

# Exhibit to Agenda Item #3b

Board Policy Committee and Special SMUD Board of Directors Meeting  
Wednesday, February 19, 2019, scheduled to begin at 5:30 p.m.  
Customer Service Center, Rubicon Room

## **SD-2 Competitive Rates**

**Maintaining competitive rates is a core value of the District. 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.**

### **Comment:**

**Given PGE's current financial situation, likelihood of a rate increase, and potential significant structural change, I am less comfortable than I was benchmarking against their rates. What other possibilities are there? - GF**

**It's no longer appropriate to compare SMUD to a company going into bankruptcy for the second time. Is it time to measure SMUD against other Public Power entities? Maybe ensuring we are 2%-5% below LADWP, Roseville, or a combination thereof? Salt River Project staff said they will not raise rates above a cap of 2% per year. I know that wouldn't work for SMUD, but we should set a measurement that guides us on keeping rates low to replace this one. - RH**

**b) SMUD's rate of change for both rates and bills shall be competitive with other local utilities on a system average basis.**

### **Comment:**

**What does competitive mean? Less than? The same as? No more than 2% it 5%? This metric is not meaningful. We do need a better metric to help us focus on keeping rates low. - RH**

**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;ii) Reduce use on peak;iii) Encourage energy efficiency and conservation;iv) Minimize "sticker" shock in the transition from one rate design to another;v) Offer flexibility and options;vi) Be simple and easy to understand;vii) Meet the needs of people with fixed low incomes and severe medical conditions; andviii) Equitably allocate costs across and within customer classes.**

**Comment:**

**These are good goals. I'd like to add: "SMUD wants to encourage the electrification of transportation" or something similar. Let's lay the groundwork for that. - RH**