

KMPUD Electric FAQ

What makes KMPUD different from most electric utilities?

KMPUD serves our small mountain community but owns and maintains much of the same infrastructure as larger utilities: transformers, underground distribution lines, a 25-mile interconnection across the Sierras connecting Kirkwood to the California electric grid through a substation near Salt Springs Reservoir on the Mokelumne River and another substation in Kirkwood.

The decision to connect Kirkwood to the California electric grid in 2014 required KMPUD to take on more than \$60 million in long-term federal loans. Today, less than \$41 million remains outstanding and is being repaid on schedule.

Because of those investments, most of the cost of KMPUD's electric utility is fixed. It exists whether electric usage is high or low, whether it's a great winter or not. That's why KMPUD electric rates have a higher Base Rate while we're able to keep the variable Usage Rate relatively low.

Why are KMPUD's electric rates structured the way they are?

KMPUD's electric rates are designed around three goals:

1. Fairness in allocating costs among customers.
2. Maintain the financial stability of KMPUD.
3. Encourage use of electricity to accelerate the pay-down of remaining debt, making it possible to lower Base Rates for all customers.

The Board typically reviews electric rates every five years to ensure they meet these objectives.

How is my electric bill calculated?

Your bill has three components:

Base Rate – Pays for infrastructure, debt service and other fixed costs that exist regardless of usage.

Usage Rate – Pays for electricity purchases and other costs that vary with energy consumption.

Meter Charge – Pays for metering and billing costs.

Why is the Base Rate such a large part of my bill?

Because most of KMPUD's costs are fixed.

The utility must maintain substations, transformers, underground lines and emergency response capability whether electric sales are high or low. Beyond that, our largest fixed cost is repayment of the federal loans that financed the project to connect to the grid. Today, approximately 85% of KMPUD's electric costs are fixed and 15% vary with electricity sales.

Recovering fixed costs through the Base Rate makes utility finances more stable and allows us to keep per-kWh usage rates low. At \$0.21 per kWh, the marginal cost of charging an EV is lower than in many California communities.

If Base Rates were lower, per-kWh Usage Rates would need to be higher. That would allow revenues to fluctuate with weather, snowfall, skier visits, occupancy, and other factors outside KMPUD's control. KMPUD's loan agreements require the District to maintain certain financial performance targets regardless of these variables, and the higher Base Rate helps ensure those obligations are met.

What is an EDU? How does it affect my bill? And why did KMPUD change the EDU calculation?

EDU stands for Equivalent Dwelling Unit. It's a method to normalize disparate customer types (single-family homes, condos and apartments, commercial customers, chairlifts, etc.) and create a common unit to measure and allocate KMPUD fixed costs.

Most residential customers are assigned 1.0 EDU. For FY2027, the monthly Base Rate is \$146.66 per EDU.

Why did KMPUD change its method for setting residential Base Rates in 2026?

The previous system – in place from 2021 through June 2026 – was based largely on each home's historic electricity usage. This sometimes produced unfair results for new homeowners, when occupancy patterns changed, or when residents electrified and added new electric appliances. The base rate needs to cover KMPUD's fixed costs, and those don't vary with usage. The district splits these fixed costs in proportion to capacity, which is roughly equal for all residences with standard-size panels. Homes with electrical service panels over 200 amps are assigned additional ESUs because they require greater electric-system capacity. On the other hand, the variable usage rate covers costs that are not fixed, like the cost of purchasing power and maintaining system components that wear out more quickly with increased usage.

The new approach, effective July 1, 2026, is simpler, more predictable, and treats similar homes more consistently.

What does KMPUD mean by “fairness”?

KMPUD’s goal is that two customers with the capability to draw similar amounts of power from the electric system should pay similar base rates, regardless of when they bought or built their home or how much electricity they – or a prior owner – used years ago.

Why does KMPUD encourage electric usage?

In 2014, KMPUD completed a major investment connecting Kirkwood to the California electric grid. The thinking then was that if we were going to the major expense of laying 25 miles of cable, we should build in plenty of room to grow.

Today, KMPUD’s peak electric demand is under 4 MW, while the interconnection provides approximately 10 MW of capacity. The system can accommodate additional homes, new chairlifts, commercial activity, EV charging, and electrification. That growth in electric usage would help spread fixed costs over more kilowatt-hours and generate additional revenue that could help pay down debt and lower Base Rates.

Does KMPUD support electrification?

Yes. In addition to the fact that electrification increases electric sales and can help reduce debt and long-term pressure on rates, KMPUD believes electricity is a clean, safe and reliable energy source. Our rate structure is designed to keep electricity competitively priced for uses such as electric vehicles, heat pumps, electric snow-melting systems, induction cooking and other electric technologies.

Is KMPUD trying to eliminate propane?

KMPUD expects electricity to become increasingly attractive over time as electric vehicles, heat pumps, induction cooking and other electric technologies continue to improve and become more affordable.

However, KMPUD currently provides both electric and propane services and there is no plan to require existing customers to switch from propane to electricity. Because of propane system constraints, new propane connections are not permitted.

Existing customers remain free to choose the combination of fuels and technologies that best meet their needs.

Why doesn’t KMPUD use square footage to determine rates?

KMPUD staff and the board considered several methods of allocating fixed costs, including square footage, historic usage, peak usage, residence type, and electrical panel size.

No single method was perfect. A larger home does not necessarily use more electricity — in a year, or on a peak day — than a smaller home. Customers with identical homes can have very different usage patterns. The Board concluded that electrical service size provides a simpler and fairer basis for allocating fixed costs because it is closely tied to the electric-system capacity required to serve a home. The Board also concluded that, for purposes of allocating fixed costs, homes with electrical service of 200 amps or less place similar demands on the overall electric system.

How are electric rates structured for commercial customers?

Commercial customers — including Kirkwood Mountain Resort (Vail), restaurants, lodging facilities and other businesses — account for approximately 57 percent of KMPUD's peak electric demand. Commercial facilities often require larger electrical services and greater system capacity than residential customers. Accordingly, commercial customers are allocated roughly 57% of KMPUD's fixed costs through their base rates.

Usage rates, which vary by kilowatt used, are the same for commercial customers as for residential.

KMPUD itself accounts for an additional 10-15% of Kirkwood's total load, largely to power the water and wastewater systems, and pays a rate structure the same as other commercial customers. Residential customers account for approximately 28% of total load.

Because the base of commercial customers has remained constant over the last five years, as have their usage levels, the Board elected to retain the current commercial methodology, despite modifying it for residential customers. Any new commercial customers that come online will be charged a capacity-based base rate.