

**Speaker 1 (SMUD)**

Good morning, everyone. How are we doing this morning? My name is Rhonda Staley-Brooks and I am the Director of Community Relations and I'm here with my subject matter experts on this panel, who you'll be hearing from and just a few minutes.

We are here to have a conversation about our rate change proposal that our Board of Directors will vote on later this year. I want to note that the proposal has not been approved yet. Whenever there's a rate proposal, we reach out to the community to make sure we engage in an open and transparent process that allows the public to have input and discussion. As part of our process today, and throughout the year, we're here to share some information with you and receive your feedback and answer any questions you may have. This presentation includes a broad overview of the proposal and time for specific questions at the end. We are recording, so there are virtual attendees and those of you in the room today. So if you can, hold your questions until the end and we'll be happy to take your questions at that time.

So, SMUD is all about safety, so we're going to do a little safety message here before we get started in a few. Housekeeping; our restrooms are right outside the door across the hallway there, and for those of you in person, this is a picture of our emergency exits. So, in case of an emergency, there will be a sound. We will all go out to the parking lot and because you guys have signed in today, security will let us know when we're able to come back into the building.

So, we have 90 minutes here today at this workshop. That includes about 30 minutes for our presentation and 30 minutes each for moderated virtual comments and questions. We also do the in person and virtual, so when we get to the end, we'll start with our virtual questions first and then we'll come into the room. The meeting is being recorded and will be transcribed. So, for our virtual attendees on right with us, questions submitted through the virtual Q&A box will be available post-meeting at [SMUD.org back slash rate info](https://smud.org/backslash/rateinfo). Questions can be typed in the Q&A box at the bottom of the screen. Comments and statements placed in the Q&A box will not be addressed during the meeting. The moderator will read the questions at the end... that's me... and invite team members to answer those question. All questions must be relevant to the proposal at hand; the rate proposal. In-person attendees... those in the room with me right now... your registration, by signing in, allows you to have 3 minutes at the podium, and we ask that you come to the podium and turn on the mic so that everyone could hear you, because this is being recorded.

If we're out of time, comments, questions, may be submitted via e-mail at [contact@smud.org](mailto:contact@smud.org)... [contact US@smud.org](mailto:contactUS@smud.org)... or at a future public workshop or another public hearing. So, I've presented myself this morning, I would like to introduce my colleagues here. Alcides Hernandez is the Revenue Strategy Manager and has worked for SMUD for over 14 years. Melissa Kwong is the Supervisor of Pricing, and has worked with SMUD also for 14 years. And then Jennifer Restivo, the Director of Planning and Revenue Strategy... and a new title coming soon... has worked at SMUD for 26 years.

I'd like to invite Alcides to the podium to share the current rate proposal information with you.

**Speaker 2 (SMUD)**

Thank you, Rhonda, for the introduction and the safety message, in case of... something were to happen as we're delivering this workshop. First, let me start by telling you a little about SMUD. You may know some of this information. I just point to remind you that we have been your community-owned, non-for-profit electric company for over 75 years. We are governed by a 7 member Board of

Directors who live in the wards they serve, and they are interested in your feedback on this proposal, which they will vote on June 19th?

It is our priority to keep rates low, provide safe and reliable service, as well as programs and services that help you manage your energy use. In addition, we focus on protecting our environment and providing benefits to the community and our customers. And today, just to let you know, we are one of the cleanest utilities in the nation and we are committed to eliminating 100% of greenhouse gas emissions from our power supply by 2030. We call this the Clean Energy Vision. We are doing this because providing carbon-free energy is essential to improving our air quality and creating a better, cleaner environment for the future for our region. You can learn more about that and join the charge and get involved... if you want to know more you can visit [CleanPowerCity.org](http://CleanPowerCity.org). We have plenty of information on the Clean Energy Vision.

Now, let's discuss why we are here today. It is our policy to actively communicate key business decisions that may impact you and your bills. Whenever there is a rate proposal, like the one we are recommending today, we reach out to the community to make sure that we engage in an open and transparent process that allows for public feedback and discussion. Today we will explain the proposal, answer questions related to the proposal the best we can and take notes that we will report back to our Board of Directors.

Now, we have 2 main proposed changes in the rate recommendation, and I will walk you through those in the next few slides. First, it is the proposed rate increase for all our customers in years 26... 2026 and 2027. Second is an optional residential rate for customers who have smaller electrical panel sizes and tend to consume low energy usage. Please note that before coming to discuss this rate recommendation, SMUD focused on finding cost savings to ensure that these modest rate increases will have as little financial impact on our customers as possible.

We know that rate increases are never easy, and we want to be sure that we are transparent about why we are proposing this. The current state of the economy has created challenges for everyone, including us at SMUD. Due to increases in our compliance requirements, as well as cost increases in our goods, services and energy prices, these changes are necessary. Specifically, we see cost pressures in the following areas, and you see those highlighted on the screen; reliability and infrastructure additions, improvements to grid and keep necessary updates to our substations, and a new Folsom administrative building... increases in costs to comply with California State requirements... These include expenses, for example, like new generation and energy storage projects. Increases in costs for wildfire prevention... you know we live in California, and you are very aware that that is an ongoing challenge in the state. And lastly, inflation pressures. As you know, it has been an ongoing challenge in recent years.

Now, to keep these proposed rate increases as low as possible, we focus on incorporating operation... operational and efficiency savings in all that we do; it's part of our priority. Last year, for example, we saved about 52 million dollars in a combination of ongoing things that we do more efficiently, and in one-time things that we do to reduce costs. For example, we do bond refinancing, and that tends to save on operating costs. We have also worked to attract funding to support the community on our own and through partnerships with regional agencies. Those efforts have helped us to keep our rates low.

Now, diving more into the specifics of the first part of the recommendation, we have here an overview of that. We're proposing rate increases in year 2026 and 2027, effective January first. 3% on all electric charges, on both years. And just to provide an overview, for an average residential customer, this translates to about \$4.35 per month on the first rate increase, and about \$4.48 for this second rate increase. So, it will be approximately \$8.83 once the two rate increases are in place. And this is just for illustration... just an average customer. In reality, we have different customers that may use more or less than the average, but this gives you a context of the amount of the rate increase.

Similarly, we have here on the slide an overview of a small commercial customer, whose, for example, annual bill represents about \$3,425. 3% of the bill of that amount... it represents \$103 a month; \$106 in the second year. You will be in the neighborhood of a \$200.00 increase on a monthly bill of \$3,425. That's just to provide an overview. Customers on our low-income Energy Assistance Program... we call it EAPR... and Medical Equipment Rate; MED... they will see slightly different rate increases because they receive a benefit or a discount from SMUD. In fact, those rate increases for that group are slightly lower. Note that the proposed rate increases will apply for all customers and apply to all items on the monthly bill. That will include, in the case of commercial customers, demand charges and other items that are part of the bill.

Now, as a not-for-profit, community-owned utility, we have a policy to ensure that our rates remain among the lowest in the state. We're also providing safe and reliable power. This graph shows what SMUD's rates are compared to other local utilities. And just to give you context, SMUD is highlighted in this, toward the bottom of this chart on that orange bar, you see that our rates remain competitive and among the lowest in the state. In fact, even after this proposed rate increases of 3% in '26 and 3% in 2027, our rates will remain about 50% below the neighboring investor-owned utility, PG&E.

Now let's talk about some of our programs that we have in place that help our customers lower their energy bills. We have, and I mentioned that earlier, the Energy Assistance Program Rate, EAPR, that is a program that provides a rate discount to customers. The discount actually varies depending on the federal poverty level. And in addition to that, the Medical Equipment Discount rate... we call it MEDRate... also provides a discount to those customers who have a qualified medical device. We help customers access the federal Home Energy Assistance program so they can get help with their electric bills... and we also help customers lower their monthly electric bill with energy-saver bundles that provide ongoing savings. Additionally, in case you have problems with your electric bill, we offer flexible payment arrangements and alert thresholds, so customers can actually stay on track with their monthly bills. Details on these programs are available on our website, SMUD.org... and, in fact, we have a representative from our Customer Service team here with us, in case you have a specific question about these programs. We'll be happy to address those questions on the side.

Now, the second item of the rate recommendation is related to an optional residential time-of-day rate we call Optional Low Use Residential Rate. I'll give you some background on why we are recommending this. Our rates include a fixed amount that we call the monthly System Infrastructure Fixed Charge... we call it in short SIFC... and as well as energy charges that may vary by the time of day and by season. That's the one that you may have heard, we call it a time-of-day rate. The SIFC covers a small portion of the infrastructure; it doesn't cover all of it... it's just a small portion of that including a share of poles, line transformers, service drops and metering equipment, and of course, the other components related to billing and customer service expenses such as contact center and customer information.

Just to let you know that, depending on the amount of usage of the size of the premise, then the customer may use more or less electricity. For example, a typical or large user or home tends to use more energy, and they also have a larger panel size than the smaller homes or apartments... that they use less energy and also have a smaller panel size. So, for that... those customers that don't use much energy... this System Infrastructure Fixed charge can be a large proportion of their monthly bill. And today, it just as a reminder, that this fixed charge is \$26.20 per month. To help balance this out, we are recommending the optional rate that we are illustrating here on the screen, for those customers with a smaller panel size and that also consume low amounts of electricity. And I will provide more details in the next slide.

Here's how the rate will work, if approved; this is just a recommendation. This rate option will apply to a very small group of residential customers...it's optional. If, for those customers who don't use much energy per month and who have a small panel size of no more than 125 amps... and just to give you some context, an air conditioner, for example, can use a breaker of about 40 to 60 amps... just to give you context of about what 125 amps may look like. This option is designed to be revenue-neutral, meaning that when a customer is on this rate, the customer will pay a lower System Infrastructure Fixed Charge... we are recommending \$17.00 per month... and they will see slightly higher energy charges to balance things out... and keep that recommendation revenue neutral. If you believe that this rate may apply to you and you may benefit from it, you can learn more about the proposal on the website. We have the General Manager's report with more details. Just look at [SMUD.org/rateinfo](http://SMUD.org/rateinfo). If this proposal passes, we will reach out to those customers that, based on our analysis, they may benefit from this rate, and we can see if they are interested in joining or enrolling in this rate.

Now, here are a couple of other programs that we have at SMUD, and I would like to highlight a few of them. It's a lot of information on this slide; you can find more details on these programs at [SMUD.org](http://SMUD.org), but as you know, we offer appliance rebates, free shade tree programs, incentives to adopt certain type of appliances and electrification, free home weatherization for low income customers and much more, as you see here on the slide. But if you want more details, please, we encourage you to visit [SMUD.org](http://SMUD.org). In addition, I just would like to emphasize that MyEnergyTools is an application...very, very useful for customers...can be found online and helps customers track their energy use. They can actually customize tips and those can help save on their electric bill... they can set bill alerts to help customers stay on track on their energy use and budget. Once again, if a customer is interested to know more about it, please visit our website at [SMUD.org](http://SMUD.org).

And this is almost the main part of the recommendation. Every time when we have an opportunity to bring a rate proposal to the Board, we take the time to review miscellaneous items on the proposal. In this case, we are updating the Open Access Transmission Tariff... we call it O-A-T-T... and those are rates that are used for generators that transmit power through our high-voltage grid. We don't have, actually, customers on this rate, so there won't be any impact to retail customers. In addition to that, we are updating miscellaneous language and terminology changes to make those particular changes more consistent within the rates rules and regulations and also for clarification. More details about those specific items can be found at [SMUD.org/rateinfo](http://SMUD.org/rateinfo), where you can find the actual General Manager's report and recommendation. We have two volumes; one that has more details than this particular presentation that I just shared with you. We have also a volume 2, that has a lot of details on the specific tariffs and the prices that are being updated. And lastly, we have a 2nd General Manager's report that lays out the details of the Open Access Transmission Tariff update. We

encourage customers to go and visit the website, and if they are interested in details, read those there. With that, I have reached the end of the presentation, and Rhonda, I think we are ready to go over the second part of this rates workshop. Thank you.

**Speaker 1 (SMUD)**

Thank you, Alcides... and thank you again for allowing us to be here with you today to give you this overview of the rate proposal. So, I'm going to start with our virtual Q&A... so, Gary, Danielle... if you let me know... I'll give you guys time to put your questions in the chat, and the team will let me know if there's any questions online. I believe we have 4 attendees online? Right? Yes. OK. Great. Give them another second to put their questions in before we go to in-person. Alcides, do you mind turning on that mic for me?

**Speaker 2 (SMUD)**

And I just also... I want to remind the ones online or here that, if we can primarily stick to questions related to the rate proposal, right? In fact, we are going to stay here for as long as we can stay, answering those... and just, the question might be relevant to the right proposal and not duplicative. So, we encourage... that way we can continue with the workshop... thank you... yes.

**Speaker 1 (SMUD)**

You did my part. Thank you, Alcides. (laughing) As Alcides said, we are now going to open it up to our attendees that are in-person. If you can please go to the podium. Reminder; we are looking for questions related to this presentation that Alcides gave us today. So, we'll give you time, if you'd like to go to the mic. Yeah. We're going on virtual?

**Speaker 3 (audience participant)**

I just had a quick question regarding the last slide about the update of the Open Access Transmission Tariff. Did that go up or down? I'm just curious.

**Speaker 2 (SMUD)**

Thank you for your question. The last time that we updated that tariff was in 2017. We did a full update, and a few minor updates in 2019. So, it's going up... it's increasing, because we didn't do that in 2021 and in 2023... and cause of... things, right?... materials... services... in... in...

**Speaker 3 (audience participant)**

So that basically is a charge for people using SMUD's transmission lines to deliver power to another location.

**Speaker 2 (SMUD)**

That is correct. It will be, if that were to be the case. It happens that we don't have actual customers taking on that rate right now, but if we have a case, that would be the scenario.

**Speaker 3 (audience participant)**

Alright. Thank you very much.

**Speaker 2 (SMUD)**

Welcome.

**Speaker 1 (SMUD)**

Thank you, Sir. Alright... any more? OK. Hearing none, we'll go on to what's going to happen next, and it's very important for everybody to know the details of the next step. So, this was our second

workshop, so we are completing our public workshops today. Our final SMUD Board public meeting will be on June 4th, and the final decision on the rate proposal will be made by our Board of Directors at the Board meeting on June 19<sup>th</sup>. These are all public meetings and you're welcome to attend and comment at that time.

Now, this is a slide, for those online you could take a snippet of this, and all those who are in-person could take a picture of this as well...many, many resources for you to look at. If you'd like more information, there's a number of sources that are here for you. Our website is SMUD.org back slash rate info, specifically pertaining to the rates. The CEO and General Manager's report, you will see there as well...there's a link there. And if you have questions or comments after today's meeting, we encourage you to e-mail us at [contactus@smud.org](mailto:contactus@smud.org)...Again, [contactus@smud.org](mailto:contactus@smud.org)... or give us a call at this number that you see on the slide...the 877, or the 888 if you're residential. Please also check out information on the website for energy efficiency tips and other programs and services. We welcome your questions and comments throughout this outreach period. I want to thank you all for attending today... yes, Sir?

**Speaker 4 (audience participant)**

I signed up out there to speak.

**Speaker 1 (SMUD)**

Yes, Sir. That's what we had here; the in-person Q&A.

**Speaker 4 (audience participant)**

I do want to speak.

**Speaker 1 (SMUD)**

Sir, please... yes. Welcome to the mic.

**Speaker 4 (audience participant)**

I've been sitting here for, I don't know how many... how long. But people, the first thing they need to do is take a class in public speaking, because I can't hardly hear 'em or understand 'em... I'm deaf in one ear.

**Speaker 1 (SMUD)**

OK. Sir? Sir...

**Speaker 4 (audience participant)**

Now, they cut the SMUD rates back...

**Speaker 1 (SMUD)**

Sir?

**Speaker 4 (audience participant)**

Now, wait a minute...

**Speaker 1 (SMUD)**

Can you do it here? Because we're recording...

**Speaker 4 (audience participant)**

Oh, I'll stand right here. I'll stand right here, but I'm gonna talk to the people, because you people are like wet concrete...once set, it's immovable... and you got your minds made-up already. This is

nothing more than an exercise in futility. I've been to a lot of these meetings. They started cutting the SMUD rates back in 2000...1. Not 2000... 2021. Because they're in bed with D.E. Shaw. Here's the whole book of their propaganda. Not one word about D.E Shaw. Shaw is a large conglomerate... worldwide. SMUD does not own that solar array at Rancho Seco, or the one at Sloughhouse... or the one in Coyote. They're buying the power from SMUD... from D.E. Shaw... for profit. They keep whining about how they're not-for-profit. I'm only talking about the infrastructure. They... this year SMUD will get over 552 million dollars... for infrastructure. That's poles, wires and everything. If you look it up online... the rate... they say, what do you... you, you're electrified... poles, wires and infrastructure.

Now, Paul Lau, the CEO of this company, they call it... was not elected. He was appointed. He gets \$600,000 a year. I would be happy with 75, but I only get about 45. So, if you think I'm here... I have a... my SMUD bill. Anybody... anyone want to have a look at it? So far this year... I got solar... and I manage it. They blocked me. They blocked me for almost 2 years of putting on 21 panels, because they know... you will get solar and they will be out. Now, I suggest for everybody, if you plan on solar, you put a switch between your meter and your main solar panel... your main distribution panel in your house and turn 'em off. Because, as you can see, my SMUD bill... I'll show it to everybody... that's zero... for what I paid for electricity. I've already paid \$150 this year. For infrastructure. They're gonna raise it again. Now, here's the infrastructure right here... and this is your SMUD Board... this is what I think about your SMUD Board. Right here. And that's a pretty good idea what it is... what they are. And the more money they get, the more they can slop at the trough. Just like down there at the Kaiser hospital, I looked up this morning, and here's a SMUD ad. How much do they cost? If they had any spine or backbone, they would publish it and post it out on the windows where anybody can come up and read it at night... or when it's open.

(timer beeping)

**Speaker 1 (SMUD)**

Sir?

**Speaker 4 (audience participant)**

Yeah... I'm talking. They won't do. So... it's all in the money. They get a kickback from Shaw. They said, "Oh no, we don't," but yet they do. In more ways than one. I was in the trucking industry...

**Speaker 1 (SMUD)**

Sir?

**Speaker 4 (audience participant)**

...for 21 years and I know about kickbacks and how they work.

**Speaker 1 (SMUD)**

Sir? Thank... thank you so much for your time. Your time is up.

**Speaker 4 (audience participant)**

Yeah, you spoke for an hour and something minutes? And now you want to give me 3?

**Speaker 1 (SMUD)**

Yes, Sir...

**Speaker 4 (audience participant)**

Yeah. Like that... that's what you people are.

**Speaker 1 (SMUD)**

Thank you, Sir. I really appreciate you being here.

**Speaker 4 (audience participant)**

Yeah. Right now, and I...

**Speaker 1 (SMUD)**

We have...

**Speaker 4 (audience participant)**

Oh. We... how much does that cost?

**Speaker 1 (SMUD)**

We have staff here that would be more than happy to speak with you.

**Speaker 4 (audience participant)**

(unintelligible)

**Speaker 1 (SMUD)**

No, no... no, we won't send you to jail, but we do have staff here there is willing to speak with you, if you'd like to discuss this more. So, back to the rate proposal... are there any other questions before I close out the meeting? Any questions online?

**Speaker 4 (audience participant)**

I'm just talking about these... you show and talk... are you gonna put the audit on the front window so we can come out and read it at night?

**Speaker 1 (SMUD)**

We will be more than happy to talk to you, Sir... as soon as this meeting is closed, so...

**Speaker 4 (audience participant)**

(unintelligible)

**Speaker 1 (SMUD)**

Thanks. OK. Thank you so much, Sir. OK... I appreciate your time here, Sir. Any virtual comments? Alright. I want to thank you all. We will definitely come and speak with you, Sir. We have staff here for you. I want to thank the team for coming out and presenting the rate proposal today, and I wish you all a great day. Thank you.