SACRAMENTO MUNICIPAL UTILITY DISTRICT

SMUD BOARD OF DIRECTORS

SPECIAL VIRTUAL MEETING

Held

Tuesday, August 31, 2021

Beginning at 5:30 p.m.

CERTIFIED

REPORTER'S TRANSCRIPT OF

PUBLIC HEARING

ON PROPOSED RATE ACTION

Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services, June 17, 2021, Volumes 1 and 2; and

Chief Executive and General Manager's Report and Recommendation on Open Access Transmission Tariff, Volume 1, June 17, 2021.

Reported remotely by CHERYL L. KYLE, CSR No. 7014

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2207 J Street
Sacramento, CA 95816
916-492-1010
PUBLIC HEARING ON PROPOSED RATE ACTION

VIRTUAL ATTENDANCE

SMUD Board of Directors:

NANCY BUI-THOMPSON, President, Ward 2
BRANDON ROSE, Vice President, Ward 1
GREGG FISHMAN, Ward 3
ROSANNA HERBER, Ward 4
ROB KERTH, Ward 5
DAVE TAMAYO, Ward 6
HEIDI SANBORN, Ward 7

SMUD Executive Staff:

PAUL LAU, CEO and General Manager
LAURA LEWIS, Chief Legal & Government Affairs Officer and General Counsel
JENNIFER DAVIDSON, CFO

SMUD STAFF:

ALCIDES HERNANDEZ, Manager, Revenue Strategy
ERIC POFF, Director, Substations, Telecommunications & Metering Assets
RHONDA STALEY-BROOKS, Manager, Community Development Outreach & Education
ANDREW MEDITZ, Senior Attorney, Legal Department
JOSUE (SWAY) GARCIA, (Technical Support)
TONI STELLING, (Meeting Support)

Also In Attendance:

SMUD staff
Members of the public

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INDEX REGARDING PUBLIC COMMENT

--oOo--

LIVE PUBLIC COMMENTS:

Alex Morris                 Al Rich
Leah Miller                 Fatima Malik
Frank Lindh                 Lola Pudinski
Jan Smutny-Jones            Johan van Ravenhorst
Beth Hassett                Patrick Sterns
Nancy Rader                 Mo Kashmiri
Patrick Bean                Alan Escarda
Bryan Dove                  Chiwah Slater
Azizza Davis Goines         Steve Uhler
Luis Sanchez                Sara Long
Faith Galati                Steve Letendre
Pastor Mark Meeks           Paul Sullivan
Darrick Lam                 Benjamin Davis
Tracy Jackson               Jonathan Gemma
Michael Lynch               Jennifer Tanner
Jeff Owen                   Kathleen Nicholson
Jeff Spies                  Keith Umemoto
Evan Schmidt                Marcy Winograd
Ed Murray                   Karinna Gonzalez
Michael Zaro                Subhash Kale

COMMENTS READ DIGITALLY:

Severin Borenstein          Megan Shumway
Lee Miller                  Tom Wiechert
Sean Frame                  Jane Lamborn
Rick Codina                 Ed Smeloff
John Briggs                 Robin Durston

NAMES CALLED BUT NOT PRESENT:

Meghan Nutting              Vincent Battaglia
Steve Berlin                David Mueller
XiMarie (Marie) Chen        David Salzmann
John Lindwall               Steve Sedio
Debbra Jacobs-Robinson      Janna West-Heiss

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(Meeting called to order at 5:30 p.m.)

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(Board business conducted, not transcribed.)

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BOARD PRESIDENT BUI-THOMPSON: Now, on to the public rate hearing.

Item 2 is to hold a public hearing on the Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services, Volumes 1 and 2, dated June 17th; and the Chief Executive and General Manager's Report and Recommendation on Open Access Transmission Tariff, Volume 1, dated June 17th.

The chief legal officer will now provide an overview of the public rate process. The public hearing will be transcribed by a court reporter and under the rate ordinance.

Members of the public that have not submitted a request for additional time at least ten days in advance of today's meeting will have up to three minutes to provide non-duplicative testimony on the Chief Executive Officer and General Manager's Report.

Laura, would you like me to continue reading the rest?
SMUD GENERAL COUNSEL LEWIS: Yes. When you're finished, I can provide the overview.

BOARD PRESIDENT BUI-THOMPSON: Okay, great.

I would ask speakers to confine your comments to the rate report itself. If you have comments on other SMUD matters, you'll have the opportunity to speak during the Statements of the Public portion of the agenda. Additionally, we've received over 40 requests to provide public comments this evening. In order to assure an efficient meeting, please do not repeat comments made by other speakers, instead reference your agreement with the comments and add any further new points that you'd like to make. We appreciate your cooperation.

Laura, did you have additional comments before we open the public hearing?

SMUD GENERAL COUNSEL LEWIS: Yes.

I just wanted to provide some clarification on the process tonight because it is a little bit unusual.

Tonight, as you know, the board will be holding a public hearing on the CEO and General Manager's Report and Recommendation on Rates and Services.
The board will not be adopting a final rate resolution tonight. Instead, after the hearing closes, the board will discuss or introduce the draft rate resolution provided by staff or an alternative rate resolution.

The board's introduction of the rate resolution tonight or any alternate triggers a public comment period that will run for ten days. This is all pursuant to our Rate Ordinance 15-1.

Then, at the September 16th meeting, staff will be requesting that the board adopt a final rate resolution. So this is a two-step process.

BOARD PRESIDENT BUI-THOMPSON: Great.

Thank you.

Okay. At this time I'd like to open the public hearing. Before taking public comment, we will have several presentations.

Our first step is our CFO, Jennifer Davidson.

SMUD CFO DAVIDSON: Thank you very much, President Bui-Thompson.

So we have about 30 minutes, probably a little bit more, of presentation tonight. We'll be presenting by four speakers, and you'll be hearing the proposals and also about the public outreach
process and the comments received. And so -- next slide, please.

Tonight, we'll talk about SMUD's approach to this rate proposal, which we actually are quite proud of because we think it is both transformational and industry-leading, and, more important, they are a direct support -- direct support with SMUD's carbonization goals.

SMUD has the most ambitious carbon goals of any large utility in the nation. You're going to be hearing details about the proposed rate changes listed here. But one item I wanted to call out are the programs that are being proposed along with the rates. Typically, programs are not paired with rates the way we have. This new approach where we've paired the two is important because programs are flexible, unlike rates. This means that we are going to be able to adjust our programs and our incentives as we need to to stay on track with our zero carbon road map and goals. Next slide, please.

So you're going to see tonight's presentation includes a lot of discussion about our proposed solar-and-storage rate. It is a significant change, and there is a lot of interest in this proposal. So I'd like to provide some
context to help frame the conversation.

   I would like you to understand that this
change is essential and, second, how we work with
the solar and storage industry to hear their
concerns. We worked to collaborate to develop a new
rate structure that ensures we continue to support
the solar-and-storage industry in a way that is fair
and equitable to all customers, solar and non-solar.

   But bottom line is this: SMUD supports
our customers going solar. Even better, we want and
need our customers to invest in solar paired with
storage. Together, solar and storage will help us
decarbonize our power supply reliably. And that
storage adds the important benefit of flexibility,
and this is the key which creates the benefit to the
grid for everyone.

   So if you'll allow me, I'm going to talk
about a few numbers which really show all the
changes and -- (inaudible). Today, we pay our solar
customers about 13 cents per kWh for that excess
solar they sell back to SMUD.

   Independent experts have valued that
energy closer to 7 cents. And then for context,
we've just completed a deal to buy solar from local
utility-scale for about 3.5 cents. That means that
we can buy local solar power for a quarter of what
we are paying rooftop solar.

    So now if you go back to 1998, rooftop
solar systems were a lot more expensive, actually
three times more expensive than today. And in order
to get customers to invest in these expensive solar
systems, SMUD was required to pay customers a higher
rate by state policy, and that was called Net Energy
Metering. That was put in place in 1998 as a
temporary measure to incentivize the adoption of
solar energy, and it worked.

    Today, as I mentioned, prices have
plummeted, and the solar industry is a mature
industry. And that successful transition was helped
by SMUD and all SMUD customers.

    Some of our customers made investments in
solar systems, and we want to recognize the
importance of these investment pioneers, and that is
why we propose that existing solar customers can
stay on the existing legacy NEM rate through
December 31st, 2030.

    Now, during the public comment, you're
likely going to hear assertions that these changes
are going to make investing in rooftop solar
unattractive and it is going to kill the solar
industry in the SMUD service territory.

But we are confident, and we've got data
to show, that this is not going to be the case. And
that is because our approach is both unique and
industry-leading. First of all, as I mentioned,
it's holistic. We are going to be pairing rates
with programs. And, second, I think it's important
to note that SMUD is community-owned, and we are
not-for-profit, and we are a value-based
organization. We do what's right for all customers,
the full community, which often requires balancing
the many asks. And we kept this in mind as we put
our proposal together.

We need to rebalance NEM compensation, and
we'll be able to take some of that money and invest
in other carbon-reduction activities like storage
and electrification. But we are approaching this
change in a way that won't irreparably harm the
solar industry. That is in no one's interest. But
the other items are needed. We must keep rate lows
because low rates are key to electrification, and,
moreover, affordability is so critical to any of our
customers.

We know that business models are changing
and technology's changed, and the change we really
want to accelerate right now is the adoption of storage. We are complementing the new rates with a program to help transform -- just like we transformed solar -- to transform to solar and storage, $25 million in incentives to encourage that.

So utilities need electricity to run the grid safely, reliably, and efficiently. That's why solar paired with batteries is so important. Pairing batteries with solar benefits the customer who purchases the system but also the grid and all customers. Next slide, please.

While our official rate process kicked off on May 18, before that, there was an extensive two years of collaboration with the solar industry, our solar customers, other stakeholders. And since May 18, there has been extensive public outreach, and we've held two public workshops. Tonight's meeting will result in the resolution our board will ultimately vote on on September 16th.

And I do want to acknowledge that we have had some customers express concern about this proposal, and I understand some of them are here tonight. But I also think it's important to realize and note that the last two months we have had
extensive outreach throughout our community, across our community, and the feedback was mostly "thank you" or no feedback at all, which we translate to mean that we have got it about right.

No proposal is going to make everyone happy, especially one that involves a change to our solar rate. But the fact that so few of our customers out of the more than 600,000 in our community during our last two months of outreach cited -- they did not cite any concerns. And that lack of feedback tells us that we believe that we have shaped a proposal that, while not perfect -- because no compromise will -- never be perfect, but it offers something for everyone. And you're going to see later in the presentation that our outreach was extensive.

So at this point -- (inaudible phrase) -- as the introduction, but before I turn it over, I would like to thank the many people who have been helping us with this. It's been a collaborative effort. It's been extensive. We've had the Technical Working Group. There's been a lot of investment of people's time, their expertise, and I just really wanted to sincerely appreciate the partnership.
And with your input, we believe we have a solution that supports the solar and storage industry through a major and necessary transition. We believe it's also fair to all customers and helps support keeping our rates affordable. It supports the carbonization and a resilient power supply for the Sacramento region.

So with that, I'm going to turn it over to Alcides Hernandez. Thank you.

SMUD STAFF ALCIDES HERNANDEZ: Thank you, Jennifer.

Good evening to the board and members of the public. My name is Alcides Hernandez. I'm here tonight to provide more details on the rate recommendations. Next slide, please. Thank you.

These are the proposed changes to SMUD rates. First, we are recommending two rate increases: the 1.5 percent effective March 1 of 2022 and a 2 percent rate increase effective January 1st of 2023. This applies to all our customers. We're committed to keeping rates within rate of inflation, and this rate proposal does that through 2030.

Second, we are recommending a new solar-and-storage rate to be effective January 1st
of 2022. And as Jennifer mentioned, we are recommending in this proposal that all existing -- we call them Net Energy Metering 1.0 existing customers be allowed to stay on the legacy rate through 2030. This is a very important part of our recommendation. Eric Poff will later provide more details about this as part of the recommendation.

Third, we are recommending an optional residential Critical Peak Pricing rate effective in the summer of 2022. This will be June 1st. Our goal is to enroll up to 30,000 residential customers on this new optional rate.

Fourth, we have other miscellaneous rate changes that include Open Access Transmission Tariff updates, to delay to the commercial rate restructure and new rates nomenclature, plus minor language changes to certain tariffs and rules. We also have information on items related to certain programs and fees. Eric Poff will cover those items at the next part of the presentation. Next slide, please.

Why are these rate increases required? This proposed adjustments are needed because, like many other businesses, it costs for SMUD to provide services going out, and there are several factors for that. Those include wildfire prevention and
mitigation, infrastructure improvements to maintain high reliability, clean energy compliance requirements and mandates, increased operating costs including material and labor costs. Next slide, please.

Now, I'm going to provide you here with an illustration of how these proposed rate increases will be reflected on customer bills. This slide is a comparison by type of customers from those proposed changes in Year 2022 and 2023. There are several numbers here, and I just want to walk you through some of them to illustrate that.

For example, the first row we highlighted in orange displays the average residential customer bill currently at about $126.44 at 750 kilowatt hours per month. So the estimated monthly impact for that average customer in 2022 is estimated to be $1.91 with an additional $2.57 in Year 2023.

As you see on the table, we are also providing illustrations of our commercial customers. For example, you see after the orange line, the small commercial, the range is from 20 to 299 kW. Just to give you a perspective, those could be a small gas station, a coffee shop, a restaurant.

Those will see an average monthly impact of about
$44 in the first year, in 2022, and $59 in the second year, in 2023.

For the rest of the commercial customers, their average bill impact varies depending on their size, as you see in this slide. This covers the bill impact portion of the recommendation. The next slide, please.

Now, this chart is a very important chart. It displays the average -- (inaudible) for kWh. This is a typical benchmark used to compare utility rates. I want to note that not only are our rates among the lowest in California, as you can see by the orange bar at the bottom, but we're also one of the cleanest utilities in the nation, and we are committed to eliminating 100 percent of greenhouse gas emissions from our power supply by 2030.

In the chart, as I mentioned earlier, you'll see SMUD is highlighted in orange -- in the orange part toward the bottom to illustrate that we're one of the lowest. And just to give you a perspective, those lower rates translate into about $800 million per year in electric bills that our customers save compared to Pacific Gas & Electric. The next slide, please.

Now, the next slides are part of the
second part of the recommendation, the new
solar-and-storage rate. Eric Poff will provide the
details of that recommendation.

SMUD STAFF ERIC POFF: Thank you, Alcides.

My name is Eric Poff. I am the director
for Substations, Metering and Telecommunications.

And I just want to start by saying I've
been working on this rate design with the rates team
for the last two years, and I just want to say what
a privilege it has been working with them, and I
feel very honored to be able to present this to the
board this evening. So why don't we go ahead and
going forward.

And before we kind of jump into the actual
solar-and-storage rate, I think it's important to
talk about where we've been and where we're going.
And where we've been is Net Energy Metering 1.0, and
over the last 23 years or so we have invested
$250 million into the solar industry to bring it
from its early, nascent days into the thriving
industry it is today. Over those 20-plus years, we
have adopted 36,000 solar customers and 300
solar-and-storage customers.

So you're going to hear quite a bit this
evening about this $25 million, and there's really
two purposes behind this. The first purpose is, obviously, we want to encourage our customers to adopt solar with storage, and really this ties back into our 2030 Zero Carbon Plan. We think by partnering with them, we can really unlock the full value of the storage unit and help us achieve meeting those evening peak loads without having to dispatch our traditional gas-fired power plant.

But the second purpose is really to transition the business model for the solar industry. Currently built on subsidies, we want to transition this business model to a sustainable business model while it's providing great benefits for all of our customers.

So we think we can take that current 300 solar-and-storage customer number and take it to 30,000 solar-and-storage customers by 2030 and double the amount of solar-only customers. And, again, these are just targets. If we exceed them, that's great. These aren't like cap limits or anything like that. All right. Next slide, please.

So just one more quick slide here on kind of where we've been and comparing that to the proposal, the new proposal rate. Again, this -- we've helped transform the market. We've invested a
quarter billion dollars into the rooftop solar industry since 1998. And that's when, as Jennifer mentioned, the state mandate went into effect. We met that state mandate back in 2017, and over these literally past four years, we have been evaluating how best to go from NEM 1.0 to the new solar-and-storage rate.

So why are we doing this at all? Why is SMUD taking this on? Well, it is -- it really comes down to -- one piece of it is subsidies, right? And one piece of that subsidy is we are currently paying a two-X multiplier for that value of solar. As Jennifer mentioned, we are paying 13 cents, and our Value of Solar Study comes in that -- where we should be paying 7.4 cents. And this creates a caution for those non-solar customers and especially for our under-resourced customers.

And so just a little bit more on the past: We are kind of behind the curve. If you look at our neighbors, Turlock and Modesto and Roseville, they all transitioned away from NEM 1.0 three, four years ago. And if you look -- you know, the CPUC is currently holding our NEM 3.0 proceeding. So this is where we think -- this is the right time for the change.
So real quick, on the right I would say that $25 million investment is truly this idea of instead of it just benefitting some customers, we are going to bring environmental benefits, resiliency, just a tremendous amount of grid benefits by partnering with our customers that adopt solar and storage. Next slide, please.

So I really like this slide because it really talks in outline about the last two years in detail, and I'll go through this quickly. But this was a journey that started back in October 2019 with our Technical Working Group that was made up of 20 different stakeholders; over half of them were from the solar industry and environmental industry. And we locked ourselves in a room for over 40 hours over four months, and we came out with an agreement of 24 value components that would go into the Value of Solar Study.

We put out a competitive bid. E3 was the successful bidder for that, and they took six months and did a completely independent Value of Solar Study based on the inputs from the Technical Working Group. And they came back with a range -- and this is really important. They came back with a range between the value of solar within SMUD's service.
territories between 3 cents and 7.4 cents.

Staff is recommending the absolute maximum value of the value of solar of 7.4 cents as the export compensation rate.

Back in July, the board made some significant changes to Strategic Direction 2 or what we call SD2. If you're on the phone not knowing what that is, that is the board's guidance to staff on how to do rate design. And if you look at those revisions, you can draw a direct line back to the solar-and-storage rate proposal.

And then, obviously, the 2030 Zero Carbon Plan, think of the solar-and-storage rate as that vehicle. It's not going to get us all the way there, but it is very much designed to help us achieve our 2030 Zero Carbon Plan.

Then, finally, in October 2020, the board did, I thought, something really interesting. They came to staff, and they said, "Staff, go meet with the solar industry and come up with a win-win solution." So let's talk about that a little bit more. Next slide.

I remember this really specifically. This is when Paul just became our CEO. This was one of his earlier tasks, if not his first. And he spent
40 hours of his time as our new CEO, and he met with each one of these ten different organizations here you see on this slide. And he said, "Please sit down with my staff and do the hard work, roll up your sleeves, and come up with a win-win solution."

Now, I would love to tell you that all ten of these folks said, "Yes, let's do that." Well, that's not true. Over half of them did. And for them, we want to thank them for spending over 630 hours with staff to develop this win-win solution we're going to go over tonight. Next slide.

So, okay, you spent 630 hours. What were you all doing? So this is kind of -- I really like this slide because it talks about the compromise. You know, tapping back to 2019, SMUD recommended a grid access charge. Our current solar sizing limit is 100 percent of usage: no storage incentive, no virtual solar.

So what we heard from the industry was no grid access charge, no sizing limits, no changes to self-consumption, we want a VNEM program. That's Virtual Net Energy Metering, if you're not familiar with that term.

So what came out of it is in the green
box. This proposal does not have a grid access charge. We have increased our solar sizing limit to 110 percent. That $25 million of incentives really taps back to that, you know, no changes to self-consumption but really increasing the amount of self-consumption that is happening at that behind-the-meter resident because of the storage unit. And we're very excited to talk about our VNEM program that's specifically targeted to our under-resourced community. Next slide.

So this is really important. If we have anybody on the phone tonight that's listening that's a current SMUD NEM 1.0 customer, we are recommending to the board that all existing solar customers get those continued NEM 1.0 benefits through 2030, really foundational; it's really key.

Now, the new solar storage rate, we are recommending an effective date, January 1st, 2022, to all customers interconnecting on or after that date would go on to the solar-and-storage rate. And, again, I can't say this enough: It is to accelerate that storage adoption curve. Instead of having to wait several years down the road where we think there's going to be mass adoption of storage, we want that mass adoption storage now, in 2022.
And, again, we are very excited about partnering with those customers that adopt storage and unblocking of all that value that the storage unit has.

So let's go into some of the nuts and bolts. I mentioned the 7.4 cents. That's going to be the export compensation rate no matter what time of day or what season it is. We are committed to re-looking at this every four years. And we're putting parameters around this that the rate is not going to be impacted by plus or minus 30 percent, and we're really going to be looking at what is happening in the market to drive those decisions.

And staff is going to implement an interconnection fee for most residential customers. That will be $475 and really -- and that will be effective January 1st, 2022, and this has got no revenue basis to it. It is all direct recovery to have that SMUD employee roll out to the house or that engineer to review the designs and to get the person interconnected in our system. All of those hours roll up to $475. Next slide.

So let's talk about that 7.4 cents. It is really -- think of it as a value stat. When we think about our behind-the-meter rooftop solar...
customers helping us displace some of that thermal
generation, those traditional gas-fired power
plants, well, there is a voided cost associated with
that. SMUD doesn't have to buy gas. It doesn't
have to provide carbon allowances. It doesn't have
to make capacity payments. So all of that is in the
7.4 cents per kilowatt.

So one thing in particular that's a little
unique is that we are recognized -- the unique
indirect benefit of having to go out and disturb
land for a utility-sized solar. So that indirect
benefit is also rolled into that 7.4 cent number.
Next slide.

As Jennifer mentioned, we did hear some
concerns, and so we wanted to take these head-on.
And we put them into -- let's call them categories
or themes I think is a better word. So four
different themes that we heard. And this is from
both, you know, the solar industry and from
customers.

And so this one came up quite a bit, and
so let's go into these. And staff, we were very
committed when we were trying to address these
calls to just answer with data and kind of leave
the conjecture out of it. So these are very much --
supposed to be data-driven answers, so.

   The one concern we had was the NEM 1.0
rate, the recommendation that it was going to go
through 2030 isn't long enough. We had customers
saying that needs to go on for 15 years, 20 years.
We had one customer say 40 years, right? So they're
concerned that 2030 is not long enough.

   So we took this perspective when we kind
of said, okay, what does the data say? We thought
about that last solar customer that interconnects,
let's say, December 31st of 2021, what would their
payback look like at the end, on December 31st,
2030. And when we ran the numbers and the averages,
it came out that 95 percent of that system would be
paid off by this 12/31/2030 date.

   So you can think about the remaining other
36,000 solar customers, their systems for a vast
majority of them are going to be paid off by that
time.

   So a lot of numbers here on subsidies.
You can read through these. I just want to pull out
one number to kind of -- hopefully you remember and
it kind of sticks. And that number is $10 million.

   So the idea of extending beyond the staff
recommendation of 2030, it has a price tag, and that
price tag is $10 million per year for every year we extend the existing 36,000 NEM customers, so just want to make sure everybody understands that. And we are -- again, from staff's perspective, we are looking at this as a fairness and equity issue. These are just the facts. These are the numbers, right, 36,000 residential solar customers. Out of that, only 2,000 of them are from under-resourced communities or EAPR customers. And SMUD, with its valuable relationship with grid alternatives, has funded, you know, 125 of those as well. So next slide.

So payback period, I would say this was the most prominent concern. If I had to rank and file these, I would put this one first. So we heard this from the solar industry: Customers won't install solar with a longer payback period. Okay. So we said let's go back at our data, SMUD. And we said we've got great data. You know, the bars, as you can see here, are the number of customers that installed solar systems over the years. And then on the top line chart there, you can see the payback of -- what the payback period was during those years.

And so we looked at our own
solar-and-storage solution, and our customer is
going to take our incentives and become Virtual
Power Plant partners with us and unlock all of that
value of the storage unit; that payback period is
about 12 years. So we said, well, gosh, back in
2016, 2015, 2014 -- this chart goes way far left; we
tried to keep it so everybody can see it --
thousands and thousands and thousands of customers
interconnected with a 12-year or greater payback
period.

But there's also a little bit -- you know,
a trend here that I would also point out on this
graph. It's sloping down, and that can be directly
tied back towards lowering PV costs. So you can
kind of imagine, right, '22, '23, as PV and storage
continues to lower; that 12-year payback on the new
solar-and-storage rate will become 11 years and
10 years as time goes on. All right. Next slide.

So we heard this one as well; so I'd
probably say this is the second most prominent
concern we've heard from solar industry, is that if
you reduce the rate of -- for excess solar, is it
going to harm the solar industry?

So, again, we were committed to
data-driven, you know, research. We reached out to
Modesto. We reached out to Roseville, and we'll get into those charts in a little bit. We said, "What happened, Modesto, when you implemented your NEM 2.0?" And so they gave us the graph and very thankful if anybody is listening from Modesto.

So they implemented NEM 2.0 back in 2017. They had a 7.6 cent per kilowatt export compensation. Our recommendation is 7.4. They did not have a glide path. We are not recommending a glide path. And you can see a steady increase in solar installation. And if you take a look at 2021, that's just the year-to-date number, January through July, like, if that trend continues through the rest of the year, that could be their best year ever, so.

And a couple of other things I'll just say just as a quick point of contrast, you know, Modesto is not recommending $25 million of storage incentives. Modesto is not recommending virtual solar. So those are other, I think, tailwinds, I would say, in our recommendations. Next slide.

Okay. Same thing, Roseville, they implemented their successor rate 2018, and they had a 5.98 cent export compensation rate and no glide path, like we're recommending no glide path, and you can see a definite steady increase of solar
installs. And look at that year-to-date number in 2021: 1,157 installs from January to July. They are going to have their best year ever pre-successor rate or post-successor rate, right?

And, again, I'll contrast with, you know, Roseville did not implement, you know, storage incentives; they're not implementing virtual storage. And I will also add their interconnection fee is about 40 percent higher than what staff recommends. Next slide.

So we heard this concern too -- and, again, you know, that battery storage is not ready for mass adoption. There are concerns that we are going to do all of this incentivized storage, and the storage units aren't going to be there.

So we did our best research we could here -- and, again, not to call out Tesla, but it's hard not to, you know, call on one of the largest -- world's largest battery manufacturers. So we were listening to Tesla's Q2 2021 earnings call, and they are targeting a production of one million Powerwalls per year by the end of 2022. To put that in perspective, there are only 200,000 storage units in the world. So that's like a five-X multiplier. So, yes, there is global demand for storage units. We
recognize that. Tesla and other battery manufacturers are increasing storage production because of this global demand, so. Next slide.

So, real quick, I'll finish up on these kind of comparisons again. I talked about these two charts back in May, but I thought we would bring them out one more time. Internal rate of return, you know, don't worry about that financial instrument. Think about this as, you know, you have a CD or your returns on your investments, you know, stock investments. So that's kind of what this represents.

And we recognize that under NEM 1.0 solar only, over the life of the unit has an investment of 9.9 percent, a really good return. So we did that same analysis for solar and storage -- and, again, taking advantage of our incentives, become a VPP, you know, Virtual Power Plant, partners with us, and that rate of return for the life of the system came back at 8.7 percent. We fully recognize it is not as high as 9.9 percent, and you can see that play out with a couple of additional years of a payback period.

But there is some contrast here that, you know, there's not the level of subsidies involved
under NEM 1.0, and there's this customer-wide
benefit of storage and really helping us achieve the
2030 Zero Carbon Goal.

And let's took a quick chart look here on
the right. So we think customers that are willing
to adopt these technologies, solar and storage, and
join us as Virtual Power Plant partners, we can
remove one metric ton out of that average household
usage. That -- if we hit our, you know -- if what
we are forecasting, the 30,000 customers, if we hit
that, that would be equivalent to removing 7500
gasoline cars off the road. Next slide.

So, real quick, want to support -- want to
really thank a few of our public supporters, the
first being NRDC, Natural Resources Defense Council,
for publicly supporting this innovative solution.
And I really like Mohit, what he put here, is that:
We engaged in a transparent, stakeholder-driven
process to develop the solution. You know, he
refers to this, a little bit later in the paragraph,
as generous because we are not including any fixed
charges for solar customers. And unlike what's
happening at the CPUC, that process is still going,
we don't know what's going to happen for sure, but
they are looking at fixed charges so that non-solar
customers are -- don't have to pay any undue rate
increase. Next slide.

We also want to do a big thank you to
Environmental Defense Fund for also publicly
supporting this rate design. It is leveraging --
step in the right direction, Michael refers to it,
and really -- (inaudible phrase) help achieves our
zero carbon plan. Next slide.

Okay. So I'm not going to read all of
this for time's sake, and it's actually going to get
read into the public record after this, but we are
very, very proud of this public endorsement from
Severin Borenstein. For those who are in the rate
design world, he needs no introduction. He's truly
one of the thought leaders in rate design. And if
you're not familiar with Severin Borenstein, he's
the business administration and public policy
professor at the Haas School of Business and faculty
director of the Energy Institute of Haas.

So he called out a couple of things here
that I would like to just call out. And he, again,
refers to this as we are being optimistic in our
evaluation of distributed energy resources, but he
also refers to SMUD as a leader in this area, and he
really thinks that the Critical Peak Pricing is a
really good move to address the times when the grid
is most stressed. Next slide.

So let's talk a little bit more about that

Critical Peak Pricing and some other minor
miscellaneous rate changes. So I want to emphasize,
totally optional, residential Critical Peak Pricing
rate, customers who have a smart thermostat,
customers who have solar and storage, storage-only,
solar-only all can participate, completely optional.

And what we are doing is we are providing
a discount on off-peak and mid-peak hours for
customers that opt into this rate. And then if you
are on this rate, if SMUD declares a Critical Peak
Pricing event, there will be a premium for energy.
And it's a purposeful price signal to encourage
those customers with a smart thermostat to conserve
energy and don't use as much energy; and for those
customers with storage, to dispatch their storage
unit to maximize the return on investment for the
storage unit.

So we are going to be implementing this
during -- only during summertimes, June through
September. The events will be anywhere between one
to four hours, and we are committed to not having
more than 50 hours per summer. Next slide.
So not much to talk about on this one.

Open Access Transmission Tariff update, it does not impact any SMUD residential and commercial retail customers. This is part of the official rate recommendation and required to be part of the dec., so. Next slide.

All right. Real quick, I want to talk about new programs that support -- and I really want to emphasize what Jennifer said earlier about the beauty of programs being able to react to what's really happening in the market.

So the board, Paul, the executive team -- I call it the gas pedal and the brake pedal. If we're not seeing what we want to see and meeting our milestones for adoption, you know, these programs can be adjusted to try to accelerate growth. Next slide.

So $25 million, again, this program that I've mentioned more than once, this is a little bit more of a granular fashion. We recognize that we want to give customers options. Not everybody is going to want to be at that, you know, Virtual Power Plant level.

So the first one is the $500, and this is for that customer that wants storage, but they
really want to just use it on their own. They want
to reduce their peak, and so we're incentivizing
that. That's a win-win. They're lowering their
peak, which is going to lower our peak, so win-win
solution there.

I already talked about Critical Peak
Pricing, and we're going to provide up to $1500 to
help reduce those initial costs for storage for
customers willing to adopt storage and go on
Critical Peak Pricing.

But this piece, again, is the $2500, and
this is what we really want our customers to
gravitate to and become Virtual Power Plant partners
with us. It's really important to identify not only
is it the highest incentive, but there is going to
be ongoing payments for customers to participate in
this program. Think of it as like a capacity
payment for the customers. So we're really excited
about rolling this out.

And I do want to share one little side
story here. You know, we look at Austin Energy as
being leaders and innovative thinking in rate
design. And, unprompted, they reached out to us,
and they said we heard the buzz about SMUD's
leadership in this area, and we want to learn more
about your rate design and storage program. So that was very rewarding for us, to have somebody like Austin Energy that we look at as a sister utility as being -- you know, always thinking about green renewables and forward-thinking to reach out to us to learn about our leadership in this area. Next slide.

Okay, last slide. The Virtual Solar Program -- and, again, this is -- I mentioned this earlier. These types of technologies have not been as prominent in under-resourced communities as they have been in other communities. And this is SMUD's commitment to ensure that our under-resourced multi-family dwelling communities have access to these technologies.

So if you're not familiar with Virtual Solar, often referred to as VNEM in the industry, it works like this from a super-high level: If you have on-site solar at their multi-family dwelling community, SMUD is going to buy all of that energy that it produces, and it's going to turn around and provide a bill credit for all of those customers that live in those multi-family dwellings. And then those bill credits will be on top of or in addition to any EAPR or med rate discount that they're

And now I want to turn it over to Rhonda
for the public outreach process.

SMUD STAFF RHONDA STALEY-BROOKS: Thank
you, Eric.

Good evening, all. My name is Rhonda
Staley-Brooks, and I'm the manager of Community
Relations, Outreach, and Events for SMUD. And I am
here to share the strategy used for our outreach,
share how many customers we reached, and provide the
feedback that we received. Next slide.

So as you can see here from this slide,
SMUD uses a variety of tools to outreach directly to
our customers, members of the community, and other
stakeholders. We always offer to meet them where
they are at. We recognize many of our external
partners' meeting schedules have been put on pause
or altered during the pandemic.

So when a meeting wasn't available, we
provided our stakeholders with extensive resources
to share with their constituents. We gave them fact
sheets, plug-and-play content for their newsletter,
and other materials to reach the widest possible
number of people with information about the proposed
rate changes.
In addition to the personal outreach we made to a range of people and organizations, we cast a very wide net to make sure our customers and other stakeholders were aware of the rate action. This includes press releases and social media posts, extensive information on our website, and also public notices. We translate our materials into multiple languages, and we trained our staff on the key aspects of the rate proposal so that they can answer questions from customers and others. Next slide.

So on this slide it shows the extensive public outreach during the rate action to reach as many people as possible to let them know about the proposed changes and invite feedback and questions. We sent more than 256,000 emails to our customers, community organizations, and leaders, and to those who subscribe to our LISTSERVs.

We called or emailed more than 1200 community and business organizations with information about our rate proposal and offered to meet them and their constituents. We provided fact sheets and other information to more than 300 community and business partners to share, and we presented to 49 community organizations and
neighborhood associations and expect to complete 55
by the end of the rate action. Finally, we shared
this information packet and offered to meet with 55
elected officials. Next slide.

So what did we hear from our customers and
stakeholders in these meetings? All of our teams
from rates sustainable communities, residential
assistance, SAAs and outreach made many personal
calls because organizations we have historically met
with provided feedback that this rate action isn't
significant enough to warrant a meeting with their
constituents.

It wasn't unusual for us to hold a meeting
where there weren't any questions, but there was
appreciation for SMUD's partnership and proactive
outreach to make sure our customers were aware of
the proposed changes.

As Jennifer mentioned, we received
significantly less feedback from our customers than
we did during the 2019 rate action when we
originally proposed a grid access charge for solar
customers. We had about 340 people attend our
community meetings or our public workshops. We
received 47 calls and emails from customers about
the proposed rate changes prior to this dec. being
turned in. And since Friday, we have addressed an additional 44 emails from the solar industry.

Comments at rate workshops and community meetings were varied and covered a wide range of topics. So I'm going to tell you some of the things that we heard.

There were questions that came out that were tied to the pandemic, specifically the impact of rate increases on those already unable to pay their bills.

Questions and comments about the proposed solar-and-storage rate mirrored the concerns shared by the solar industry, which Eric addressed earlier. They were moderated in many cases when customer learned that they can stay on the current rate through 2030.

We received a lot of questions about how to participate in the new programs, such as VNEM, and questions about whether we can expand VNEM beyond under-resourced communities.

A lot of questions around what is CPP and how does it work and how can I participate. And others were just appreciative that we were making changes to the Net Energy Metering. Overall, our community and public meetings were very positive or
neutral with very little concern about the proposed rate increases. Next slide.

So here is our upcoming schedule. So the final vote will be on September 16th, but there's still time to provide your feedback. So you can get more information about the rate information on SMUD.org\RateInfo. You can also email your questions and concerns, or, if you're a commercial or residential, you can reach out to us via phone. All of the information, especially tips on energy management, can be found on SMUD.org. Next slide.

So this is our presentation for tonight. We have a lot of subject matter experts on the phone to take the questions. And I'll return it back to you, President Bui-Thompson.

BOARD PRESIDENT BUI-THOMPSON: Great. Thank you so much. I appreciate all of the presentations. I don't think people realize how many presentations we've done.

So I think at this time we've received requests for additional time to provide alternative rate proposals. We have Mr. Graham that will propose an alternative, and he has five minutes to present his comments.

PUBLIC MEMBER MARK GRAHAM: Just one
second here. Can you hear me?

BOARD PRESIDENT BUI-THOMPSON: Yeah, I can hear you. I think they're trying to fiddle with the timer.

It should be five minutes, correct?

PUBLIC MEMBER MARK GRAHAM: It should be five minutes; that's true.

BOARD PRESIDENT BUI-THOMPSON: It looks like someone is trying to change the timer; waiting for that.

Is someone working on the timer, or are we going to time separately what's on the screen?

You had slides, Mr. Graham, correct?

PUBLIC MEMBER MARK GRAHAM: True. I sent them to you and --

BOARD PRESIDENT BUI-THOMPSON: Yeah, I think we saw them -- (inaudible).

So I guess we'll run the timer separately, whoever is responsible for timing.

SMUD STAFF JOSUE SWAY GARCIA: Correct.

We are running the timer separately.

BOARD PRESIDENT BUI-THOMPSON: Okay. So we'll get to his first slide. Do you want to get to his first slide?

Okay. You can start, and we will start
the timer off-line. We'll give you -- if someone
could give him a minute warning to wrap up in a
minute, that would be great.

PUBLIC MEMBER MARK GRAHAM: Can you
display the timer?

BOARD PRESIDENT BUI-THOMPSON: Not and
your slides at the same time. Would you like the
timer or your slides?

PUBLIC MEMBER MARK GRAHAM: Well, the
board needs to see my slides.

BOARD PRESIDENT BUI-THOMPSON: Okay.

Let's start the timer, and we will give you a
one-minute warning when you have one minute left.

PUBLIC MEMBER MARK GRAHAM: Okay.

All right. Madam Board President, board
members, staff, my name is Mark Graham. I live in
Elk Grove. Next slide, please.

President Bui-Thompson, you should have
given me a total of ten minutes to address the board
tonight on the proposed rates and my alternatives,
just as Board President Dave Tamayo gave me a total
of ten minutes at the 2019 rate hearing as
authorized by Ordinance 15-1.

I wrote to the board on June 18 and
August 15 and explained most or all of this and
again yesterday. Directors, if you haven't read my
e-mails, please read them ASAP from start to finish.
Please ask me questions at the end of my
presentation.

Here is the issue: The board should
discuss this issue tonight and the legal basis. The
current SMUD rates are taxes as defined by the
California Constitution, Article XIII C. This is
because of a fudge factor known as a scalar --
that's S-C-A-L-A-R -- of 9.2 percent that SMUD added
to its overall marginal cost when it created the
original time-of-day rates. Think of the scalar as
gravy, but it is forbidden gravy; it is
unconstitutional gravy. That fudge factor is still
baked into SMUD's rates.

The CEO and General Manager has proposed
that you extend and increase these rates for the
next two years. SMUD may not do this without board
approval. Next slide, please. I'm asking the
board -- next slide, please, the third slide. Thank
you.

I'm asking the board to have a board
discussion tonight about the legal basis for the
SMUD scalar and identify a California law or court
opinion that supports and authorizes SMUD adding a
9.2 percent scalar, or any significant scalar, into its rates. Direct your staff to identify that legal authority tonight.

At the 2019 rate hearing, staff provided a couple of irrelevant excuses to divert the board's attention away from the main issue. All of you were here, all of you, and none of you noticed and spoke up. You need to say to staff, "That does not matter. That is irrelevant. What is the legal basis in statute or case law for SMUD inserting its fudge factor into our rates?" And repeat the question until staff gives you a relevant and truthful answer.

Just because utilities in other states use scalars does not mean that SMUD can use them. That does not matter. It is irrelevant. Just because the Public Utilities Commission lets the investor-owned utilities use scalars does not mean you can do it. That is irrelevant, and it does not matter.

Staff's other irrelevant diversion in 2019 was this: Ms. Jennifer Davidson told the board that the proposed rates were based on your embedded costs. That was a false statement. SMUD does not have any records that talk about embedded costs, but
it doesn't matter what you call it. Whether you call it marginal costs or embedded costs, the requirement of Article XIII C is the same, and that is you need to have voter approval when your rates exceed your reasonable cost of service. Next slide, please.

This is the voter approval requirement. You're not planning to have any voter approval or any vote. Next slide, please.

This explains why the current rates are taxes. And when you pay a tax and you extend and increase it, that violates Article XIII C.

I should note, the System Infrastructure Fixed Charge is also attached because it also has the scalar built into it.

Every director should read the 2020 Rate Costing Study dated March 31, 2020, from cover to cover. Directors, please get your copy of the study and read it by Friday night, this Friday. You need to be familiar with it. It is not a rate design study, and it does not cost justify the proposed rates. Next slide, please.

This is part of the California Constitution on -- that you may not impose, extend, or increase a special tax without two-thirds
approval of the voters. Next slide, please.

This is what it means to extend or increase a tax for California law --

SMUD STAFF JOSUE SWAY GARCIA: Mr. Graham,

one minute is left on the timer.

PUBLIC MEMBER MARK GRAHAM: I beg your pardon?

SMUD STAFF JOSUE SWAY GARCIA: One minute for the timer.

PUBLIC MEMBER MARK GRAHAM: All right.

Next slide, please.

And, again, the last -- the 11th slide is my alternative recommendation, and you have that, and that is for you to back the scalar, plus all of the increases that have been added to it, out of the rates, and then do your 1.5 and 2 percent increase.

On Slide Number 9 -- next slide, please -- there's only been one rate design study on the time of use rates, and that is the 2018 Residential Time-of-Use (RT02) Design Study. Please read that cover to cover. That design study proves that the original Time-of-Use rates exceeded SMUD's marginal cost of providing electricity by 9.2 percent.

What you need to do, Board, is acknowledge that that -- that time-of-use rate design study and
the fact that it shows your original time-of-day
rates were 9.2 percent over your costs, and identify
a court order or court opinion tonight at this
meeting that authorizes SMUD to put a scalar, a
fudge factor, into your rates. I'm talking about
tonight at this meeting or at the absolute latest
prior to when the board votes on the proposed rates
in September. Next slide, please.

SMUD STAFF JOSUE SWAY GARCIA: We are at
five minutes, Mr. Graham.

PUBLIC MEMBER MARK GRAHAM: All right.

Thank you, Board.

BOARD PRESIDENT BUI-THOMPSON: Great,
thank you.

At this time we will take comments from
the public on the CEO and General Manager reports.

So we have the list, right, Laura?

SMUD GENERAL COUNSEL LEWIS: Yes.

And I couldn't find the feature to raise
my hand, but I would like to just briefly respond to
Mr. Graham's claims that we're in violation of
Prop. 26 if I could --

BOARD PRESIDENT BUI-THOMPSON: Sure.

SMUD GENERAL COUNSEL LEWIS: -- just for
the record.
So just as a way of background, Prop. 26 does allow SMUD to charge rates that do not exceed our cost of service. And our cost to serve are based both on our marginal costs as well as our embedded costs.

Our marginal costs are determined by what we call a rate costing study that Mr. Graham referred to, and that marginal cost is basically the cost to add a single new customer to our system. And we determine marginal cost by looking at our marginal cost components, and these are costs that SMUD incurs to generate, transmit, and deliver electricity to each new customer.

However, not all of our costs are marginal costs. We incur some costs that are independent of generation and delivery and don't change based on the number of customers. A great example would be our wildfire mitigation costs. And as you know, it's become a significant cost for SMUD in recent years. Adding one customer won't on its own affect how much we spend on wildfire mitigation. That's why it's not captured in the marginal cost calculation that Mr. Graham refers to. This combined cost, again, is often referred to as our embedded cost.
The scalar that Mr. Graham refers to -- essentially when SMUD recovers its costs, we -- we have a revenue requirement, and that's basically how much money we need to cover our expected costs as reflected in our budget. Again, it includes both the marginal costs components and other non-marginal costs or embedded costs such as, again, wildfire mitigation.

And so to ensure that we can pay our non-marginal costs that are not captured in the marginal costs study, we apply a scalar to cover the non-marginal costs and match our revenues with our expenses. And so use of this scalar is very common with utilities and is an acceptable way of rate making. So that's all to say that we are quite confident that we have complied with Prop. 26.

And I would just add that Mr. Graham has a pending lawsuit where he's made these same allegations, and we are similarly defending ourselves there as well.

So hopefully I captured that. I'm sure Jennifer Davidson will correct me because she's really the expert on this, but that's, in a nutshell, what the scalar is and why it's justified under Prop. 26.
BOARD PRESIDENT BUI-THOMPSON: Okay.

Thanks, Laura. I appreciate that.

Brandon, Director Rose, has a question or a hand up or a comment.

SMUD BOARD DIRECTOR ROSE: Yes.

Just briefly, Laura, can I clarify -- and I believe this is in the rates resolution as -- that's currently drafted and proposed -- that this alternative wouldn't meet -- essentially wouldn't meet our revenue requirements and the primary reason that we would reject his proposed alternative. Is my understanding correct?

SMUD GENERAL COUNSEL LEWIS: That is correct.

SMUD BOARD DIRECTOR ROSE: Thank you.

SMUD GENERAL COUNSEL LEWIS: Okay. If there's no more questions, President Bui-Thompson, I can start. Again, we have quite a few speakers lined up, and I think the way we'll handle this is I will announce the first three speakers and continue to do that so people are prepared and know when they're going to be up for comment. Does that work?

BOARD PRESIDENT BUI-THOMPSON: Yeah. If you can just kind of tell them in groups, yeah. So let's just announce the first, actually, like --
yeah, let's do a little bit more. Let's do the
first crop of five --

    SMUD GENERAL COUNSEL LEWIS: Okay.

    BOARD PRESIDENT BUI-THOMPSON: -- so that
they all are -- they can do the math on the time.
And then we'll just do it in groups of five so we
can have people plan accordingly.

    SMUD GENERAL COUNSEL LEWIS: So the first
five: Mr. Steve Uhler, Alex Morris, Leah Miller,
Frank Lindh, and Jan Smutny-Jones.

    So Mr. Uhler is first.

    SMUD STAFF JOSUE SWAY GARCIA: And
Mr. Uhler is not in attendance, so next would be
Alex Morris.

    PUBLIC MEMBER ALEX MORRIS: Hi. Can you
hear me okay?

    SMUD GENERAL COUNSEL LEWIS: Yes.

    PUBLIC MEMBER ALEX MORRIS: Thank you.
Please, go ahead.

    My name is Alex Morris, and I am the
executive director of the California Energy Storage
Alliance. We are a nonprofit trade association that
serves as the voice of the energy storage energy in
California, and our mission is to ensure every
storage is smartly -- ensure energy storage is
smartly considered and valued in California energy's
toolkit helping to achieve clean-energy goals.

And I'm here to support SMUD's proposal,
which was very well stakeholder'd, technically
studied, and aligned with SMUD's goals of smartly
achieving clean-energy goals and a zero carbon plan.

And I also want to say as a major energy
storage association and stakeholder in utility
regulatory and energy industry policy processes all
around the state and federally, I want to
acknowledge that SMUD staff, especially Eric Poff,
was particularly accommodating in facilitating good
public process on these issues. And I appreciate
how he and the executive leadership time all --
extecutive leadership team made time to listen to
CESA and other stakeholders and to think creatively
about finding win-win solutions.

I'd like to make a few supporting points
and then also had a few points about what CESA and
SMUD stakeholders should look for as we proceed.

So first and most importantly, adding
storage to the grid is critical, not only is storage
there when you need it -- and we know we will need
it in a solar-heavy grid -- but it also helps
customers have choice and control over their energy
usage in ways that protect them from grid charges
and can provide value back to the grid. And the
analysis started to highlight how storage additions
are useful and cost-effective for the energy storage
system, so I was really happy to see that.

I also like how SMUD is planning and is
smartly laying out approaches for leveraging energy
storage and distributed energy resources. And
specifically, once a lot of customers have these
storage devices, particularly when the sun sets, you
will be able to use them or signal to them how they
can provide value to the grid if customers are so
willing.

And I applaud that SMUD's analysis
recognized the benefits of distributed storage and
how it works in -- you know, in pair formation with
solar where it can really help and capture a federal
energy tax credit. So I just wanted to thank you
guys for that.

And as I look ahead and SMUD moves forward
with some of these proposals or considers them, what
we would like to continue to see is solutions that
allow a dynamic market that provide market signals
for adding storage to the grid, that properly value
the attributes of solar and storage, and allow
meaningful participation periods so -- and that
would include reasonable regional grandfathering
provisions to protect existing customers who've made
investments.

I also want to have ways to better value
virtual power plants and look at distributed energy
resource values.

So thank you so much for hearing my
remarks and good luck. And I want to thank again
Eric and the board and Paul for all of their work in
engaging with community members like me. Thank you.

SMUD GENERAL COUNSEL LEWIS: Next up, we
have Leah Miller.

(Upcoming speakers' names announced.)

PUBLIC MEMBER LEAH MILLER: This is Leah.
Can you guys hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER LEAH MILLER: Great.

Good evening. President Bui-Thompson,
SMUD board members and staff, my name is Leah
Miller, and I'm the president and CEO of Habitat for
Habitat of Greater Sacramento.

Thank you so much for the opportunity to
speak this evening on behalf of Habitat For Humanity
of Greater Sacramento, the families we serve, as
well as those in our underserved community.

I’m quite proud to say that Habitat For Humanity has been a partner with SMUD for over 30 years. Tonight, Habitat For Humanity of Greater Sacramento would like to express our strong support for SMUD’s ongoing efforts to keep energy affordable for all income demographics in our community, particularly the commitment to keep energy affordable for Sacramento’s most underserved households.

On the matter of net metering, we find ourselves quite concerned for Sacramento’s low-income households, many of which are living in situations that do not permit them, readily, access to the current benefits of solar technology.

However, over the course of time, it’s our concern that they may very well be the group of people that bear the brunt of additional costs of an aging electrical system. To keep our low-income neighbors safely housed and able to afford life’s most basic necessities, it’s very important that the cost of electric service be shared throughout our community.

Any increases in the rates are always a concern for Sacramento’s low-income residents.
However, we understand the reasoning behind and are pleased that you are keeping those increases below the rate of inflation.

In closing, I thank you for the opportunity to work together with SMUD through ongoing efforts to meet the carbon-reduction goals of the community and ensure affordable energy for all. Thanks so much.

SMUD GENERAL COUNSEL LEWIS: Great. Next up, we have Frank Lindh.

(Upcoming speakers' names announced.)

PUBLIC MEMBER FRANK LINDH: President Bui-Thompson and members of the board, this is Frank Lindh. Thank you for the opportunity to speak to you this evening. I'm talking about Agenda Item 2, which is the staff proposal for a successor tariff for Net Energy Metering customers.

I think staff has brought you a good set of recommendations, and I'll comment on those. But I wanted to mention that by way of background, I am the former general counsel of the California Public Utilities Commission, and the commission, of course, is the state agency that regulates the investor-owned electric utilities in California. And my tenure as general counsel of the commission
really was the highlight of my professional life.

During my years there at the commission, on more than one occasion, I heard our commissioners speak in public about their admiration for SMUD.

And here's what I said when I spoke before the board's finance and audit committee on May 18th of this year:

"SMUD has a track record of providing leadership in the drive for decreased emissions of greenhouse gases and other pollutants and for finding customer friendly solutions to the challenges of the industry."

So I want to commend staff for their work in bringing forward this proposal tonight, and I think they should be commended not just for the content of the proposal but also for undertaking such an extensive and inclusive stakeholder process.

So with respect to that energy metering and the staff proposal, here's my three points:

First and foremost, in my mind, is that staff has been responsive to the need for greater equity among customers. The existing Net Energy Metering arrangements are lopsided in favoring
customers who have rooftop solar or paired
solar-plus-storage arrays, and these are generally
wealthier customers. They enjoy subsidies at the
expense of lower- and middle-income customers who
cannot afford this technology.

While the existing Net Energy Metering
tariffs made sense when the solar industry was just
getting started, the industry is now mature. And
the subsidies, meanwhile, have grown in size over
time, and so the social justice issue really is now
at the forefront.

Second, I hope you will approve staff's
proposal to institute an interconnection fee for
solar customers. A fee of this type is necessary,
in my view, to cover the cost of SMUD's system.

Third, staff is correct, I believe, to
focus economic incentive on solar plus storage
rather than on stand-alone rooftop storage. This is
because solar plus storage provides significantly
better benefits to the grids -- to the grid and
reduction in emissions.

For this reason -- for all these reasons,
I respectfully urge you to adopt the staff
recommendations regarding Net Energy Metering
reform. Thank you again for the opportunity to
address you tonight.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Jan Smutny-Jones.

(Upcoming speakers' names announced.)

PUBLIC MEMBER JAN SMUTNY-JONES: Thank you very much, Chair Bui-Thompson and members of the board. I'm Jan Smutny-Jones. I'm a proud SMUD customer and over 40-year veteran of basically promoting solar energy. And in my professional life, I represent utility-scale solar along with some other technologies.

I'm here to support the new solar-and-storage rate. I did serve on the Value of Storage Technical Committee, which was a very open and interesting process.

The current rate, as you heard, is -- NEM rate is 13 cents. SMUD's latest utility scale solar is around 3 cents. There's no economic justification for this. The physics of converting sunlight to electricity is the same whether the solar panel was sitting on a roof or out in some disturbed land somewhere.

I just want to point out that the NEM rate is not related to the overall drop in solar prices over the past decade. So the NEM rate has gone up
while the cost of solar has come down. And, moreover, you've heard, I think, some of the social inequities that are caused by the current rate structure.

I'll point out that the .4 cents addition for land use is troubling given the fact that there's no evidence that SMUD is actually purchasing utility-scale solar that has disturbed land and, actually, quite the contrary.

That said, the 7.4 cents, while it is above wholesale rate is -- may create a source of local capacity for all ratepayers, including nonparticipants. In other words, all customers may benefit from this capacity.

This is very important because California is awash in solar in the middle a spring or summer day, but it's times like these, when the sun goes down, what's called net peak, that is -- can be really problematic and will become more problematic in the future. So having the ability to convert to solar in midday to a usable product that benefits all customers in the net peak is very important.

Net Energy Metering was created a long time ago to nurture rooftop solar. It worked, and it's time to move that business model along to the
modern world where we've got solar and storage and moving our technologies forward.

SMUD is not the guarantor of any specific business model. The world has shifted and moved on, and I think what staff is proposing here is responsive to the concerns that were expressed by the solar industry. You know, SMUD has been doing a great job of providing reliable, affordable electricity to all customers that is designed to lower our carbon footprint.

I would encourage you to support the proposal, and I appreciate your service on this board. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Beth Hassett.

(Upcoming speakers' names announced.)

PUBLIC MEMBER BETH HASSETT: Hello. I'm Beth Hassett, the CEO of WEAVE, and we've been a proud partner of SMUD's for more than 26 years.

And, in fact, we just partnered with SMUD to bring electric chargers and electricity to nine homes that will serve as permanent supportive housing for victims of domestic violence and their families. These are not families that have the luxury of opting to put solar on their roofs.
They're people who are going to be living in these homes on vouchers and -- housing vouchers, and they are just trying to meet their basic needs. And one of those basic needs is electricity that they'll be paying for themselves proudly. And it's important that it's -- it's a basic necessity that they can get and affordably.

We at WEAVE wish to express our strong support for SMUD's ongoing efforts to keep energy affordable for people of all demographics. All of the communities we serve deserve to have access to power that they can afford within their income brackets, and that means many of Sacramento's most underserved and most vulnerable households.

And to keep our low-income neighbors safely housed and able to afford life's basics, it's important that the cost of electric service be shared equitably throughout the community.

So we at WEAVE are proud to support staff's recommendation. Thank you.
of the California Wind Energy Association.

CWEA is supportive of staff's thoughtful proposal both to reform rooftop solar rates and to encourage customers to adopt storage paired with solar to promote system liability. Thought the presentation tonight was very informative and very compelling.

If we're going to green our energy system, it's essential that we keep electricity rates as low as possible for everyone to encourage customers to shift away from fossil fuels toward electric vehicles and electric heating and appliances.

The cost of installing rooftop solar has fallen by two-thirds over the last 20 or 30 years while the rates paid for rooftop solar has inched up. So it's entirely reasonable to lower the overpayment and foster greater competition in an industry that is by now very well-established.

I can tell you that competition is fierce in the wholesale market for utility-scale wind, solar, and storage, the power prices in the range of 3 to 5 cents per kilowatt hour. So the much higher proposed rate above 7 cents for rooftop solar, plus the storage incentives, seem more than generous to us. And, in fact, the proposal only reduces the
cost shift from solar customers to non-solar customers. It does not eliminate the cost shift. So customers without solar will continue to subsidize generally more affluent solar customers.

In fact, staff noted tonight that the remaining cost shift under its proposal just to transition existing NEM numbers is still $91 million. The board might want to inquire of staff what the remaining cost shift will be for new customers under its proposal.

As staff noted, NRDC and energy expert Professor Severin Borenstein commented that staff's proposal is still too generous to the solar industry and solar customers. If anything, alternate proposals should further trim the cost shift. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Patrick Bean.

(Upcoming speakers' names announced.)

PUBLIC MEMBER PATRICK BEAN: Thank you.

Good evening, President Bui-Thompson, members of the board, and SMUD staff. I'm Patrick Bean, the global charging and energy policy lead at Tesla, and I'm here speaking on behalf of Tesla.

Tesla's mission is to accelerate the
world's transition to sustainable energy through the manufacture and sale of electric vehicles, rooftop solar PV systems, and battery energy storage.

I'd like to begin by thanking SMUD's staff for their hard work for this proposal over a long two-year process and their willingness to take feedback and corrective thinking to develop an innovative proposal.

The new proposal -- the new rate proposal is a forward-looking approach that challenges DER providers, like Tesla, to advance the functionality of behind-the-meter resources in order to increase customers' contributions to grid reliability and SMUD's climate goals.

In particular, we appreciate the inclusion of storage rebates, Critical Peak Pricing with the ability to export at full retail during Critical Peak events, and the development of Virtual Power Plant aggregations. These features will work to help accelerate the development of distributed energy storage to meet the critical evening peak hours and to help SMUD retire natural gas-powered plants.

We're also glad to see the proposal does not include a fixed charge for solar storage.
customers, which would have harmed the economics of self-generation without reducing greenhouse gas emissions or helping SMUD reach its climate goals.

In closing, we'd like to thank SMUD's staff and the board for the opportunity to provide feedback on this process. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, we have Bryan Dove.

(Upcoming speakers' names announced.)

PUBLIC MEMBER BRYAN DOVE: Hello. This is Bryan Dove. I'm the director of the asset management with Mutual Housing California. And we've been -- SMUD has been an amazing partner over the years as we've been developing and operating affordable housing throughout the Sacramento region through the Shine Program, the Sustainable Communities Program -- (inaudible) design services, electric vehicle charging, infrastructure. We were also one of the first early adopters of solar. About 20 years ago, we installed solar panels in a multi-family property that benefitted the residents -- the tenants of that community.

So the low-income households living in our communities and other disadvantaged communities often don't get the benefits of low carbon and the
solar initiatives. So we strongly support the 2030 Zero Carbon Plan, the Virtual Net Metering option for affordable housing, along with the SolarShares Program and the solar-and-storage rate and incentive programs. All of these programs will help the low-income households living in our community as well as throughout the Sacramento region.

With regard to the rate increases, it's always a concern for low-income families, but we understand the need to increase the rates. Most of our other expenses operating our apartment communities are increasing at a higher rate than inflation, our insurance rates, other utilities, vendors and so on.

So we're grateful that the rate proposal is less than the inflation rate. And thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Azizza Davis Goines.

(Upcoming speakers' names announced.)

PUBLIC MEMBER AZIZZA DAVIS GOINES: Thank you so much for this opportunity. My name is Azizza Davis Goines, and I am the president and CEO for the Sacramento Black Chamber of Commerce and the executive director for the Sacramento Black Chamber of Commerce Foundation.
And I want to begin by thanking you for this opportunity to speak before you this evening on subjects that are affecting not only our minority business owners but our community of color at large, who, by the way, no matter the label, are no longer minority communities.

It was just about a year ago that I first addressed you all with the concerns that I felt needed to be heard and addressed. I remember it clearly because I left Sacramento to work in an area of California that was not completely covered in raging fire, smoke, ash, and evacuations that became so prominent in every decision-making process we were making at that time. As much as has changed, there is still a lot that remains the same.

Briefly, for those that did not hear me last year, I want you to know that my soapbox remains pretty much the same, is that we need to find alignment with education and equity in every part of the energy footprint.

We still need answers. Where in the line of priorities does equity kick in and planning and implementation of those constructs begin to become more than just afterthoughts?

I've heard the good talk and agreement
that the good work needs to happen. But where is the process, and how do we take your words back to our small businesses and overall affected communities and say: This is how we do it?

The plans that SMUD has and are almost destined to be implemented are here and will be discussed this evening, and have been discussed this evening, at length. But many still have not been shared with our business communities or our communities at large in a way that feels inclusive, in ways that will almost feel that there are plans in place that address the majority minority's needs being taken into full consideration before they're implemented.

I still have little concrete information that I can take back to our apartment renters on how this 2030 plan will benefit them and, even more, what is the 2030 plan? There was an event not long ago that was supposed to tout what the community was doing for us, and none of "us" were there at the event.

We still have work to do, but please know that Sacramento Black Chamber of Commerce is with SMUD, and we want to be with the solar industry as we move forward in making these plans effective and
workable for all of our communities. Let's be more inclusive. It's still a really important thing for it to happen in our communities. Thanks for your time.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Luis Sanchez.

(Upcoming speakers' names announced.)

PUBLIC MEMBER LUIS SANCHEZ: Yes, thank you. Good evening. I'm Luis Sanchez. I'm the CEO of Community Resource Project, known as CRP. We're a local nonprofit administering the light HEAP program and doing weatherization with energy efficiency measures to low-income communities.

We've been a strong partner with SMUD over many years providing utility payment assistance to eligible SMUD customers, and we wish to express our strong support for SMUD's ongoing efforts to keep energy affordable for all income levels in our communities, especially our residents in underserved communities.

On your rate proposal increase, we understand the need to meet rising costs that are affecting everyone. And we caution SMUD to be mindful of our low-income households whose incomes do not always keep pace with pricing costs of living.
and what an impact of 1.5 percent to 2 percent
increase would have on them.

We have SMUD clients with bills ranging
from $200 to $3,000 currently, the average bill
being about $486, and these individuals struggle to
make their utility payments. We see SMUD clients
having to choose between not paying their utility
bill, instead choosing to purchase food or necessary
medicine. Choosing not to run their air conditioner
because of higher energy cost or not running their
heater in the winter for the same reasons are real
choices that they are faced with.

Regarding the Critical Peak Pricing rate,
again, SMUD should keep in mind our communities with
most vulnerable individuals who are dependent on
their medical devices to keep them safe and alive.
If they cannot avail themselves of the benefits the
CPP rate would provide, SMUD should consider other
options for these customers.

We applaud SMUD for their Virtual Net
Metering efforts to assist affordable housing
developments to adopt solar. And considering the
current affordable housing storage, there are other
low-income families who reside in multi-family units
not designated as affordable, and they should be
allowed to benefit from the VNEM as well. We look forward to continuing discussion around this initiative.

Ultimately, we encourage SMUD to keep our low-income residents safely housed and able to afford their most basic necessities so that it is important that the cost of electric service be shared throughout your communities.

I want to thank you tonight for this opportunity to address you. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Faith Galati.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: Faith, your microphone has been activated.

PUBLIC MEMBER FAITH GALATI: All right.

Thank you very much. President Bui-Thompson, members of the board and staff, hello. My name is Faith Galati, and I'm executive director of Breakthrough Sacramento.

Breakthrough is a year-round tuition-free college preparatory program that leads motivated under-resourced youth on a path to success and college. We're also a pre-professional training program for diverse students who aspire to become
educators.

In the education field, I feel compelled to share with our youth that prior to the 19th Century, environment concerns were not a matter of individual concern, rather they elected the government to sort out and dictate actions. Fortunately, special-interest groups evolved to change government policies and promote environmentally friendly social values.

You know, I want to share that I remember in the 1960s -- okay, late 1960s -- the media campaigns such as "Give a hoot, don't pollute;" and, sadly, Smokey Bear says, "Only you can prevent forest fires." I'm sure that makes a few of you smirk as we wheeze on smoke today.

It was simple when I was younger, but today our youth grapple with what climate change means to their future. And I'm really pleased to share how SMUD takes part in helping us educate our youth about how they can affect their future.

Breakthrough, with SMUD, has been working together for five years, and SMUD has been a critical partner for us in bringing energy and sustainability education to some of our most underserved students. Each summer our students
participate in hands-on STEM experiments surrounding solar energy. They build solar-powered battery chargers, water pumps, fans, even mini-solar cars. They're challenged to find ways to apply what they've learn to their everyday life. And this past summer, the SMUD curriculum expanded to include wind power. Today, our students can share tips and techniques to reduce energy use and their family's energy bills. That's true community sharing and empowerment.

Breakthrough is appreciative of SMUD's ongoing efforts to keep energy affordable for all income demographics of our community, particularly the commitment to keep energy affordable for Sacramento's most underserved households.

Any increases in the rates are always a concern for Sacramento's low-income; however, we understand that the reasoning -- we understand the reasoning and are pleased that SMUD is keeping them below the rate of inflation. To keep our low-income neighbors safely housed and able to afford life's most basic necessities, it is important that the cost of electric service be shared throughout your community.

I'm inspired by and I really respect
SMUD's commitment to achieve a zero emissions by 2030 and believe that it will take a whole community to get there.

Thank you very much for this opportunity to speak on behalf of our under-resourced youth in Sacramento.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Pastor Mark Meeks.

(Upcoming speakers' names announced.)

PUBLIC MEMBER PASTOR MARK MEEKS: Hi. My name is Mark Meeks. I am privileged to serve as pastor of City Church of Sacramento, and we are located in the Oak Park community on the corner of 4th Avenue and 39th Street. In addition to serving as pastor, I am a civil engineer only semiretired with over 30 years with the State of California and seven with Kaiser Hospitals right here in design and construction. And I only mention that to highlight my familiarity with and support of approaches to problems as well as opportunities that are both considered and thoughtful.

And while this type of approach may not satisfy everybody at every turn, more often than not it is the best chance for having the best solution long-term. So, full disclosure, City Church has
been a proud sustainable communities partner with SMUD for the last three years, and SMUD has been an invaluable partner in helping us breathe new life into a building that was abandoned, for all intents and purposes, for over 20 years.

I appreciate the support SMUD has provided us to help decrease our energy costs with energy-efficient lighting, HVAC, and solar. And let me just say the dollars that we have saved, will save, on our energy bills are being reinvested back into our Oak Park community.

I've shared this in other venues, and I'll share it now. A lot of people talk about saving lives and being catalysts for change in community. Let me just say this, with all honesty: That SMUD and specifically the sustainable-communities programs have saved lives. And I say this because of a modest investment that SMUD was able to provide City Church to install competent lighting which allowed us to partner with UC Davis Health and to host the first, and for, unfortunately, a long period of time, the only COVID vaccination clinic in all of Oak Park, a community of over 50,000 people.

What SMUD has is -- and prayerfully will continue to do is create an equitable framework for
all social and economic demographic groups for the
Oak Parks as well as the Land Parks of our
community. Energy affordability and fairness is
essential, especially with something as promising
and in vogue as solar energy and net metering. How
SMUD approaches this and other issues goes beyond
simple bottom lines. Dare I say, it must be more
than just good business; it must be the right thing
to do.

  Thank you, SMUD. In particular,
Jose Bodipo-Memba and Shiloh Costello, I look
forward to being an ongoing co-laborer with you in
our community. Thank you so much.

SMUD GENERAL COUNSEL LEWIS: Thank you.
Next up is Darrick Lam.

(Upcoming speakers' names announced.)

PUBLIC MEMBER DARRICK LAM: Good evening,
everyone. My name is Darrick Lam. I'm the
president and CEO at ACC Senior Services.

ACC Senior Services has been a proud
partner with SMUD for the past 49 years. Since our
incorporation in April of 1972, ACC has been
providing health, social, and supportive services in
Sacramento in the space of senior living such as
skilled nursing, assisted living, memory care,
independent living, transportation, lifelong learning and wellness programs, senior employment training, family caregiver support, senior safety collaborative, and also we manage the Meals on Wheels by ACC.

ACC would like to express our strong support for SMUD's ongoing effort to keep energy affordable for all income demographics of our community, particularly their commitment to keep energy affordable for Sacramento's most underserved households.

Having served tens of thousands of seniors in the past 49 years, ACC Senior Services sense that any increases in their rates are always a concern for Sacramento's low-income. However, we understand the reasoning, which include wildfire mitigation and related vegetative management, repairs to aging infrastructure, increased operating costs, and also compliance with state regulations. We are also pleased that you are keeping them below the rate of inflation.

And this is very similar to a time when an organization would have to adjust rates for private-pay residents at our skilled nursing, assisted living, and independent living to deal with
the ever-increasing operating costs and to ensure that there's enough revenue to pay for competitive wages and provide incentives so that we can continue to retain a high-quality staff in the provision of services for all that dwells within ACC's family of services.

On the matter of net metering, we find ourselves concerned for Sacramento's low-income households, many of which are living in situations that do not permit them to readily access the current benefits of solar technology; however, in time, they may be the very group that bears the additional cost of an aging electrical system, especially if no upgrades or repair is being done now.

So to keep our low-income neighbors safely housed and able to afford life's most basic necessities, we feel it's pertinent that the cost of electric service be shared throughout our community.

In closing, thanks to SMUD staff for putting together this proposal and allowing me to make my comments.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Tracy Jackson.

(Upcoming speakers' names announced.)
PUBLIC MEMBER TRACY JACKSON: Thank you for having me. This is Tracy Jackson. And thank you to President Bui-Thompson, to the board, and to the staff. I appreciate you allowing me to take a few moments.

My name is Tracy Jackson. I'm a business owner. I'm a mother and my husband being a teacher having to work from home last year. I have three daughters who are students who also had to work out of home last year, and I could just tell you how much I really appreciate the fact that I knew that SMUD was my utility provider through those situations, and I had a lot of confidence that things were going to work out, and they did. So thank you very much.

I've been a SMUD customer since 2000. I've lived in other major districts for utilities, and SMUD, by far, is the one who I actually talk about and really appreciate. I'm also a solar customer. I've been a solar customer now for about ten years. This is my second home that I have solar because I had a great experience with the first one; I'd even say a little better than this one.

I really appreciate the educational campaign that SMUD has done, and I've really
appreciated the heads-up and the knowledge I get.
When I got the letter last year, I remember -- I actually still have the letter that I got talking about this.

On a sidenote, I'd like to say one thing I really appreciated is that you were no longer going to use the term "grandfathered," and that you talked about it in that letter. That made actually me really appreciate it.

But I'm really happy about the things that are taking place, the communication. I think the increases are negligible, and I appreciate the fact that everyone is really concerned about our lower-income and -- you know, minority underrepresented groups or lower-income groups that, we're taking those things into consideration. So I'm actually in favor of the proposal that you have in place.

Of course, I'm a little concerned about what kind of fees are going to be attached when you connect to the grid. But at the same time, I feel like most of them have been incredibly fair and transparent. So I really appreciate it, and I think that's really about it.

Of course, I'm also -- my biggest concern
now is fire danger, and I don't think that they're hypothetical concerns any longer. I think that these are the real concerns, and the steps that SMUD needs to take to make sure to reduce the possibility of fires in California and in our neighborhoods is really important.

So, again, I'd like to express my support for the proposal that you have in place. And that's all I have for today. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up we have Michael Lynch.

(Upcoming speakers' names announced.)

PUBLIC MEMBER MICHAEL LYNCH: Hello. I'm Michael Lynch. Sorry for the background noise. I have two kids in the background playing karate.

Thank you so much, Madam President and Board, for allowing me to speak. I serve as the cofounder and chief executive officer of Improve Your Tomorrow. At Improve Your Tomorrow, we help young men of color get to and through college. And SMUD has been a continuous strong partner with IYT since our inception in 2013. And on behalf of IYT, I'd like to express my strong support for SMUD's continued quest to bring energy equity to low-income communities of color, the same communities in which
Improve Your Tomorrow serves of over 2,000 young people across Sacramento County.

Two years ago through a SMUD community partnership, we launched a STEM camp to help young people get inspired about careers in technology. Over the course of eight weeks through a partnership with SMUD and Sac City, they had the opportunity to build new technological products and pitch those products to an audience in a Shark-Tank-style experience at the close of the session.

SMUD was critical to be able to help to execute the camp, both through staff support, fiscal support, but really through bringing the technological expertise that our young people needed to get excited about a possible career in STEM.

Through our current sustainable-communities partnership, SMUD is helping to close the mentoring gap, include, like, South Sacramento, by helping to fund a cohort of mentors who are working and serving in the community. COVID has only widened gross academic inequality across the county. And SMUD, recognizing the importance of a strong labor workforce that needs to be educated, has continuously invested in helping to make sure that more young people have access and opportunity
to a better life.

I'll close with a brief story on SMUD's impactful partnership. We have a young person who started in the program with us at IYT when he was a sophomore in high school. He had a 1.67 GPA. A couple of semesters later he was in mid 2s and got accepted to Sacramento State. Through his five years at Sacramento, he worked as a mentor, mentor fellow in South Sacramento, right back in the same community, in which he served helping to make sure other young men of color get to and through college. That young person recently graduated from Sac State and is involved in the professional world. And his experience was helped to be powered by SMUD and SMUD's continued partnership in the community to ensure that there's equal access to a better life.

Thank you so much for your time.

SMUD GENERAL COUNSEL LEWIS: Thank you so much.

Next up, Jeff Owen.

(Upcoming speakers' names announced.)

PUBLIC MEMBER JEFF OWEN: Good evening, Members of the board. My name is Jeff Owen, and I'm the executive director of City Year of Sacramento. City Year is an AmeriCorps program focused on
educational equity. We know that talent among
students is equally distributed but opportunities
are not.

SMUD and City Year have been partners in
supporting some of our region's most vulnerable
communities using the Social, Emotional, and
Academic Development framework to support and enrich
students' experience in the classroom every day.
This includes the use of SMUD's STEM curriculum to
excite our students with lessons they otherwise
might not have exposure or access to.

In our experience, SMUD has been an --
authentic in their inclusive and equity-based
decision-making and care deeply about being strong
community partners. We actively utilize SMUD's
sustainable-communities map both in our strategic
planning and in bringing awareness to the inequality
of resources in our region. This resource has been
a great addition to our training of the Americorps
members and their understanding of the communities
they will be working with throughout their year of
service.

City Year staff and Corps members were
witnessing first-hand the disproportionate effect on
vulnerable communities with issues like climate
change. And I'm calling tonight to applaud SMUD and
the leadership of the board in your efforts to get
to zero carbon.

While I'm not an expert on solar or
electric services, I do know that with great change
comes the need for great compromise. For example,
we work in low-income communities. Many of the
households are in living situations that do not
allow them to take advantage of the current benefits
of solar technology. At the same time, they may be
the very group that bears the additional cost of
improving electrical systems. We can no longer look
to our communities who receive less in community
investment to give more.

I support SMUD in their effort and have
seen firsthand their intentional approach to their
work to understand and support our entire region but
particular areas that have been traditionally
overlooked.

In reading the plan, Virtual Net Metering
appears to benefit the households in the communities
and cities they serve regardless of whether they
have solar or not, in particular by keeping energy
costs low. Getting to zero carbon by 2030 is
ambitious, but it's also world-changing and should
be recognized. The healthier the environment, the healthier our kids will be and the more time they'll spend at school.

But, please, also continue to focus on equity in providing inclusive opportunities for our lower-income neighbors to take advantage of clean, affordable, and sustainable energy options.

Thank you for your time and looking out for the best interest of our entire community.

SMUD GENERAL COUNSEL LEWIS: Thank you. Next up, Jeff Spies.

(Upcoming speakers' names announced.)

PUBLIC MEMBER JEFF SPIES: Yes. Hello. Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes. PUBLIC MEMBER JEFF SPIES: Hi, Laura. I appreciate you pronouncing my last name correctly. You must know somebody from my family. My name is Jeff Spies, pronounced Spies (pronunciation) by most, and I'm president of a solar drafting company serving installers throughout California, including SMUD territory.

I care about low-income communities in fairness, but I'm also committed to the critical necessity of a healthy solar industry, and I stand
in firm opposition to the proposal put forth by SMUD staff.

My reason for speaking today is ten years ago, I was contracted by APS, Arizona Public Service, the largest electric utility in Arizona with rates not dissimilar to SMUD, to develop a contractor-training program teaching realistic financial payback calculation for residential PV systems. This was for the APS-qualified solar installer training program. And I was chosen to teach this topic as I had a reputation for being a strong proponent of ethical financial projections by solar contractors.

Having taught the subject for APS for several years and understanding the financial underpinnings of payback and the effect on solar adoption, I'm certain SMUD's staff proposal will not allow for growth for the solar-and-storage industry as presented by staff; in fact, it will contract the industry, and here is the four reasons why:

You're going to have high interconnection fees, three times higher than PG&E, which will disincentivize residential customers from investing in a solar installation.

And the incredibly modest battery
incentive is really not an incentive. It provides only an average over the years it's active of $850 total incentive, which would result in an energy storage system payback for about 14 years when battery life is probably going to be 10 to 12 years. You would never get payback on the battery.

The ridiculously low limit on the solar system size will make adding an EV, an electric vehicle, difficult because an EV will normally double the electric consumption of a typical home. And by only allowing 110 percent of last year's production for a solar system, prevents somebody from putting EV on where they can essentially fuel it with the solar system.

And the fourth reason, the most impactful one, is the dramatically reduced then compensation for back-fed kilowatt hours extends the payback noticeably.

The conclusion is that this proposal will lead to a decline in solar and storage during the time when additional distributed generation is so important for energy resiliency and our climate goals. Thank you very much for allowing me to speak.

SMUD GENERAL COUNSEL LEWIS: Thank you.
Next up, Evan Schmidt.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: And, Evan, your microphone has been activated if you can unmute when you're ready.

PUBLIC MEMBER EVAN SCHMIDT: Good evening, President Bui-Thompson, Members of the board and SMUD staff. Thank you the time this evening. My name is Evan Schmidt, and I am the CEO of Valley Vision, a nonprofit and civic leadership organization operating in the Sacramento region for over 25 years.

Valley Vision drives actionable research, collaboration, and catalytic action to advance economic prosperity, environmental sustainability, and social equity in communities across the region. We've also been actively partnering with SMUD for many years to support these goals and have greatly appreciated SMUD's partnership with Valley Vision and their leadership in the region.

I'm calling to support SMUD's proposed rate increase. I highly commend the board and staff on SMUD's ambitious 2030 Zero Carbon vision. This vision aligns strongly with Valley Vision's commitment to livable and sustainable communities,
reduced emissions, improve our local air quality,
overall health, and create jobs.

Further the plan provides important action
that addresses climate change and helps put us on
the road to a low-carbon economy. I believe that
the modest rate change will support the goals of the
2030 plan without creating an undue burden on
customers.

We are all faced with new challenges right
now including the increased risk of wildfire and the
transition to a low-carbon economy, which includes
integration of new clean technologies. SMUD has
come out as a leader in clean and affordable energy,
and it's important that their rates keep up with
inflation in order to address these changes.

It's also important that we take action in
ways that consider and address the underserved in
our communities. Rate increases can cause concern
about the ability of the under-resourced households
in communities to afford basic needs.

SMUD has a long history of creating
safeguards to avoid undue impacts by these
customers, and, in fact, I believe the rate change
will address some existing inequities in the
application of clean energy subsidies.
Additionally, with the rate change keeping below the rate of inflation and the relatively low cost of SMUD's overall rates, I believe that the rate increase is warranted and reasonable.

I appreciate SMUD's leadership in the Sacramento community supporting clean energy, sustainable communities, as well as a diverse array of community initiatives, many community-based organizations, and social equity goals throughout their service area.

Valley Vision is closely aligned with and supportive of SMUD's ambitious emission-reduction goals and their actions to achieve those goals. For these reasons I support SMUD's rate increase proposal. Thank you for your time and consideration this evening.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Ed Murray.

(Upcoming speakers' names announced.)

PUBLIC MEMBER ED MURRAY: Thank you, Madam President Bui, SMUD board and SMUD staff. I really want to thank you for having public comment before my bedtime as opposed to the last meeting we had.

My name is Ed Murray. I'm the president of Aztec Solar in Rancho Cordova. I'm also the
president of the California Solar & Storage Association, or CALSSA, which represents 600 members: Solar companies, distributors, and manufacturers. Aztec Solar installs solar electric, water and pool heating.

I am disappointed that you are portraying Aztec Solar on your slide as a collaborator in this process. I want to go on record that Aztec Solar does not agree with this proposal.

I have been a proponent of SMUD for many years. When I have presented in Europe and Asia regarding solar systems in the United States, I proudly spoke with SMUD but now find myself at a loss for words regarding SMUD. Once a forward-thinking utility under David Freeman's leadership, SMUD is now looked at as a utility which is choosing one technology over others, utility-scale versus rooftop solar.

I am shocked that the SMUD Board and employees does not see that Rome is burning. Please look outside your windows and see that the forest fires are indicative of accelerated climate change.

Please, please, reconsider the proposal before you. We are going to need all hands on deck to mitigate climate change, including residential
and commercial solar. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Megan Nutting.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: Thank you.

And, Laura, we do not have Megan Nutting in attendance, along with Steve Berlin.

So I will be activating Michael Zaro's microphone at this time.

SMUD GENERAL COUNSEL LEWIS: Okay.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: And,

Michael Zaro, your microphone has been activated, just unmute when you are ready.

PUBLIC MEMBER MICHAEL ZARO: I'm a sales rep for a sun power dealer.

In having sold mostly in PG&E territory but also some in SMUD, I can tell you right now that any impediment to selling in SMUD is really going to push a lot of business out of your region. I've seen that, despite what was presented earlier, with regard to some of the other utilities that have done away with or reduced their net metering like, for example, Roseville.

It is extremely difficult to get customers
motivated to make an investment in some of these communities. So I can say with certainty that this will absolutely drive customers away from solar and SMUD. That's all I have. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Al Rich.

(Upcoming speakers' names announced.)

PUBLIC MEMBER AL RICH: Good evening, President Bui-Thompson, SMUD board members and staff. My name is Al Rich, president of ACR Solar International in Carmichael.

I participated in NEM 2.0 collaborative meetings late last year and early this year. I was honored to participate with a very thoughtful SMUD staff and feel a good deal of understanding was reached particularly as to how marginal the SMUD solar market sales process is and the need to do no harm to the solar -- local solar industry.

Currently, even with SMUD's lower kilowatt prices, most low-income homeowners can finance a solar system and have a positive cash flow. That will change when NEM 2.0's 7.4 cent export rate is implemented.

While I disagree that 7.4 cents is a true value of solar, it was discussed how important the
glide path is to the 7.4 sent export rates until the
solar industry can adjust to the increased
solar-only return on investment and expedite a
robust battery program in cooperation with SMUD
staff. This is important to meet SMUD’s significant
and greatly appreciated 2030 Climate Emergency
Resolution that the board and SMUD staff have worked
so hard on.

As the Prop. 26 issue entered the
collaborative room, a compromise was discussed and,
I thought, reached to have NEM 2.0 start date be
January 1, 2023. I was disappointed to find the
plan to start had moved to January 1, 2022. This
early NEM 2.0 start date is too soon for the solar
industry to adjust to.

We hope that by January 1, 2023, the
current battery supply shortage will be over and
battery prices will be lower. We actually need
until January 1, 2023, to adjust to the new
marketing conditions and working with SMUD staff,
home to solar industry's battery sales presentations
to the customers.

Thank you for being the progressive
municipality utility you are and the opportunity to
speak with you.
SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Fatima Malik.

(Upcoming speakers' names announced.)

PUBLIC MEMBER FATIMA MALIK: Hi. Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER FATIMA MALIK: All right.

So I actually had called in to talk about something totally different, but I really need to talk about everybody that you just had speak as members of the public comment. It really sounded like you just went through your entire grantee list of everyone that has a conflict of interest with SMUD.

Specifically, I want to call out Valley Vision. That was a huge conflict of interest because Paul Lau is on their board.

So I really think that I'm super disappointed in how this became a discussion about all of the partnerships you have and your grantees, and you're mixing the issue of solar with all of these other issues around serving low-income minority communities. You know, there are so many issues, but you're, like, commingling, combining.

There is so much conflict of interest today and tonight that I'm super, super disappointed
that I can't even talk about what I came to talk
about because I really got to call out how you all
just stacked all of the supporters, and they sounded
like they had all the same script, and I'm just
super concerned because the real issue is I think --
I want to take you back to --

I was actually going to talk to about how
in 2019 there was a presentation done to the SMUD
NEM working group December 12th, 2019, by
Elena Seger (phonetic) by a group called PSE Healthy
Energy.

And I think the main thing that I want to
talk about is that the reason why equity and access
to solar and storage is so important is because we
want to reduce the energy burden of people with
low-income who spend more of their income on utility
bills, right? They have less disposable income.

The ultimate reason why people get solar
is so they have more consistent bills. And so I
want to talk about why I got solar plus so that I
could be able to have a more consistent bill. And
that is -- I think what I did not hear anybody talk
about is, like, yes, obviously low-income
communities are spending way too much money on their
utility bills. And these one-time payments or --
you know yes, I appreciate everything that SMUD does with energy assistance programs, but you really need to make this completely separate issues and arguments.

The other thing is that if SMUD really wants to address equity, let me be clear, what you just laid out tonight is: Hashtag "Not Real Equity," okay? Because you've got to go back to the drawing board. 24 value components do not equal equity criteria, okay?

And I don't see what the win-win here is because the reality -- I do agree with you is that the early adopters of solar have been the wealthy. And I'm going to ask SMUD to really think about -- stop opportunity porting and figure out how to make this technology available to more people and not less. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Lola Pudinski.

(Upcoming speakers' names announced.)

PUBLIC MEMBER LOLA PUDINSKI: Hello?

SMUD GENERAL COUNSEL LEWIS: Yes, we can hear you.

PUBLIC MEMBER LOLA PUDINSKI: Good evening and thank you.
Our state is on fire, and we need to do everything we can to combat climate change and reduce our use of fossil fuels. There are issues with the study SMUD is using to justify this proposal and, therefore, their new NEM rate.

Most importantly, SMUD's solar study incorrectly claimed that SMUD pays solar users for simply using their own solar energy at home. This is incorrect.

The study is also contradicted by mounting evidence and an analysis by the national grid modeling experts, Vibrant Clean Energy, which shows that rooftop solar reduces the cost of the electricity grid, can cut Californian's energy bills by 120 billion over the next 30 years, and reduce global warming pollution by about 4 million metric tons.

Additionally, residential solar battery costs approximately $8,500. That's for the Tesla Powerwall. The incentive is an average of $850, which is nowhere close to making up for the gutted solar credit to make it economical to purchase a battery in addition to the cost of solar panel. This would make investing in rooftop solar uneconomical for the average working- and
middle-class family. And it would make it impossible for low-income families to have solar, which they should have access to to help with their bills. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Marie Chen.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: Thank you.

And, Laura, Marie Chen nor John Lindwall appeared. So next would be Johan van Ravenhorst.

SMUD GENERAL COUNSEL LEWIS: Thank you.

PUBLIC MEMBER JOHAN VAN RAVENHORST: All right. Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER JOHAN VAN RAVENHORST: My name is a Johan van Ravenhorst. I recently emigrated from the Netherlands in Western Europe to the United States, and now I am a SMUD residential customer.

So the lower rates make it harder for me as a homeowner, who would like to get solar in the near future, and a small landlord. We are currently in the process of possibly installing solar into houses to invest in solars for my tenants, single-family homes. So I kindly request you to
keep the current rates. You know, for our case, a lower net metering rate would be -- would make solar investment financially very unattractive.

As one of the arguments, you said that currently the solar industry seems mature or is mature. Well, you know, I'm from the Netherlands, so I compare prices, and they are typically double here compared to in Western Europe while, you know, (inaudible) is the same price and wholesale prices, permitting and electrician hourly rates are roughly the same.

So here in California, a lot of money goes either to, you know, overhead or profit, and I am not willing to pay for either of them. So it more looks like the solar industry has childish greed instead of being mature, or they are just abysmally inefficient.

Another example, I bought a Tesla solar roof in October and for 34,000. In April, their price post signing contract -- contract breach, was increased to 58,000.

And let's talk about roofs in the United States. When you buy roofs -- shingles, I mean, the moment you walk out of Home Depot it starts to crumble in your hands. In Western Europe, you have
tile roofs that last for 300 years. Here in the
United States, you replace them every 30 years. I
think that is ridiculous.

So, you know, Tesla sold a roof, or
something like that, made of tempered glass like the
side windows of your car, you know, that will last
100 years if all goes well. But given the prices
that I just quoted you, also that is certainly not a
mature industry. Of course, not all goals of a
solar roof can be attributed to the solar-generating
portion of that, and it's a far more complicated
story than this but just to, you know, give some
attention to that point.

Another point, 3 cents per kilowatt hour
for industry-scale -- (inaudible) solar, wow. Yes,
but what fraction of the annual energy consumption
of SMUD can be covered with the current fields that
operate at such a low cost? Is it scaleable to
offer a much larger fraction of the annual demands
of SMUD customers?

It has advantages to have generation and
storage closer to the loads. It saves a lot of
copper in the ground. That should be mentioned as
well. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.
Next up is Debbra Jacobs-Robinson.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: Debbra is not in attendance, so I have activated the microphone for Patrick Sterns.

PUBLIC MEMBER PATRICK STERNS: Hello, President Bui-Thompson and members of the SMUD Board of Directors and staff. Thank you for having me. My name is Patrick Sterns with Sunpower Corporation. We are a 35-year-old leading solar energy and storage solutions provider. We have about 1400 residential projects and 60 large commercial projects within the SMUD territory. We work with 17 of the 20 top homebuilders in this state, many of which who are very active in SMUD territory. And of the 370 local contractors we work with, 25 of them are in SMUD. And as of last count, they have, combined, more than 900 employees in your territory. So we represent a big slice of the solar industry there.

I'd like to thank the board for your commitment to providing reliable and affordable energy to your customers and helping to lead the way as we transition to a clean energy economy.

However, in order to achieve this goal, we
feel strongly that the board needs to reevaluate the
current net metering proposal and examine the
impacts it would have on SMUD's vision of a zero
carbon economy.

First of all, a problem with the NEM 2.0
proposal is the large reduction in export rate,
which a lot of folks have talked about. It's based
on a flawed and contentious ACC proceeding.

And a drastic cut like that so quickly
with no glide path with severely impact the economic
benefits to many solar-and-storage customers
regardless of the financing options which have
opened up the benefits of solar to Californians of
all income levels. So the idea that solar is only
for the wealthy is an idea really from 1998. It's
no longer true. This abrupt reduction would create
a shock to the industry and its employees and cause
a massive decline in the Sacramento market.

So we do suggest a glide path, and we also
suggest that you take another look at the export
rates and the peak periods. We recommend more like
21 cents for peak hours and 11.5 cents during
non-peak hours.

We welcomed your energy storage system
proposal, but we suggest it doesn't go far enough.
The average incentive between now and 2030 would be $841 per system. These are folks that would be providing a vital grid service on their own dime, so we think that SMUD should lean forward into that and help folks, adopt a better energy storage proposal. And we'd like to see an expansion of virtual net metering to all multi-tenant properties. That is a critical tool that can help extend the benefits of solar to Californians of all income brackets. And a lot of folks who live in multi-tenant properties, even if they're not designated as low-income, are of lower-income brackets and would be effectively locked out of these benefits.

So, in conclusion, we think, you know, it's good to have this discussion, but we don't think this current proposal is going to work that well for solar.

And I just want to point out that more utility-scaled solar is going to mean more high-voltage transmission lines, which, as we know, means more wildfires. So I would urge you to look at this again and reconsider. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Mo Kashmiri.
PUBLIC HEARING ON PROPOSED RATE ACTION

(Upcoming speakers' names announced.)

PUBLIC MEMBER MO KASHMIRI: All right.

Can you hear me? Mo Kashmiri.

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER MO KASHMIRI: I'm a homeowner that I also just installed solar. And when I installed it, I was really disappointed to hear that -- all of the solar installers kept telling me that SMUD was not friendly to solar, and I just couldn't believe my ears given the history of SMUD and the direction we need to go right now.

You know, it took -- will take me 13 years to pay off my system, and I was counting on the rates staying the same, and it should for at least 20 years, right? And so I'm paying money outside of my pocket just because I want to make sure we're getting -- I want to get off fossil fuels as fast as possible and get our grid to, you know, 100 percent renewable -- 100 percent non-carbon -- 100 percent carbon-free by 2030.

The current plan doesn't go far enough. I would ask the board to reject the plan that's being proposed, especially around net metering, and continue to expand it. I don't think that it values solar enough. We know that the study that this was
all based on was incorrect and had lots of flaws in it.

But most of all it's because, you know, my son had to decide by going to local school or to go to a further-away school and still do immersion. He said he chose the local school because he didn't want to -- (inaudible) climate change.

I want to see us get off of carbon and fossil fuels, such as natural gas, as soon as possible. The current plan doesn't get us there. The worst possible idea on the planet is to start restricting solar subsidies. We need to save our planet. It makes no sense to, you know, cut solar subsidies when we need to be getting off of our fossil fuels as fast as possible.

I'd also ask that SMUD make sure that its program is not just targeting low-income multi-family housing but targeting all multi-family housing. That's a critical piece that is missing as well.

So, again, I would ask -- I would ask SMUD board to oppose the current plan around Net Energy Metering and continue to expand it and make it broader so that we can actually meet the 2030 goals. And instead of goals, they should be requirements,
like, that's just -- you know, I don't think science
says any less is doable, and I think our community
is worth that. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Vincent Battaglia.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: We don't
have Vincent in attendance, and we still do not have
Steve as well, Steve Uhler.

So it looks like next would be Alan
Escarda. I will go ahead and activate your
microphone now.

SMUD GENERAL COUNSEL LEWIS: Thank you.

PUBLIC MEMBER ALAN ESCARDA: Good evening.

Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER ALAN ESCARDA: Good evening.

My name is Alan Escarda. I'm a proud solar
provider, SMUD customer living in Sacramento.

I'm opposed to the current proposal of
7.4 cents. I realize that changes have to be made,
but I'm kind of confused on how the value was
arrived at. When I looked at the report, it said
the societal benefits of my rooftop solar. They
calculated monetary benefit, but it wasn't included
in the 7.4 cents, but earlier I heard Mr. Poff say it was. So I'm really confused about that.

I guess the biggest heartburn I would have is, from the get-go, SMUD staff has been saying that the loss of revenue is a cost. And as far as I'm concerned, my solar system isn't a loss of revenue that's causing costs to SMUD. I mean, I paid for that. That was 20,000 out of my own pocket. So I don't view that as a loss of revenue as a cost that should be included in the calculation of the reimbursement rate. So if it is, I really oppose it.

I am okay with connection fees, although the current proposal of $450 seems pretty high considering PG&E is a lot less than that. So that might be taken a look at too.

Probably the other biggest concern I have is in the future I wanted to add additional panels and batteries. I was looking at putting -- buying an electric vehicle. But under this proposal there is no way it pencils out, so I'm really confused by some of the slides I saw earlier that they don't think this proposal would cause any harm to the solar industry. And additional solar systems and batteries being -- would go up, not down.
I can tell you with certainty if it goes through, I won't be doing it. Maybe I'll buy a whole-house generator to protect my house if we get power interruptions, which I don't want to do, but it's -- economically it's not viable if we go this route.

So I'd like to see what I call the grandfather-death clause be removed so that if I do put in a system with greater energy needs in my household and batteries, that I don't lose my grandfather status.

I'd like to see the entire NEM rate transitioned in. It's just too big of an abrupt change. I don't want to see the solar industry decimated.

And, finally, I'd like to see the payback period extended past 2030. After all, according to you guys, we invested 250 million over the last 20-something years, I think we can afford 10 million more a year after 2030. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

We are in the process of getting Steve Uhler a number to call. He does have that. But in the meantime, I will move on to Chiwah Slater.

(Upcoming speakers' names announced.)
SMUD STAFF JOSUE SWAY GARCIA: So I'm still awaiting Steven Uhler here. So I'll go ahead and do the next person. Bear with me one moment while I activate the microphone for Chiwah Slater.

PUBLIC MEMBER CHIWAH SLATER: Hello. Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER CHIWAH SLATER: Okay, good.

I am concerned about the precedent that SMUD is setting for the rest of the state and the rest the country. I don't live in Sacramento. I live in Southern California, but what you're doing in Sacramento is very likely to affect us down here, and you're setting a precedent.

I was married for 20 years to a solar salesman and have had ample opportunity to watch what I can only call the destruction of the solar industry over the last few years. I've heard some people call it a well-established industry tonight.

But, in fact, the solar industry is really suffering right now. And the proposal that you come up with, in my point of view, threatens to discourage from investing in solar and so further threatens this industry.

In particular, I want to voice my concern
about your proposal to end the NEM 1.0 rate for existing solar customers in December 2030. Not all existing solar customers are high income. And if they're not allowed to stay on the current NEM tariff until 20 years after interconnection, which is the state standard, then they'll be severely penalized. And this is especially true for those who have recently switched to solar and will be upside-down on their systems ten years from now.

So another point that bothers me is the fact that your proposal fails to include multi-family and multi-tenant commercial properties in your VNEM. Low-income housing is unavailable to many of these people, and I might say I'm one of them. So people like me, we have no choice but to share a home with other people. And if we're not included in your plan, that really excludes us from the opportunity to have solar.

We have reached the point, I believe, where we are faced with the possibility of not having a plan to condition -- you know, not having an ability to sustain life on this plant, and the decisions that you make are going to affect people far, far beyond Sacramento.

And so I think that -- I think that your
proposals -- NEM 2.0 proposal appears to be moving in exactly the wrong direction, and I hope you'll take a closer look at the disastrous future that you're setting us up for. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Do we have Steve Uhler on the line?

SMUD STAFF JOSUE SWAY GARCIA: I do have him on the line. Just let me go ahead and activate him here.

Mr. Uhler, can you hear us? Mr. Uhler?

PUBLIC MEMBER STEVE UHLER: Hello?

SMUD STAFF JOSUE SWAY GARCIA: I can hear you.

Can everyone hear, Mr. Uhler?

SMUD GENERAL COUNSEL LEWIS: I do.

PUBLIC MEMBER STEVE UHLER: I do not know where we are in the meeting.

SMUD GENERAL COUNSEL LEWIS: We are in the public comment period.

PUBLIC MEMBER STEVE UHLER: I have no idea what has been said recently. I see a clock and somebody talking.

I need to be allowed a dialogue with the board secretary about the placement of my alternate rate proposal, why Mr. Graham got his place on the
board meeting page yet mine is not there. I have no idea what the public is able to see and the board is able to see.

SMUD GENERAL COUNSEL LEWIS: Mr. Uhler, your time --

PUBLIC MEMBER STEVE UHLER: So, once again, I have no idea from the video that's being streamed to me where we are in the meeting.

SMUD GENERAL COUNSEL LEWIS: You can provide your alternative proposal. You've got two and a half minutes.

PUBLIC MEMBER STEVE UHLER: I cannot hear you.

SMUD GENERAL COUNSEL LEWIS: Please provide your alternative proposal.

SMUD STAFF JOSUE SWAY GARCIA: Mr. Uhler, were you able to hear that?

PUBLIC MEMBER STEVE UHLER: I could not hear. What are we doing right now?

SMUD STAFF JOSUE SWAY GARCIA: So you are on the clock, and our chief legal staff has already said --

PUBLIC MEMBER STEVE UHLER: I'm not on the clock because I did not know to start. What am I doing? What am I doing here?
I do not see my alternate rate proposal next to Mr. Graham's on the board meeting page. I have no idea what the board has been given of my comments. My comments are not in -- on the rates page. There's a couple comments on the rates comment page. Those comments are missing.

So how are we going to correct this? The Brown Act allows me to have that information provided to me without delay. So if you want to take some time to post what the board has on the board meeting page, I'll wait while you let me know what the board has, so I know what to say before any clock starts.

SMUD GENERAL COUNSEL LEWIS: The clock has started. Please continue with your comments.

PUBLIC MEMBER STEVE UHLER: I do not want -- you know, I do not know what the board has read or any of that at all. I do not see it next to Mr. Graham's on the board meeting page.

I do not understand why my alternate rate proposal has less advantage than Mr. Graham's rate proposal. The Brown Act requires you to provide that information without delay. This happened before where you weren't prepared with my proposal and I came up to comment, and then I had to stand
there while somebody went and fetched the proposal.

So the only way you can do this -- because your system is so pro is to place it on the board meeting page so I can see what the board is seeing. I'm willing to give you time to populate that page so I know what they've seen so I do not duplicate testimony as required per PUC 14403.5. So are you going to do that?

SMUD GENERAL COUNSEL LEWIS: Mr. Uhler, we have emailed several times today. I have told you several times --

PUBLIC MEMBER STEVE UHLER: You have not emailed me one thing at all. It's just board secretary (inaudible) --

SMUD GENERAL COUNSEL LEWIS: Through the --

PUBLIC MEMBER STEVE UHLER: You have not emailed me.

SMUD GENERAL COUNSEL LEWIS: Through the public comment inbox, we've explained that your presentation was provided to the board, your comments were provided to the board. You had three minutes that just expired.

PUBLIC MEMBER STEVE UHLER: My presentation -- but it also stated that my
supporting material. I don't know if you got even
my most recent supporting material.

SMUD GENERAL COUNSEL LEWIS: We will be
moving on.

PUBLIC MEMBER STEVE UHLER: -- (inaudible)
requirements for renewable energy sources. Do I at
least know you have that?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER STEVE UHLER: Has the board
been given that document?

SMUD GENERAL COUNSEL LEWIS: We have
provided everything that you have sent us to our
board through emails in the many, many emails you
sent today and the many, many replies to public
comment inbox --

PUBLIC MEMBER STEVE UHLER: Not with the
many, many staff. You never responded to me.

(Simultaneously speaking, inaudible.)

SMUD GENERAL COUNSEL LEWIS: Mr. Uhler,
your time has elapsed and --

BOARD PRESIDENT BUI-THOMPSON: Sway, can
you please mute Mr. Uhler.

His time has passed. Our chief legal
officer has explained that we have all received his
information, repeated several times that he had his
time to speak, and he chose to use it not presenting
his alternative request.

So for the public to know, as you heard,
we gave him many opportunities to present, but he
chose to use his time in an alternate manner.
Unfortunately, his time of three minutes has been
completed. So we will move on to the next speaker.

SMUD GENERAL COUNSEL LEWIS: Next speaker
is David Mueller.

(Upcoming speakers' names announced.)

SMUD STAFF TONI STELLING: It looks like
David Mueller is not currently logged in, so we will
move on to Sara Long and will unmute her mike now.

PUBLIC MEMBER SARA LONG: Great. Thank
you. Can I get a sound check?

SMUD GENERAL COUNSEL LEWIS: Yes, we can
hear you.

PUBLIC MEMBER SARA LONG: Wonderful.

Good evening, everybody. My name is Sara
Long, and I'm here representing Sunrun, the nation's
leading provider of residential solar storage and
energy services. We've installed over 4 gigawatts
of behind-the-meter solar nationwide, so we have a
pretty good understanding of the factors that
courage homeowners to install solar.
We really appreciate the NEM successor proposal does not contain punitive fixed monthly charges. We think this is a smart policy.

However, the underlying economics of the NEM successor simply don't support a healthy solar market, as you've heard here tonight, for SMUD customers or solar-plus-storage customers. And we feel that Sacramento -- the Sacramento region desires and really needs more distributed options going forward.

Thank you so much for your time.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Steve Letendre.

(Upcoming speakers' names announced.)

PUBLIC MEMBER STEVE LETENDRE: Good evening. Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER STEVE LETENDRE: Yes, thank you. Again, my name is Steve Leten--

SMUD GENERAL COUNSEL LEWIS: I can no longer hear you. I don't know if that's just me.

BOARD PRESIDENT BUI-THOMPSON: No, I can't hear him either.

Mr. Letendre, do you mind starting over -- testing your mike again. We can restart your --
PUBLIC MEMBER STEVE LETENDRE: Can you hear me now?

BOARD PRESIDENT BUI-THOMPSON: Yes, yes.

You can start over. We've put three minutes back on the clock.

PUBLIC MEMBER STEVE LETENDRE: Okay.

Thank you.

So, again, I am the policy director at Freedom Forever. Freedom Forever is a national residential solar installation company, and we're based in Temecula, California, founded in 2011, and we have operations in 24 states across the country. Freedom Forever is driving the distributed energy resolution by scaling solar and expanding access to everyone. We have six branches in California. Our Sacramento branch, located at 990 of Riverside Parkway, has 70 full-time employees. Freedom Forever has installed over 65 megawatts of rooftop solar in California the past year and a half with approximately 1.2 megawatts of this total within SMUD's service territory.

I recall that SMUD pioneered the concept of sustained orderly development of the grid-connected photovoltaic market. Sustained orderly development provides a regulatory certainty...
that is necessary for private businesses to plan for
and invest in serving a market. I firmly believe
that the current NEM 2.0 proposal is not consistent
with this fundamental principle.

Our internal analysis finds that the
NEM 2.0 proposal harms the economics of residential
solar and will, therefore, decrease adoption. If
the current proposal is adopted, we anticipate a
significant reduction in our installation volume
within SMUD's service territory.

Our branch in Salt Lake City, Utah, is
experiencing a significant reduction volume in 2021
due to the Utah Public Service Commission's decision
to reduce the NEM export rate from 9.2 cents per
kilowatt hour down to just under 6 cents per
kilowatt hour. In 2020, Freedom Forever installed
just under 2 megawatts in this state. We are on
track this year to install far less than 1 megawatt
in rooftop solar in Utah.

Freedom Forever is also concerned about
the provision in the proposal that solar customers
on the existing NEM 1.0 rate will be placed on the
NEM 2.0 rate in 2030. Just last week we signed a
contract with Christina who lives in Oregonville --
Orangevale to install 11 425-watt solar panels on
the roof of her home. After nine years, the value
of investment would be radically reduced. If the
NEM 2.0 proposal is adopted, what shall we tell
Christina?

On behalf of Freedom Forever, I would
respectfully request that the board amend the
current NEM 2.0 proposal to one that is in line with
the principle of sustained, orderly development of
the solar market to avoid a major market
contraction. Waiting to see how the market responds
to the extreme changes to the NEM program is not
consistent with this ideal. When the market
contracts, we believe it will be -- it will have --
as has been the case in other regions, jobs will be
lost as will momentum towards getting SMUD's 2030
clean energy vision.

Thank you for the opportunity to provide
these comments this evening.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is David Salzmann.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: And I do
not show David Salzmann. I will go ahead and
promote Paul Sullivan with the ability to speak.

I appear to have lost Paul. Let me go
ahead and move on to Steve.

PUBLIC MEMBER PAUL SULLIVAN: Can you hear me? This is Paul.

SMUD GENERAL COUNSEL LEWIS: Oh, Paul.

Yes, we can hear you, Paul.

PUBLIC MEMBER PAUL SULLIVAN: Yes. Sorry.

Yeah, I forgot to unmute. Sorry about that.

Good evening, Board members. My name is Paul Sullivan. I'm a SMUD customer in Carmichael, and I represent one of the many sun-powered dealers currently providing SMUD customers with reliable solar and storage systems. I've been in the solar industry for over 16 years and have had the pleasure of assisting thousands of families from all walks of life in reducing their energy costs.

I would like to state my opposition to the proposed rate plan. First, I would like to echo Mr. Patrick Sterns's comments with Sunpower Corporation and would like to emphasize a couple of points.

Number one, the full stop of the NEM 1.0 tied to a static date, this is dramatically unfair to those customers that move to solar in say 2029 under one rate plan and then be automatically moved to the very next year with another rate plan that
severely diminishes their investment. The standard in the industry is 20 years from the point of agreement. I would be delighted with that sort of arrangement.

Number two, the higher than normal connection fee, this is only adding to the overall cost of those customers that want to move to solar, including those customers in the low-income bracket. While I don't disagree with connection fees in general, they should be more in line with what the normal is, which is roughly around $145.

Number three, the storage incentive, while it is positive in general, it's truly not enough to drive adoption with the availability of storage at a -- at a detriment and the high cost of storage as it stands right now. We need a little bit more incentive to make that happen.

Thank you for your time.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up we have Steve Sedio.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: And I do not see Steve Sedio in here. I'm going to go ahead and go to Benjamin Davis. Bear with me one moment.

There you go, Mr. Davis. Your microphone
PUBLIC MEMBER BENJAMIN DAVIS: Good evening. Benjamin Davis, California Solar and Storage Association.

So let me start by saying that it is incredibly important to get this right given the ever present and inescapable impacts of climate change we are all experiencing just with the smoke right out my window here in Sacramento.

And -- (inaudible) that solar technologies, including storage, are a cornerstone of California's efforts to fight climate change and build more resilient communities, and now is not the time to put the brakes on solar in SMUD.

As you all know, we are very concerned about the current proposal because it will contract the market. Roseville saw a 43 percent drop in the solar market for existing homes when they made similar changes. Imperial Irrigation District and Modesto saw even greater declines when they made similar cuts to their NEM programs.

And while SMUD is simultaneously, yes, proposing new battery subsidies, these programs are insufficient to drive a market the size of what you have today.
And, Mr. Poff, with all due respect, there were a lot of problems with the data you presented and how it was presented, but one of them was your claim that the payback period of solar-and-storage projects will be 12 years. And we ran the numbers with realistic assumptions, and the payback periods, even with the subsidies, are more than 15 and a half years.

And financing, which is used by lower and middle income households that don’t have the cash on hand to buy the system outright, is outright uneconomical.

So this current proposal, with it you are not replacing standalone solar with a similarly sized solar-and-storage market, rather you are gutting your solar market and replacing it with an exceedingly small storage market that only the wealthy will be able to afford.

And, finally, SMUD, you should do what is right by your customers and ours. But the proposal as it stands now would move tens of thousands of solar customers off of NEM 1 rates come 2031, which violates the spirit of Assembly Bill 327 and goes against a longstanding principle in California. We strongly urge SMUD to maintain protections for
legacy customers that are commensurate with the rest of the state.

To be clear, we believe that there are some decent ideas in the current NEM proposal, and staff has spent significant time developing them. But during this opportunity for SMUD to hear from the community and make changes to the proposal, let's take some of those ideas and build upon them. Let's make sure SMUD remains a national clean-energy leader, and let's do it together.

SMUD is the fifth largest utility in Sacramento, the sixth largest public utility in the country. What you do on this proposal really matters. It matters for the businesses I represent, for the workers they employ right here in the Sacramento region. It matters for your customers who want clean air and clean energy and energy choice, and it matters for the planet. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Jonathan Gemma.

(Upcoming speakers' names announced.)

PUBLIC MEMBER JONATHAN GEMMA: Good evening. Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER JONATHAN GEMMA: Thank you.
My name is Jonathan Gemma with Aztec Solar. We are a local solar contractor that celebrated our 40th year in the solar industry last year.

Your decisions on the NEM 2 program will have lasting effects on the adoption of solar for your customers. It is our opinion that with the export rate of 7.4 cents and a high interconnection fee, the economics simply deter the adoption of solar and battery storage. We'll see a drop in installations that will have an enormous effect on our company and other solar companies in the region.

We will see paybacks, whether cash or finance, well above 14 years, which is more than the warranty of the battery systems you would like to see installed.

I believe the battery subsidies aren't big enough to move the market especially with the lowered export rate suggested.

I ask that you amend the proposal so that we will not see a contraction of the market. A wait, see, and adjust approach simply does not work. It takes time to build up the effects of a market that becomes unstable.

We have seen other municipalities change
their expert rates with very public knowledge of the
significant drop in adoption rates.

   We also would like to see consistency in
the export rate for solar customers. If you change
the export rate every couple of years to adjust for
the market for existing solar companies, customers,
it becomes impossible to model investment for
customers not knowing what the compensation would
be -- that they would be receiving. I suggest
locking in solar customers to their original export
rate for 20 years.

   In our conversations, the solar industry
have provided possible solutions to ease change.
One such solution was implementing a glide path.
SMUD staff are saying a glide path is
unconstitutional due to Prop. 26. But SMUD staff
should be taking a serious look at Exception 2 of
Prop. 26, which applies to utility rates.

   Additionally, my understanding is that
Prop. 26 concern is based on the notion that other
customers would have to pay higher bills to
unjustified higher export rate. However, there is
ample justification in the Value of Solar Study to
have a higher export rate based on the societal
benefits of solar.
The Value of Solar Study gives numbers for those benefits, and E3 always said it was the SMUD Board's discretion whether to include these numbers in the export rate. Therefore, if SMUD wanted to include those, some of those benefits for customers that went solar next year and the year after and the year after, stepping down they could. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up is Janna West-Heiss.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: Thank you, Laura.

And Janna West-Heiss is absent, so I am activating Jennifer Tanner's microphone.

And, Jennifer, your microphone has been activated, and you can unmute when you are ready.

PUBLIC MEMBER JENNIFER TANNER: Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER JENNIFER TANNER: Okay, wonderful. Thank you, Members of the board, for this opportunity to speak. I appreciate it.

I'm Jennifer Tanner, leader of Indivisible California Green Team, the environmental arm of Indivisible California's 81 Indivisible groups
representing 80,000 members.

Because your proposal affects all of us and is the continuation of the attack on rooftop solar that's a feature of the CPUC NEM campaigns, I am speaking here.

Notwithstanding the good work that SMUD has done in so many things, I have to disagree with the proposals as you present it. We have seen what happened with these proposals to kill any -- how it killed rooftop solar in Utah and in Arizona. And they tried to do it in Nevada, and it was such a failure that they had to undo it.

So you have some kind of hopeful statistics, but these are real-life examples I'm giving you that you can check with reality how these plans to reduce NEM will help kill rooftop solar. Other municipalities have made similar cuts to NEM and have had significant declines in the market, regardless if you claim otherwise.

And just under 50 percent of all new rooftop solar has come from middle and low income because they see the value, and they are not rich people, and this needs to be said.

We have seen a study that we will save 120 billion over the next 30 years in California if
we continue what we're doing with rooftop solar. We continually save money by having rooftop solar support the grid. We saved 2.6 billion in California in 2018 alone.

Each of the faulty arguments about the non-reality of a cost shift always leaves out the real cost in comparing costs of rooftop solar and always leaves out the most important real costs, namely, the exorbitant cost of long-distance utility lines, the fires caused by the long-distance utility lines, and the blackouts that come from the utility wires and all these harms to society that do not happen with rooftop solar.

These costs are always left out, and if they were included -- the billions of money in wires, fires, and blackouts -- the whole financial story would change. Even the CPUC admits the huge cost these utility fires are costing everyone and has no solution.

We should change the fees to be like LADWP, back to 135. And, again, the NEM change you are planning will harm rooftop solar business, make no mistake about it. The great expansion of rooftop solar that has been so successful will die.

And the new disasters that are our new
reality, all of the climate things, we need to actually increase rooftop solar not help diminish it. Thank you very much.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Kathleen Nicholson.

(Upcoming speakers' names announced.)

PUBLIC MEMBER KATHLEEN NICHOLSON: Yes, this is Kathy Nicholson. Are you able to hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER KATHLEEN NICHOLSON: Okay.

Good evening, President Bui-Thompson, Members of the board, and SMUD staff. My name is Kathy Nicholson. I'm an energy engineer, an energy consultant with over 30 years of experience in various areas of clean energy including energy efficiency, distributed solar energy and storage and electrification. Many of my years of experience were gained at one of California's investor-owned utilities.

The future of decarbonized energy and a climate-safe, truly equitable world is 100 percent distributed renewable generation, distributed energy storage in its many forms on a network of small microgrid -- or smart microgrids using artificial intelligence to leverage the power of a truly free
market.

It is not centralized generation. It is not wasteful and dangerous transmission lines moving electricity over unnecessarily long distances. It is not monopolies. It is not the old long-obsolete, command-and-control business models used by utilities for over 100 years. It is not any system that discourages locally generated, locally used, and locally traded energy. It is not any system that discourages local energy independence, local self-reliance, local energy -- lower energy costs and greater energy resilience for its prosumers.

SMUD's proposed changes to its NEM rates do not meet these requirements. So SMUD needs to go back to the drawing board with a fundamentally different attitude, an approach that is built on a distributed and truly equitable energy future.

Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, Subhash Kale.

(Upcoming speakers' names announced.)

SMUD STAFF JOSUE SWAY GARCIA: Subhash, I am trying to activate your microphone, but you are using an older version of Zoom that does not allow this option. I don't know if you are able to try to
update your Zoom client, and we can come back to you
if you come back in, possibly.

   And I went ahead and activated Keith's
microphone in the meantime.

   PUBLIC MEMBER KEITH UMEMOTO: Hello. Can
you hear me?

   SMUD GENERAL COUNSEL LEWIS: Yes.

   PUBLIC MEMBER KEITH UMEMOTO: Oh, great,
great. Good evening, Chair Bui-Thompson and other
board members. Thank you for the opportunity to
come back to you, possibly.

   My name is Keith Umemoto, and I'm a SMUD
customer who installed a solar panel a few years ago
and work for a person that many of you should know,
not because he's alive, but Senator Al Alquist, who
authored SB 656, which created the net metering
providing incentives to install solar.

   First, I want to thank you to have -- SMUD
for having such an aggressive plan to reduce carbon
and emission.

   But at this point in time, I'm testifying
because the proposal to change the time-of-day net
metering and connect charges are contrary to SMUD's
ability to achieve its goal in reducing carbon
emissions.
Let me be perfectly clear, I am not opposing subsidizing low-income rate payors. I do not believe that a proposal would suggest to pit one group with one another.

I invested over $20,000 that SMUD doesn't calculate in their budget. Based upon an extensive cost calculation taking out a home equity loan, research of my costs extensively, asking some power, put on a spreadsheet the kilowatt hours solar generated by each hour, 365 days a year, and based upon the time-of-day use at 3:00 to 7:00 p.m. My investment of 20,000 was upfront costs and a major outlay. And it -- I have not gotten my return on my investment.

And ending this subsidy in 2030 would just dramatically increase and extend the repayment of my investment. So the return on my investment is certainly questionable with this proposal, and it comes close to saying maybe I shouldn't have done this. Because when you consider all of the inflationary rates, it doesn't pay out.

So the proposal -- I've been making -- I've been looking at is based upon my own personal calculation. Your decision will impact not only SMUD customers but also have a domino impact on all...
utilities.

SMUD is generally considered a very progressive utility to other utilities who will make similar changes. There is no question that this would impact not just the solar industry here in the SMUD territory but beyond.

So, anyway, I should highlight AB 1139, which has a similar parallel to this program, was killed in the Assembly. And contrary to what staff's comments are, I don't believe this is a -- beneficial for solar installers or users or -- and maybe the encouragement should be increasing subsidies to HEAP or provide incentives for low-income folks even more so to install solar.

That should be the direction that SMUD takes.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Do we have Subhash on the phone?

SMUD STAFF JOSUE SWAY GARCIA: I still do not show that Subhash has returned.

SMUD GENERAL COUNSEL LEWIS: The next up is Marcy Winograd followed by Karinna Gonzalez.

PUBLIC MEMBER MARCY WINOGRAD: Hi. Can you hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER MARCY WINOGRAD: Yes, great.
Hi. Thank you so much for this opportunity to speak. I'm Marcy Winograd. I am with CTA Divest, which is an effort to get our teacher pension fund to divest from the climate-catastrophe-producing, fossil-fuel industry. I thank everybody here tonight for their interest in solar energy and -- you know, I have to stand back.

I am in Santa Barbara. I'm not in Sacramento, but I know that what you do here tonight will impact people throughout the state of California. They will be looking to you for a model. So we --

I would say -- I would urge you to be very judicious and very cautious in adopting any plan that would disincentivize solar energy. And that's what I'm hearing a lot of in the comments, that this plan includes reduced NEM export rates, higher interconnection fees, limiting the system size to current electrical needs even if the customer is planning to purchase an electrical vehicle or electrify utilities in the near future, that you want to end subsidies in 2030 even though, theoretically, in California how many sunny days do we have? A lot, right?

We should have free solar energy. We
should allow customers to invest in solar energy to make a greater return and not to be burdened by taking out huge home-equity loans and then seeing their subsidies end.

I also wanted to mention that these policies that you're looking at could potentially contract the solar market that we should be expanding, not contracting.

Also, in spite of repeated calls from the solar industry, solar customers, environmentalists, you are proposing -- or the staff is proposing to allow customers to install a solar system larger than their current electrical needs if they are planning to get an EV or electrify in the near future, and you are imposing limitations on system sizes.

So all of this is of great concern. I'm not a solar expert, but I am an environmentalist, and I do want to see California tap into the great potential of the sunshine that we have because, as others have stated, we are in a climate emergency, wildfires, smoke-filled air. We can't breath. I'm ordering air purifiers right after I get off this call.

So I hope you'll reconsider what has been
presented to you tonight and amend what's on the
agenda. Thank you so much.

SMUD GENERAL COUNSEL LEWIS: Thank you.

Next up, I understand we have Subhash on
the phone.

SMUD STAFF JOSUE SWAY GARCIA: Yes.

I'm going to try to activate your
microphone now, Subhash. Subhash, I'm getting the
same error message that your client has too old of a
version for Zoom to allow this option.

We can go ahead and try Karinna next, if
that's okay. Karinna, your microphone has been
activated.

PUBLIC MEMBER KARINNA GONZALES: Good
evening, Chair and Board members. My name is
Karinna Gonzales, and I am with Hammond Climate
Solutions.

I'm calling in today to respectfully urge
the board to amend the proposal so that solar can
continue to grow sustainably. High interconnection
fees, limitations on Virtual Net Energy Metering,
and limitations on system sizes are barriers on the
market that should be removed.

We are in a climate emergency, and the
most recent IPCC report was clear, that we need to
rapidly deploy clean energy and phase off of dirty fossil fuels. We should be protecting rooftop solar and making solar and storage more accessible, especially in communities of concern, not making it less attractive. The solution to expanding access to distributed energy is not to make going solar harder and extending payback periods.

Lastly, I would like to caution the board against taking NRDC's support of this as a blanket buy-in from environmental groups, as they have a long history of aligning with investor-owned utilities to oppose the expansion of rooftop solar and supporting the continued use of dirty energy.

I hope that you will continue to support the growth of solar and storage and amend the current proposal. Thank you.

SMUD GENERAL COUNSEL LEWIS: Thank you.

And except for Mr. Kale, that is all of the oral comments I believe that we have for tonight on this item.

We do have some written comments that we can have read into the record. And perhaps we can do that while we continue to figure out if we can get Mr. Kale on the phone.

So if we can queue that up, that would be
wonderful.

DIGITIZED VOICE: Public comment number one:

"Severin Borenstein. Hello. I would like to weigh in in favor of the SMUD 2021-22 Rate Proposal. I think it is an important first step in moving policy on Distributed Energy Resources to focus on compensating the value these resources bring to the grid. As we battle the climate crisis, there is quite a lot of uncertainty about the value of different low-carbon resources in different locations on the grid.

"This proposal improves the alignment of financial incentives with the best available knowledge today about the value of DERs. In my view, it probably is still overly optimistic in valuing the contribution of DERs and in the vision for the size of the DER role in the grid. However, I do believe that DERs have an important role to play, and our knowledge of the most cost-effective low-carbon grid architecture continues to evolve. At this
point in that evolution, the proposed
changes are a prudent step in the right
direction.

"I would also like to commend the
expanded use of Critical Peak Pricing in the
proposal. SMUD has been a leader in this
important area, which will be crucial to
grid balancing as evening net peak demands
grow due to a warming climate and increased
solar adoption. CPP is the most
proven-effective tool in eliciting
demand-side adjustment to help balance the
grid when it is under stress. Sincerely,
Severin Borenstein."

DIGITIZED VOICE: Public comment number
two:

"Lee Miller. The SMUD Board members
have expressed a desire for NEM 2.0 to grow
the solar market in Sacramento, but the
executive staff has shown, once again, that
they don't have the same desire.

"As the basis for the proposal, SMUD
executive staff used the water carrier for
the California Utilities and the CPUC
consulting company, E3, report as the basis
for SMUD's NEM 2.0 proposal. The SMUD website is full of public comments regarding the flaws in the E3 study.

"During a SMUD board meeting, over 80 people were waiting to make their public comments on this flawed study, but many had to drop off the line because the meeting was running long and the SMUD Board decided not to be flexible to let people make their comments when a panel participant offered to give up their time on the agenda. But the executive chose to use the bad data anyway. When bad data is used, well, as the old saying goes, 'Garbage in and garbage out.'"

"SMUD staff claims that the large reduction in export credits will not impact the market, a puzzling and insincere claim. Staff is projecting that their proposed NEM 2.0 plan will lead to 39,000 additional solar-only customers by 2030, equivalent to 4,300 projects per year, which is nearly the current installation rate. SMUD's NEM 2.0 proposal will bring the number of PV-only projects closer to zero according to the industry initial estimates. An export rate
of 7.4 cents kWh would also jeopardize the
new solar homes mandate as the Energy
Commission can only enforce requirements if
they are cost-effective.

"Further, last year, SMUD pushed
through a special allowance under the state
building code to build utility-scale power
plants in place of rooftop solar
incorporated into the building. SMUD's NEM
2.0 proposal includes incentives for energy
storage systems. Great news, but customers
enrolled in Critical Peak Pricing or the
Virtual Power Plant program will receive
additional benefits, but SMUD has yet to
release the details.

"The board has promised transparency,
but as usual, the executive staff does not
unless they are pressured by customers,
someone raises an issue to their board
member, or someone asks for a public records
request.

"Other proposals presented by SMUD
staff related to solar will further impede
the market. SMUD would like residential
interconnection fees to increase to $475 for
systems 10 kW and $900 for systems greater than 10 kW. Commercial interconnection fees would range from $2,500 to $5,000. Utilities should be able to recoup the costs of interconnecting systems, but SMUD-proposed fees are significantly higher than the fees in other utilities."

DIGITIZED VOICE: Comment number three:

"Sean Frame. I am writing to address your proposed changes to solar-and-storage rates and the terms of those rates. I relocated to Sacramento from Placerville about a year ago. At my old residence, I installed solar panels in an array that was about the right size for my residence and needs. I did so with an understanding of the rough payback time, based upon the rates and the way my utility, PG&E, would compensate me for generating excess electricity.

"When I moved to Sacramento, installing solar at my residence was at the top of my list of items to do at my home. In doing my research, I discovered immediately that SMUD was proposing new
rates of compensation and that the sizing of my system would be limited to the past usage at my residence. Both of these factors immediately gave me pause. Should I invest my money in a system when the payback time might change? Does it make sense to purchase a system that is too small because my residence has been occupied by my 90-year-old mother-in-law who used much less electricity than a family of four with children doing distance learning and adults working from home? Just the uncertainty was enough for me to reconsider installing solar.

"Now that I see what you are proposing, I have to say that solar would no longer make sense for me and my family. I say that as someone who is keenly aware of how climate change is threatening the future of our species and as the parent of two sons who will inherit this deadly mess if we don't start fixing it now. I want to do the right thing, and I want a public utility that helps me do it. Instead of discouraging rooftop solar, I would like to
see it expanded to include more people in multi-unit housing and incentives for low-income ratepayers and renters. I know that rooftop solar alone cannot solve the climate crisis, but it must be a viable part of the mix.

"Let's just be clear, the changes you are proposing will kill rooftop solar. They will certainly cause more GHGs to be released, in direct opposition to your Carbon Free 2030 initiative. They will incent people to purchase dirty GHG-releasing gas and diesel generators to protect against outages. They are not in keeping with your mission as a public utility tasked with acting in the public interest and necessity.

"You must reverse course and return to providing the incentives to grow rooftop solar and storage in our region. Your ratepayers and the young people of this region are watching. Do the right thing."

DIGITIZED VOICE: Comment number four: "Rick Codina. Comments on SMUD's proposed Critical Peak Pricing: I strongly
support the intent of the Critical Peak Pricing, CPP, program to encourage the installation of battery storage and other future resources in SMUD's planned Virtual Power Plant. My comments here apply to CPP as a condition of SMUD's battery incentive program.

"The current GM Report on Rates and Regulations does not provide actual CPP rates and otherwise offers only scant information. Yet, batteries are such a big investment that SMUD should post more details on this new tariff to allow prospective customers to evaluate the financial benefits for investing in storage and committing to the CPP program. The tariff becomes effective next June, but the pricing and conditions should be published well in advance, by the end of this year, for example. Here are some questions that the CPP should be answering:

"What is the discounted non-peak pricing? What are the discount prices for mid-peak and off-peak time periods? Do they apply to all non-peak hours during the
summer season, including weekend and holidays? For solar customers, the details are particularly important since discounted off-peak prices will effectively lower savings during solar self-consumption hours.

"What is the Critical Peak Pricing rate? The original Smart Sacramento pilot in 2011 balanced the off-peak discounts with a very high CPP rate of 75 cents kWh as an incentive to voluntarily curtail loads when activated. The current proposal is for a price adder during CPP-called events on top of current TOD prices. Will this be a fixed adder set annually or a per-event price? Will the rate change each year? When the CPP extends beyond the peak period, will the adder be applied to baseline TOD or to the discounted TOD mid- and off-peak pricing? Does this also apply to export power to the grid during called CPP events, or is the adder on the current export compensation rate?

"What are the terms for participation? Will the battery discharge be controlled by SMUD as a condition of
participation? How long will the commitment be to the CPP program? The report says a minimum of one year but implies a longer period may be required.

"Can SMUD share cost-benefit analysis? The report notes that the CPP program will be financially neutral for SMUD ratepayers. But can staff provide details on the estimated potential savings and payback for program participants? If SMUD expects 30,000 battery participants to help meet its Carbon Zero goals, it should demonstrate the cost benefits for their relatively large investment in batteries. This is particularly true for existing solar customers contemplating upgrading to solar plus storage since participation in the CPP program will entail losing their grandfathered pricing status for the sale of export generation."

DIGITIZED VOICE: Comment number five:

"John Briggs. My name is John Briggs. I was a non-NEM representative on the technical working group, Value of Solar and Storage. I have remained engaged in the
process for the adoption of NEM 2.0 and submit this email as my comments concerning the adoption of the proposed changes to the NEM program.

"There are common systemic issues all utilities in California are facing from the impact of NEM 1.0 on utility rates: (i) There is a significant and growing cross-subsidy paid by non-NEM customers to NEM customers which has a disproportionate impact on the low-to-moderate income population. And, two, NEM customers do not pay a fair share of the costs of the fixed assets needed to deliver on-demand power, shifting these costs to non-NEM customers.

"Indeed, those who can participate in rooftop solar and storage and electrification, such as electric cars, are more affluent. NEM 1.0 effectively imposes a regressive tax on those least able to absorb it, a reverse Robin Hood situation. It is only fair that a rate structure be adopted which avoids a windfall to better-off NEM customers.

"It is also important to remember
that NEM 1.0 was designed to provide a
generous financial incentive to promote the
nascent solar industry. Needless to say,
the solar industry has matured and is
vigorous. The goal has been reached.
Simply stated, there is no need to continue
to make grossly inflated energy purchases to
spur the solar industry. A fair value for
NEM energy deliveries was developed through
a painstaking and thorough analysis starting
with the working group and ending with the
E3 report after robust public participation.
That effort should form the bedrock for NEM
2.0 because it reflects a considered
analysis taking into consideration the
relevant factors identified by the
stakeholders.

"In my travels, I have also read a
criticism of NEM 2.0 as penalizing NEM
customers for generating their own power.
This argument ignores a -- two basic facts:
First, NEM customers are not off the grid.
When the sun goes down or does not shine on
overcast days, they flip the switch and the
lights turn on because of power supplied
through the grid. Conversely, the grid
takes delivery of their excess power. The
importance of basic grid infrastructure,
including reliable and dispatchable
generation, has been recently demonstrated
by the shortage of capacity during
hot days.

"Second, tested by market standards,
the rate at which NEM customers are
reimbursed for delivered power is not
competitive. Solar farms deliver power at 3
to 4 cents kwh versus about 12 cents for NEM
customers. If anyone is getting penalized,
it is non-NEM customers who are paying
dearly for NEM-generated electrons."

DIGITIZED VOICE:  Comment number six:

"Megan Shumway. I think SMUD is
generally moving in the right direction, but
there are areas of deep concern to me. I
turn to you to express our opinions to the
SMUD CEO. Primarily, it is clear SMUD has
not taken the shortcomings of the E3 report
seriously. In addition, they have not
modified their view of rooftop solar owners
as rich people foisting off paying their
fair share of electric infrastructure on to
the poor. This attitude offends me deeply.
Short of sharing my SMUD bill and income tax
return, which is not anyone's business, I
will assure you I am not rich and can
not afford large donations of my funds to
any cause, including to SMUD to fund any
energy project.

"Let's be clear, SMUD charges me a
$22.25 system infrastructure fixed charge
along with county tax and state surcharge
every month. And SMUD charges me for any
kilowatt I get from SMUD and even breaks it
down into time of day. SMUD knows how much
energy I produce with my solar system that
is saving SMUD kilowatts for use elsewhere,
just like anyone else who conserves energy.
Now there is a proposal to increase the Net
Energy Metering that would make it even less
likely people will want to invest in rooftop
solar or even buy home with rooftop solar.

"By state law, new homes must have
solar or SMUD solar shares, which is less
economical for the homeowner. SMUD
apparently wants to ensure they are the only
economical energy producers by snuffing individual consumers' ability to utilize the sun that hits their rooftop to provide their energy needs. This is a self-serving policy that is not taking into consideration the consequences of their action. We need solar on every rooftop that can support it if we a [sic] to get off our addiction to fossil fuel.

"If a recent survey is any indication of participation in the emergency battery use slash Virtual Power plant, I am severely disappointed. First of all, SMUD asked a question without giving adequate information to answer the question, if I would participate. No information about if this was behind-my-meter calculations if I was in control of the battery discharge, and would it apply to a one-time or possibly multiple times I would be required to share my storage.

"In addition, they seem to want to charge me a large fee for my peak hours and in return give me a tiny discount -- for how long or how often is not clear -- on my
off-peak hours as compensation, which in no way comes even close to making up for the charge, for the privilege of sharing my power in an emergency situation.

"Of course, this was for emergency use, which SMUD says I would be notified in advance, most likely 24 hours in advance, but possibly only a few hours in advance. It would probably be only once a year, but it could be multiple times. If this notice is by email, I could miss it entirely if it was after I checked my email, which is once a day, if that."

DIGITIZED VOICE: Comment number seven:

"Tom Wiechert. As part of the proposal, SMUD is stating that the new rate would apply to excess energy created.

"Would SMUD please define the term "excess energy" under the new proposal? "Can we assume that this refers to energy produced in excess of actual consumption and not the solar generated for consumption?"

DIGITIZED VOICE: Comment number eight:

"Jane Lamborn. Dear SMUD Board of
Directors and General Manager Paul Lau, as a homeowner with rooftop solar, I have seen the benefits and savings available with solar-powered systems. And, as a resident of California, I have seen the devastation and damage caused by drought, fires, and floods that have been exacerbated by climate change. Using solar power to reduce our reliance on fossil fuels is critical to mitigating this harm.

"SMUD’s commitment to reducing greenhouse gas emissions, as expressed in advertisements and statements on its web page, reads well, but it is contradicted by the pending proposals to reduce the credit that solar users receive for sharing their extra energy and to force existing solar users onto the lower solar credit tier if they add a battery to their system. Just when SMUD should be working to expand the use of solar power and make it more available to more people, it is proposing to make it more expensive for anyone who adds a battery or more solar panels or who is a new homeowner.
"What SMUD should be proposing is to make solar energy available to more people, such as residents of multi-tenant buildings, and to provide subsidies for low-income customers. This would help these customers reduce their energy bills and help protect them from rising energy costs and power outages that could occur.

"Rolling back the successful net metering program makes energy more expensive for everyone and takes us away from the goal of reducing GHG emissions. Making solar power available to more homeowners and businesses will take us forward to a more equitable, energy-efficient system, and this should be where SMUD wants to go. Thank you. Jane Lamborn."

DIGITIZED VOICE: Comment number nine:

"Ed Smeloff. Greetings, SMUD Board Members. The SMUD staff proposal has five key elements. The multi-prong program should be designed to work together to create a transformative policy for distributed energy at SMUD."

"Some of the new elements SMUD has
Vote Solar strongly supports the development of an optional Critical Peak Price rate. The details of that rate still need to be developed and should be done quickly and transparently. Likewise, SMUD is proposing a Virtual Net Energy Metering, VNEM, program for multi-family dwellings in under-resourced communities. Again, the details of this program need further elaboration. We urge SMUD to quickly complete the VNEM program design so that the program can begin in early 2022.

"Importantly, SMUD is proposing an innovative Virtual Power Plant Program. This program has a lot of potential to address the need to meet the evening net peak energy requirements. It is worth noting that the Hawaii Electric Company is already implementing the equivalent of SMUD’s battery incentive program to meet critical needs. The Hawaii program provides an incentive of $4,350 for customers who install storage paired with solar and commit to making 5 kilowatts available daily for
serving peak system requirements.

"SMUD is setting a goal of 30,000 customers that will have paired systems by 2030. While Vote Solar appreciates SMUD setting a target for customer engagement by 2030, however, we believe that the 30,000 customer participation in the VPP is not ambitious enough given the climate emergency and customer interest in energy resiliency. We encourage SMUD to adopt a stretch goal of enabling at least 90,000 customers to install storage with solar over the next decade. If SMUD were to achieve such an ambitious target, it will clearly transform the way energy is generated and delivered for Sacramento and set an example for the rest of California and beyond."

DIGITIZED VOICE: Comment number ten:

"Robin Durston. I oppose the rate hike and support Mark Graham's argument. The rates must be based on SMUD's reasonable costs not on its budget wishes, according to the California Court of Appeal. We should have voter approval of rate hikes.

"The rates were just raised in 2019."
Is this a public utility, or are you trying
to make a profit for investors? You're more
concerned with the stock market than your
customers. We are in the middle of a
pandemic and a depression. Inflation is
rising every day. We have many low-income
people that cannot afford a rate increase.

"In response to your argument for
wildfire mitigation, how many customers live
in a forested location? I don't think many.

"Regarding solar rates, if you want
to have more people install solar, you must
provide an incentive. This increases the
amount of energy SMUD can provide;
otherwise, new customers will not install
solar.

"Also, if rates are raised, customers
will have no incentive to install
all-electric homes. Robin Durston."

SMUD GENERAL COUNSEL LEWIS: I believe
that's all of the written comments that we've
received. I don't know if we can --

BOARD PRESIDENT BUI-THOMPSON: Were you
able to get the one gentleman who needed to call in?

SMUD GENERAL COUNSEL LEWIS: Sway, were we
able to get ahold of Subhash? I know you were
reaching out to him.

SMUD STAFF JOSUE SWAY GARCIA: No, we were
not able to get a call from Subhash. I provided the
same option as earlier where he could give our staff
person a phone call, but we have not received one
yet.

SMUD GENERAL COUNSEL LEWIS: So that would
be the end of the public comment period for this
item.

BOARD PRESIDENT BUI-THOMPSON: Okay. So
we have exhausted all of that, and hopefully we got
to everybody who wanted to speak tonight.

Before we move on to see who else might be
waiting in the wings, are there any questions from
the directors about the comments? I know we can't
get too much in the back and forth. I know a lot of
things were said.

Do directors have questions per se? I
know that we will go through the discussion of the
various recommendations, but I wanted to provide a
time for questions before I close the public hearing
portion.

Just keep in mind you'll have your time to
discuss the various draft resolutions. This is just
the time to get clarifications or questions before we close the public hearing part.

It looks like Director Sanborn.

SMUD BOARD DIRECTOR SANBORN: President Bui-Thompson. I have two questions.

One is for Eric Poff. I think you had mentioned we can change things quickly in reference to the solar rate if we start to see a drop in installations, that there would be an ability to change quickly. What does "quickly" mean? How fast, and what kind of changes were you proposing or would you discuss?

SMUD STAFF POFF: I will probably ask Paul to kind of chime in here with this, but that was a comment in reference to our programs. And programs are much different than rate design. It doesn't require this formal process.

So the programs are around solar and storage and storage incentives in the VNEM or Virtual Solar Program. So if we did not see the rates of adoptions that we're hoping to, that we're forecasting to see, then we can make adjustments for those programs.

Paul or Jennifer, would you like to add anything to that?
SMUD BOARD DIRECTOR SANBORN: If somebody can be a little more specific because I had --
timing is important to businesses, and waiting too long for the shift could be problematic, so.

SMUD CEO LAU: Yes. So what it is is that I can't specifically talk about the timing because I don't want to forecast, to say, well, in three months, you know, if nothing changes -- because a lot of things could actually change in three months.

So what we plan to do is actually monitoring to see what was happening in the industry itself, what the adoption rate is, how it actually has impacted, like, other folks who went through this, like, TID and MID and actually Roseville to see what are some of the things that we can do.

So I think what Eric said is right. We can certainly adjust, you know, from incentives, you know, how much we're actually offering for battery incentives, how much is interconnection fees that we have, and then, you know, if we need to adjust the VNEM program, what the VNEM program needs to look like.

SMUD BOARD DIRECTOR SANBORN: Okay.

So second question was -- quickly:

Does adding EV double the energy use? I
think Jeff Spies said that, and I hadn't heard that before. Is that an accurate statement?

SMUD CEO LAU: Well, usually what we looked at before, when we actually oversized to 110 percent, it usually accommodates like one EV and any kind of stuff that you need to look at.

Now, if you need to add more than that, so certainly our staff, you know, will work with them. When they do the panel sizing, we take that into consideration. So a lot of times if they already bought one and have an intention of buying one, we'll take into that consideration when we do the sizing of it.

But right now, the 110 percent was one of things that we looked and actually talked to the CPUC. That's one of the things I think CALSSA actually put forth as a good number. 110 percent is a good number instead of the 100 percent that we had before.

SMUD BOARD DIRECTOR SANBORN: It wouldn't be an average to double?

SMUD CEO LAU: Well, usually what happens when you charge an EV, we highly recommend you charge it at night because it's actually the cheapest, right? I mean, you're not charging it
during the day, you know, when solar is producing, so depends. And the reason why I say "depends," because usually for a home, usually you would actually do the charging at nighttime.

SMUD BOARD DIRECTOR SANBORN: I'm not sure if that was my question. I was trying to get at the total amount of energy usage.

SMUD CEO LAU: I don't know that off the top of my head. Maybe Jennifer does.

SMUD BOARD DIRECTOR SANBORN: Okay. Thank you.

BOARD PRESIDENT BUI-THOMPSON: Okay. I believe Director Rose's hand was up next.

But, Jennifer, did you have your hand up? Did you want to say something before Director Rose went on?

SMUD CFO DAVIDSON: I also want to make sure -- I'm not an electrical engineer, but I just -- just think about people who have an electric vehicle, think about how much your monthly electricity bill is, and think about what it costs to charge your home. Right then and there you could see it probably -- your electricity bill didn't double when you bought an electric vehicle. So that was the thought that went through my head, because I
have an electric vehicle, and I'm thinking: Uh, my
SMUD bill didn't double. So I'm not quite sure I
agree with that.

SMUD BOARD DIRECTOR SANBORN: That's why I
wanted to get it on the record. I have one too, and
mine didn't double either. So I just wanted to make
sure that we could -- because I just want to make
sure everybody gets the facts.

SMUD CFO DAVIDSON: Yes.

SMUD BOARD DIRECTOR SANBORN: So that was
my understanding. So thank you.

BOARD PRESIDENT BUI-THOMPSON: Okay.

Director Rose.

SMUD BOARD DIRECTOR ROSE: Yes, thank you.

I guess I will respond and make that
clear, real quick. I mean, it depends on how many
miles -- how many miles a day you're driving, right,
and how much of that you're going to charge at home.
So if you did 40 miles a day, you drove a Tesla
which maybe gets three miles per kilowatt hour,
that's like 13 kilowatt hours per day times 20 or 30
days a month. I mean, that's 3- or 400 kilowatt
hours. So you can ballpark it pretty easy and do
the MPG conversion as well.

I had typed questions to some of the
comments so -- I misplaced it.

One of them was that we heard a comment that the person was concerned about moving from the 4:00 to 7:00 -- this is tricky, 4:00 to 7:00 time-of-use period to a 5:00 to 8:00 time-of-use period, and they were -- their comment was very unhappy about that, and I didn't understand that context of when -- what exactly was happening.

I've read the language, but are we requiring the current solar customers at 4:00 to 7:00 to move to 5:00 to 8:00, or is that going to be after, like, the 2031 time frame?

SMUD CFO DAVIDSON: I'm happy to take that if you would like. I don't know if people could see my raised hand, so I'm just going to jump in here. This is Jennifer Davidson.

Yes, that was something that was put in place back in -- when we put in the time-of-day rates and that existing solar -- remember we were thinking about 4:00 to 7:00, and then we went to 5:00 to 8:00.

And so at that point, when we put the time-of-day rates in, we said: But the default will be 5:00 to 8:00 for everybody but not solar customers but if non-solar -- sorry. And if solar
customers want to stay on the 4:00 to 7:00, we will let them stay on that until 2023. And so that reflects a prior board decision.

SMUD BOARD DIRECTOR ROSE: So that was something we already decided that would -- we would switch them from 4:00 to 7:00 so the current 5:00 to 8:00, which much better matches the grid -- the realties of the electric grid.

SMUD CFO DAVIDSON: That is correct. And that was decided by the board back when they approved the time of day.

SMUD BOARD DIRECTOR ROSE: Okay. And then the other question -- I wanted to just clarify the comment.

There was concern that because we passed the 2030 carbon plan after we did the value -- E3 Value of Solar Study, that that study, there was potentially something incorrect with it. I was trying to figure out what that might be. Would you have some thoughts or comments on what might change if we were to redo the study today?

SMUD CFO DAVIDSON: I actually think that, if anything, the value might actually go down quicker because, remember, the 7.4 cents -- there was a range. It was between 3 and 7, and that 7 was
for displacing thermal energy. And so by 2030, if
there's no thermal energy to displace and all of the
costs of the carbon attributes, then the value of
the solar actually then will decrease. So I
actually think the zero carbon plan potentially has
the ability to move us closer to the value of the
3 cents versus the 7 cents.

SMUD BOARD DIRECTOR ROSE: Thank you.

BOARD PRESIDENT BUI-THOMPSON: Okay. I
believe Director Tamayo has the next question.

SMUD BOARD DIRECTOR TAMAYO: Yes. Thank
you, President Bui-Thompson.

Paul or -- well, anybody on staff, I was
wondering what is the reason for the limitation on
the system size?

SMUD CFO DAVIDSON: I can go ahead and
take that. I think that part of it is that we
really want to make sure that customers are not
using the grid as a battery. Because that means
that if the generation is -- if you're having this
flooding of the solar onto the grid, that is
actually what causes some of that stress, that real
ramping in the late afternoon. And so part of it is
a signal that we really would like to have customers
be able to self-consume what they generate.
And that's also a real financial benefit for customers as well. This is a way for them to really be able to maximize that self-consumption. Our modeling shows that they can actually have 85 percent self-consumption, so that's how they can really get that value and actually be -- get full retail value for that 85 percent. And so it's beneficial for the grid, beneficial for operation, beneficial for all customers, and it also really helps maximize the customer's investment as well.

SMUD BOARD DIRECTOR TAMAYO: So when you said not wanting customers to be using the grid as a battery, you're talking about sort of racking up excessive credits; is that what you mean?

SMUD CFO DAVIDSON: Well, I think it's even just ideally you want the solar energy to be used at that point of generation.

SMUD BOARD DIRECTOR TAMAYO: Yes, but I don't understand what you mean by "using the grid as a battery." Could you explain what you mean by that.

SMUD CFO DAVIDSON: Well, I think that what happens is when you've got this -- using the grid as a battery, what that's doing is it's pushing a lot of energy onto the grid, and then that means
that you have a surplus.

When you have a surplus, that is where the grid now has to deal with all of that surplus of energy, but then the sun goes down and all of a sudden you've got the scarcity, and that causes that so that all of the systems have to ramp. And that's where sometimes California is having problems after the sun goes down. So it's all about having a system size that's compatible with the overall grid to help California and help SMUD achieve our carbon goals.

SMUD BOARD DIRECTOR TAMAYO: Okay.

And then as far as the establishment of interconnection fees, I understand that we did a pretty careful study of what our actual costs were, but they're very different from other utilities around the state. Did you look into what the nature -- or what the cause of what that disparity is?

SMUD CFO DAVIDSON: We did actually call around because we were surprised. And I'll be honest, what some of them said is that: Yeah, actually we're not collecting our true costs. This was a cost that we set a while ago, and it's not reflective of our actual costs.
So I think it's more a matter of our study has been done recently, and their costs -- fees were determined a while ago when costs were lower.

SMUD BOARD DIRECTOR TAMAYO: Okay. Thank you.

BOARD PRESIDENT BUI-THOMPSON: Does anybody else have any questions based on the public comment?

Okay. I believe we have Subhash on the phone line. So, Laura, do you mind getting him on and giving him the three minutes.

SMUD GENERAL COUNSEL LEWIS: Yes. I think, Sway, if you have that ready to go.

SMUD STAFF JOSUE SWAY GARCIA: Yes, I have Subhash (inaudible) in place.

PUBLIC MEMBER SUBHASH KALE: Hello. Can you all hear me?

SMUD GENERAL COUNSEL LEWIS: Yes.

PUBLIC MEMBER SUBHASH KALE: Thank you for being patient and -- (inaudible) me out. I'm calling from Vedante Society of Sacramento. I'm on the board of directors there. And we are thinking about installing solar around this summer, but our installation is like 750 feet away, the back of our property. And there's an electrical meter there,
and we want to connect to that meter, but our account executive -- (inaudible) we were told that we cannot do that.

So I'm requesting you guys to see if you can give us special permission to do the net energy metering -- (inaudible) so we can connect to this back meter and be able to install solar; otherwise, we have to take a line from the ground, and there are cypress trees, which damages the roots of the trees so we want to avoid that.

So we do want to go solar because of the, you know, climate considerations, but, you know, we have this as a big impediment is number one.

Number two, from what I'm understanding from what I heard also, that you're recommending having battery storage if we are going to go solar. And we are -- (inaudible) that it's going to be really expensive -- expensive to have batteries so we're ruling that out.

Do I understand correctly that you regard the battery storage as not going to be as helpful? I can follow up later if somebody wants to talk to me in more detail, and my contact information is there in my email that I had sent. But this considered net energy metering -- (inaudible)
because other energy -- (inaudible) and I don't know what SMUD -- (inaudible). So please consider that so that we can go solar. Thank you.

BOARD PRESIDENT BUI-THOMPSON: Great. Thank you. I'm glad we had the opportunity to hear your comments.

Okay. One last time: Any more questions from the directors before we close the public hearing?

So our -- next up is our discussion and our discussion calendar. So Item Number 3 is to introduce draft rate solutions to make changes to SMUD'S rates, rules, and regulations as proposed by our CEO and General Manager's report. That's Volume 1 and 1 [sic] from June 17th, and then 3(b). So that was 3(a). And then 3(b), which is CEO and General Manager's report on the Open Access Transmission Tariff, Volume 1, also from June 17th.

So updates have been made to the resolutions provided for 3(a), and these updates have also been posted on the SMUD's meeting page and has been distributed.

So this is the time to discuss -- I believe we discuss first, right, or do we do more public comment, Laura?
SMUD GENERAL COUNSEL LEWIS: Yes. Just for clarification, President Bui-Thompson, have we closed the public hearing?

BOARD PRESIDENT BUI-THOMPSON: Well, that's one of my questions. So I know that board members usually like to just generally comment on the -- you know, what we've heard, but I also thought since we were discussing, that we could group them all together because we had several discussion points.

But I'll defer to you as to when you think the best time is to provide our general comments on what all we heard now or lump that in both discussing of the rate resolutions, right, which is also reacting to the public. I'm just trying to kill several birds with one stone, but I know that there are procedural processes that we may have to follow.

SMUD GENERAL COUNSEL LEWIS: Yes.

Actually, before we close the public hearing, one of my staff is able to provide some response to Mr. Uhler's alternative proposal. If we could have just a moment to do that to get that on the record, because Andrew Meditz is prepared to do that. Then I think we can close the hearing and
then move to the discussion calendar, which is
discussing the draft rate resolution, and the board
have opportunities to provide additional comments
then.

BOARD PRESIDENT BUI-THOMPSON: That's what
I thought besides having us just comment now and
then comment again, because we have the discussion.
So that's why I'm just hoping to lump just our board
members' discussions seeing that it's 9:00 because I
know each one of us will want to respond to what we
heard this evening and also respond to the proposal.

So as long as we're allowed to do that in
the same discussion point, then, yes, I'll move
forward with letting Andrew speak and then ask the
board members if we can kind of combine both our
reactions to what we heard and then just general
reactions to the rate resolution.

Is that acceptable, Laura?

SMUD GENERAL COUNSEL LEWIS: Yes.

BOARD PRESIDENT BUI-THOMPSON: Okay. So
that we don't have to do it twice, basically.

Okay. So if that's okay with everybody, I
would like to combine your general comments into one
section. Is that good with everybody, unless you
want two bites at the apple? Okay. So we'll have
one bite at the apple in a little bit.

So, Andrew, do you mind responding to

Mr. Uhler's draft rate proposal?

SMUD COUNSEL MEDITZ: Sure, yeah.

Just quickly, Mr. Uhler proposed -- is
asking the board to consider an alternative
recommendation that SMUD purchase RECs that are
generated by rooftop solar.

And so our solar-and-storage rate does not
propose to purchase RECs, the customers' fee for
RECs. And there's a process to register renewable
generation with the CEC. And our solar-and-storage
rate, similar to our NEM -- NEM 1 tariff, simply
requires that the renewable resource be eligible for
certification by the CEC. It doesn't require the
system be actually registered and permitted for
that. And so our solar-and-storage rate has a
similar proposal as what's in our current NEM 1
tariff.

BOARD PRESIDENT BUI-THOMPSON: Okay,
great. I appreciate that.

So then are we good to close the hearing
portion and move on to discussing the resolutions,
Laura?

SMUD GENERAL COUNSEL LEWIS: Yes.
SMUD BOARD DIRECTOR KERTH: Do you need a motion to close the public hearing?

SMUD GENERAL COUNSEL LEWIS: No.

BOARD PRESIDENT BUI-THOMPSON: It doesn't -- (inaudible) that I do.

SMUD GENERAL COUNSEL LEWIS: No, we don't.

SMUD BOARD DIRECTOR ROSE: Laura, can I ask -- sorry. I saw one of the public comments that we received was saying that we should do an EIR through CEQA. Would you have a response to that? It seems like it's something we've never done before.

SMUD GENERAL COUNSEL LEWIS: Yes. I am happy to respond to that.

There is -- California law provides an exemption for CEQA to the extent that the board is adopting rates that recover our operating expenses and other capital expenses and other financial costs. And as a result, as noted in our environmental analysis that's contained in the General Manager's report, there is no requirement to. This is exempt from CEQA, and that is included in the CEO and GM report.

SMUD BOARD DIRECTOR ROSE: Perfect.

Director Kerth, I think you were speaking,
SMUD BOARD DIRECTOR KERTH: Well, I was asking do we need a motion to close the public hearing or not.

BOARD PRESIDENT BUI-THOMPSON: It doesn't appear that we do.

SMUD GENERAL COUNSEL LEWIS: No.

(Public hearing concluded at 9:12 p.m.)

(Further proceedings held, not transcribed.)

--oOo--
REPORTER'S CERTIFICATE

--oOo--

I, CHERYL L. KYLE, a Certified Shorthand Reporter for the State of California, duly commissioned and a disinterested person, certify:

That the foregoing deposition pages 1 through 184 was taken remotely before me at the time and place herein set forth;

That all audible statements of all parties made at the time of the proceeding were recorded stenographically by me to the best of my ability and thereafter transcribed into typewriting;

That the foregoing transcript is a record of all audible statements of all parties made at the time of the proceeding.

IN WITNESS WHEREOF, I subscribe my name on this 7th day of September, 2021.

Cheryl L. Kyle, CSR No. 7014
Certified Shorthand Reporter

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