

# Exhibit to Agenda Item # 7

Authorize the Chief Executive Officer and General Manager to execute a four-year Customer-Tailored Electric Services Agreement with NTT Global Data Centers Americas, Inc. (NTT).

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, March 16, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# Background

- NTT operates a 50MW data center, the largest data center and commercial customer in SMUD's service territory, employing approximately 300 people.
- Board Resolution 97-04-13 authorizes customer-tailored rate agreements for customers with load in excess of 499 kW
- The SMUD Board approved a five-year, customer tailored rate agreement with NTT, effective March 26, 2016, that includes a two-tiered pricing structure.
- The structure succeeded in incentivizing significant growth as NTT's load has grown from 35 MW to 50 MW over the last four years.

# New Customer Tailored Agreement Structure

- Staff crafted the new agreement to help NTT avoid rate shock as they are moving closer to standard rates. In addition, staff recognizes the economic value NTT provides to SMUD and has considered the financial impact to SMUD should NTT decide to relocate.
- Under the new agreement, SMUD will provide NTT a discounted, single-tier rate for 100% of all metered usage.
- This new 4-year Agreement (K700) will become effective March 26, 2021, after the existing contract (K508) expires.

# Benefits to SMUD

- This agreement maintains pricing that incentivizes growth while helping to retain one of our largest customers and their employees
- The new agreement supports SMUD requirements to recover above our marginal cost of service and adds a significant public goods contribution.

# Requested Action

Authorize the Chief Executive Officer and General Manager to execute a four-year Customer-Tailored Electric Services Agreement with NTT Global Data Centers Americas, Inc. (NTT).