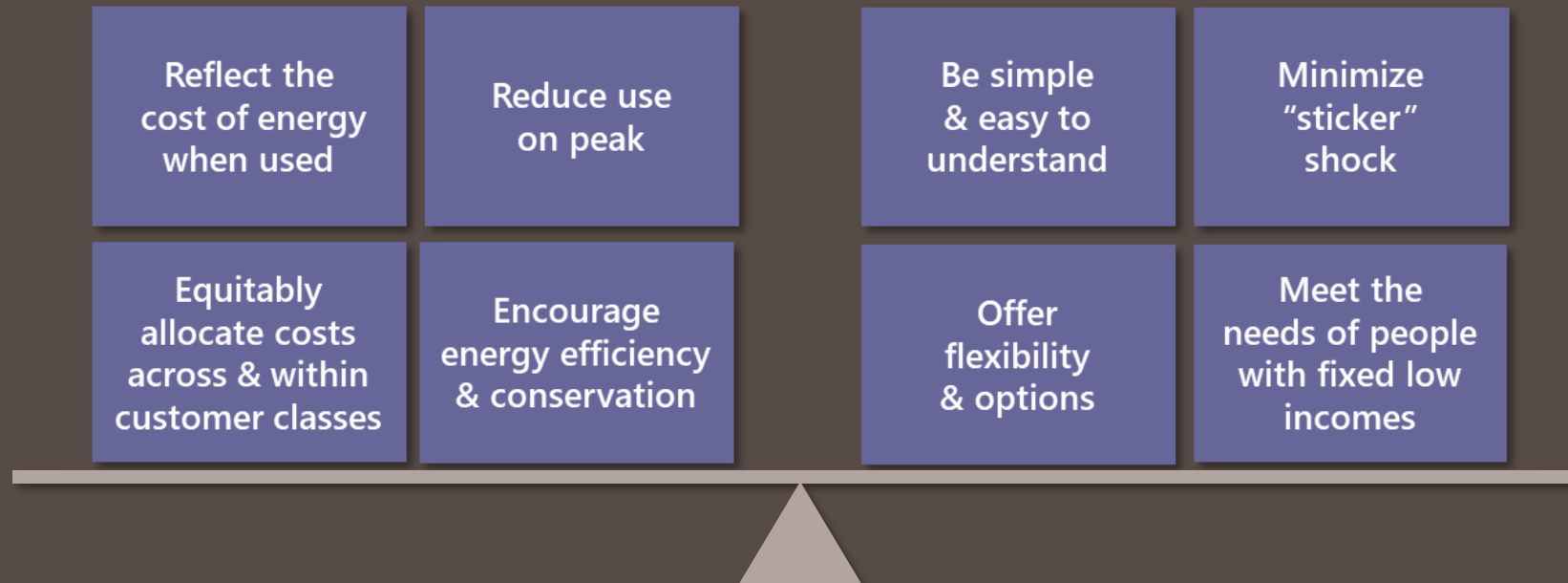


# Exhibit to Agenda Item #1

Board Policy Committee and Special SMUD Board of Directors Meeting  
Wednesday, February 12, 2020, scheduled to begin at 5:30 p.m.  
Auditorium, SMUD Headquarters Building

# SD-2 Competitive Rates – Board Directives

- SMUD shall be 18% below PG&E’s rates (system average basis)
- SMUD’s rate of change for both rates and bills shall be competitive with other local utilities (system average basis)
- Rates shall be designed to balance and achieve the following goals



## SD-2 Key Highlights

- SMUDs system average rate is 36.5% below PG&E and this results in approximately \$794 million in community savings
- Spanning three decades, SMUDs aggregate rate increases have stayed below inflation (Consumer Price Index - CPI)
- In 2019, completed the Time-of-Day rollout, also Board approved Commercial Restructure

# Comparison to PG&E Rates

Projected 2019 Average Price Comparison in \$/kWh

Class	Description	Difference Range below PG&E 2019	Difference Range below PG&E 2018
<b>Residential</b>	All Residential rates	<b>34.7%</b>	<b>30.9%</b>
<b>Residential EAPR</b> <small>(low income rate)</small>	All Residential EAPR Rates	<b>32.2%</b>	<b>27.3%</b>
<b>Commercial</b>	All Commercial rates	<b>35.1% - 43.4%</b>	<b>31.5% - 40.4%</b>
<b>Other</b>	Street Light, Traffic Signals and Ag	<b>38.4% - 52.0%</b>	<b>35.4% - 48.6%</b>
<b>System</b>	All Rates	<b>36.5%</b>	<b>33.4%</b>

# Comparison to Local Utilities

Average Annual <b>Bill Rate</b> of Changes		SMUD	Local Utilities*	Local Utilities* Without PG&E
Average Across Time	10-Year Average (2009 - 2018)	1.19%	2.34%	2.01%
	5-Year Average (2014 - 2018)	1.22%	0.90%	0.50%

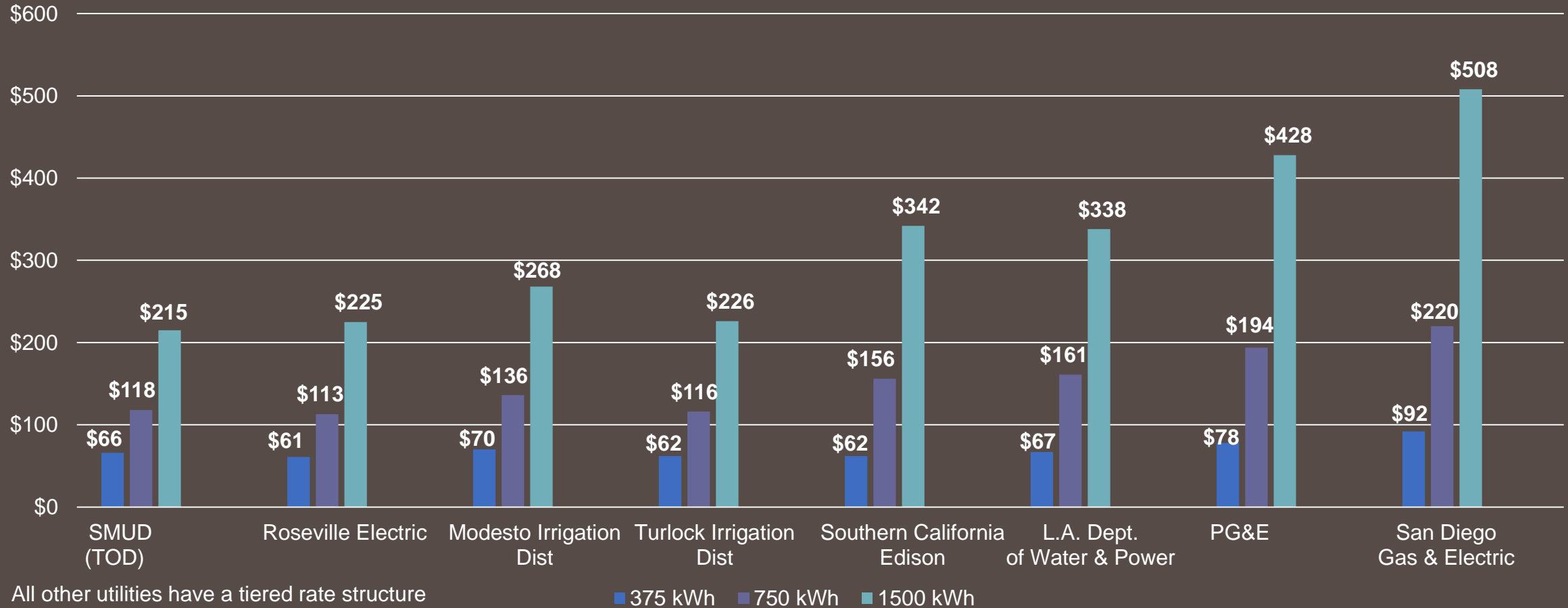
Average Annual <b>System Rate</b> of Changes		SMUD	Local Utilities*	Local Utilities* Without PG&E
Average Across Time	10-Year Average (2009 - 2018)	2.45%	3.09%	3.02%
	5-Year Average (2014 - 2018)	2.25%	1.93%	1.41%

\* Local Utilities: Roseville, Modesto, Turlock, LADWP and PG&E

Pass Throughs – Reliance on Automatic Price Adjustments to Cover Cost Increases/Decreases	
SMUD	Hydroelectric Generation Adjustment
Lodi	Energy Cost Adjustment
Modesto	Capital Infrastructure Adjustment, Environmental Energy Adjustment
Roseville	Renewable Energy Surcharge, Greenhouse Gas Surcharge, Hydroelectric Adjustment
Turlock	Power Supply Adjustment, Environmental Charge, Public Benefits Surcharge
LADWP	Energy Cost Adjustment, Electric Subsidy Adjustment, Reliability Cost Adjustment

# Average Monthly Residential Customer Bill

(Electric Bill Only)



\* Rates effective as of January 1, 2020. Average bills include applicable fixed monthly charge, energy charge and exclude local taxes and surcharges

# Recent Changes Aligning to SD-2 Direction

2019 SD-2 Accomplishments	Residential			Commercial Restructure
	Time of Day	Optional Fixed Rate	EAPR Restructure (low income)	
Reflect the cost of energy when used	✓			✓
Reduce use on peak	✓			✓
Offer flexibility and options	✓	✓		
Meet the needs of people with fixed low income			✓	

- Using SD-2 as guidance, we are leveraging pricing strategy to ensure SMUD’s long-term ability to deliver on our vision and purpose:
  - SMUD’s long-term financial health
  - Support IRP’s strategy to deliver on low-carbon future goals
  - Fair share of costs between customers

# Recommendation

Board accept the SD-2 Monitoring Report