

Exhibit to Agenda Item #1

Discuss the monitoring report for **Strategic Direction SD-2, Competitive Rates.**

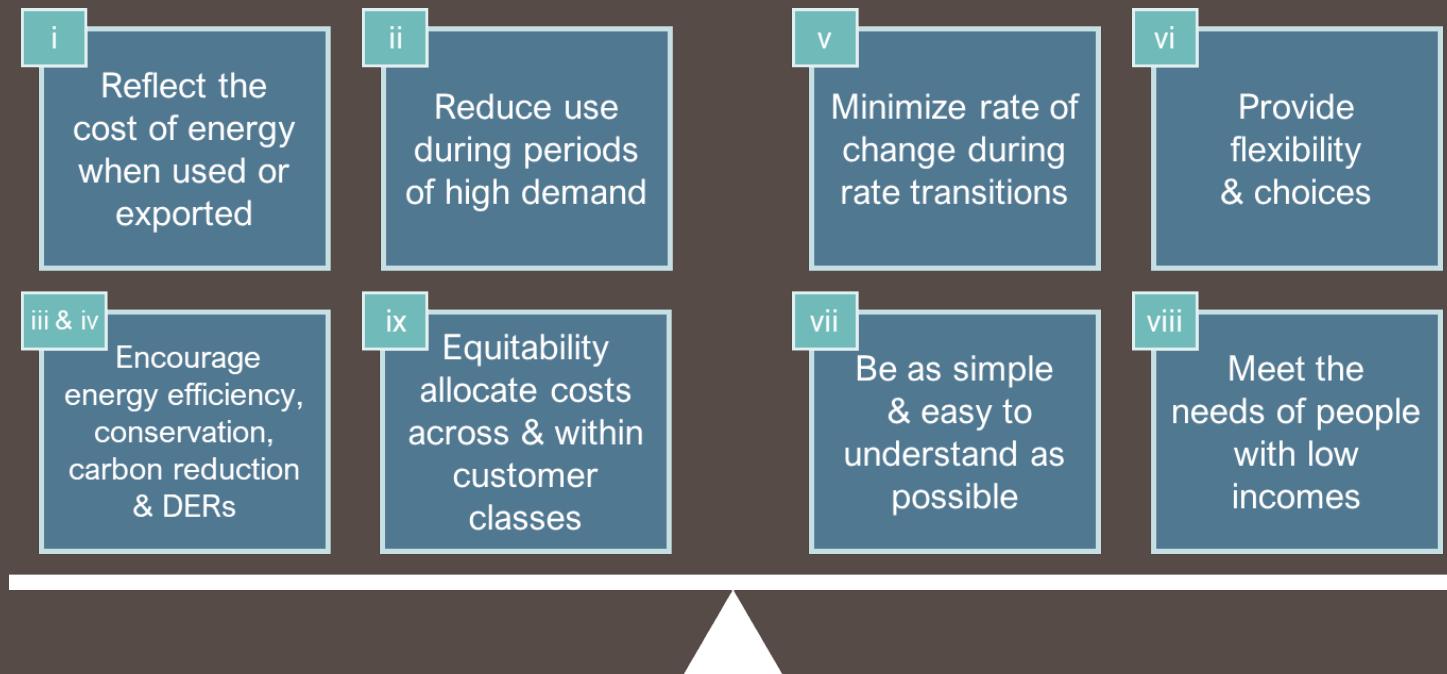
Board Policy Committee and Special SMUD Board of Directors Meeting

Wednesday, February 11, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

SD-2 Competitive Rates – Board Directions

- SMUD shall be 18% below PG&E's rates (system average basis)
- SMUD's rates shall be competitive with other local utilities (system average basis)
- Rates shall be designed to balance and achieve the following goals



Comparison to PG&E Rates

Class	SMUD <u>Below</u> PG&E		PG&E <u>Above</u> SMUD	
	2024	2025 ¹	2024	2025 ¹
Residential (all rates)	50%	47%	101%	89%
Residential low income (EAPR)	51%	45%	104%	82%
Commercial (all rates)	43% - 60%	43% - 58%	77% - 149%	75% - 141%
Other ²	58% - 67%	57% - 65%	139% - 195%	131% - 183%
System (all rates)	52%	50%	109%	101%

Notes: 1) Includes SMUD and PG&E cumulative rates changes of 5.5% and -1.43%, respectively, in 2025.

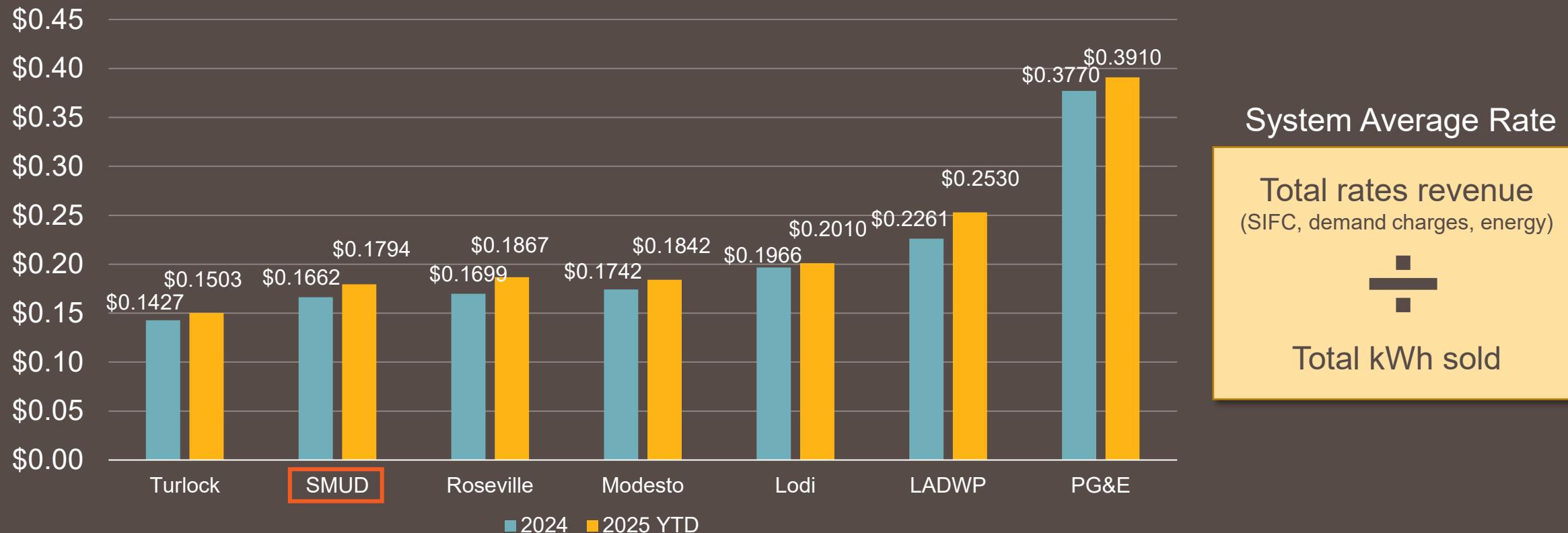
2) Other includes streetlight, traffic signals and agricultural rates

SMUD's system average rate is 50% below PG&E, which results in an anticipated **\$1.8 Billion** annually in community savings in 2025.

This is about **\$1,350** of annual savings for residential customers on average.

Comparison to Local Utilities

SMUD continues to have one of the lowest system average rates as compared to other neighboring utilities



Source: 2024: US Energy Information Administration (EIA-861 annual)

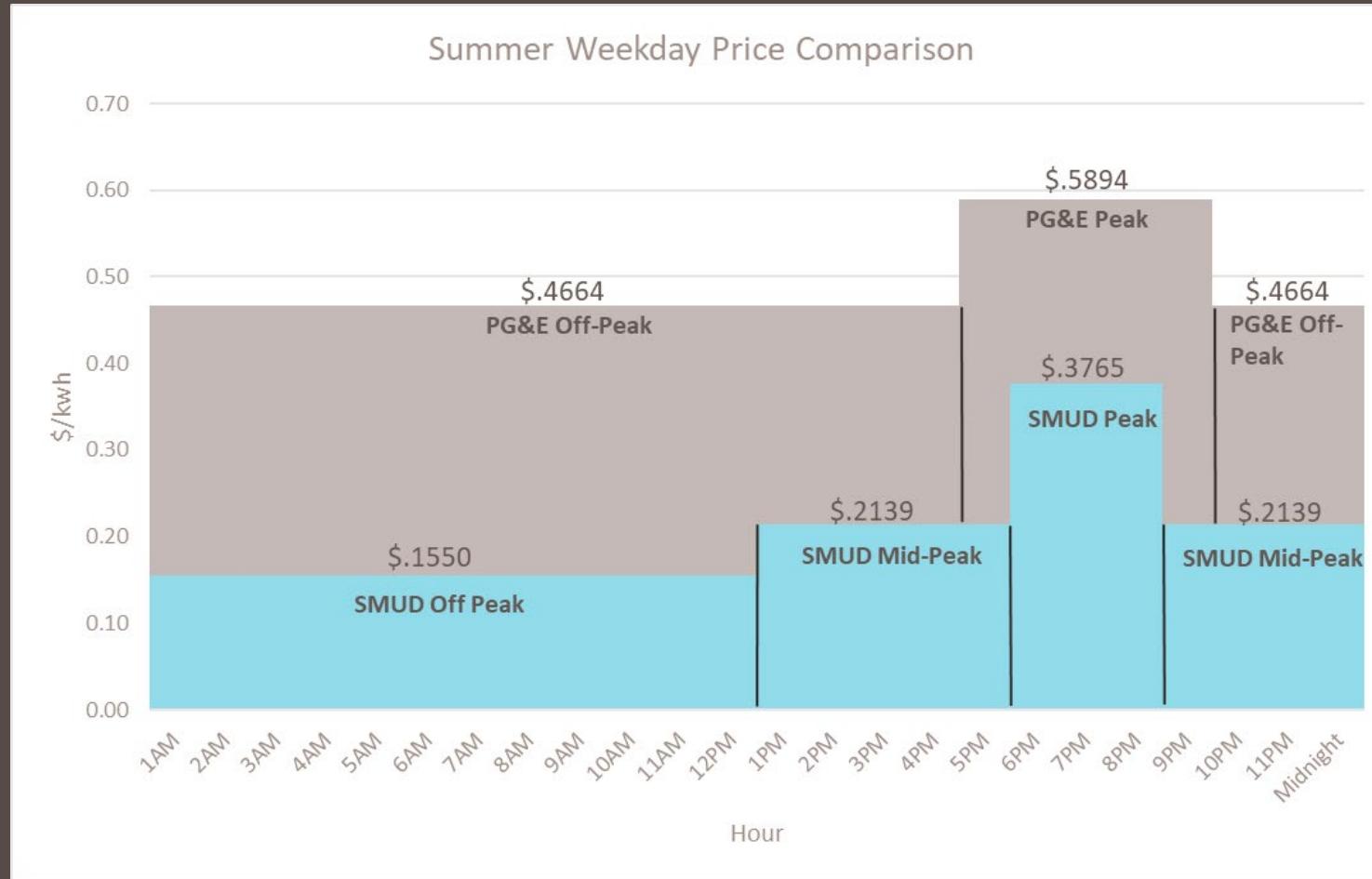
2025: US Energy Information Administration (EIA-861 monthly, through October) and self reported data

Average Monthly Residential Electric Bill (Jan 2026)



- Rates effective as of January 1, 2026. Average bills include applicable fixed monthly charge, energy charge and surcharges, and exclude local taxes. SMUD and PG&E bill comparison is based on standard Time-of-Day pricing.

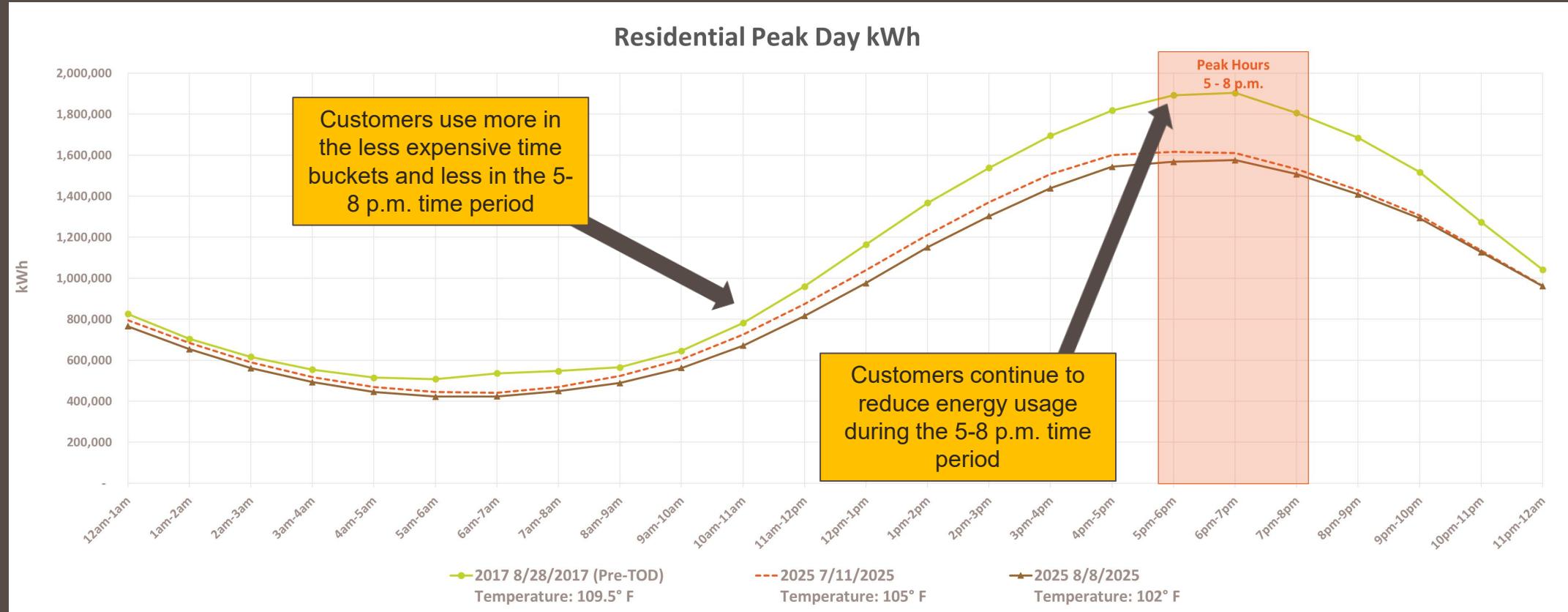
SMUD and PG&E Time Period Price Comparison



SMUD's 2026 Time-of-Day (TOD) rate is competitive in all time periods as compared to PG&E's standard time of use rate.

Rates effective as of January 1, 2026. Chart does not include SMUD's System Infrastructure Fixed Charged and PG&E's equivalent charge. Summer prices represent PG&E standard TOU-C rate and SMUD standard TOD rate.

TOD Rates Continue to Reduce Residential Peak



Recommendation

Staff recommends accepting the Strategic Direction 2 Report as evidence of compliance with Strategic Direction 2, Competitive Rates