Exhibit to Agenda Item #4

Approve delay of the implementation of the Commercial Rate Restructure for one year to be effective no later than May 31, 2022.

Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting

Tuesday, August 18, 2020, immediately following the Special Board of Directors meeting scheduled to begin at 5:30 p.m.

Virtual Meeting (online)
Agenda

• Commercial Rate Restructure intent
• Original and new proposed schedule
• Reason for the delay
• Board approval
Commercial Rate Restructure Intent

• Support the ambitious carbon reduction goals set by the Board
• Promote electrification with lower electricity prices
• Align prices when renewable power is abundant
• Designed to be revenue neutral for SMUD
• Multi-year glidepath
• Comply with Board direction on rates (SD-2)
  • Reflect the cost of energy when it is used
  • Reduce use on peak
  • Minimize “sticker” shock in the transition from one rate design to another
### Original Schedule

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<tr>
<th>Voltage</th>
<th>Customer Size (kilowatts)</th>
<th>Customer Accounts</th>
<th>2021</th>
<th>2022*</th>
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- Demand charge introduced
- Rate restructure implemented
- Restructure complete
- Subject to future rate increases
# New Schedule (with one-year delay)

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→ Restructure delayed

Demand charge introduced
- Rate restructure implemented
✓ Restructure complete

* Subject to future rate increases
Reasons for the Delay

• COVID-19
  • The crisis has impacted SMUD’s operations and shifted priorities
    • Focused on providing support & relief to ease COVID impacts to customers
    • SMUD and our Customers are adapting to the “new normal”. For example:
      • Many of our commercial customers are focused on business challenges as they have been adversely impacted
      • Many businesses may not be open or may not have staff working from their offices
  • Customers experiencing too many changes
    • One-year delay will give our customers time to adjust to the "new normal" and provides time to educate customers about the new rate and its impacts
  • The one-year delay will not materially impact SMUD’s long term goals, rates trajectory adopted by the Board
  • Because the CRR was designed to be revenue neutral, the delay does not adversely impact SMUD’s revenue collection
  • Will incorporate changes into 2021 rate action
Board Request

- Delay the implementation of the commercial rate restructure for one year to be effective no later than May 31, 2022.
Questions