

Exhibit to Agenda Item #4

SMUD's 2025 Rate Process Preview.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, January 14, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Agenda

- Introduction
- Overview of rate increase drivers
- Rate increase discussion
- Optional rate discussion
- Public outreach of rate process

Rate Increase Drivers – Clean Energy Compliance Costs



\$34 million increase to commodity costs

- New renewable resources and Resource Adequacy costs






\$280 million for new generation & storage assets

- Country Acres 1 & 2 Solar & Storage
- Solano 5 Wind Project



Rate Increase Drivers - Investments to Maintain High Reliability

-  **\$251 million** Substation & Line Capacity Projects such as El Rio, Station J, Pocket Substation
-  **\$90 million** Folsom Administrative Operations Building
-  **\$22 million** Wildfire and Inflation impacts



Percentage & timing for rate increases

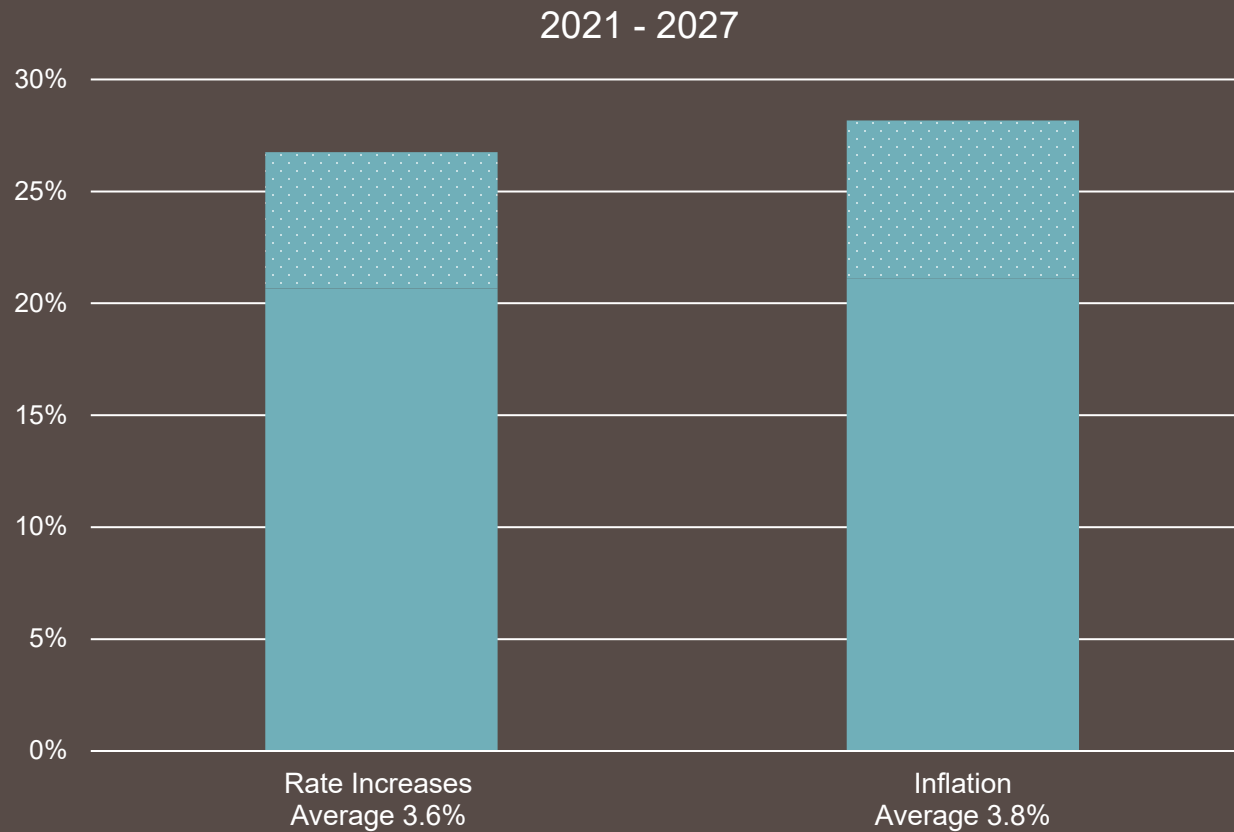
January 1,
2026

3.00%

January 1,
2027

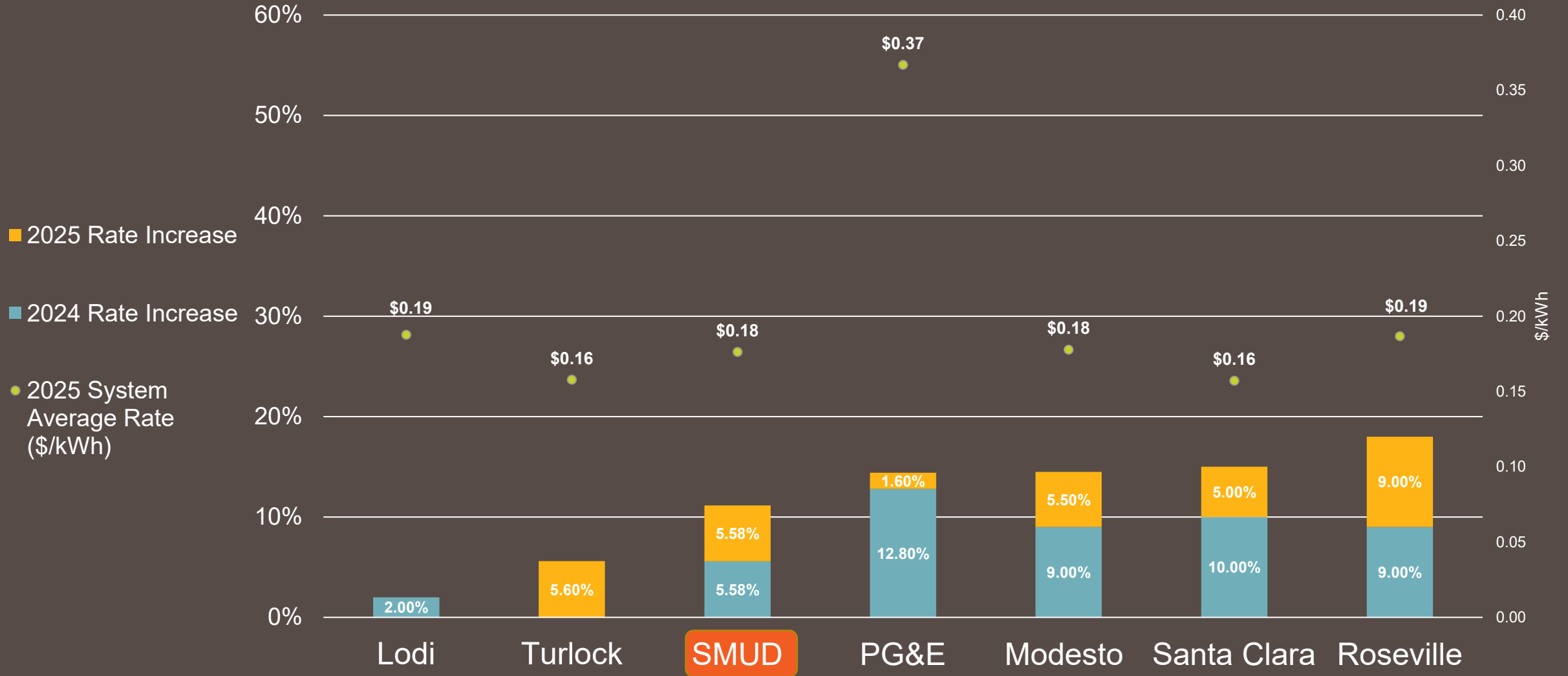
3.00%

Cumulative rate increases vs. cumulative inflation



Source: SMUD's historical adopted rate increases from 2021 through 2025 and proposed rate increases for 2026 to 2027. Historical CPI data from Bureau of Labor Statistics. Forecasted CPI data for 2025 to 2027 from IHS Markit

Other utilities rate increases (%)



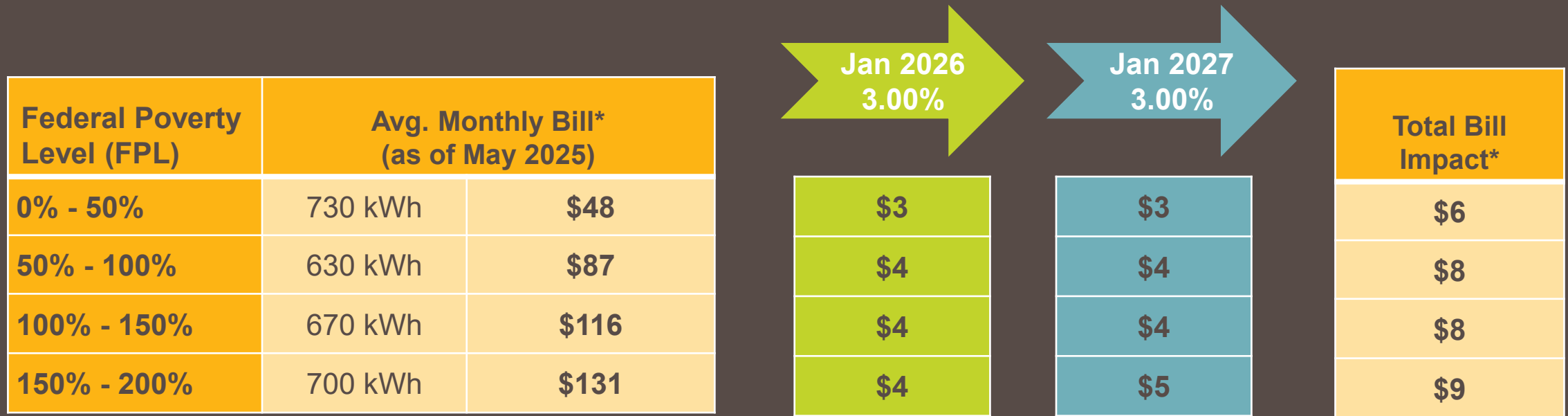
The 2025 System Average Rates were calculated by escalating 2023 System Average Rates from the EIA-861 Survey by the 2024 and 2025 rate increases.

Potential average bill impacts

| Potential Monthly Bill Impacts | | | | |
|-------------------------------------|----------------------|-----------------------------------|-----------------------------------|-------------------|
| Customer Class | Average Monthly Bill | 3.00% Rate Impact January 1, 2026 | 3.00% Rate Impact January 1, 2027 | Total Bill Impact |
| Average residential at 750kWh usage | \$144.92 | \$4.35 | \$4.48 | \$8.83 |
| Small Commercial (20-299 kW) | \$3,425 | \$103 | \$106 | \$209 |
| Medium Commercial (500-999 kW) | \$32,736 | \$982 | \$1,012 | \$1,994 |
| Large Commercial (>1,000 kW) | \$101,901 | \$3,057 | \$3,149 | \$6,206 |
| Agriculture (Ag & Pumping) | \$445 | \$13 | \$14 | \$27 |

Energy Assistance Program Rate (EAPR) potential bill impacts

Customers in the 0-50% Federal Poverty Level are eligible for an additional \$35 discount approved in 2023 which offsets this rate increase for most customers in that group



* Average monthly bills and impacts have been rounded up and include current EAPR credit by Federal Poverty Level. Monthly kWh usage represents the average of that Federal Poverty Level.

Optional rate discussion

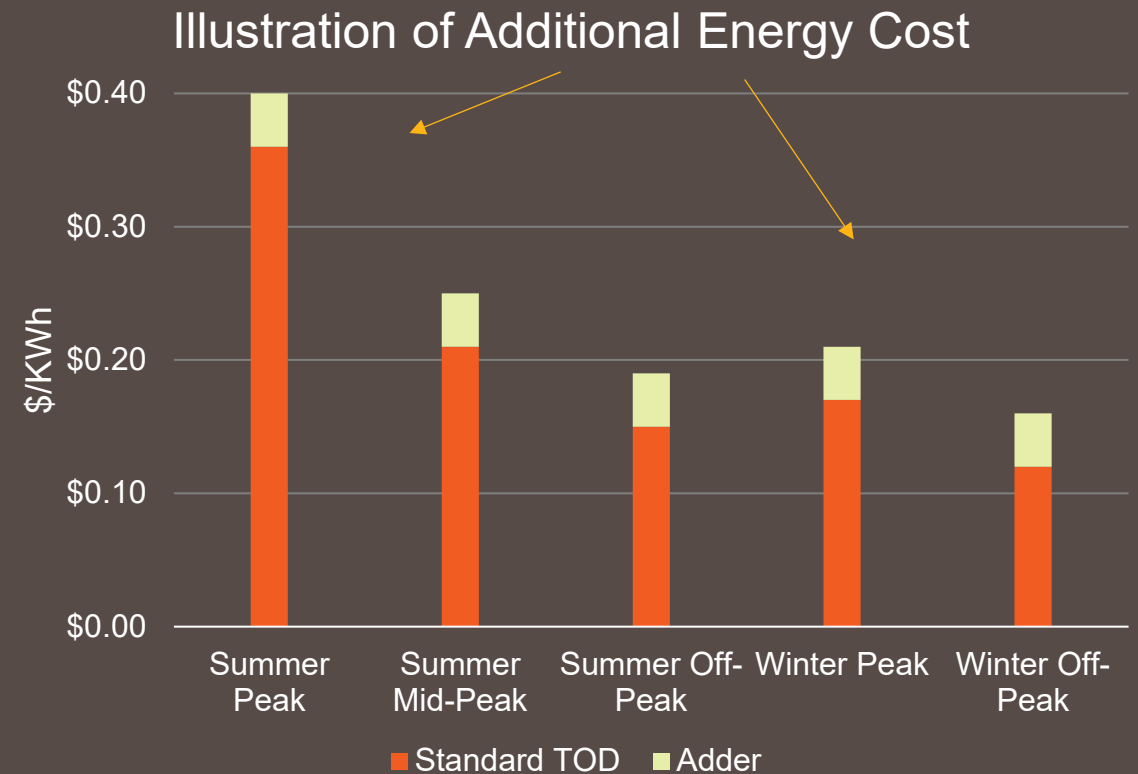
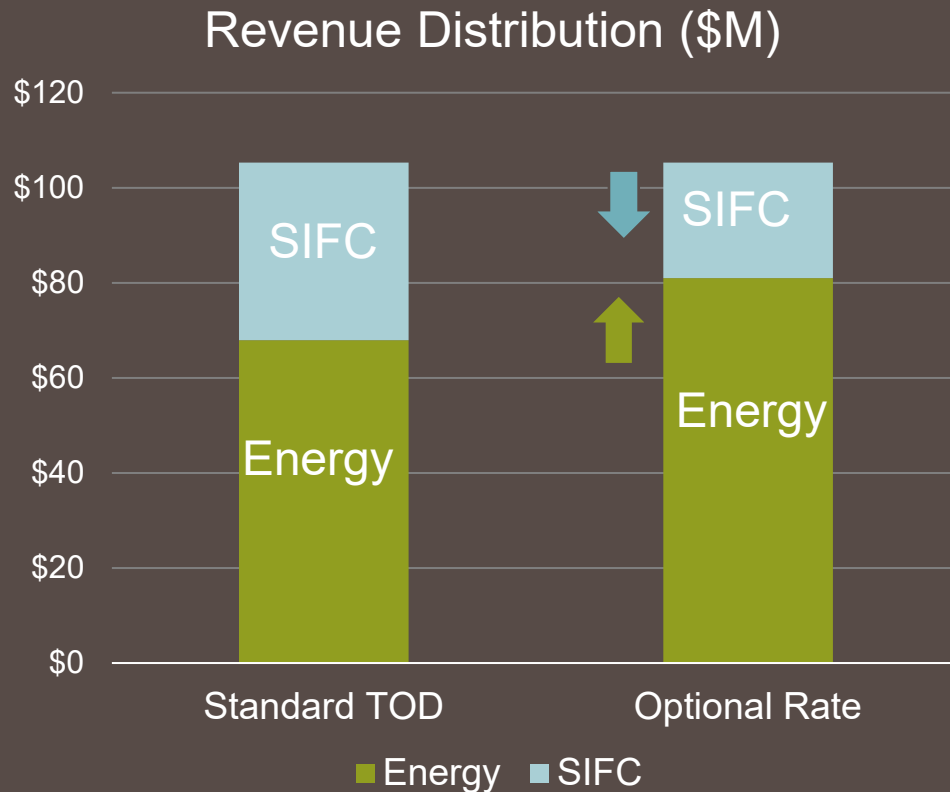
Background

- In 2023 staff presented options for restructuring the residential fixed charge
 - Panel size
 - Demand charges
- After exploring options, staff recommends an optional residential rate
 - Reduction to monthly fixed charge
 - Customers with panel size ≤ 125 amps and low usage
 - Revenue neutral and aligned with SD-2 principles



Recommended approach

- Optional rate with lower SIFC of \$17 for customers with panel size \leq 125 Amps
- Same structure as current TOD but includes an additional energy cost to make it revenue neutral



Public outreach of rate process

- Extensive outreach to educate customers on proposed rate changes:
 - In-person and virtual meetings.
 - SMUD channels: Media, social media, newsletters, email, website.
 - Leverage partners' communication channels.
- Obtain feedback from customers and community partners.

| Key Date | Description |
|----------|--|
| 3/18/25 | Release General Manager's Report & Set Public Hearing Date |
| TBD | Public Workshop #1 – Hybrid format |
| TBD | Public Workshop #2 – Hybrid format |
| 6/4/25 | Public Hearing at Board Meeting & Resolution Drafted |
| 6/19/25 | Board Resolution Approved |
| 1/1/2026 | Target Implementation Date - Earliest Effective Date for new rates |
| 76 | Days for Outreach |

Next steps

- Incorporate feedback from the public meeting.
- Finalize rate recommendations.
- Robust community outreach.
- Publish the General Manager's Report in March.
- Conduct rate process from mid-March thru mid-June.
 - 2 rates workshop and public hearing.
 - Robust community engagement.
 - Board vote in mid-June.