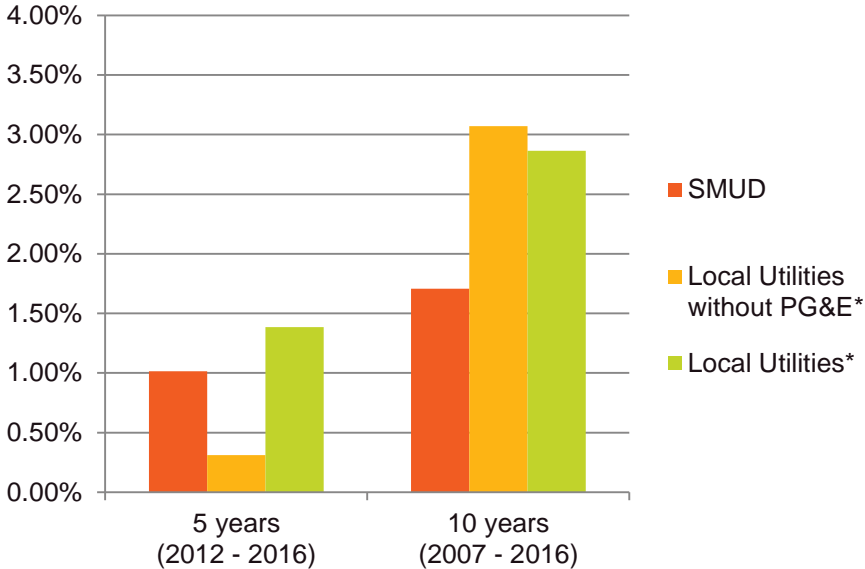


# Comparison to Local Utilities

**Average Annual Rate Changes**



**Average Annual Bill Changes**

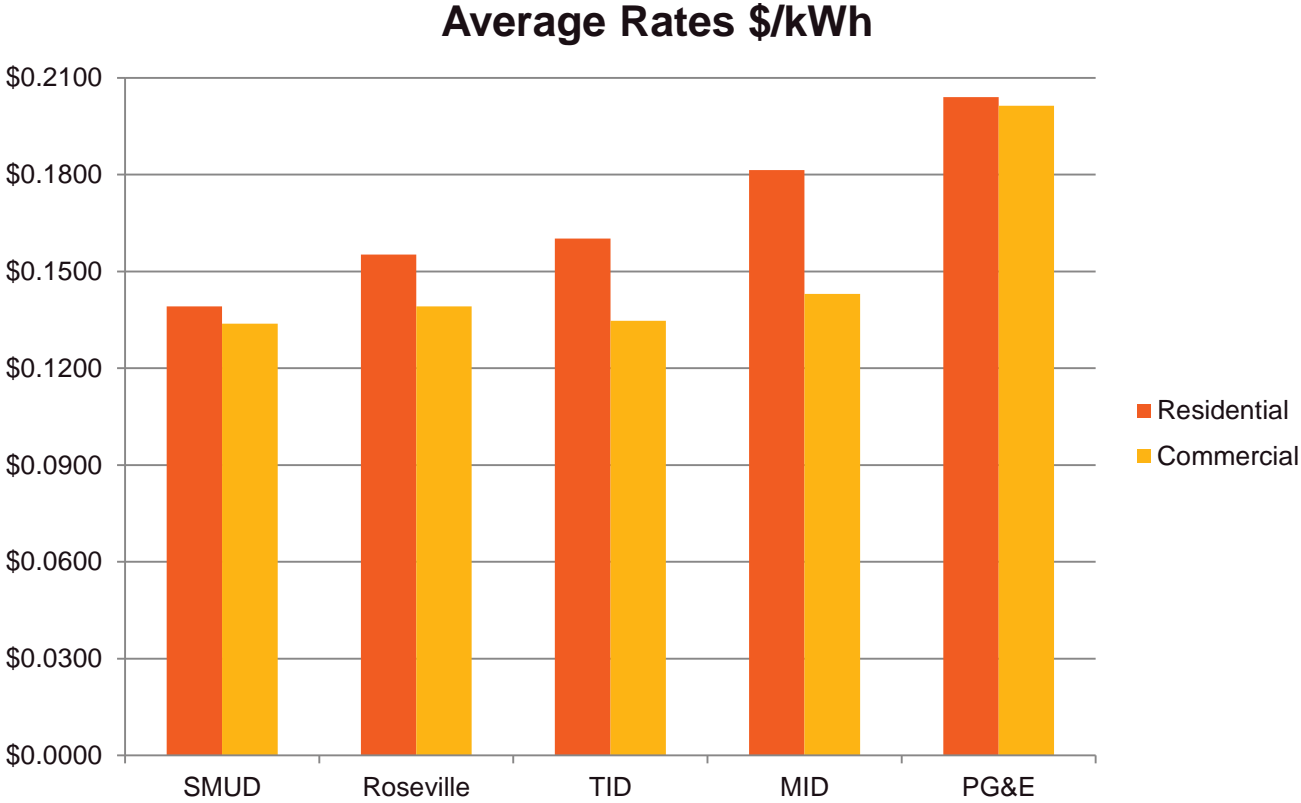


\*Local Utilities: Roseville Electric, Modesto Irrigation District, Turlock Irrigation District

Source: 2016 EIA 861 and 826



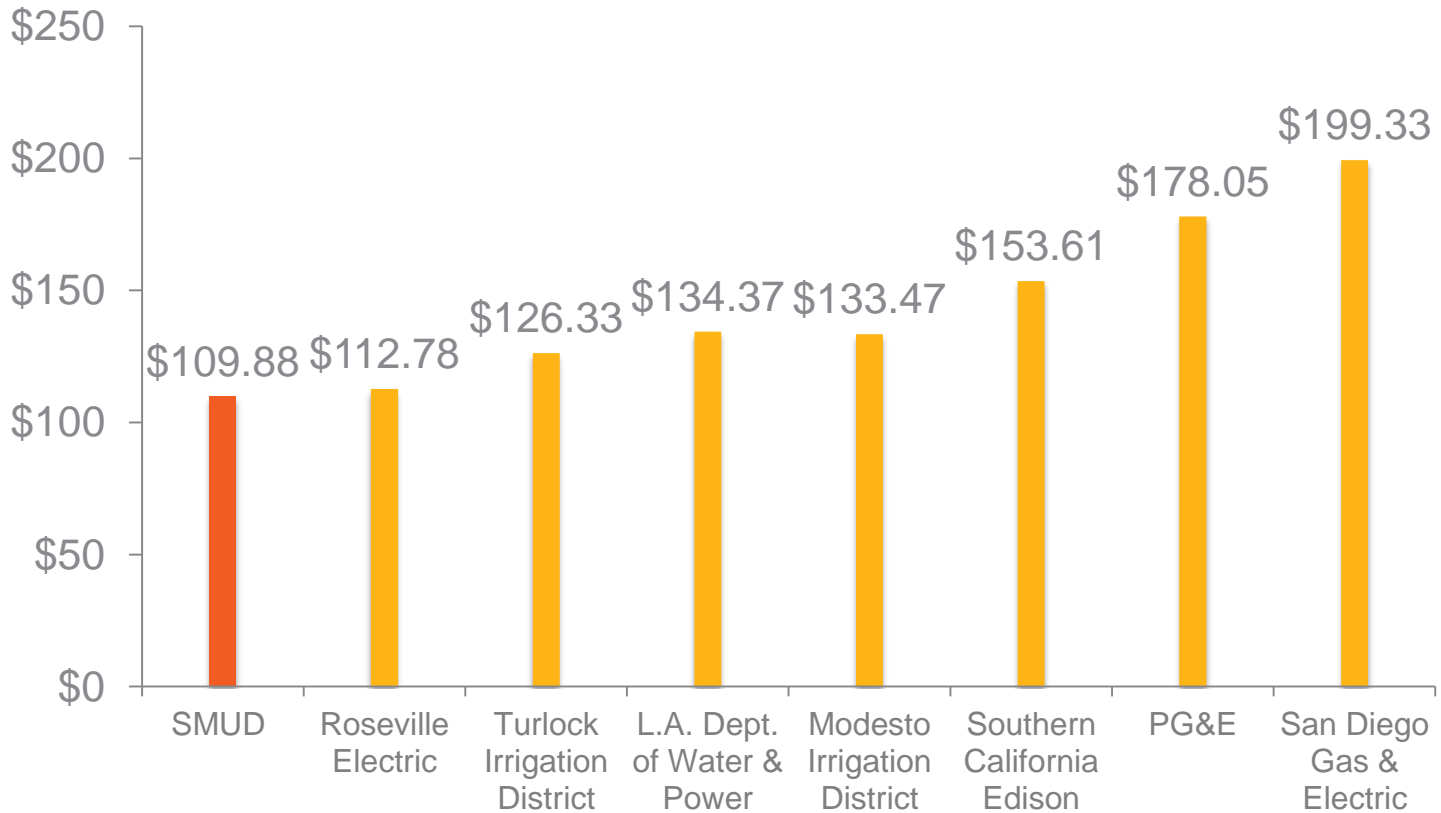
# Comparison to Local Utilities



Source: 2016 EIA 861 and 826

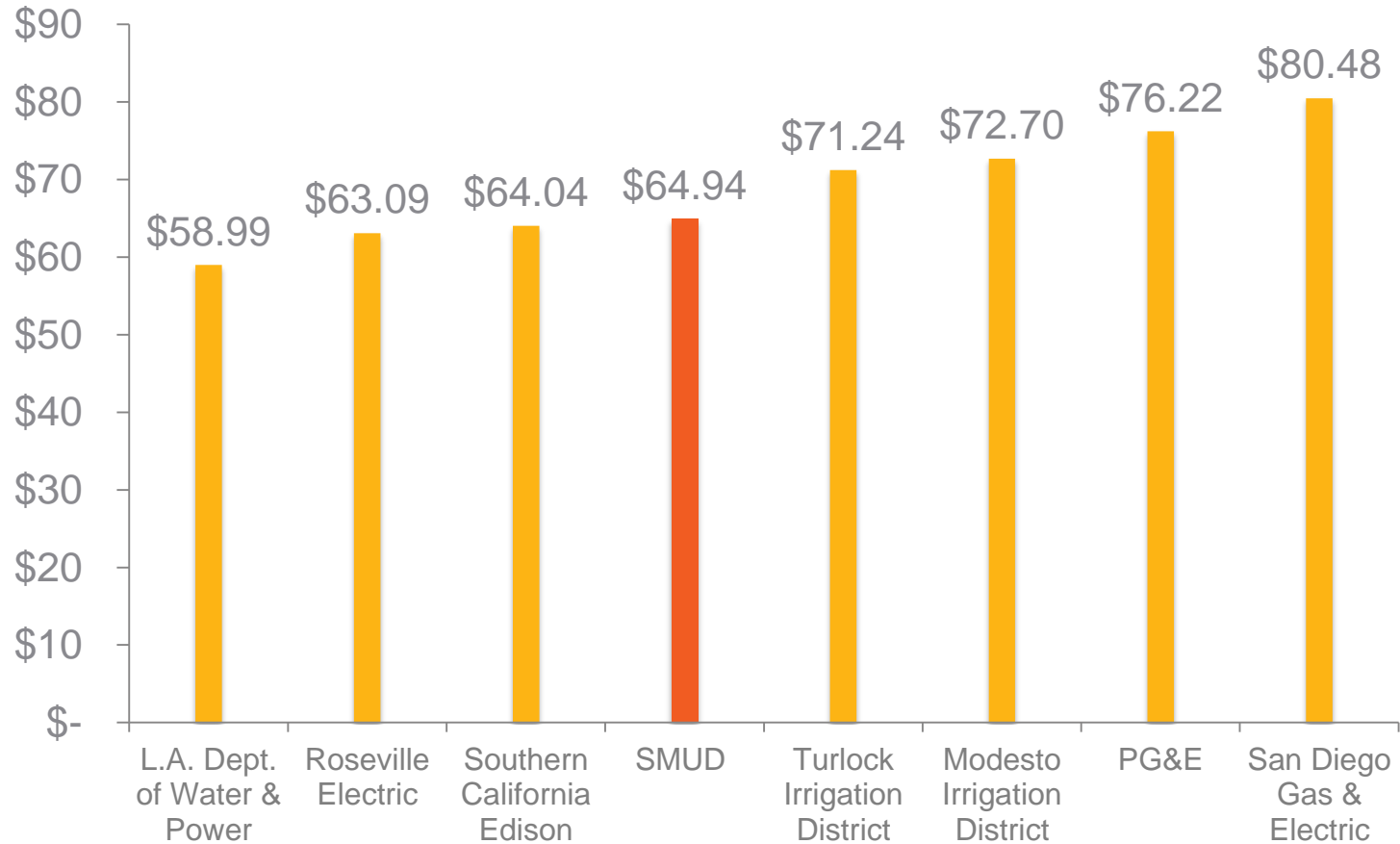


# Monthly Residential Customer Bill\* (750 kWh-month)



\* Rates effective as of September 1, 2017. Average bills include applicable fixed monthly charge energy charges and exclude local taxes.

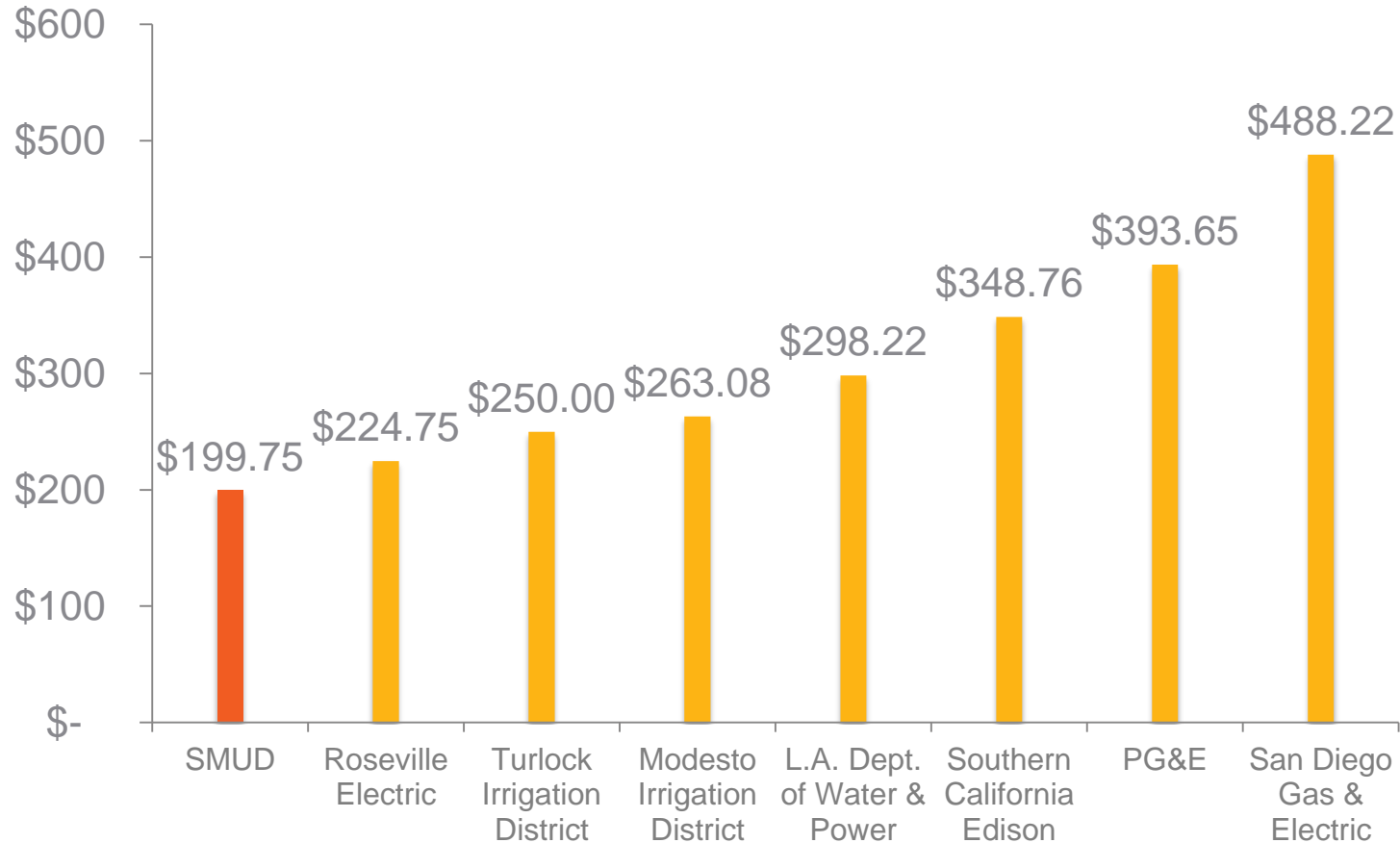
# Monthly Residential Customer Bill\* (375 kWh-month)



\* Rates effective as of September 1, 2017. Average bills include applicable fixed monthly charge energy charges and exclude local taxes.



# Monthly Residential Customer Bill\* (1,500 kWh-month)



\* Rates effective as of September 1, 2017. Average bills include applicable fixed monthly charge and energy charges and exclude local taxes.

# Approved Rate Restructuring Supports SD-2 Goals

## Time-of-Day rates

- ✓ Reflect the cost of energy when it is used
- ✓ Reduce use on peak
- ✓ Encourage energy efficiency and conservation
- ✓ Minimize sticker shock
- ✓ Offer flexibility and options
- ✓ Be simple and easy to understand
- ✓ Equitably allocates costs across and within customer classes

## EAPR restructuring

- ✓ Meet the needs of people with fixed low incomes and severe medical conditions
- ✓ Minimize sticker shock

# Requested Action

- It is recommended that the Board accept the Monitoring Report for SD-2, Competitive Rates

# Appendix

# 2017 Rate Process

- Approved transition to standard Time-of-Day (5-8 p.m.) Rate starting in 2019

Season	Time	¢/kWh
Non-Summer	Peak	13.58¢
	Off-Peak	9.69¢
Summer	Peak	28.35¢
	Mid-Peak	16.11¢
	Off-Peak	11.66¢

- Approved restructuring of EAPR program starting in 2019 and finishing in 2021
  - Discounts based on federal poverty level

# EAPR Restructuring

<b>Federal Poverty Level</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
0% - 50%	\$50	\$60	\$70
>50% - 100%	\$40	\$41	\$42
>100% - 150%	\$30	\$25	\$20
>150% - 200%	\$30	\$20	\$10

Amounts include the discount on energy use and a \$10 discount on the System Infrastructure Fixed Charge