

# **Board Policy Committee Meeting and Special SMUD Board of Directors Meeting**

Date: Wednesday, February 8, 2023

Time: Scheduled to begin at 5:30 p.m.

Location: Virtual Meeting (online)

Powering forward. Together.



# **AGENDA BOARD POLICY COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING**

**Wednesday, February 8, 2023**

**Scheduled to begin at 5:30 p.m.**

**Zoom Webinar Link: [Join Board Policy Committee Meeting Here](#)**

**Webinar/Meeting ID: 161 074 7580**

**Passcode: 214033**

**Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)**

Pursuant to Government Code section 54953(e) and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are currently conducted solely via virtual (online/teleconference) meeting to align with state, local, and federal guidelines for the containment of the coronavirus.

Live video streams and indexed archives of meetings are available at:

[http://smud.granicus.com/ViewPublisher.php?view\\_id=16](http://smud.granicus.com/ViewPublisher.php?view_id=16)

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to [PublicComment@smud.org](mailto:PublicComment@smud.org). Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. **Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.**

Members of the public may provide written public comments on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via e-mail. Comments may be submitted to [PublicComment@smud.org](mailto:PublicComment@smud.org) and will be placed into the record of the meeting.

Members of the public that are listening to or watching the live stream of a Committee meeting and wish to comment on a specific agenda item as it is being heard may submit their comments, limited to 250 words or less, to [PublicComment@smud.org](mailto:PublicComment@smud.org), noting the agenda item number in the subject line. The Committee Chair may read comments for items on the agenda into the record, in his discretion, based upon such factors as the length of the agenda or the number of e-mail comments received. General public comment for items not on the agenda will not be read into the record but will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Policy Committee will review, discuss and provide the Committee's recommendation on the following:

## **DISCUSSION ITEMS**

1. Alcides Hernandez      Accept the monitoring report for **Strategic Direction SD-2, Competitive Rates.**  
Presentation: 5 minutes  
Discussion: 5 minutes
2. Russell Mills      Accept the monitoring report for **Strategic Direction SD-3, Access to Credit Markets.**  
Presentation: 10 minutes  
Discussion: 5 minutes
3. Laura Lewis      Nominate a Board Member for the Sacramento **Local Agency Formation Commission (LAFCo)** Special District Advisory Committee.  
Presentation: 1 minute  
Discussion: 2 minutes
4. Laura Lewis      Provide the Board an overview of modifications to the Brown Act and discuss proposed revisions to the **Meeting Procedures of the SMUD Board of Directors.**  
Presentation: 12 minutes  
Discussion: 10 minutes
5. Dave Tamayo      Board Monitoring: **Board-Staff Linkage BL-1, Board-Chief Executive Officer and General Manager Relationship; Board-Staff Linkage BL-2, Board-Chief Legal Officer and General Counsel Relationship; and Board-Staff Linkage BL-3, Board-Internal Auditor Relationship.**  
Presentation: 3 minutes  
Discussion: 2 minutes

## **INFORMATIONAL ITEMS**

6. Heidi Sanborn      Board Work Plan.  
Discussion: 1 minute
7. Public Comment
8. Dave Tamayo      Summary of Committee Direction.  
Discussion: 1 minute

*Pursuant to Resolution No. 20-06-08 adopted on June 18, 2020, Emergency Board Meeting Procedures are in effect:*

*Members of the public may make either a general public comment or comment on a specific agenda item by submitting comments via email. Comments may be submitted to [PublicComment@smud.org](mailto:PublicComment@smud.org). Comments will be provided to the Board and placed into the record of the Committee meeting if it is received within two hours after the meeting ends.*

*Members of the public that are listening or watching the live stream of a Board meeting and wish to comment on a specific agenda item as it is being heard, may submit their comments, limited to 250 words or less, to [PublicComment@smud.org](mailto:PublicComment@smud.org). The Board Committee Chair may read the comments into the record, in his discretion, based upon such factors as the length of the agenda or the number of email comments received. Comments will be provided to the Board and placed into the record of the Committee meeting if it is received within two hours after the meeting ends.*

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*ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this virtual meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email [Toni.Stelling@smud.org](mailto:Toni.Stelling@smud.org), or contact by phone at (916) 732-7143, no later than 48 hours before this virtual meeting.*



SSS No.
RS 23-001

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Policy Committee February 8, 2023
Board Meeting Date February 16, 2023

TO					TO				
1.	Scott Martin				6.				
2.	Jennifer Davidson				7.				
3.	Brandy Bolden				8.				
4.	Farres Everly				9.	Legal			
5.	Suresh Kotha				10.	CEO & General Manager Paul Lau			

<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR)	Alcides Hernandez				DEPARTMENT	Revenue Strategy			
					MAIL STOP			EXT.	DATE SENT
					B356			6397	

**NARRATIVE:**

**Requested Action:** Accept the monitoring report for Strategic Direction SD-2, Competitive Rates.

**Summary:** As of December 31, 2022, SMUD is in compliance with the SD-2 Competitive Rates, continuing to have rates at least 18 percent below Pacific Gas & Electric Company's (PG&E's) system average rates and at least 10 percent below PG&E's published average rates for each customer class. As of December 31, 2022, SMUD's Energy Assistance Program Rate (EAPR) & EAPR/Medical Rate Discount (MED) programs average rates were 42.0 percent below PG&E's average published California Alternate Rates for Energy (CARE) program.

**Board Policy:** SD-2, Competitive Rates  
*(Number & Title)*

**Benefits:** As of December 31, 2022, SMUD system average rates are 45.5 percent below PG&E's system average rates.

**Cost/Budgeted:** n/a

**Alternatives:** n/a

**Affected Parties:** n/a

**Coordination:** Revenue Strategy

**Presenter:** Alcides Hernandez

**Additional Links:**

SUBJECT	Accept SD-2 Monitoring Report, Competitive Rates	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** January 25, 2023

**FROM:** Claire Rogers *CR 1/25/23*

**SUBJECT: Audit Report No. 28007581  
Board Monitoring Report; SD-02: Competitive Rates**

Audit and Quality Services (AQS) received the SD-02 *Competitive Rates* 2022 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2022

## SD-2, Competitive Rates



### 1. Background

Strategic Direction 2, Competitive Rates states that:

Maintaining competitive rates is a core value of SMUD.

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.
- b) SMUD's rates shall be competitive with other local utilities on a system average basis.
- 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 or exported to the SMUD grid;
  - ii) Reduce consumption during periods of high system demand;
  - iii) Encourage energy efficiency, conservation, and carbon reduction;
  - iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications);
  - v) Minimize the rate of change in the transition from one rate design to another;
  - vi) Provide customers flexibility and choices;
  - vii) Be as simple and easy to understand as possible;
  - viii) Address the needs of people with low incomes and severe medical conditions; and
  - ix) Equitably allocate costs across and within customer classes.

### 2. Executive summary

#### a) SMUD is in compliance with SD-2, Competitive Rates.

As of December 31, 2022, SMUD's rates remain among the lowest in the state and on a system average rate basis are 45.5% below Pacific Gas & Electric (PG&E) Company's, which is better than the SD-2 target of at least 18% below on a system average rate basis. Residential average rates are at least 42.0% below PG&E's residential average rates. See Figure 1 below for details.

There was one rate increase to SMUD's rates in 2022. Rates for all customers were increased by 1.5% on March 1, 2022, as adopted by the Board on September 16, 2021. The overall rate advantage between SMUD and PG&E remains well above the SD-2 target of at least 18% on a system average basis.

Metric	2022 performance	2021 performance	5 year average
<b>System average rates 18% below PG&amp;E rates</b>	45.5% below PG&E on a system average rate basis	37.0% below PG&E on a system average rate basis	37.6% below PG&E on a system average rate basis



2022 marked the beginning of several rate developments that will continue to balance the SD-2 requirements and help SMUD meet its 2030 Zero Carbon Plan goals. The Board approved the Solar and Storage Rate (SSR) that went into effect on March 1, 2022, as well as incentives for customers to install battery storage along with their solar system. Solar, coupled with battery storage, will provide greater value to customers while supporting the grid at peak times.

The Commercial Rate Restructure transition is continuing as scheduled and the optional residential Critical Peak Pricing (CPP) rate went live June 1, 2022. In addition, a Virtual Power Plant program known as My Energy Optimizer, a pilot commercial electric vehicle (EV) rate, new interconnection fees, and a Virtual Solar option for low-income multi-family affordable housing were implemented. All these new rates, rate changes and programs support SMUD's Zero Carbon Plan and provide customers more options to partner with SMUD to lower their carbon footprint and reduce costs.

The Time-of-Day (TOD) rate continues to encourage residential customers to shift usage out of the 5 p.m. to 8 p.m. peak time-period which was very helpful during the 2022 heat storm. On average, TOD rates deliver approximately 75-115MW of reduced load during SMUD's system peak. The Commercial Rate Restructure approved by the Board in 2019 began implementation in October 2021 and was successfully completed in the first quarter of 2022. The Commercial Rate Restructure better aligns the commercial rates to the cost to serve our customers and better aligns with SMUD's fixed and variable costs as a utility. Beginning in January 2023, NEM1 customers who installed their solar system prior to 2018 will be transitioned to either the current standard Time-of-Day (TOD) rate or the alternative fixed rate option based on Resolution No. 17-06-09 adopted by the Board on June 15, 2017. These customers will continue to receive full retail credits for the energy produced by their solar system under Rate Schedule NEM1 through 2030, unless the customer chooses to take advantage of SMUD incentives to add battery storage, modifies or replaces their existing system, or moves to a different home. This transition only affects the underlying retail rates the solar production is credited at. SMUD has communicated this upcoming rate change to the approximately 14,000 NEM 1 legacy customers and plans to execute the rate transition in January 2023.

### 3) Additional supporting information

#### a) 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 continues to maintain average rates that are lower than PG&E's, both at a system level and by rate class. Figure 1 provides a detailed picture of the difference between SMUD's, and PG&E's projected average rates by rate class in 2022 as well as the difference between rates in 2021.

**Figure 1 – Summary of SMUD and PG&E Rate Comparison in \$/kWh**

Customer		Rate Categories		Average Annual Rate		Difference	Difference
				PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2022	2022	2022	2021
Residential	Standard	E-1	TOD	\$0.3377	\$0.1757	-48.0%	-40.5%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.2100	\$0.1218	-42.0%	-34.0%
<b>All Residential</b>				<b>\$0.2932</b>	<b>\$0.1673</b>	<b>-42.9%</b>	<b>-35.4%</b>
Small Commercial****	<= 20 kW	B-1	GFN, CITS-0	\$0.3252	\$0.1701	-47.7%	-40.8%
	21 - 299 kW	B-6	CITS-1	\$0.3098	\$0.1576	-49.1%	-41.3%
Medium Commercial****	300 - 499 kW	B-10	CITS-2, CITP-2	\$0.3016	\$0.1459	-51.6%	-41.7%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	\$0.2605	\$0.1365	-47.6%	-36.8%
Large Commercial****	=> 1 MW	B-20	CITS-4, CITP-4, CITT-4	\$0.2060	\$0.1145	-44.4%	-31.5%
Lighting	Traffic Signals	TC-1	TS	\$0.3178	\$0.1346	-57.6%	-50.4%
	Street Lighting	various	SLS,NLGT	\$0.3668	\$0.1517	-58.6%	-47.5%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2940	\$0.1510	-48.6%	-41.9%
<b>System Average</b>				<b>\$0.2803</b>	<b>\$0.1526</b>	<b>-45.5%</b>	<b>-37.0%</b>

Notes:

\* Projected 2022 average prices for SMUD with rates effective 01/01/22 and 3/01/22. PG&E average prices in 2022 reflect rates effective 6/01/22, per Advice Letter 6603-E. The rate difference in year 2021 reflects PG&E average rates as of 12/1/21, per Advice Letter 6603-E dated 05/20/22, and SMUD rates effective 01-01-21 and 10-01-21.

\*\* 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.

As seen in Figure 1, the rate competitiveness by class varies for the different customer classes and is at least 42.0% below comparable PG&E class average rates. Since the creation of this annual monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E. See Appendix A for more details.

**b) SMUD's rates shall be competitive with other local utilities on a system average basis.**

SMUD's system average rate is competitive with other local utilities as shown in detail in Appendix B.

**c) Reflect the cost of energy when it is used or exported to the SMUD grid**

SMUD's TOD and restructured commercial rates are designed to more closely reflect the cost of energy when it is used, with prices highest during the Peak time periods when the cost of energy is highest. In September 2021, the Board approved the Solar and Storage Rate (SSR), which went into effect March 1, 2022. SSR compensates energy sent to SMUD's grid at the value of solar rate of 7.4 cents per kWh, as supported in the comprehensive 2020 value of solar + storage study.

**d) Reduce consumption during periods of high system demand**

Both the residential and commercial TOD rates send signals to customers to reduce their on-peak usage. The Peak time for residential customers is 5 p.m. to 8 p.m. while the Peak time for commercial customers under the restructured rates is 4 p.m. to 9 p.m. These Peak time periods reflect the highest \$/kWh to encourage customers to shift their energy usage outside of the Peak time-period to reduce system load and help with carbon reduction goals.

The optional residential Critical Peak Pricing (CPP) rate charges a premium on energy delivered during those few critical times during the summer with highest demand, which is expected to reduce energy consumption and carbon emissions when the grid is most stressed. Additionally, customers on the CPP rate receive a discount on energy delivered during the summer Off-Peak and Mid-Peak time periods, encouraging them to shift their energy use to times when the grid is less stressed and clean energy is more abundant.

**e) Encourage energy efficiency, conservation, and carbon reduction**

SMUD continues to encourage energy efficiency, conservation and carbon reduction through the residential and non-residential TOD rates and a variety of programs, such as incentives to install storage, and offering rebates for energy-efficient appliances, heating and cooling systems, and energy-efficient LED lighting. TOD rates encourage customers to shift energy use from peak times when energy is more costly and is produced by a larger portion of carbon-emitting generation plants to off-peak times, when there is often excess carbon-free solar generation on our system. By shifting usage to times when non-carbon emitting resources are plentiful, customers not only save money, but they also contribute to reducing carbon emissions and help SMUD achieve our carbon reduction goals. The residential and restructured commercial TOD rates were designed to be revenue neutral, so customers can save money if they shift or reduce their usage from peak hours. More detailed information about rebates and savings tips can be found on [smud.org](http://smud.org).

**f) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications)**

SSR was designed to work with a series of programs and incentives to help SMUD reach its 2030 Zero Carbon Plan. SMUD started the My Energy Optimizer (MEO) Starter incentives and will be offering more storage incentives to encourage customers to invest in storage, which could enable the customer to gain additional value from their investment. In addition to the storage incentives, the CPP rate will provide customers with solar and storage even more of an opportunity to increase the value of their system, by providing a significantly larger incentive to send power to the grid during critical events. The CPP rate will also encourage customers to adopt smart thermostats, as they may be able to save money on the CPP rate if they use the thermostats to adjust their energy usage.

Customers that live in low-income multi-family affordable housing will be able to receive the benefits of solar through the Virtual Solar option. In the Virtual Solar option, the building owner may install solar, and the benefits of that solar will be allocated to the residents, providing an avenue for customers to adopt solar even though they do not own their own home.

**g) Minimize the rate of change in the transition from one rate design to another**

SMUD follows this principle through gradualism and balance between rate implementation and customer satisfaction when making rate structure changes in combination with rate increases. For example, the Commercial Rate Restructure will be phased in over an 8-year period to mitigate bill impacts. Additionally, the implementation of the SSR rate was shifted from January to March 2022 to allow customers more time to adjust to the new rate. SSR was designed to minimize future transitions if the compensation rate adjusts – it will be adjusted every 4 years, and the adjustment is capped.

**h) Provide customers flexibility and choices**

SMUD provides flexibility and rate options to its customers. Residential customers may select custom due dates, budget billing, and net energy metering customers can choose between monthly or annual settlement options. Residential customers are placed on TOD, but they may select the fixed rate or the CPP rate. All customers may make online payments and set up billing alerts. In addition, qualified commercial customers moving to SMUD's service area may choose between two different Economic Development Rate discount structures, selecting the option that best suits their needs. In the summer of 2022, SMUD implemented a pilot commercial EV rate; the intent is to learn from the pilot and eventually develop a permanent optional EV rate to encourage EV adoption to support the 2030 Zero Carbon Plan.

SMUD is offering three levels of incentives for customers to install storage. The amount of the incentive increases depending on which programs the customers decide to participate in. The smallest incentive, MEO Starter, is for customers that do not wish to participate in a program, the next highest level MEO Partner, is for customers that want to participate in the CPP rate, and the highest incentive, MEO Partner+, is for customers that want to participate in the Virtual Power Plant program.

**i) Be as simple and easy to understand as possible**

SMUD works to make sure its many programs and rates are simple and easy to understand. For example, staff designed the TOD rate and restructured commercial rates to balance simplicity while still reflecting the cost of energy when it is used. Significant ongoing customer outreach will assist customers in understanding the new rate designs. Another example is the approach staff used to develop the new Virtual Solar option for low-income multi-family affordable housing. Virtual Solar was designed to be simple and easy to manage compared to the very complex billing mechanics from the prior Virtual Net Energy Metering programs.

#### **j) Address the needs of people with low incomes and severe medical conditions**

SMUD continues to address low-income customers and those with medical conditions. The Energy Assistance Program Rate (EAPR) and our Medical Equipment Discount Rate (MED Rate) offer customers a discount on their monthly energy costs for those that qualify. The discount for EAPR is determined by Federal Poverty Level (FPL) with the largest discount going to those in the lowest poverty level.

To better serve our customers during the COVID-19 pandemic, SMUD temporarily suspended disconnections and late fees for nonpayment for all customers. Late fees and disconnections resumed Q1 and Q2 2022, respectively. EAPR customers are no longer subject to collection fees including late, collection and/or reconnection fees. SMUD staff continues to work with customers on ways to pay their bills through a variety of payment options and financial assistance programs. In 2021, and 2022 SMUD secured \$41.3M and \$9.9M respectively in California Arrearage Payment Program (CAPP) funding that was applied to customers' unpaid bills, more than \$809k in Sacramento Emergency Rental Assistance (SERA), \$6.9M in HEAP, \$~731k in EnergyHELP and ~\$431k in other (Community Based Organizations, Churches, and Tribes) to support customers amid the ongoing challenges of the COVID-19 pandemic.

Additionally, to the EAPR and MED Rate discount program we have assisted more than 2,300 customers with energy education, energy efficient improvements and repairs, move them towards our Clean Energy Vision with Building and Transportation electrification improvements. These programs improve/reduce their overall energy burden and increase the comfort of their homes.

#### **k) Equitably allocate costs across and within customer classes**

To ensure costs are equitably allocated across and within customer classes, staff updates SMUD's marginal cost study and performs rate costing studies and value of solar studies prior to recommending rate structure changes, such as with TOD, the Commercial Rate Restructure and SSR.

### **4) Challenges**

#### **Rate Pressures**

2022 was an extremely difficult year financially, with higher commodity costs relating to the Consumnes Power Plant outage, record breaking temperatures in summer, drought, higher commodity market prices, broad and pervasive inflation, and cost pressures from supply chain constraints. Although SMUD did not need to do an emergency rate process in 2022, these issues have reduced and, in some cases, depleted our financial reserves. Staff will bring the Board proposals in quarter two of 2023 to adjust rates for 2024 and 2025.

### **5) Recommendation**

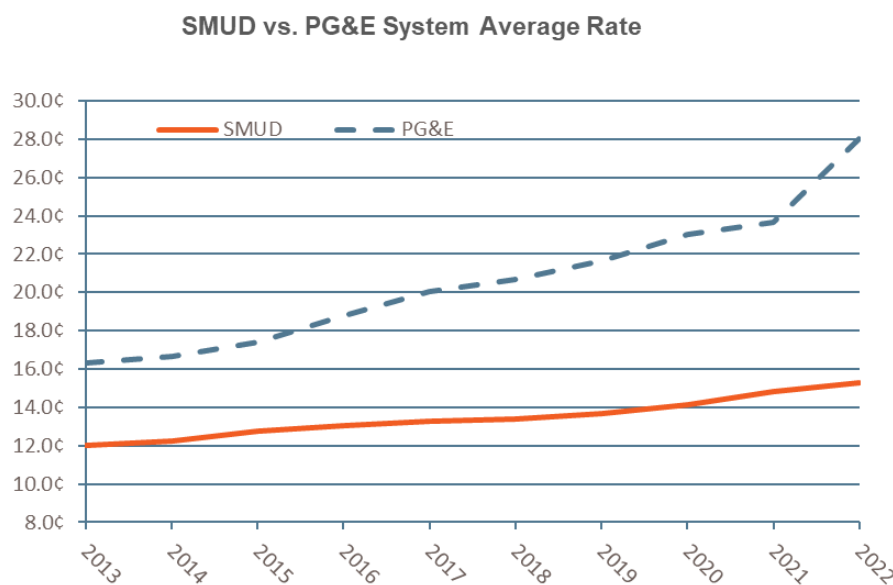
It is recommended that the Board accept the Monitoring Report for SD 2, Competitive Rates.

## Appendices

### Appendix A: Historical Rate Comparison with PG&E

Figure 2 compares SMUD and PG&E's system average rates for the past 10 years. SMUD's system average rates have averaged 33.7% below PG&E's since 2013.

**Figure 2 – SMUD and PG&E Historical System Average Rate Comparison**



### Appendix B: Local Utility Rates

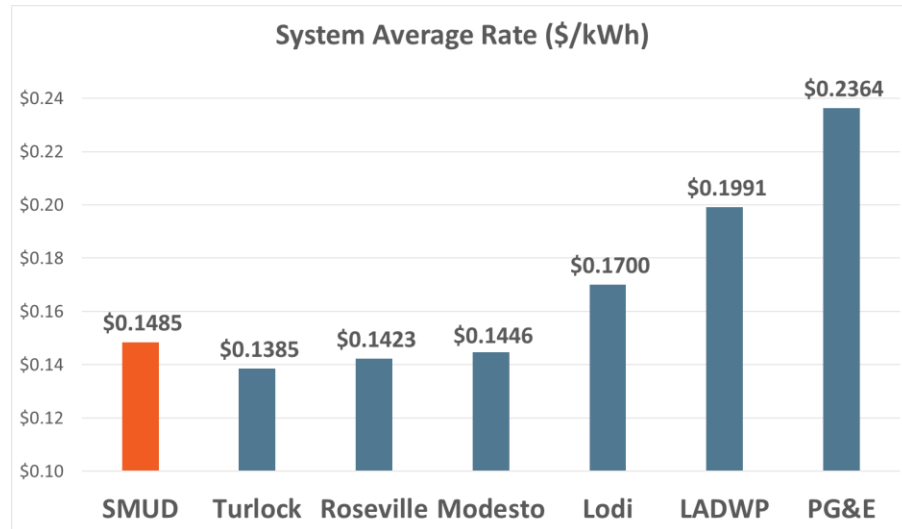
- **Modesto Irrigation District (MID):** MID has not had a rate increase since 2012. The Board recently approved two upcoming rate increases. There will be a 7.4% increase in 2023 and a 3.5% increase in 2024. The rate change included increasing the residential monthly fixed charge to \$30. Environmental Energy Adjustment is currently \$0.0066/kWh and the Capital Infrastructure Adjustment is currently at \$0.0028/kWh. MID recently adopted a pilot residential TOU rate for Electric Vehicle customers which has a fixed charge of \$30.00 per month as well as three time periods for summer and two for winter that differ in price. MID also instituted a grid access charge for NEM customers who install above 1 MW of solar capacity.
- **Turlock Irrigation District (TID):** TID has not had a base rate increase since 2015 and there is no plan to modify base rates in 2022 or 2023. However, like other utilities, TID has seen commodity costs significantly increase and has increased their Power Supply Adjustment (PSA) charge by \$.01/kWh or 2.85% on December 1, 2022.
- **Roseville Electric:** Roseville Electric approved a 2.6% rate increase effective January 1, 2022, and another 2.8% rate increase effective January 1, 2023. Roseville is also implementing an 8% energy surcharge that will be in effect from February 1, 2023, to December 31, 2024. Roseville has pass-through charges that adjust with costs, in addition to any rate increases.
- **Lodi Electric:** Lodi did not change their base rates in 2022 and they do not have any changes forecasted for 2023. Lodi has a monthly energy cost adjustment that adjusts as power costs

increase or decrease. The range of the energy cost adjustment for 2022 was -\$0.0087/kWh to \$0.0668/kWh a 38.9% average increase.

- **Los Angeles Department of Water and Power (LADWP).** LADWP did not have a rate increase in fiscal year 2021-2022. LADWP does have a pass-through charge that adjusts with costs, outside of any rate increases.

SMUD's system average rate remains competitive, as shown in Figure 3. Figure 3 uses data from the U.S. Energy Information Administration and 2021 is the most recent data available.

**Figure 3 – 2021 Utility System Average Rate Comparison**



Including pass-through mechanisms in rates is a common utility practice, allowing utilities to collect enough revenue to cover their costs without having to increase rates in a formal rate proceeding. SMUD has the Hydro Generation Adjustment, which allows for a small additional charge on customer bills in the event of less than median precipitation. Figure 4 details the pass-through mechanisms some of SMUD's neighboring utilities have as part of their rate structures.

**Figure 4 – Utility Pass-through Mechanisms**

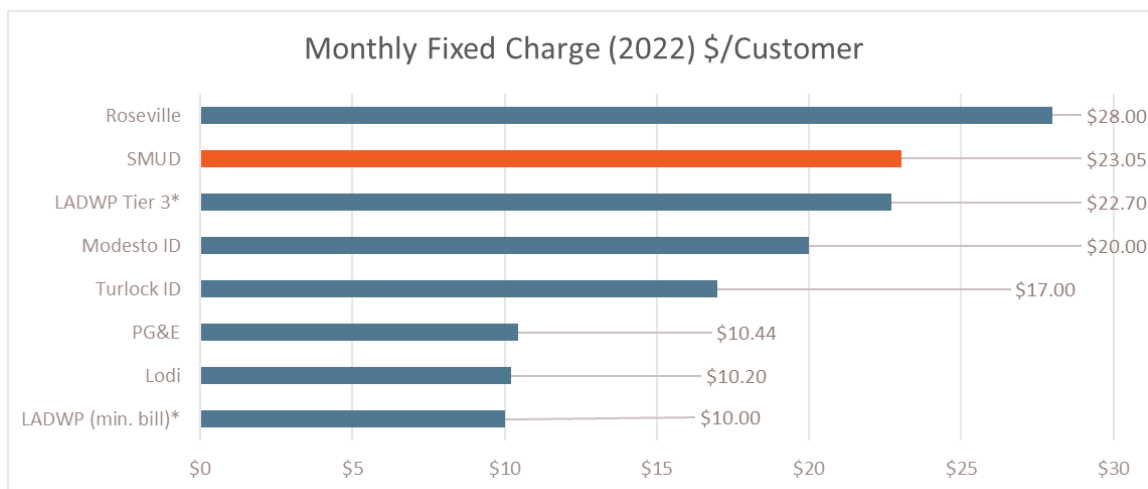
Utility	Pass through
<b>SMUD</b>	Hydroelectric Generation Adjustment
<b>Modesto Irrigation District</b>	Capital Infrastructure Adjustment
	Environmental Energy Adjustment
<b>Turlock Irrigation District</b>	Power Supply Adjustment
	Environmental Charge
	Public Benefits Surcharge
<b>Roseville Electric</b>	Renewable Energy Surcharge
	Greenhouse Gas Surcharge
	Hydroelectric Adjustment
<b>Lodi Electric</b>	Energy Cost Adjustment
<b>LADWP*</b>	Energy Cost Adjustment
	Electric Subsidy Adjustment

## Reliability Cost Adjustment

\* LADWP has other adjustments to reflect approved rate increases

Including a fixed charge amount on residential customers bills is also a common utility practice. The fixed charge allows for revenue collection for fixed assets that do not vary with electricity consumption. Figure 5 below outlines the fixed charge amount of SMUD's neighboring utilities.

**Figure 5 – Monthly Residential Fixed Charge Amount**



\* Roseville Electric's customer charge will increase to \$30 in 2023.

\*\* LADWP's Tier 1 fixed charge is \$2.30 and Tier 2 fixed charge is \$7.90 but they have a minimum bill of \$10 per month.

\*\*\* Modesto ID's customer charge will increase to \$30 in 2023

## Appendix C: PG&E Updates

### Overview of PG&E's recent rate proceedings

In 2022 PG&E had three rate changes, increasing the system average rate in \$/kWh from \$0.2336 in 2021 to \$0.2803 in 2022 as shown in Figure 6.

**Figure 6 – PG&E 2021-2022 Rate Changes**

	PG&E Rate Changes in 2021 <sup>(1)</sup>				Annual	PG&E Rate Changes in 2022 <sup>(1)</sup>			Annual
	January	March	August	December	2021	January	March	June	2022
Rate Change (%)	0.10%	2.80%	0.30%	0.50%	3.73%	7.50%	10.50%	1.00%	19.98%
System Rate (\$/kWh)	\$0.2255	\$0.2319	\$0.2325	\$0.2336		\$0.2514	\$0.2776	\$0.2803	

(1) Includes California Climate Credit

### PG&E Rate Increase Process

Every three to four years PG&E files a request with California Public Utilities Commission (CPUC) with their proposed rate increases. The CPUC will then either accept or modify the rate increases for those years. 50% of the requested revenue increases for 2023 through 2026 is for wildfire reduction work, including vegetation management programs. The following rate increases have been approved or proposed:

- 2022 – 4.85% (approved)
- 2023 – 9.6% (proposed)
- 2024 – 2.4% (proposed)
- 2025 – 1.9% (proposed)
- 2026 – 1.5% (proposed)

Additionally, PG&E does a “true-up” at the end of each year to adjust their revenue to match their costs. For instance, if their costs for the year exceeded their projected revenue, they will increase their rates to compensate.

The large increases for PG&E in 2022 were due to increased supply costs, wildfire prevention measures as well as settlements due to past wildfires.

### PG&E Residential Time-of-Use Rate Transition

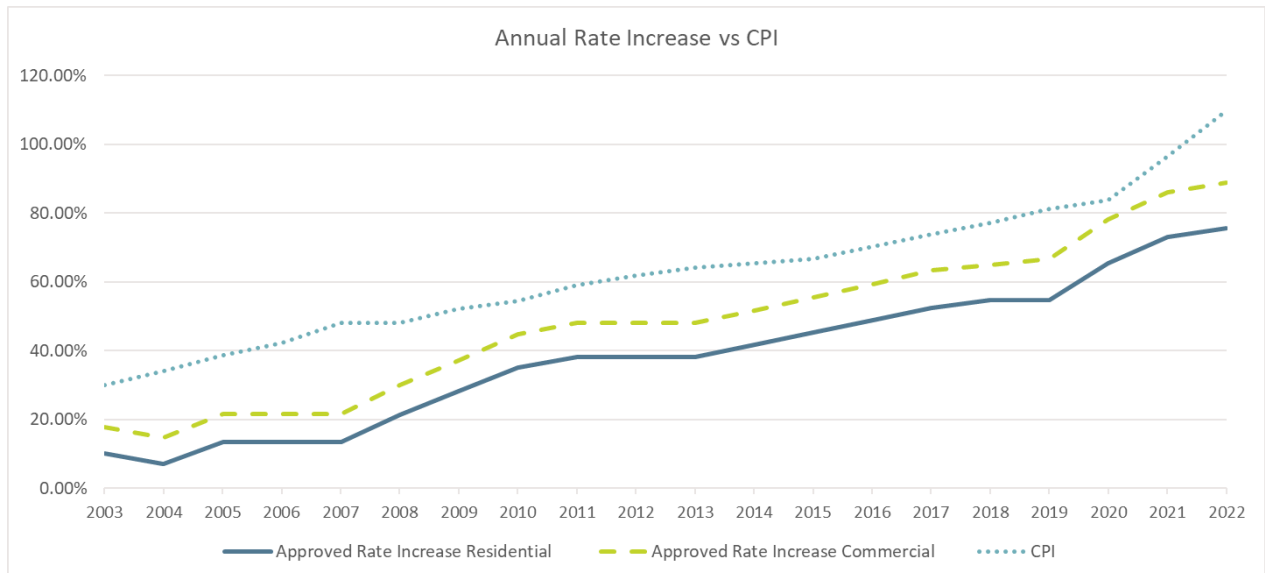
PG&E began transitioning residential customers to a default time-of-use rate (E-TOU-C) in 2020. The standard E-TOU-C rate has a peak time-period from 4 to 9 p.m. every day. Customers may choose from a selection of alternative rates, including an optional E-TOU-D (5-8 p.m.) rate which has a shorter 3-hour Peak time-period during weekdays only.

As of October 2022, approximately 50 percent of PG&E’s residential customers continue to take service on Schedule E-1 non-TOU, tiered monthly usage rates. Effective January 1, 2023, the High Usage Surcharge (HUS – third tier) is eliminated resulting in a simple 2-tiered rate that has a Tier 1 baseline quantity differentiated on climatic-conditions in the PG&E territory i.e., coastal, mountains, valley. Of the 50 percent, 2 million customers are still on E-1 because many of these customers were legally exempt from the default TOU transition by statute, that is, approximately 2.6 million customers were ineligible at the time of transition, or discretionarily excluded from the initial default TOU transitions.

## Appendix D: Historical Rate Increases

Figure 7 shows that SMUD’s historical rate increases have tracked the Consumer Price Index (CPI) over the past 20 years. Figure 8 shows SMUD’s rate increases by year since 2002.

**Figure 7 – Annual Rate Increase vs CPI**





**Figure 8 –Residential vs. Non-Residential Rate Increase and Energy Surcharge by Year**

Year	Rate Increase		Energy Surcharge
	Residential	Non-Residential	
2000	0.00%	0.00%	N/A
2001	13.00%	21.00%*	N/A
2002	0.00%	0.00%	-2.60%
2003	0.00%	0.00%	N/A
2004	0.00%	0.00%	-2.70%
2005	6.00%	6.00%	N/A
2006	0.00%	0.00%	N/A
2007	0.00%	0.00%	N/A
2008	7.00%	7.00%	N/A
2009	5.50%	5.50%	N/A
2010	5.50%	5.50%	N/A
2011	2.25%	2.25%	N/A
2012	0.00%	0.00%	N/A
2013	0.00%	0.00%	N/A
2014	2.50%	2.50%	N/A
2015	2.50%	2.50%	N/A
2016	2.50%	2.50%	N/A
2017	2.50%	2.50%	N/A
2018	1.50%	1.00%	N/A
2019	0.00%	1.00%	N/A
1/1/2020	3.75%	3.75%	N/A
10/1/2020	3.00%	3.00%	N/A
1/1/2021	2.50%	2.50%	N/A
10/1/2021	2.00%	2.00%	N/A
3/1/2022	1.50%	1.50%	N/A
1/1/2023	2.00%	2.00%	N/A

\* Medium Commercial, Agricultural and Lighting rates increased by 16%



SSS No.  
TR23-001

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy Committee  
February 8, 2023  
Board Meeting Date  
February 16, 2023

TO				TO			
1.	Claire Rogers			6.			
2.	Jennifer Davidson			7.			
3.	Suresh Kotha			8.			
4.	Brandy Bolden			9.	Legal		
5.	Farres Everly			10.	CEO & General Manager		
Consent Calendar	X	Yes	No If no, schedule a dry run presentation.	Budgeted	X	Yes	No (If no, explain in Cost/Budgeted section.)
FROM (IPR)		DEPARTMENT		MAIL STOP		EXT.	DATE SENT
Russell Mills		Treasury		B355		6509	1/22/23
<b>NARRATIVE:</b>							
<b>Requested Action:</b> Accept the monitoring report for Strategic Direction SD-3, Access to Credit Markets.							
<b>Summary:</b> With SD-3, the Board established that maintaining access to credit markets is a core value for SMUD. Pursuant to this direction, the Board has set certain financial targets, financial considerations, and minimum credit ratings for SMUD to maintain. This annual report outlines the importance of these SD-3 requirements and provides evidence of SMUD's compliance during 2022.							
<b>Board Policy:</b> SD-3, Access to Credit Markets (Number & Title)							
<b>Benefits:</b> Provide the SD-3 Monitoring Report as requested by the Board of Directors and Executive Staff. The report provides an opportunity to make recommendations or policy revisions as necessary.							
<b>Cost/Budgeted:</b> N/A							
<b>Alternatives:</b> N/A							
<b>Affected Parties:</b> N/A							
<b>Coordination:</b> Treasury							
<b>Presenter:</b> Russell Mills							

### Additional Links:

SUBJECT

Accept Monitoring Report for SD-3, Access to Credit Markets

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** January 25, 2023

**FROM:** Claire Rogers *CR 1/25/23*

**SUBJECT: Audit Report No. 28007582  
Board Monitoring Report; SD-03: Access to Credit Markets**

Audit and Quality Services (AQS) received the SD-03 *Access to Credit Markets* 2022 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2022

## SD-3 Board Strategic Direction on Access to Credit Markets



### 1. Background

Strategic Direction 3 on Access to Credit Markets states that:

Maintaining access to credit is a core value of SMUD.

Therefore:

- a. For SMUD's annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.50 times.
- b. When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.
- c. SMUD's goal is to maintain at least an "A" rating with credit rating agencies.

### 2. Executive summary

SMUD relies on the use of borrowed funds to pay for a portion of its capital needs on an ongoing basis. The Board adopted SD-3, Access to Credit Markets, to help ensure that SMUD maintains the ability to raise new money at competitive rates in the bond market as needed. Making prudent use of borrowed funds to finance capital improvements can help SMUD to mitigate major rate adjustments in periods of intensive capital expansion, and allows SMUD to allocate the costs of those improvements over their useful lives to the customers who benefit from them. Maintaining access to credit markets supports our objective to be financially flexible to make necessary and timely investment and take advantage of opportunities while remaining competitive.

One of the most important indicators of an organization's ability to access credit markets is the independent assessment made by credit rating agencies. SMUD is rated by the three major rating agencies: Standard & Poor's (S&P), Moody's, and Fitch, which review SMUD's credit on approximately an annual basis. The credit ratings assigned are intended to give investors the rating agency's view of the likelihood that SMUD will pay principal and interest on bonds when due. They utilize financial metrics in assessing creditworthiness such as the Fixed Charge Ratio that measures revenue sufficiency to meet obligations, and Days Cash on Hand, a measure of liquidity. They also measure leverage and the capacity to finance future capital projects without placing undue burden on customers, either through borrowing or within our rate structure. SMUD's overall governance and risk

management practices are also important to the agencies, along with the ability and willingness to raise rates when necessary while maintaining competitive low-cost energy for our customers.

As referenced in the attached ratings agency reports, SMUD has very strong metrics and due to well managed cash flow, has the ability to plan to a more modest fixed charge ratio relative to some other AA rated peers. The most recent SMUD credit reports from both S&P and Fitch also specifically cite the Board's demonstrated willingness to raise rates to support financial performance.

Credit ratings heavily impact an organization's ability to borrow money in the municipal markets, as well as the interest rates they will be required to pay. Higher credit ratings translate into lower borrowing costs. For example, if SMUD's credit ratings were to fall into a lower category, from AA to A, the impact at today's rates would be approximately \$400k/year for every \$100 million borrowed. During a period of financial turmoil, as experienced in early 2020, higher credit ratings allowed SMUD to access credit markets sooner than lower rated utilities.

Credit ratings also impact an organization's ability to conduct general business transactions. Trading partners utilize credit ratings as a factor in assessing their willingness to transact with SMUD, and to determine commercial terms. Stronger credit ratings enable SMUD to negotiate better terms and conditions for contracts, including power purchase agreements. For example, SMUD's healthy credit ratings minimize the amount of collateral posting required under many of its commodity contracts to hedge natural gas and power. Likewise, if SMUD's ratings were to drop from current levels, collateral posting requirements would increase accordingly. In some cases, a reduction in SMUD's credit ratings below a certain threshold gives our counterparty the right to terminate the contract.

In support of maintaining its financial strength and as a financial risk mitigator SMUD procures insurance. SMUD maintains a comprehensive property and casualty insurance program, with coverage in excess of various self-insured retentions ranging from \$5,000 to \$5,000,000, designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities. Insurance programs are continuously reviewed and modified when construction, operational exposures, or developments in the insurance industry so warrant. Long term relationships with a variety of insurers minimize SMUD's susceptibility to the effects of insurance market cycles. SMUD budgets reserves to meet potential insurance deductibles and self-insured liability claims and has had no claims that have exceeded coverage limits.

**SMUD has remained in compliance with SD-3 as evidenced by the following:**

- a. Maintained key financial metrics, including a fixed charge ratio above the minimum policy target of 1.50 times.
  1. 2.42 times in 2021
  2. 1.65 times in 2022 (As of January 19, 2023)
  3. 2.08 times in 2023 (projected in 2023 Budget)
- b. Credit ratings were affirmed at 'AA' from S&P and Fitch, and Aa3 from Moody's, which is equivalent to AA-. Moody's changed SMUD's outlook from stable to positive.
- c. Successful refunding of the remaining 2012 Series Y bonds with the issuance of \$133 million of 2022 Series J Electric Revenue Bonds. This refunding transaction took advantage of lower interest rates and SMUD's strong credit ratings to lock in \$2.8 million in net present value cash flow savings per year from 2023 to 2031, for a total net present value savings of \$28.6 million. This transaction highlights our ability to access credit markets as a result of managing SMUD in a manner that invokes confidence from investors.
- d. Successfully renewed and restructured SMUD's \$400 million commercial paper program into a \$300 million commercial paper capacity with a \$100 million emergency line of credit. These facilities ensure SMUD's continued financial strength by providing quick access to financial resources from investors in the credit markets, as well as the ability to access direct bank financing through the \$100 million line of credit during periods of market disruption.
- e. Accessed credit markets with multiple issuances and rollovers of commercial paper totaling \$150 million outstanding by the end of 2022. The commercial paper issuances were to support SMUD's liquidity needs and capital improvement program.
- f. Made \$31 million in additional supplemental contributions to CalPERS as part of a 10-year pension funding strategy to eliminate our unfunded pension liability—an obligation rating agencies are increasingly focusing on in their reviews. Addressing the unfunded liability sooner will help control rate increases. These costs would continue to grow into the future since paying only the required minimum payments may not fully mitigate the compounding nature of the outstanding liability adequately. SMUD's most current valuations show the funded status of Other Post- Employment Benefits (OPEB) as of June 30, 2022, and Pension as of June 30, 2021, were of 98% and 100% funded, respectively.

Successfully renewed property and casualty insurance coverage programs at or below market rates. Despite the continuing constrained insurance market, SMUD was able to maintain its broad coverage terms and limits, including a \$255 million wildfire liability insurance program within which SMUD's self-insured retention decreased from an aggregate of \$74 million to \$62.5 million.

### 3. **Additional supporting information**

Details on ratings variables, SMUD specific credit strengths, factors that could lead to an upgrade, and insurance are listed below.

#### **Financial Strengths:**

Maintaining SMUD's financial strength is a key component to continually accessing credit markets. Below is a list of SMUD specific financial strengths mentioned in recent rating agency reports:

- a. Strong financial operations management
- b. Strong financial performance with fixed charge ratio over 1.8x during the last 5 years
- c. Robust liquidity
- d. Low operating costs
- e. Competitive rates
- f. Diverse resource portfolio
- g. Favorable debt and liabilities profile
- h. Proactive planning and hedging practices
- i. Timely rate setting record
- j. Strong wildfire mitigation toolkit

#### **Ratings Variables:**

The rating agencies evaluate a number of factors in deriving municipal power ratings. These include:

- k. Financial ratios and metrics
- l. Governance Structure and Management
- m. Rate Competitiveness
- n. Cost of production/purchased power (particularly with respect to higher cost renewables)
- o. Risk Management Practices
- p. Service area demographics
- q. Regulatory factors



#### **4. Challenges:**

Below are comments from recent rating's agency reports regarding challenges to SMUD's financial strength that could affect SMUD's ability to access credit markets:

- a. Wildfire liability and inverse condemnation exposure
- b. More significant capital spending affecting rate competitiveness and key financial metrics
- c. Substantially weakened competitive position or impaired ability to maintain liquidity and achieve fixed charge ratios commensurate with recent years' levels
- d. Prioritizing environmental goals or rate affordability over preservation of the financial profile

#### **5. Recommendation:**

It is recommended that the Board accept the Monitoring Report for SD-3 Board Strategic Direction on Access to Credit Market.



# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy Committee – 02/08/23  
Board Meeting Date  
February 16, 2023

TO		TO	
1.	Donna Lofton	6.	
2.	Jennifer Davidson	7.	
3.	Brandy Bolden	8.	
4.	Farres Everly	9.	<b>Legal</b>
5.	Suresh Kotha	10.	<b>CEO &amp; General Manager</b>

Consent Calendar	X	Yes		No If no, schedule a dry run presentation.	Budgeted	X	Yes		No (If no, explain in Cost/Budgeted section.)		
FROM (IPR) Laura Lewis				DEPARTMENT Executive Office				MAIL STOP B308	EXT. 6123	DATE SENT 01/23/23	

**NARRATIVE:**

**Requested Action:** Nominate a Board Member for the Sacramento Local Agency Formation Commission (LAFCo) Special District Advisory Committee.

**Summary:** The LAFCo Special District Advisory Committee (SDAC) is comprised of 17 members, including two LAFCo Special District Commissioners, the Alternate Special District Commissioner, and representatives from recreation, park, fire, water, flood control, cemetery, and other types of special districts. SDAC members serve two-year terms without compensation.

There are seven vacant seats for the full two-year term for Office “B” (January 2023 – December 2024) on the SDAC, and there are three vacant seats for the partial remaining term ending in December 2023 for Office “A” (January 2022 – December 2023). New members are selected by the SDAC Sub-committee on Membership from a pool of nominees provided by Special Districts. Communications from LAFCo are attached. Nominations must be submitted by Friday, February 17, 2023.

**Board Policy:** GP-2 Governance Focus; GP-3 Board Job Description  
*(Number & Title)*

**Benefits:** No direct impact to SMUD.

**Cost/Budgeted:** No budget impact.

**Alternatives:** Decide not to nominate anyone for Special District Advisory Committee.

**Affected Parties:** Board, LAFCo, Special Districts

**Coordination:** Legal, Legislative

**Presenter:** Laura Lewis, Chief Legal & Government Affairs Officer

**Additional Links:**

SUBJECT

**Nomination for Sacramento LAFCo Special District Advisory Committee**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**DATE:** January 12, 2023

**TO:** Independent Special Districts

**SUBJECT: Nominations for Membership on SDAC**

You are cordially invited to nominate a Member of your Board to join the Special District Advisory Committee (SDAC). The purpose of the Committee is to provide Sacramento LAFCo with input on issues related to Special Districts, as well as to receive information on issues before the Commission.

The SDAC membership of seventeen is composed of the two LAFCo Special District Commissioners, and the Alternate Special District Commissioner, and representatives from recreation and park, fire, water, flood control, cemetery and other types of special districts.

SDAC members serve 2 year terms without compensation. There will be seven (7) vacant seats for **Office "B" for a full two-year terms (1/23 – 12/24)** on the Committee. There are also three (3) **Office "A" (1/22 – 12/23)** vacancies, and directors applying for those slots will serve the remainder of the two year term that expires on December 2023.

New members will be selected by the SDAC *Sub-committee on Membership* from the pool of nominees provided by the Special Districts, subject to confirmation by the Commission.

SDAC meetings are held quarterly on the fifth Tuesday, or as needed. Currently the SDAC meets at 7 PM virtually; however, there will be a discussion on returning to in-person meetings on the January 31, 2023 meeting.

A nomination form is attached. If you wish to nominate a member of your Board, please complete the form and return it to me no later than **Friday, February 15, 2023**.

Please feel free to contact me by email or phone if you have questions about this process.

Sincerely,

José C. Henríquez,  
Executive Officer

---

**Commissioners**

*Sue Frost, Rich Desmond, County Members ■ Phil Serna, Alternate  
Linda Budge, Sean Loloee, City Members ■ Vacant, Katie Valenzuela, Alternates  
Chris Little, Public Member ■ Timothy Murphy, Alternate  
Lindsey Liebig, Gay Jones, Special District Members ■ Charlea Moore, Alternate*

**Staff**

*José C. Henríquez, Executive Officer ■ Desirae N. Fox, Policy Analyst ■ Diane Thorpe, Clerk of the Commission  
Nancy Miller, DeeAnne Gillick, Commission Counsel*



SPECIAL DISTRICT ADVISORY COMMITTEE  
**Nomination Form**  
**"OFFICE B"**

*Recommendation to the **SDAC Selection Committee***

In accordance with the bylaws of the Special District Advisory Committee, the  
Governing Board of the \_\_\_\_\_ District  
nominates \_\_\_\_\_ (Board Member)  
for the following **Office "B"** position on the SDAC:

Two year term ends 12/31/24

Signature: \_\_\_\_\_  
Board Chairperson

Date: \_\_\_\_\_  
**Please attach resume of nominee**

ATTEST:

\_\_\_\_\_  
District Manager or District Secretary

\_\_\_\_\_  
Please print e-mail address

**Please send completed nominations to:**

José C. Henríquez  
Executive Officer.  
Sacramento LAFCo  
1112 "I" Street; Suite 100  
Sacramento CA 95814

[henriquezj@saclafco.org](mailto:henriquezj@saclafco.org)

---



SPECIAL DISTRICT ADVISORY COMMITTEE  
**Nomination Form**  
**"OFFICE A"**

*Recommendation to the **SDAC Selection Committee***

In accordance with the bylaws of the Special District Advisory Committee, the  
Governing Board of the \_\_\_\_\_ District  
nominates \_\_\_\_\_ (Board Member)  
for the following **Office "A"** position on the SDAC:

One year term ends 12/31/23

Signature: \_\_\_\_\_  
Board Chairperson

Date: \_\_\_\_\_  
**Please attach resume of nominee**

ATTEST:

\_\_\_\_\_  
District Manager or District Secretary

\_\_\_\_\_  
Please print e-mail address

**Please send completed nominations to:**

José C. Henríquez  
Executive Officer.  
Sacramento LAFCo  
1112 "I" Street; Suite 100  
Sacramento CA 95814

[henriquezj@saclafco.org](mailto:henriquezj@saclafco.org)

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SSS No. LEG 2023-0015

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy – 02/08/23  
Board Meeting Date  
February 16, 2023

TO				TO							
1.	Jennifer Davidson			6.							
2.	Brandy Bolden			7.							
3.	Farres Everly			8.							
4.	Suresh Kotha			9.	Legal						
5.				10.	CEO & General Manager						
Consent Calendar		X	Yes	No If no, schedule a dry run presentation.		Budgeted		X	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Laura Lewis				DEPARTMENT Executive Office				MAIL STOP B308		EXT. 6123	
DATE SENT 01/05/23											

**NARRATIVE:**

**Requested Action:** Provide the Board an overview of modifications to the Brown Act and approve proposed revisions to the Meeting Procedures of the SMUD Board of Directors.

**Summary:** The Municipal Utility District (MUD) Act section 11908 requires this Board to establish rules for its proceedings. On March 17, 2020, to address the COVID-19 pandemic, Governor Newsom issued Executive Order N-29-20 (Executive Order) that suspended certain requirements under the Brown Act related to teleconference requirements during a declared State of Emergency. In response, the Board has been operating under some form of Emergency Board Meeting Procedures since March 17, 2020, which has included, among other things, the use of virtual meeting participation and public comment and adjustment to meeting time.

On September 13, 2022, Assembly Bill 2449 (AB 2449) was signed into law, effective January 1, 2023, through December 31, 2025, amending the Brown Act to allow for teleconference options in certain circumstances, with strict limitations on the frequency with which the teleconference option is used. The General Counsel will provide an overview of these modifications.

On October 17, 2022, Governor Newsom announced his intent to end the California State of Emergency on February 28, 2023, which will reinstate the teleconference provisions of the Brown Act.

The Board reviewed and recommended changes to the existing Meeting Procedures of SMUD Board of Directors at the January 18, 2023, Policy Committee. A redline of the proposed revisions to the Board Meeting Procedures is attached.

**Board Policy:** Governance Process GP-3, Board Job Description – j) Take such other actions as may be required by law.  
(Number & Title)

**Benefits:** Ensures communication of and compliance with new Brown Act requirements. Allows the Board to clarify procedures for conducting Board and Committee meetings and to allow the Board the opportunity to make corrections, additions, or changes if necessary.

**Cost/Budgeted:** This item has no direct budgetary impact.

**Alternatives:** Maintain the existing Board Meeting Procedures.

**Affected Parties:** SMUD, Board of Directors, Public

**Coordination:** Executive Office, Board Office, Legal Department

**Presenter:** Laura Lewis, Chief Legal & Government Affairs Officer



**Additional Links:**

SUBJECT

**New Teleconference Requirements and Board Meeting Procedures**

ITEM NO. *(FOR LEGAL USE ONLY)*

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**DRAFT**

**Meeting Procedures of the SMUD Board of Directors**

202~~3~~<sup>4</sup> Edition

Supersedes all previous versions

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## INTRODUCTION

### Welcome Statement

Welcome to the Board of Directors meeting. These procedures are designed to assist the community in understanding how the Sacramento Municipal Utility District (SMUD) Board of Directors conducts its meetings. Copies of the Meeting Procedures are available upon request through the office of the SMUD Board Secretary or on the internet at [www.smud.org](http://www.smud.org).

### Authority

The Board of Directors governs SMUD and is its policy-making body. The Board appoints a Chief Executive Officer and General Manager responsible for SMUD's operations.

### Board Tenure

The Board of Directors is comprised of seven members elected by ward to represent different geographic areas of the Sacramento region. The Directors serve four-year terms which are staggered.

### Board Governance Policies

The Board of Directors operates under a set of governance policies. The governance policies define the Board's purpose and how it operates; SMUD's vision and strategic direction; and its links and delegations to staff. Copies of the Board governance policies are available upon request through the office of the SMUD Board Secretary or on the internet at [www.smud.org](http://www.smud.org).

These meeting procedures complement the Board's policies, but do not supersede them. If there is an inconsistency between any of the Board's policies and these meeting procedures, the Board's policies control.

## CHAPTER I – BOARD MEETINGS

### Rule 1.0 Time and Place

(a) Regular Board meetings occur the third Thursday of the month except that the regular meeting in December occurs the second Thursday of the month. Unless otherwise designated on the Board meeting agenda, regular meetings begin at 6:00 p.m. ~~except that the regular meetings in January, April, July, and October begin at 9:00 a.m.~~

All regular meetings are held in the SMUD Auditorium at 6201 S Street, Sacramento, California, unless otherwise designated on the Board meeting agenda.

**Commented [LL1]:** Board to discuss whether the change time to 5:30.

(b) In the event that the Thursday Board meeting falls on a legal holiday, unless otherwise determined by the Board President, that meeting will be held on the next business day following the holiday and begin at the time specified for that Board meeting.

(c) Any meeting or session of the Board may be adjourned for cause, in good faith, at any time, or from time-to-time, when necessary for the expeditious transaction of business.

(d) All meetings of the Board, including regular, special and emergency meetings, are called in accordance with the Ralph M. Brown Act, California Government Code Section 54950, *et seq.* (Brown Act).

(e) Board members may participate in Board meetings throughby a telephone conference platform such as a computer or telephone in accordance with the Brown Act. ~~teleconferencing under the following conditions: (i) a quorum of the Board members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.~~

(f) Members of the public may audio or video record Board meetings provided that they do not block aisles, exits or interfere with public sight lines.

#### **Rule 1.1 Parliamentary Procedures**

In all cases not provided for by these meeting procedures, or by SMUD ordinance or resolution, parliamentary procedures will be in accordance with Robert's Rules of Order (current edition). The Board Secretary will act as parliamentarian to the Board.

#### **Rule 1.2 Order of Business**

Unless special circumstance apply, the regular order of business at each regular Board meeting is:

- (a) Call to Order
- (b) Pledge to the Flag
- (c) Roll Call
- (d) Cable Announcement
- (e) Customer Education Message

- (f) Approval of the Agenda
- (g) Approval of the Minutes
- (h) Committee Chair Reports
- (i) Statements from the Public (at the time the agenda item is considered)
- (j) Consent Calendar
- (k) Discussion Calendar
- (l) Public Comments (non-agenda items)
- (m) Directors' Reports
- (n) President's Report
- (o) CEO's Report
- (p) Adjournment

#### **Rule 1.3 Quorum**

(a) Four members of the Board constitute a quorum for a regular, special or emergency Board meeting. No business will be acted upon until a quorum is present. No business will be conducted when the number of Board members is reduced below a quorum with the exception of information items. The presiding member of the Board meeting will note for the record when a Board member arrives late to a Board meeting or departs before adjournment.

(b) Whenever two-thirds of the Board membership or two-thirds vote is required for approval of a matter, at least five members or five votes will be required to approve the matter.

#### **Rule 1.4 Presiding Officer and Selection of Officers**

(a) The President of the Board will preside over Board meetings. In the absence of the Board President, the Vice-President of the Board will preside at meetings. In the absence of both the Board President and the Vice-President, the members of the Board attending the meeting will choose a president pro tem who will preside at the meeting and will be determined as the first order of business.

(b) The Board President and Vice-President will serve one-year terms and

will be selected through a nomination process which will be conducted in December of each year. If no successor is named by the conclusion of the officer's term, the officer shall continue in office until a successor is named.

#### **Rule 1.5 Public Participation**

(a) Members of the public may attend any meeting of the Board of Directors except for closed sessions of the Board as determined by the ~~Ralph M. Brown Act of the California Government Code~~ Brown Act. Members of the public are required to switch pagers, cellular phones and similar electronic devices to a silent or off mode during Board meetings.

(b) -Members of the public may address the Board through a teleconference platform such as computer or telephone in accordance with these procedures. Instructions for participation will be included on every meeting agenda.

~~(bc)~~ Members of the public may address the Board at a Board meeting on agenda items prior to or during the Board's consideration of that item, and on items of interest not on the agenda which are within SMUD's jurisdiction, except that no public comment will be taken on the form or content of the Board agenda itself except during the general public comment period.

~~(de)~~ To facilitate the SMUD Board's conduct of business, members of the public that wish to address the Board will have up to three (3) minutes during general public comment period and up to three (3) minutes on any individual agenda item on which the Board will take action. The Consent Calendar is considered a single item, and speakers are subject to the three (3) minute limit for the entire Consent Calendar. Items listed on the agenda but on which no Board action will be taken, including without limitation, Committee reports, Directors' reports, and the CEO's report shall be addressed in the general public comment period, and will be subject to the three (3) minute limitation. In addition to the above time limits, the total time allotted to any individual speaker shall not exceed nine (9) minutes for an entire Board meeting.

~~(ed)~~ Notwithstanding the foregoing, the Board President may, in ~~his or her~~ their discretion, and based upon factors such as the length of the agenda, the substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President. Speakers will be limited to the time allocated by the Board President and will not be allowed to accept time from other members of the public in attendance at the meeting.



(fe) Public speakers are expected to exercise decorum when addressing the Board.

(gf) Speakers are to direct their comments to the Board. The public comment periods are not intended to be "Question and Answer" periods or conversations with the SMUD Board or SMUD staff. For non-agenda items, the Board members may not engage in an active discussion of the matter and are limited to making a brief statement, asking clarifying questions or directing staff to follow up on a matter.

(hg) Any person desiring to address the Board on an agenda item shall file a request to speak form with a Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Board on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking during the public comment period and on items on the agenda will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(ih) In the event that any Board meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Board President, unless there is an objection by a majority of the Board members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Board President will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(ji) At least fourteen (14) days in advance of a scheduled Board meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Board meeting on matters within the SMUD's jurisdiction. Presentation requests must be initiated in writing and submitted to the Board President through the Board office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter's name, address and telephone number;

(3) Any action(s) which the requestor wishes the Board to take;

(4) Amount of time requested, not to exceed 10 minutes;

(5) Desired Board meeting date.

The Board President will review all complete presentation requests and, may at his or her discretion, direct the Secretary of the Board to list the presentation on the Board's agenda. If the Board President denies a presentation request, the requesting party may address the Board at a meeting on a matter within SMUD's jurisdiction, subject to the three (3) minute time limitation.

(k) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(l) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Board meetings.

#### **Rule 1.6 Approval of Board Minutes**

The Board Secretary will provide a copy of the minutes of each regular meeting to each member of the Board with the next regular meeting agenda packet. The Board Secretary will provide a copy of the minutes of each special meeting at which Board action is taken to each member of the Board with the next month's regular meeting agenda packet. The minutes of the preceding meeting will be approved as part of the Consent Calendar, unless a Board member requests a discussion of the item. ~~not be read at any Board meeting unless a member of the Board requests it, but the Board President will inquire of the Board members whether there are corrections to the minutes. After any corrections have been made, the Board President will call for a motion to approve the minutes.~~

#### **Rule 1.7 Preservation of Minutes**

The minutes of the Board will be maintained by the Board Secretary as a corporate record. The minutes of each meeting will be signed by the Secretary and by the officer who presided at the Board meeting. The Secretary is charged with the custody of all papers, books and documents of the Board and will make the same available for public inspection at all reasonable times in accordance with the California Public Records Act.

#### **Rule 1.8 Taping and Web Streaming of Meetings**

The Board Secretary will arrange to have regular Board meetings video-recorded and cablecast on Metro Cable Channel 14, except for closed sessions. SMUD will store video-recordings of Board meetings for a period of four (4) years. Video of the regular Board meetings will be streamed live and, together with the

Board agenda, will be archived on the SMUD website for a one-year period.

#### **Rule 1.9 Addressing the Board President and Recognition to Speak**

(a) When any Board member is about to speak, he or she will seek recognition to speak from the Board President; and when two or more members address the Board President at the same time, the Board President will determine the speaking order. Once the Board President has recognized the right of the Board member to speak, the Board President will protect the speaker from disturbance or interference.

(b) The Board President will not recognize a member to speak again, except to answer questions, until all other Board members have had an opportunity to be heard.

(c) All members will have an opportunity to speak before the Board President enters debate on a regular item.

#### **Rule 1.10 Procedure Regarding Motions**

(a) **Motions in General:** A resolution, or any other action of the Board, may be proposed by any member including the Board President, by a motion to adopt. Such a motion, if seconded by a member, including the Board President, will be on the floor and must be considered; if not seconded, the motion is lost for lack of a second, and will be so declared by the Board President.

(b) **Amend a Motion:** A motion on the floor (with a second) may be amended at any time before adoption or rejection by an amendatory motion made by any member including the Board President.

An amendatory motion may be in the form of a substitute motion so that it replaces the original motion and can be adopted by a single vote, or it may be phrased so as to amend the original motion; if the substitute motion fails to carry, the original motion will then be voted upon; if the amendment is separately voted upon and is not adopted, the original motion will then be voted upon; if the amendment is adopted, the original motion as amended will then be voted upon.

(c) **Withdraw a Motion:** A motion may be withdrawn by the maker at any time before adoption or rejection with the consent of the second. The second to a motion may be withdrawn by the seconding member at any time before adoption or rejection of the motion; the motion will then be lost for lack of a second and so declared by the Board President unless seconded by another member.

(d) **Motion to Call the Question:** The purpose of a motion to call the question is to close debate and to vote immediately on a motion. After a motion has been seconded, any member may discuss or comment on the subject of the motion.

When no member wishes to discuss or comment further, the Board President will call for a vote on the motion. At any time after a motion has been seconded, any member who has the floor, including the Board President, may move to call for the question. The Board President will then state, "the question has been called for." If four members, one of whom may be the Board President, then concur, the Board President will call for a vote on the motion. If less than four members concur, discussion of the motion will then continue until the question is again called for or discussion terminates and a vote is called for by the Board President.

(e) **Motion to Table:** The purpose of this motion is to terminate further consideration of the subject under discussion. At any time after a motion has been seconded, any member, including the Board President, may move to table the motion. If the tabling motion is seconded, the Board President will call for a vote on the tabling motion. If the tabling motion is adopted, the original motion will remain on the floor but may not again be considered at the meeting at which the tabling motion was adopted except following the adoption of a motion to remove the original motion from the table. The original motion may be considered and voted upon at the next regular meeting of the Board unless again tabled. If not considered at such meeting, it will be deemed lost. If the tabling motion is not adopted, consideration of the original motion will continue under these rules. For the purposes of this section, if the Board recesses the meeting at which a motion has been tabled, the reconvened meeting will be considered a separate meeting and the original motion may be considered and voted upon.

(f) **Motion to Reconsider a Vote:** A motion to reconsider the vote may be made by any member who voted with the prevailing side. No question can be twice reconsidered unless it was amended after its first consideration. A motion to reconsider the vote may be made only at the meeting at which the original vote was taken or, if the Board recesses such meeting, at the reconvened meeting.

#### **Rule 1.11 Roll Call**

(a) The Chief Legal Officer and General Counsel will conduct a roll call at the beginning of each publicly noticed Board and Committee meeting.

(b) The roll need not be called in voting upon a motion except where specifically required by law or requested by a member. If the roll is not called, Board members will cast their votes electronically.

(c) Each roll call of the Board will be in ward order, except that the Board President will be called last.

#### **Rule 1.12 Overruling the Board President**

A decision of the Board President with respect to the interpretation, applicability

or enforcement of these rules may be overruled by majority vote of the Board.

#### **Rule 1.13 Suspension of Rules**

Any permanent rule of the Board may be suspended temporarily by a majority of the Board, provided that the temporary suspension will apply only to the matter under immediate consideration, and in no case will it extend beyond an adjournment.

#### **Rule 1.14 Amendment of Board Meeting Procedures**

These meeting procedures may be amended by a majority vote of the Board.

### **CHAPTER II - COMMITTEES**

#### **Rule 2.0 Time and Place**

(a) Whenever a standing Committee meeting is also noticed as a special Board Meeting, it shall be conducted as a Committee meeting and members of the Board that are not assigned to the Committee may attend and participate in the discussions, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, no Board action will be taken at a Committee meeting, unless otherwise noted on the agenda.

(b) Committee members may participate in Board meetings through a telephone conference platform such as a computer or telephone in accordance with the Brown Act. Board members may participate at Committee meetings by teleconferencing under the following conditions: (i) a quorum of the Committee members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.

(c) Members of the public may audio or video record Committee meetings provided that they do not block aisles, exits or interfere with public sight lines.

#### **Rule 2.1 Purpose and Quorum**

(a) Board Committees assist the Board by gaining education, considering alternatives and implications, preparing policy alternatives, and making recommendations to the full Board. As a general rule, matters to be considered by the Board will first be referred to a Committee.

(b) Two members of the Board will constitute a quorum for a Committee meeting. Where the number of Board members is reduced below a quorum during a Committee meeting, the Committee may continue to conduct business. Where a Committee lacks a quorum, the Board President, Board Vice-President or Committee Chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.

#### **Rule 2.2 Preparation and Preservation of Minutes**

(a) Minutes of each Committee meeting will be prepared by the responsible Executive and reviewed by the Board Secretary. The presiding officer of the Committee will sign the minutes indicating approval of the minutes.

(b) The minutes of Committee meetings will be maintained by the Board Secretary as a corporate record.

#### **Rule 2.3 Taping and Web Streaming of Committee Meetings**

Committee meetings will be audio recorded and will be audio streamed live to the public and archived on the SMUD website for one (1) year. The audio recordings of Committee meetings will be maintained for a period of four (4) years.

#### **Rule 2.4 Public Participation**

(a) Members of the public may attend any Committee meeting of the Board. Members of the public are required to switch pagers, cellular phones and similar electronic devices to a silent or off mode during Committee meetings.

(b) Members of the public may address the Board through a teleconference platform such as computer or telephone in accordance with these procedures. Instructions for participation will be included on every meeting agenda.

~~(b)~~ (c) Members of the public may address the Committee at a meeting on agenda items prior to or during the Committee's consideration of that item.

~~(d)~~ (e) Pursuant to Rule 2.1(b) of these Procedures, items may only be placed on a Committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO and General Manager or his or her designee. Accordingly, no public comment will be taken on the form or content of the agenda.

~~(e)~~ (f) Speakers will have up to three (3) minutes to address the Committee on items on the agenda; provided, however, the total time allotted to any individual speaker shall not exceed nine (9) minutes. The Board President may, in ~~his or her~~ their discretion, and based upon factors such as the length of the agenda, the

substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Committee Chair. Speakers will be limited to the time allocated by the Chair and will not be allowed to accept time from other members of the public in attendance at the meeting.

(fe) Public speakers are expected to exercise decorum when addressing the Committee.

(gf) Speakers are to direct their comments to the Committee. The public comment periods are not intended to be "Question and Answer" periods or conversations with the SMUD Board or SMUD staff.

(hg) Any person desiring to address the Committee on an agenda item shall file a request to speak form with the Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Committee on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Committee must hand the materials to the Security Officer who will distribute the written materials to the Committee and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(ih) In the event that any Committee meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Committee Chair, unless there is an objection by a majority of the Committee members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Committee Chair will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(ji) At least fourteen (14) days in advance of a Committee meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Committee meeting on

matters within SMUD's jurisdiction. Presentation requests must be initiated in writing by any individual and submitted to the Committee Chair through the Board of Director's office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter's name, address and telephone number;
- (3) Any action(s) which the requestor wishes SMUD to take;
- (4) Amount of time requested, not to exceed 10 minutes;
- (5) Desired Committee meeting date.

The Committee Chair will review all complete presentation requests and, may at his or her discretion, direct the responsible staff to list the presentation on the Committee's agenda. If the Committee Chair denies a presentation request, the requesting party may address the Committee at a regular meeting subject to the three (3) minute time limitation.

(k) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(l) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Committee meetings.

### **CHAPTER III – HEARINGS**

#### **Rule 3.0 Hearings – General Procedures**

(a) Hearings required by law will be held in compliance with the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) or other relevant statute, ordinance, or regulation. Unless otherwise required by applicable law, the procedures set forth in this Rule 3.0 shall apply to all SMUD Board hearings that do not involve a change in rates or rate structure.

(b) Any individual wishing to address the Board shall fill out a request to speak form and file the form with the Security Officer in attendance at the meeting. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential.

(c) Speakers will be called in an order determined by the Board President.



(d) Individuals will not be allowed to accept time from other individuals.

(e) Individuals may speak up to three (3) minutes. The Board President may, in his or her discretion and based upon factors such as the length of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President.

(f) The Board will consider any written testimony or reports of reasonable length submitted by the public in advance of the hearing.

(g) All exhibits, including documentary materials, will be retained by the Board Secretary as part of the record of the hearings and will be available and will be available to the public for inspection.

### **Rule 3.1 Hearings – Rate Process**

All rate hearings shall be conducted pursuant to the procedures set forth in Ordinance 15-1, attached hereto.

## **CHAPTER IV – CUSTOMER APPEALS OF DISPUTED BILLS**

### **Rule 4.0 Disputed Bill Appeals Procedure**

(a) Section 12823 of the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) establishes the rights of customers regarding disputed bills. For purposes of clarification, these procedures do not apply to the nonpayment of charges and fees by customers that do not dispute the accuracy of a bill.

(b) The following procedures shall govern the process by which a customer may file an appeal with the Board of Directors following an adverse determination by a SMUD Management Hearing Officer (Hearing Officer) under Section 12823(c) of the Municipal Utility District Act: .

(i) Following the SMUD Management Hearing, the Hearing Officer will mail his/her decision to the customer. Included in the mailing of the decision will be an appeal form and instructions on how the customer may appeal the decision to the Board of Directors. Under Rule and Regulation 10, Customer Services may include a request for payment of a deposit as evidence of good faith if such a deposit was not requested previously.

(ii) If the customer does not file an appeal form, the Hearing Officer's decision will be final. If the customer files an appeal form with Customer Services it must be received within ten (10) business days of the date of the Hearing Officer's letter or the customer's appeal will be rejected as untimely and the Hearing Officer's decision will be deemed final. Customer Services will notify the customer that the appeal is untimely. If the customer files an appeal form within 10 business days of the date of the Hearing Officer's letter, the appeal is considered timely. The appeal and appropriate documentation shall be forwarded to the appropriate SMUD Executive for processing, with a copy to the Board Office.

(iii) The Executive shall review the appeal, gather information and provide appropriate documentation to the Board Member for the ward in which the appealing customer resides (service address for the account in question).

(iv) The Board Member for the ward in which the appealing customer resides (service address for the account in question) shall review the information and may elect to contact the customer for additional information.

(v) Once the Board Member's review is complete, the appeal, including the recommendation (if any) of the Board Member, will be placed on the agenda of the Board of Directors for an upcoming meeting of the Board of Directors. The Board Office will notify the customer in writing of the date that the appeal will be heard so that the customer may appear and be heard if he/she so desires.

(vi) The appeal shall be heard by the Board of Directors, and a final decision on the appeal shall be rendered by the Board of Directors. Customer Services shall notify the customer in writing of the Board's decision.

(vii) The Board's decision represents final agency action.



SSS No.

BOD 2023-001

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

Policy – February 8, 2023

Board Meeting Date

N/A

TO				TO						
1.	Jennifer Davidson			6.						
2.	Suresh Kotha			7.						
3.	Brandy Bolden			8.						
4.	Farres Everly			9.	<b>Legal</b>					
5.				10.	<b>CEO &amp; General Manager</b>					
<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Dave Tamayo / Donna Lofton				DEPARTMENT Board Office				MAIL STOP B304	EXT. 5079	DATE SENT 1/18/23
<b>NARRATIVE:</b>										
<p><b>Requested Action:</b> Allow the Board of Directors an opportunity to monitor existing policies: Board-Staff Linkage BL-1, Board-Chief Executive Officer and General Manager Relationship; Board-Staff Linkage BL-2, Board-Chief Legal Officer and General Counsel Relationship; and Board-Staff Linkage BL-3, Board-Internal Auditor Relationship as part of the Board policy monitoring process.</p> <p><b>Summary:</b> A schedule to monitor Board policies was agreed upon by the Policy Monitoring Ad Hoc Committee. Monitoring established policies creates a better understanding of the policies and gives the Board an opportunity to make corrections, additions, or changes, if necessary.</p> <p><b>Board Policy:</b> <i>(Number &amp; Title)</i> This monitoring supports Governance Process GP-2, Governance Focus, which states that the Board will direct, evaluate, and inspire the organization through the establishment of written policies which reflect the Board's values.</p> <p><b>Benefits:</b> Monitoring policies helps ensure the policies are current and in keeping with the current will of the Board.</p> <p><b>Cost/Budgeted:</b> Included in budget</p> <p><b>Alternatives:</b> Not review these policies at this time.</p> <p><b>Affected Parties:</b> Board of Directors</p> <p><b>Coordination:</b> Special Assistant to the Board</p> <p><b>Presenter:</b> Dave Tamayo, Policy Chair</p>										

**Additional Links:**

SUBJECT

Board Monitoring of BL-1, BL-2, BL-3

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

<b>SMUD BOARD POLICY</b>	
Category: <b>Board-Staff Linkage</b>	<b>Title: Board-Chief Executive Officer and General Manager Relationship</b>  Policy Number: <b>BL-1</b>
Date of Adoption: <b>December 19, 2002</b>	Resolution No. <b>02-12-14</b>
Revision: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision: <b>May 6, 2004</b>	Resolution No. <b>04-05-05</b>
Revision: <b>December 6, 2007</b>	Resolution No. <b>07-12-02</b>
Revision: <b>December 20, 2007</b>	Resolution No. <b>07-12-13</b>
Revision: <b>October 16, 2008</b>	Resolution No. <b>08-10-09</b>
Revision: <b>January 21, 2010</b>	Resolution No. <b>10-01-07</b>
Revision: <b>February 18, 2010</b>	Resolution No. <b>10-02-11</b>
Revision: <b>January 20, 2011</b>	Resolution No. <b>11-01-09</b>
Revision: <b>July 16, 2015</b>	Resolution No. <b>15-07-02</b>

The Board of Directors governs the Sacramento Municipal Utility District and is the policy-making body of SMUD. The Board operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

- a) The Board of Directors is responsible for the following:
  - i) Identify and define the purpose, values and vision of SMUD, along with the results that are acceptable and not acceptable for SMUD to achieve, and communicate them in the form of policy.
  - ii) Make certain operational decisions as are designated by law.
  - iii) Hire, evaluate, and terminate the Chief Executive Officer and General Manager.

- b) The Chief Executive Officer and General Manager is responsible for the following:
- i) Manage all operations and business affairs of SMUD.
  - ii) Achieve the results established by the Board within the appropriate and ethical standards of business conduct set by the Board.
  - iii) Prepare and submit to the Board for approval each year a budget to achieve the Board's strategic directives.
  - iv) Enforce SMUD ordinances, administer the civil service system (including hiring and terminating of all officers and employees except the Chief Legal Officer and General Counsel and the Board Special Assistant), attend meetings of the Board and report on the general affairs of SMUD, and keep the Board advised as to the needs of SMUD.
  - v) Establish and enforce a code of ethics applicable to all employees, which provides clear guidelines for ethical standards and conduct.
  - vi) Implement and maintain an integrated enterprise risk management process that identifies, assesses, prudently manages and mitigates a variety of risks facing SMUD.
  - vii) Ensure the smooth continuous operation of SMUD in the event of the planned or unplanned absence of the Chief Executive Officer and General Manager.
  - viii) Interact with the public and other utilities and government agencies, pursuant to policies adopted by the Board. The Chief Executive Officer and General Manager shall assure, in cooperation and consultation with the Board, that SMUD is appropriately represented in the community it serves.
  - ix) Perform other responsibilities as may be delegated by the Board either by resolution or through the Chief Executive Officer and General Manager's contract of employment.

**Monitoring Method: Board Report**  
**Frequency: Annual**

<b>SMUD BOARD POLICY</b>	
Category: <b>Board-Staff Linkage</b>	Title: <b>Board-Chief Legal Officer and General Counsel Relationship</b>
	Policy Number: <b>BL-2</b>
Date of Adoption: <b>December 19, 2002</b>	Resolution No. <b>02-12-14</b>
Revision Date: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision Date: <b>April 6, 2006</b>	Resolution No. <b>06-04-08</b>
Revision Date: <b>July 16, 2015</b>	Resolution No. <b>15-07-03</b>

The Chief Legal Officer and General Counsel provides legal counsel to SMUD and to the Board. The Chief Legal Officer and General Counsel reports both to the Board and to the Chief Executive Officer and General Manager.

The Board of Directors is ultimately responsible for hiring and terminating the Chief Legal Officer and General Counsel. As a general practice, the Board and the Chief Executive Officer and General Manager shall participate jointly in hiring and terminating the Chief Legal Officer and General Counsel.

The Chief Executive Officer and General Manager is responsible for evaluating the Chief Legal Officer and General Counsel's performance. The Chief Executive Officer and General Manager shall solicit the Board's input in evaluating the performance of the Chief Legal Officer and General Counsel, and the Board may, at its discretion, participate in that evaluation.

With respect to the Board, the Chief Legal Officer and General Counsel shall:

- a) Serve as the Board Secretary.
- b) Give his or her advice or opinion whenever he or she deems necessary or when required by the Board.
- c) Inform the Board of material legal issues impacting SMUD or the Board.
- d) When necessary, act independently of the Chief Executive Officer and General Manager.

- e) Provide counsel to the Board and individual Board members with regard to conflict-of-interest issues.
- f) Provide counsel to the Board and individual Board members with regard to other ethical matters.
- g) Assist the Board and Board members in complying with applicable statutes and laws.

The Chief Legal Officer and General Counsel shall not provide legal counsel to Board members except in their role as Board members.

**Monitoring Method: Board Report**  
**Frequency: Annual**



<b>SMUD BOARD POLICY</b>	
Category: <b>Board-Staff Linkage</b>	Title: <b>Board-Internal Auditor Relationship</b>
	Policy Number: <b>BL-3</b>
Date of Adoption: <b>December 19, 2002</b>	Resolution No. <b>02-12-14</b>
Revision Date: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision Date: <b>April 20, 2006</b>	Resolution No. <b>06-04-10</b>
Revision Date: <b>December 18, 2008</b>	Resolution No. <b>08-12-10</b>
Revision Date: <b>November 1, 2012</b>	Resolution No. <b>12-11-08</b>
Revision Date: <b>August 20, 2015</b>	Resolution No. <b>15-08-02</b>

The Internal Auditor provides independent, objective assurance and consulting services to the Board and management designed to improve the organization's operations.

The Internal Auditor reports to the Chief Executive Officer and General Manager for all administrative matters. The Board may provide input into the audit planning process and may require that special projects and reviews be conducted.

The Chief Executive Officer and General Manager is responsible for hiring and terminating the Internal Auditor with the concurrence of the Board. As part of the hiring process, the Chief Executive Officer and General Manager will recommend two qualified final candidates to the Board for its consideration. The Chief Executive Officer and General Manager may rank the candidates in order of preference.

The Chief Executive Officer and General Manager is responsible for the evaluation of the Internal Auditor's performance. The Board, at its discretion, may participate in the Internal Auditor's performance evaluation.

The Internal Auditor shall conduct audit reviews as identified in the annual audit plan and special projects requested by management, Chief Legal Officer and General Counsel, or the Board. The work of the auditor shall provide reasonable assurance regarding the achievement of objectives in the following areas:

- a) Adherence to plans, policies and procedures.
- b) Compliance with applicable laws and regulations.

- c) Effectiveness and application of administrative and financial controls.
- d) Effectiveness and efficiency of operations.
- e) Reliability of data.
- f) Safeguarding assets.
- g) Accuracy of the Strategic Direction monitoring reports.

The Internal Auditor in the performance of his or her duties shall have unlimited access to all activities, records, property and personnel of SMUD.

The Board shall receive the results of all audits it requests and all results from the annual audit plan. Audit reports from the annual audit plan will be placed on a Board committee agenda for discussion as an information item. In addition, the Internal Auditor shall inform the Board of the results of any other audit when he or she reasonably determines that the audit indicates a significant financial, operational, or reputational risk to SMUD. In all cases, reports will be sent to individuals, be it the Board or management, who are in positions to see that action is taken on audit findings and recommendations.

**Monitoring Method: Board Report**  
**Frequency: Annual**



SSS No.

BOD 2022-014

# BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy Committee 2/8/23

Board Meeting Date  
n/a

TO					TO				
1.	Jennifer Davidson				6.				
2.	Suresh Kotha				7.				
3.	Brandy Bolden				8.				
4.	Farres Everly				9.	Legal			
5.					10.	CEO & General Manager			

<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Heidi Sanborn / Donna Lofton				DEPARTMENT Board Office	MAIL STOP B307		EXT. 5079	DATE SENT 12/22/2022	

## NARRATIVE:

**Requested Action:** Enable the Board of Directors and Executive Staff an opportunity to review the Board Work Plan.

**Summary:** The Board President reviews the Board Work Plan at the Policy Committee meeting to ensure agenda items support the work of the Board.

**Board Policy:** This review of the work plan supports GP-6 Role of the Board President which states that the Board President shall give progress reports on the Board's work plan.  
*(Number & Title)*

**Benefits:** Reviewing the Work Plan allows the Board members and Executive staff to make changes to the Work Plan and Parking Lot items as necessary.

**Cost/Budgeted:** Costs included in budget.

**Alternatives:** Not review the Work Plan at this time

**Affected Parties:** Board and Executive staff

**Coordination:** Donna Lofton

**Presenter:** Heidi Sanborn, Board President

## Additional Links:

SUBJECT	Board Work Plan	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.





SSS No.

BOD 2022-018

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

Policy Committee 2/8/23

Board Meeting Date

N/A

TO				TO				
1.	Jennifer Davidson			6.				
2.	Suresh Kotha			7.				
3.	Brandy Bolden			8.				
4.	Farres Everly			9.	Legal			
5.				10.	CEO & General Manager			
<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Dave Tamayo / Donna Lofton				DEPARTMENT Board Office			MAIL STOP B307	EXT. 5079
DATE SENT 12/27/22								
<b>NARRATIVE:</b>								
<b>Requested Action:</b> A summary of directives provided to staff during the committee meeting.								
<p><b>Summary:</b> The Board requested an on-going opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting in an effort to make clear the will of the Board. The Policy Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.</p> <p><b>Board Policy:</b> GP-4 Agenda Planning states the Board will focus on the results the Board wants the organization to achieve. <i>(Number &amp; Title)</i></p> <p><b>Benefits:</b> Having an agenda opportunity to summarize the Board's requests and suggestions that arise during the committee meeting will help clarify what the will of the Board.</p> <p><b>Cost/Budgeted:</b> Included in budget</p> <p><b>Alternatives:</b> Not summarize the Board's requests at this meeting.</p> <p><b>Affected Parties:</b> Board of Directors and Executive Staff</p> <p><b>Coordination:</b> Donna Lofton, Special Assistant to the Board</p> <p><b>Presenter:</b> Dave Tamayo, Policy Chair</p>								

**Additional Links:**

SUBJECT

Summary Of Committee Direction - Policy

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.