



Kirkwood Meadows

Public Utilities District

2026 Electric Rate Study

June 2026

# Executive Summary

Kirkwood Meadows Public Utility District (“KMPUD” or “District”) is a special district located within Alpine, Amador, and El Dorado Counties. The District currently services 774 active electric connections and receives its power from both the CAISO grid and emergency standby diesel generation at the District Powerhouse.

Revenue for the electric utility comes primarily from rate revenue. This enterprise also receives property tax revenue. The electric utility charges a fixed monthly rate (or “Base Rate”) and a fixed monthly Meter Charge in addition to a Usage Rate. The last rate study for the electric enterprise was conducted by the District in 2021.

## Scope and Approach

The scope of the Study was to prepare multi-year financial plans, develop a consistent cost-of-service analysis, review the existing rate structures, and propose a 5-year strategy. The primary objectives of the Study were to identify:

- Future annual adjustments to rates to help ensure adequate revenues to meet the ongoing service requirements,
- District policies, and financial obligations;
- Costs of providing service to customers, and
- Recommendations for specific modifications to the existing rate structures in order to ensure that the proposed rate equitably recovers the cost of providing service and comporting with industry standards and California’s legal requirements.

The Study applied methodologies that are equitable and logical for rate setting.

## Financial Plans

The Study produced robust financial plans that will help enable the utility to meet revenue requirements and financial performance objectives throughout the planning period while striving to minimize rate increases. Where there are significant changes to rates, the changes are phased in over 4 years. Financial performance objectives include:

- Covering all anticipated operating, maintenance, debt service, and capital program costs;
- Maintaining financial reserves in accordance with District policy; and
- Meeting USDA Coverage Ratios for debt service obligations.

Based upon the financial data, assumptions, reserve targets, and debt obligations, the Study proposes rate realignment and adjustment. Rate structure changes are proposed to be effective July 1, 2026.

### **Cost of Service and Rate Design**

Once the rate revenue requirements have been determined, the next step in the rate setting process is to evaluate the cost of providing this service to customers. A cost-of-service analysis evaluates the cost of providing service and proportionately allocates those costs to customer classes and rate structure components to ensure the proposed rate structure is aligned with the costs of providing electric service. This is necessary in order to be equitable among all ratepayers. The cost-of-service analysis and rate structure proposed by the Study is designed to:

- Fairly and equitably share debt service across all customers; and
- Fairly and equitably recover operational and capital costs through rates; and
- Provide financial stability and recovery of system fixed costs.

### **Electric Rates**

The structure for the District's current electric rates includes a three-part structure that is comprised of a fixed Base Rate, a fixed Meter Charge, and a consumption-based Usage Rate.

The full schedule of the recommended electric rates is shown below. The fiscal year 2026/27 rates are effective beginning July 1, 2026, and subsequent rates are effective the beginning of each fiscal year (July 1) thereafter. The Board decided to utilize a base rate which covers approximately 85% of fixed costs; provide renewable energy credits as required by the California Renewable Portfolio Standard; and include a State required 2.85% Public Benefit Charge in the Usage Rate.

This methodology is equitable, logical, and complies with all applicable laws.

The proposed adjustments to the rates proportionately assign costs to each customer class and customer based on service demands and will allow the District

to continue to provide safe, reliable electric service to customers. They are as follows:

	Current Rates	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Monthly Meter Charge (per meter)	\$3.59	\$4.30	\$4.30	\$4.30	\$4.30	\$4.30
Monthly Base Rate (per 2021 EDU)*	\$121.62	\$126.43	\$127.16	\$127.88	\$128.60	\$129.32
Monthly Base Rate (per 2026 EDU)*	N/A	\$146.66	\$147.50	\$148.34	\$149.18	\$150.01
Usage Rate (per kWh)*	\$ 0.24	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21

\*Rates include an estimated 3% CPI adjustment on non-fixed expenses. Actual CPI adjustment will be applied (USBLS, CPI Pacific Cities West - Size Class A, March Year Ending CPI).

Residential EDUs will be normalized to 1.0 beginning July 2026. This does not change the amount paid by customers. At the start of this rate study, there are 675 residential meters and a total of 783 residential EDUs. This rate study changes all residential meters with panel size less than or equal to 200 amps to have the same EDU over the course of 4 years. To simplify residential EDUs to be 1, all EDU - both residential and commercial are multiplied by 1/1.16 and the adjusted monthly base rate is increased by 1.16. There is a 4% increase in the effective base rate from FY 2025/26 to FY 2026/27. A minimum of 1.0 EDU is also applied to Commercial customers - up from the previous minimum of 0.5 EDU for all customers. Customers EDU changes will be phased in at a rate of 25% per year for 4 years. This applied to both EDU increases for Residential and Commercial customers and EDU decreases for Residential customers. Commercial customers with EDUs greater than 1.0 have no change in EDU.

The electric rates will be noticed, adopted, and will include a detailed notice describing the proposed rates to be mailed to each affected property owner or customer.

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## 1. INTRODUCTION

The Kirkwood Meadows Public Utility District (District) was formed in 1985 by an act of LAFCO (Local Agency Formation Commission) to provide Water and Wastewater services to the community of Kirkwood, California. Over the years, the District has taken on many other functions, including Electric service.

The District is governed by a five-member Board of Directors (Board) elected by registered voters in the District to serve staggered four-year terms. The Board Members are:

Doug Mitarotonda, President  
Bob Epstein, Vice President  
John Schroeder, Treasurer  
Peter Dornbrook, Secretary  
Chris Tucher, Assistant Secretary

The Board adopts a budget annually for all departments, and the General Manager monitors procedures to assure that expenditures of the District do not exceed the appropriations by department and/or Enterprise of the major summary categories (salaries and benefits, operating services and supplies, capital outlay, and capital improvement projects) in conformance with the adopted policies set by the Board.

Kirkwood Meadows Public Utility District (“KMPUD or “District”) conducted a 2026 Electric Rate Study (Study). This report describes in detail the assumptions, procedures, and results of the Study, including conclusions and recommendations.

### 1.1. UTILITY BACKGROUND

KMPUD is a special district located within Alpine, Amador, and El Dorado Counties. KMPUD’s service area encompasses an area of approximately 1.875 square miles. The community size and operation of the District’s largest customer, Kirkwood Ski Resort, creates unique seasonal demands on the electric utility, with peak activity and population occurring during snow season. There are approximately 75 full-time residences (defined as residences that are used at least 181 days/year) within the District’s service area. Seasonal daily population maximums may reach 8,000 – 9,000 persons during the winter months. The high-density village core area includes a combination of residential, lodging, and

commercial uses serving residents and guests. The District services 774 active electric connections, of which 675 are residential and 99 are commercial. For the purposes of this study, residences owned by commercial companies are classified as residential. The accounts include 23 homeowner associations (HOAs), which are classified as commercial. KMPUD receives its power from both the CAISO grid and diesel generation at the District Powerhouse.

Revenue for the electric utility comes primarily from rate revenue. The electric enterprise also receives property tax revenue and miscellaneous fee revenue. The last rate study for the electric enterprise was completed by the District in July 2021.

## 1.2. SCOPE OF STUDY

The scope of this Study was to review the most recently adopted District operational and capital budgets, develop a consistent cost-of-service analysis, review the existing rate structures, and propose 5-year rate schedules for the electric utility. The primary objectives of this Study were to:

- Review the existing multi-year budget for the electric enterprise that integrates operational and capital project funding needs and meet established District Reserve Policy goals and USDA “Coverage Ratios”;<sup>1</sup> and
- Identify future annual rate adjustments to electric rates to help ensure adequate revenues to meet the electric utility’s ongoing service and financial obligations; and
- Determine the cost of providing electric service to customers using equitable and logical methodologies; and
- Recommend specific modifications to the existing rate structures in order to ensure that the proposed rates equitably recover the cost of providing service, provide for equitable sharing of annual debt service, and comport with industry standards and California’s legal requirements.

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<sup>1</sup> See Appendix A

### 1.3. STUDY GOALS

KMPUD proposes changes to the current Base and Usage Rates for electricity to accomplish the following goals:

- Ensure fixed costs (debt service, depreciation and amortization) are equitably allocated across customers; and
- Create a rate structure that makes electricity competitive by lowering the Usage Rate of electricity to make it cost effective to consider using over other fuels. The Usage Rate reflects recent beneficial wholesale purchase contracts, access to Western Area Power Authority and maintains a hedge against wholesale price volatility; and
- Change the methodology for allocation of fixed costs across residential customers to be more equitable than the previous allocation based on three years of historic usage; and
- Maintain the current fixed cost allocation for existing commercial customers and introduce a “capacity-based” allocation for new commercial customers; and
- Reduce the expected demand for property tax revenues; and
- Changes are revenue neutral except as needed to cover expense increases.

#### 1.3.1. FINANCIALS

The audited fiscal year 2024-2025 saw actual sales of 7,191,479 kWh which equates to usage revenue of \$1,749,924 and Base Rate revenue of \$3,745,967. Sources of cash include power sales, property taxes, and cash reserves. Cash reserves for electricity are targeted at \$2,000,000. Currently annual interest payments are estimated at approximately \$1,447,000 and depreciation costs are approximately \$1,510,000 and amortization costs are approximately \$436,493. During the next five years, the average principal due on long term debt is \$2,100,000 per year.

Each subsequent year will be adjusted for actual Cost of Living Adjustments, Salary & Wages increases, etc. and the adjustments will be used in calculating financial need in each of the revenue scenarios.

### 1.3.2. FIXED COSTS

A primary goal is to meet our financial obligations in the event of a force majeure or significant ski area closure. We have two obligations. One is to meet our “Coverage Ratios” that are defined within our loan agreements with the Rural Utility Service (RUS) of the U.S. Department of Agriculture (see Appendix A for details). The second is to ensure sufficient cash for our debt service payments and operational obligations.

The District has two sources of revenue and three sources of cash. Revenues can either come from sales of utility services defined to be the monthly fixed Base Rate, the variable Usage Rate and the Meter Charge; or revenue can come from property taxes allocated to electricity. In addition to these revenue sources, cash reserves provide a third source of cash.

This rate study continues the trend of reducing the need for property taxes applied to electricity - \$180,000 per year is allocated for Base Rate and \$50,000 per year for Usage Rate. In prior years up to \$450,000 of property tax was allocated to electricity.

Another goal of this Study is to be revenue neutral, exclusive of the 4% revenue increase required to offset increases in fixed costs and the 14% decrease in the Usage Rate. The exception is the consideration of the minimum annual customer contribution to equitably cover the costs of the infrastructure and debt service. The previous minimum was 0.5 EDU (\$63.21/month) and that has been changed to 1.0 EDU (\$146.66/month). The change in EDU is implemented at a rate of 25% each year for 4 years.

Multiple scenarios were analyzed relative to the allocation of fixed costs across residential customers. One model called 1A established minimum EDUs for high density condos, low density condos and single-family residences. Added to that was an EDU addition based on square footage and an EDU addition added for connections in excess of 200 amp capacity. The second model called 1B was ultimately chosen that assigned all residences the same EDU of 1.0 and an additional EDU component added for connections in excess of 200 amps.

### 1.3.3. VARIABLE COSTS

The usage portion of electricity is currently \$0.24/kWh which includes an “avoided cost” of \$0.147/kWh. The “avoided cost” is the savings to the District for not

purchasing and delivering a kWh and is used to determine the payment for solar-electric generation in excess of electric usage.

The Usage Rate included the cost of purchasing the power plus the required RECs and the required Public Purchase Program of 2.85%. The Usage Rate budget assumes a minimum sales of 6,800,000 kWh/year. The Usage Rate includes covering 15% of fixed costs which requires \$0.06/kWh at minimum sales. One of the RUS covenants<sup>2</sup> requires a 5% margin, that is total revenues need to meet 105% of total expenses. This margin is met through an additional \$0.032/kWh added to the Usage Rate. The total usage rate is \$0.21/kWh and meets all expenses at 6,800,000 kWh sales. Sales beyond that amount produce a margin of \$0.09/kWh.

### 1.4. CURRENT ELECTRIC RATES

EDU = 230 kWh/month

Total EDUs = 2,617.4

Minimum EDU = 0.5

Component	Current Charge
Usage (per kWh)	\$0.24
Base rate (per EDU)	\$121.62
Meter charge (per meter)	\$3.59

Base Revenues 2024/2025 - \$3,745,967 annual

Usage Revenues 2024/2025 - \$1,749,924 annual

Fiscal Year	KWH Sold
2020	6,701,415
2021	6,546,428
2022	7,817,084
2023	7,391,692
2024	7,191,479
Average	7,129,620

<sup>2</sup> See Appendix A

### 1.4.1. EQUIVALENT DWELLING UNIT (“EDU”) METHODOLOGY

#### 1.4.1.1. EDU Calculation

Per Ordinance 21-02, as amended by Ordinance 22-01, 23-01 and 23-01, in the current rate plan, the District calculates Equivalent Dwelling Units (EDUs) for each electric customer on an annual basis. EDUs are a unit of allocation for the Base Rate across all customers. For the purposes of the 2021 Study, the “Average All Residential Customer Usage” was calculated using the period from July 1, 2017, through June 30, 2020, yielding an average annual EDU equal to 230 kWh per month.

EDUs were recalculated annually based on usage through March 31, until there were three full years of usage. After three years, the EDU became permanent. Once an EDU is permanent, the goals were to enable increases in usage to be possible without increasing the EDU and for established customers to begin the new rate system in 2021 with total costs similar to prior years. This generally worked well for commercial and established residential customers but created significant distortions for residential customers who were new owners or had a change in the number of days they visited Kirkwood.

#### 1.4.1.2. EDU Assignment

As part of this rate study, the District examined all meters to determine if they were servicing a Residence or a Commercial purpose. As a result, 32 meters (included in Residential below) were reclassified as Residential. They are owned by a commercial entity but service a residence. This resulted in the following distribution of EDUs:

**EDU Distribution**

	Meters	Current EDUs	Proposed EDUs	EDU After Adjustment
<b>Residential</b>	675	779	784	676
<b>Commercial</b>	99	1,832	1,842	1,588
<b>Totals</b>	774	2,611	2,626	2,264

This rate study changes residential EDU allocations to be independent of usage and to be fixed. For residences, two models were considered of which model B was chosen.

- Model “A” - based on residential characteristics
  - HD Condo 0.6, LD Condo 0.8, Single Family 1.0
  - Building Area > 500SF: 0.35 EDU per 1,000 SF
  - Panel Size > 200 amps: 0.5 EDU per 100 AMPS
- Model “B” - standard across all residences plus amperage
  - 1.16 EDU/residential unit (779 EDU / 675 meters normalized to 1.0 EDU)
  - Panel Size > 200 amps - 0.5 EDU per 100 AMPS

**Residential Impact**

	Model “A”		Model “B”	
	Customers	Total Monthly Impact	Customers	Total Monthly Impact
<b>Decreases</b>	214	-\$23,782	204	-\$26,217
<b>Minimum Change</b>	30	\$0	54	-\$126
<b>Increases</b>	431	\$24,907	417	\$25,971

The EDU calculation for Model “B” is based on the current total residential EDUs divided by the number of meters. In considering the tradeoffs between the two models, comparisons were made to understand which model had the fewest impacts. In both cases the total value of the reduction in EDUs was approximately the same as the total increases in EDU.

While the number of customers affected and the total changes are similar in both models, the maximum increase for customers is more limited in Model “B”. In Model “A” 148 customers have increases from 0.6 to 2.1 EDU. In Model “B” the 416 customer increases are limited to less than or equal to 0.66 EDU. In another comparison examining full-time residences with at least three years of usage, the average total cost of power was the same or lower under Model “B” than it was under Model “A”.

The EDU changes are phased in over 4 years. In order to be revenue neutral, both decreases and increases in EDUs are phased in at a rate of 25% per year, regardless of property sales or other transfers of ownership. This limits the maximum increase to about \$20/month each year.

For existing Commercial EDUs, the EDUs will remain unchanged with the exception of raising the minimum EDU to 1.0 for 20 accounts. Given the stable,

generally predictable nature of the Commercial accounts, EDUs based on historic usage has mostly produced the desired results. 91 of 99 Commercial accounts have unchanged ownership since at least 2017 and 8 are new or changed owners between 2020 and 2025.

For new commercial accounts, the base rate will be based on the panel size or maximum starting amps and service characteristics (three phase or single phase).

#### **1.4.2. NET METERING**

There are currently 10 homes in Kirkwood that have solar and participate in the Net Energy Metering (“NEM”) program. Publicly owned electric utilities (POUs), such as KMPUD, must offer a standard tariff or contract to their customers that provides for net energy metering (NEM) until the POU’s total rated generating capacity used by NEM customers exceeds five percent (5%) of the POU’s aggregate customer peak demand. The POU NEM requirements are specific in Public Utilities Code (“PUC”) section 2827 and the POU’s NEM program subject to the oversight of the POU’s governing board. Per PUC Section 2827(b)(10), “‘Ratemaking authority’ means, for an electrical corporation, the [CPUC], for an electrical cooperative, its rate-setting body selected by its shareholders or members, and for a local publicly owned electric utility, the local elected body responsible for setting the rates of the local publicly owned utility” (emphasis added). In contrast, the investor owned utilities are subject to the NEM rules adopted by the California Public Utilities Commission (“CPUC”), e.g., NEM 3.0, or any successor program. Section 2827 does not give the CPUC any authority over the NEM programs of POUs nor are POUs subject to the NEM decisions adopted by the CPUC.

Under the KMPUD NEM rules, a kWh generated by the home in excess of the home’s instantaneous usage is purchased by KMPUD at the then current Usage Rate (\$0.21/kWh) and is used to meet instantaneous demand for other customers. All payments are deferred until the end of the fiscal year at which point a true-up occurs. If annual generation is less than demand, then the customer is billed at the Usage Rate for the shortfall. If annual generation exceeds demand, the excess results in a credit to the customer at the “avoided cost” rate of \$0.11 cents.

## 2. BUDGET

This District utilized the adopted budget which provides budgeted operating costs for the current fiscal year, a multi-year capital improvement program (CIP), and outstanding debt service obligations.

### 2.1. ELECTRIC ENTERPRISE FINANCIAL PLAN

The following sections describe the financial plan for the District's Electric Enterprise.

#### 2.1.1. BEGINNING FUND BALANCES

The January 2026 fund balances for Fund 50 are:

Operating Reserve	\$1,306,283
LAIF	\$12,282
Capital Reserve	\$1,331,113
<b>Total</b>	<b>\$2,649,678</b>

#### 2.1.2. RESERVE TARGETS

Reserves for electric were previously established by Policy Statement 695 in order to (a) comply with contractual obligations (e.g., USDA Coverage Ratios and loan covenants), (b) protect the utility from unexpected financial events, and (c) accommodate operational and capital program cash flow needs.

#### 2.1.3. CUSTOMER GROWTH

Future customer growth can affect a rate study in terms of (1) anticipated capacity charge revenue (connection fees) and (2) increases in rate revenue due to a larger customer base. This Study conservatively assumes no growth, whether by new construction or conversion from propane use by existing customers, in the District's Electric Enterprise over the next five years.

Increases in base rate revenue from unanticipated customer growth could be applied to debt service during the 5 years of this rate study. Any increase in total EDUs can result in a lower base rate for all customers at the time of the next rate study.

#### **2.1.4. RATE REVENUES**

Rate revenue is the revenue generated from customers for electric service. Rate revenue is collected through a fixed “Base Rate”, a fixed “Meter Charge”, and a variable “Usage Rate”. This Study proposes adopting annual rate revenue adjustments that will meet the District’s revenue requirements. Budgeted and projected rate revenues are listed later in this Study.

#### **2.1.5. NON-RATE REVENUES**

In addition to rate revenue, the Electric Enterprise receives other revenue, including miscellaneous fees, interest earnings on investments, and property tax revenue. During the March 6, 2026, Board meeting, the Board determined that \$230,000 of property taxes was available to the electric fund to meet RUS loan covenants.

#### **2.1.6. OPERATION & MAINTENANCE EXPENSES**

The combined operating and maintenance expenses include all ongoing transmission, distribution, generation, and administrative expenses. The annual operating and maintenance costs for this Study are based on the Electric Enterprise’s FY 2026/27 budget and are adjusted for future years based on inflation.

#### **2.1.7. COST ESCALATION**

Annual cost escalation factors for the various types of expenses were developed based upon a review of historical inflation trends, published inflation forecasts, industry experience, and discussions with District staff. During the projection period, all non-fixed operations and capital expenses are projected to increase at 3.0% per year.

#### **2.1.8. EXISTING DEBT SERVICE**

KMPUD incurred USDA RUS debt as a financing method to fund the out-valley line and power house. Every year, principal and interest payments are due quarterly with balloon principal payments due upon each loan maturity. Maturity dates were set for each note at the original time of financing and staggered to allow the option to pay down debt and lower rates faster in favorable conditions.

USDA RUS requires KMPUD to maintain four positive debt service ratios, TIER, OTIER, DSC, and ODSC. These are calculated on an annual basis and only consider current year profit margins, not reserves built in previous years.

In order to meet these ratios while keeping electric rates as low as possible, strategic refinancing of loans is sometimes required in years with high balloon principal payments. In March 2026, the Board decided to refinance the full principal balance of loan B8 3, due to mature in September 2026 for \$1,306,141, for seven years and pay the full principal balance of \$605,141 on loan B8 8 upon maturity in December 2026.

During the next five years, the average principal due on the RUS debt is \$2,102,167 per year and the average interest on the RUS debt is \$1,201,546. Since these are average numbers, this study proposes starting the 5-year period conservatively using the same annual debt service as the FY2024-25 audit (\$1,447,399) and considering downward adjustments during the 5-year period when possible.

#### **2.1.9. CAPITAL IMPROVEMENT PROGRAM**

Capital improvements during the term of this rate study will be paid out of operating cash. Depreciation will be based on a 30-year lifetime and the resulting increase in depreciation costs are included in the operating budget and Base rate.

	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
<b>Capacity Component</b>					
Electric 218 Rate Study					40,000
Connection Fee Study	20,000				
<b>Total Electric Capacity Expense</b>	20,000	0	0	0	40,000
<b>Replacement Component</b>					
Meter Replacements	3,000	3,000	3,000	3,000	3,000
Riser Vaults (8)	10,000	10,000	10,000		
Transformer Replacement	20,000	20,000	20,000	20,000	20,000
Transformer Retaining Walls	6,000				
CEMS Screen Replacement	3,000		3,000		3,000
Direct Burial Meadow Replacement		50,000	500,000		
LJE Replacement	20,000				
CEMS Computer Replacement	10,000				
Direct Burial Misc. Replacement		20,000			
Out Valley Cabinet Replacement		20,000			
Service Line Misc. Replacement		4,000		4,000	
Heavy Duty Service Truck					50,000
Lodge Switch Replacement				45,000	
Powerhouse Relay Upgrade				20,000	
<b>Total Electric Replacement Expense</b>	72,000	127,000	536,000	92,000	76,000
<b>Total Electric Capital Expense</b>	<b>92,000</b>	<b>127,000</b>	<b>536,000</b>	<b>92,000</b>	<b>116,000</b>

#### 2.1.10. FUTURE BORROWING ASSUMPTIONS

This Study does not propose any new debt for the Electric Enterprise to finance the costs of future capital projects. Debt financing is not utilized because none of the capital projects during the planning period are expected to materially impact cash reserves and it is more cost effective to fund ongoing rehabilitation and replacement projects on a pay-as-you-go basis.

### **3. COST OF SERVICE & RATE DESIGN**

Once the respective rate revenue requirements have been determined, the next step in the rate setting process is to evaluate the cost of providing these services to individual customer classes. A cost-of-service analysis evaluates the cost of providing service and proportionately allocates those costs to customer classes and rate structure components to ensure the proposed rate structure is aligned with the costs of providing electric service.

The following sections present detailed descriptions of the cost-of-service and rate structure methodology used for the proposed electric rates.

#### **3.1. ALLOCATION OF EXPENSES**

This Study analyzed the FY2026-2027 estimated expenses for the electric fund and allocated each expense across the three rate categories, Usage Charge, Base Rate and Meter Charge. The Study used the following goals for allocation:

- To the extent possible, fixed expenses should match fixed charges and variable expenses should match variable charges.
- The total base rate revenue should be 85% to ensure KMPUD's ability to meet electric debt service obligations during low snow years or other periods of low electric sales.
- The impact to customers due to changes in rate design should be minimized where possible.

	<b>FY2026-2027 Estimate</b>	<b>Meter %</b>	<b>Base Rate %</b>	<b>Usage Rate %</b>	<b>Meter</b>	<b>Base Rate</b>	<b>Usage Rate</b>
Cost of Goods Sold	\$748,000	0%	0%	100%	\$0	\$0	\$748,000
Salaries & Wages	\$316,619	5%	95%	0%	\$15,831	\$300,788	\$0
Housing & Wellness Benefits	\$15,785	5%	95%	0%	\$789	\$14,996	\$0
Operations & Maintenance	\$387,500	0%	0%	100%	\$0	\$0	\$387,500
Contract Services	\$2,054	0%	0%	100%	\$0	\$0	\$2,054
Operating Expenses	\$14,856	0%	0%	100%	\$0	\$0	\$14,856
G&A Allocation	\$463,192	5%	95%	0%	\$23,160	\$440,032	\$0
Internal Allocations	\$1,790	5%	95%	0%	\$90	\$1,701	\$0
Depreciation	\$1,509,751	0%	100%	0%	\$0	\$1,509,751	\$0
Interest Expense	\$1,447,399	0%	100%	0%	\$0	\$1,447,399	\$0
Amortization	\$436,493	0%	100%	0%	\$0	\$436,493	\$0
RUS 5% Margin Loan Covenant	\$267,172	0%	0%	100%	\$0	\$0	\$267,172
<b>Total Allocation</b>					<b>\$39,869 (0.8%)</b>	<b>\$4,151,160 (85.4%)</b>	<b>\$1,419,582 (13.8%)</b>

### 3.2. PROPOSED BASE RATE ALLOCATION

To more equitably allocate the fixed costs among residential customers and lower the usage cost to encourage higher usage of the electric system, such as electric heat pumps and electric vehicle charging, this Study proposes to use Model “B” to simplify the base rate structure. This means the current total Residential EDUs of 783 are distributed equally across the 675 residential meters or  $783/675 = 1.16$  EDU per residential customer with a standard 200 amp panel or less. Residential customers with larger than standard panels, up to 400 amps, will be allocated a proportionally higher EDU. A proportional increase of 0.6 EDU will be added for each 100 amp increase in panel size. Currently only 2 residential customers have larger than standard panels. Each of these customers is assigned an EDU of 1.6.

Residential EDUs will be normalized to 1.0 beginning July 2026. This does not change the amount paid per customer. To simplify residential EDUs to be 1.0,

all EDU from the previous rate study – both residential and commercial are multiplied by 1/1.16 and the adjusted monthly base rate is increased by 1.16.

The base rate for new residential customers with panel sized larger than 400 amp will be calculated using the methodology for new commercial meters, below.

Since all commercial meters have multi-year, stable EDU and corresponding usage history, this Study proposes to keep current EDU allocation for commercial customers with fixed AMU for the duration of this rate study and normalize this to the new 1.16 EDU residential standard. Commercial customers with EDU below 1.0 will be adjusted to 1.0 EDU with 25% of the increase applied each year.

The base rate for new commercial meters will be calculated as follows:

For new commercial customers KMPUD will use the larger of the panel size or maximum starting amps and service characteristics (three phase or single phase) to create a demand equivalent for the customer. This calculates a new kilovolt amperes (kVA) capacity billing determinant. The formula is:

$$EDU = \frac{Amps \times Volts \times \sqrt{phase}}{1000} \times Scaling Factor$$

This kVA billing determinant will be scaled to ensure consistency between new and current commercial customers with the same service characteristics. The scaling factor will be determined by the General Manager based on comparable existing commercial meters. It is important to note that using a new kVA billing methodology will not change the total revenue recovered from the commercial customer class, it will just change the billing determinants used.

During the next five years, KMPUD will seek to quantify the scaling factor for all existing commercial meters and may adjust commercial base rates in future rate studies if necessary to achieve consistency within the commercial class.

### **3.3. PUBLIC BENEFITS CHARGE ( PBC”)**

California Public Utilities Code Section 385(a) states that each Publicly Owned Utility (“POU”) “shall establish a non-bypassable, usage based charge on local distribution service of not less than the lowest expenditure level of the three largest electrical corporations in California on a percent of revenue basis, calculated from each utility’s total revenue requirement for the year ended

December 31, 1994, and each utility's total annual public benefit programs expenditures." The PBC is required to be a one-time, fixed percentage of 2.85% of the customer's electric usage. The PBC must be collected from all customers and is collected on the basis of energy sales. Net energy metering customers are only assessed the PBC on their net consumption.

For purposes of this Study, the 2.85% PBC is included in all proposed Usage Rates. These funds shall be accounted for separately in order to track how these funds are spent.

### **3.4. RENEWABLE ENERGY CREDITS**

KMPUD is subject to the California Renewable Portfolio Standard (RPS). California's RPS program was established in 2002 by Senate Bill (SB) 1078 (Sher, 2002) with the initial requirement that 20% of electricity retail sales must be served by renewable resources by 2017. The program was accelerated in 2015 with SB 350 (de León, 2015) which mandated a 50% RPS by 2030. SB 350 includes interim annual RPS targets with three-year compliance periods and requires 65% of RPS procurement to be derived from long-term contracts of 10 or more years. In 2018, SB 100 (de León, 2018)<sup>3</sup> was signed into law, which again increases the RPS to 60% by 2030 and requires all the state's electricity to come from carbon-free resources by 2045.

KMPUD meets its RPS requirements by purchasing and retiring renewable energy credits (RECs) in compliance with RPS program rules. This Study analyzed the impact of minimum RPS compliance on electric rates compared to offsetting 100% of electric retail sales. The cost of minimum RPS compliance has been used in the financial models for the Study.

### **3.5. PROPERTY TAX ALLOCATION**

During the March 6, 2026 Board meeting, the Board determined that \$230,000 of property taxes was available to the electric fund to meet RUS loan covenants. This allocation will be applied in the following manner: \$180,000 to fixed costs and \$50,000 to variable costs.

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<sup>3</sup> <https://www.cpuc.ca.gov/rps/>  
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### 3.6. KWH SOLD OVER BUDGET MINIMUM

The usage rate per kWh is calculated to cover Cost of Goods Sold, Operations & Maintenance, Contract Services and Operating Expenses, when the budgeted minimum units sold target of 6,800,000 kWh is met. For every kWh over budget that is sold, approximately \$0.09 is generated above the budgeted revenue target (\$0.06/kWh for fixed costs and \$0.03/kWh for RUS margin are covered once budget is met). Any excess revenue made from kWh sales above budget could be applied to debt service.

### 3.7. PROPOSED ELECTRIC RATE SCHEDULES

Board consensus at the April 3, 2026 meeting was to proceed with the Model “B” - Amp-Only Model for residential base rate allocation, with existing commercial base rates becoming fixed at current levels, for presentation at a public hearing held on May 1, 2026.

The proposed rate schedule assumes a 3.0% CPI annually applied only to non-fixed Base Rate costs, excluding debt service and depreciation, and the non-fixed portions of the Usage Rate. Approximately 18% of the Base Rate costs are non-fixed and subject to CPI, while approximately 38% of the Usage Rate costs are non-fixed and subject to CPI.

	Current Rates	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	FY 2030/31
Monthly Meter Charge (per meter)	\$3.59	\$4.30	\$4.30	\$4.30	\$4.30	\$4.30
Monthly Base Rate (per 2021 EDU)*	\$121.62	\$126.43	\$127.16	\$127.88	\$128.60	\$129.32
Monthly Base Rate (per 2026 EDU)*	N/A	\$146.66	\$147.50	\$148.34	\$149.18	\$150.01
Usage Rate (per kWh)*	\$ 0.24	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.21

\*Rates include an estimated 3% CPI adjustment on non-fixed expenses. Actual CPI adjustment will be applied (USBLS, CPI Pacific Cities West - Size Class A, March Year Ending CPI).

### 3.8. NET METERING AVOIDED COST

The proposed rate schedule adopts an avoided cost for net metering customers whose generation exceeds demand of \$0.11/kWh, which reflects the cost of purchased power and RECs required for RPS compliance.

## **4. APPENDIX A**

Electric Municipal/PUD Borrower

RUS Project Designation:

California 47-C8 Alpine

RUS BOND PURCHASE CONTRACT

An Agreement Made By And Between KIRKWOOD  
MEADOWS PUBLIC UTILITY DISTRICT,

as Borrower

and

UNITED STATES OF AMERICA,

as Lender

Dated as of September 4, 2018

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL  
UTILITIES SERVICE

## RUS BOND PURCHASE CONTRACT

AGREEMENT, dated as of September 4, 2018, between KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT ("Borrower"), a municipal corporation organized and existing under the laws of the State of California (the "State"), and the UNITED STATES OF AMERICA, acting by and through the Administrator of the Rural Utilities Service ("RUS").

### RECITALS

The Borrower has applied to RUS for financial assistance for the purpose(s) set forth in Schedule I hereto. RUS is willing to extend financial assistance to the Borrower pursuant to the Rural Electrification Act of 1936, as amended, on the terms and conditions stated herein.

THEREFORE, for and in consideration of the premises and the mutual covenants hereinafter contained, and other good and valuable consideration, the parties hereto agree and bind themselves as follows:

### ARTICLE I

#### DEFINITIONS

The terms defined herein include the plural as well as the singular and the singular as well as the plural.

Act shall mean the Rural Electrification Act of 1936, as amended.

Additional Bonds shall mean any additional revenue bonds or notes issued by the Borrower pursuant to the Resolution, including any refunding, renewal or substitute revenue bonds or notes which may from time to time be issued by the Borrower pursuant to the Resolution.

Advance or Advances shall mean advances of Bond funds to the Borrower which have been made or approved by RUS pursuant to the terms and conditions of this Agreement.

Agreement shall mean this Bond Purchase Contract together with all schedules and exhibits and also any subsequent supplements or amendments.

Bond shall mean the Bond described in Article III which is being made or guaranteed pursuant to the RUS Commitment in furtherance of the objectives of the Act.

Bonds shall mean a revenue bond or bonds or a revenue note or notes executed by the Borrower in the form of Exhibit A hereto, and any revenue bond or note executed and delivered to RUS or to the Federal Financing Bank to refund, or in substitution for such revenue bond or note. If the RUS Commitment includes both a commitment by RUS to make a loan and also a commitment by RUS to guarantee a loan made by the Federal Financing Bank, then Exhibit A includes both forms.

Bond Documents shall mean, collectively, this Agreement, the Resolution and the Bond and shall also include any Reimbursement Bond.

Business Day shall mean any day that RUS is open for business.

**Contemporaneous Loan** shall mean any loan which the Borrower has used to satisfy RUS Regulations or loan conditions requiring that supplemental financing be obtained in order to obtain a loan from RUS. Any loan used to refinance or refund a Contemporaneous Loan is also considered to be a Contemporaneous Loan.

**Coverage Ratios** shall mean, collectively, the following financial ratios: (i) TIER of 1.05; (ii) Operating TIER of 1.00; (iii) DSC of 1.00; and (iv) Operating DSC of 1.00.

**Debt Service Coverage Ratio ("DSC")** shall mean the ratio determined as follows: for each calendar year add

- (i) Patronage Capital or Margins of the Electric Enterprise,
- (ii) Interest Expense on Total Long-Term Debt of the Electric Enterprise (as computed in accordance with the principles set forth in the definition of TIER), and
- (iii) Depreciation and Amortization expense of the Electric Enterprise, and divide the total so obtained by an amount equal to the sum of all payments of principal and interest required to be made on account of Total Long-Term Debt of the Electric Enterprise during such calendar year increasing said sum by an addition to Interest Expense on account of Restricted Rentals as computed with respect to the Times Interest Earned Ratio herein.

**Depreciation anti Amortization Expenses** shall mean an amount constituting the depreciation and amortization of the Electric Enterprise as computed pursuant to RUS Accounting Requirements.

**Distributions** shall mean for the Borrower to, in any calendar year, declare or pay any dividends, or pay or determine to pay any patronage refunds, or retire any patronage capital or make any other Cash Distributions, to its members, stockholders or consumers; provided, however, that for the purposes of this Agreement a "Cash Distribution" shall be deemed to include any general cancellation or abatement of charges for electric energy or services furnished by the Borrower, but not the repayment of a membership fee upon termination of a membership or the rebate of an abatement of wholesale power costs previously incurred pursuant to an order of a state regulatory authority or a wholesale power cost adjustment clause or similar power pricing agreement between the Borrower and a power supplier.

**Electric Enterprise** means the District's electrical enterprise, including all facilities, works, properties, assets and other intangible assets and structures of the District for the generation, transmission, distribution and conservation of electrical energy, including all contractual rights, lands, easements, rights-of-way and other tangible or intangible assets, property or structures necessary or convenient for such facilities, including any interest or participation of the District in any such facilities or right to the output or capacity thereof, together with all additions, betterments, extension and improvements to such facilities or any part thereof hereafter constructed.

**Equity** shall mean the Electric Enterprise's total margins and equities computed pursuant to RUS Accounting Requirements but excluding any Regulatory Created Assets.

**Event of Default** shall have the meaning as defined in Section 7.1.

**Independent** when used with respect to any specified person or entity means such a person or entity who (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in the Borrower or in any affiliate of the Borrower and (3) is not connected with the Borrower as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

**Interest Expense** shall mean the interest expense of the Electric Enterprise computed pursuant to RUS Accounting Requirements.

**Long-Term Debt** shall mean the total of all amounts included in the long-term debt of the Electric Enterprise pursuant to RUS Accounting Requirements.

**Margins** shall mean the amounts recorded as operating margins of the Electric Enterprise and non-operating margins as computed in accordance with RUS Accounting Requirements.

**Maturity Date** shall have the meaning as defined in the Bond.

**Monthly Payment Date** shall have the meaning as defined in the Bond.

**Net Utility Plant** shall mean the amount constituting the Total Utility Plant of the Electric Enterprise, less depreciation, computed in accordance with RUS Accounting Requirements.

**Operating DSC or ODSC** shall mean Operating Debt Service Coverage calculated as:

$$\text{ODSC} = \frac{A+B+C}{D}$$

where:

All amounts are for the same calendar year and are computed pursuant to RUS Accounting Requirements and RUS Form 7;

A= Depreciation and Amortization Expense of the Electric Enterprise;

B= Interest Expense on Total Long-Term Debt of the Electric Enterprise, except that such Interest Expense shall be increased by 1/3 of the amount, if any, by which the Restricted Rentals of the Electric Enterprise exceed 2 percent of the Borrower's Equity;

C= Patronage capital & operating margins of the Electric Enterprise (which equals operating revenue and patronage capital of Electric Enterprise operations, less total cost of electric service, including Interest Expense on Total Long-Term Debt of the Electric Enterprise) plus cash received from the retirement of patronage capital by suppliers of electric power and by lenders for credit extended for the Electric Enterprise; and

D= Debt service billed which equals the sum of all payments of principal and interest required to be made on account of Total Long-Term Debt of the Electric Enterprise during the calendar year, plus 1/3 of the amount, if any, by which Restricted Rentals of the Electric Enterprise exceed 2 percent of the Borrower's Equity.

**Operating TIER or OTIER** shall mean Operating Times Interest Earned Ratio calculated as:

$$\text{OTIER} = \frac{A+B}{A}$$

where:

All amounts are for the same calendar year and are computed pursuant to RUS Accounting Requirements and RUS Form 7;

A= Interest Expense on Total Long-Term Debt of the Electric Enterprise, except that such Interest Expense shall be increased by 1/3 of the amount, if any, by which Restricted Rentals of the Electric Enterprise exceed 2 percent of the Borrower's Equity; and

B= Patronage capital & operating margins of the Electric Enterprise (which equals operating revenue and patronage capital of Electric Enterprise operations, less total cost of electric service, including Interest

Expense on Total Long-Term Debt of the Electric Enterprise) plus cash received from the retirement of patronage capital by suppliers of electric power and by lenders for credit extended for the Electric Enterprise.

**Permitted Debt** shall have the meaning as defined in Section 6.13.

**Prior Loan Contracts** shall mean all loan and loan guarantee agreements, if any, previously entered into by and between RUS and the Borrower.

**Regulatory Created Assets** shall mean the sum of any amounts properly recordable as unrecovered plant and regulatory study costs or as other regulatory assets, computed pursuant to RUS Accounting Requirements.

**Reimbursement Note** shall mean any demand note of the Borrower which evidences the Borrower's obligation to immediately repay RUS any payments which RUS makes on behalf of the Borrower on the Note pursuant to a RUS guaranty if one has been provided under the terms of the RUS Commitment.

**Resolution** shall have the meaning as described in Schedule I hereto.

**Restricted Rentals** shall mean all rentals required to be paid under finance leases and charged to income, exclusive of any amounts paid under any such lease (whether or not designated therein as rental or additional rental) for maintenance or repairs, insurance, taxes, assessments, water rates or similar charges. For the purpose of this definition the term "finance lease" shall mean any lease having a rental term (including the term for which such lease may be renewed or extended at the option of the lessee) in excess of 3 years and covering property having an initial cost in excess of \$250,000 other than aircraft, ships, barges, automobiles, trucks, trailers, rolling stock and vehicles; office, garage and warehouse space; office equipment and computers.

**RUS Accounting Requirements** shall mean any system of accounts prescribed by RUS Regulations as such RUS Accounting Requirements exist at the date of applicability thereof.

**RUS Commitment** shall have the meaning as defined in Schedule I hereto.

**RUS Regulations** shall mean regulations of general applicability published by RUS from time to time as they exist at the date of applicability thereof, and shall also include any regulations of other federal entities which RUS is required by law to implement.

**Special Collstruction licco1111t** shall have the meaning as defined in Section 5.21.

**Subsidiary** shall mean a corporation that is a subsidiary of the Borrower and subject to the Borrower's control, as defined by RUS Accounting Requirements.

**Termination Date** shall mean the date specified in the Bond after which no further Advances shall be made under the terms of the RUS Commitment.

**Times Interest Earned Ratio ("TIER")** shall mean the ratio determined as follows: for each calendar year: add (i) patronage capital or margins of the Electric Enterprise and (ii) Interest Expense on Total Long-Term Debt of the Electric Enterprise and divide the total so obtained by Interest Expense on Total Long-Term Debt of the Electric Enterprise provided, however that in computing Interest Expense on Total Long-Term Debt, there shall be added, to the extent not otherwise included, an amount equal to 33-1/3% of the excess of Restricted Rentals paid by the Electric Enterprise over 2% of the Borrower's Equity.

**Total Assets** shall mean an amount constituting the total assets of the Electric Enterprise as computed pursuant to RUS Accounting Requirements, but excluding any Regulatory Created Assets.

**Total Long-Term Debt** shall mean the total outstanding long-term debt of the Electric Enterprise as computed pursuant to RUS Accounting Requirements.

**Total Utility Plant** shall mean the amount constituting the total utility plant of the Borrower's Electric Enterprise computed in accordance with RUS Accounting Requirements.

**Utility System** shall mean the Electric Enterprise and any other system that is part of the Electric Enterprise and all of the Borrower's interest in community infrastructure located substantially within its electric service territory, namely water and waste systems, solid waste disposal facilities, telecommunications and other electronic communications systems, and natural gas distribution systems, but only to the extent such system(s) are legally combined with the Electric Enterprise.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES

#### Section 2.1. Representations and Warranties.

To induce RUS to make the Loan, and recognizing that RUS is relying hereon, the Borrower represents and warrants as follows:

- (a) **Organization: Power. Etc.** The Borrower: (i) is duly organized, validly existing, and in good standing under the laws of its state of incorporation; (ii) is duly qualified to do business and is in good standing in each jurisdiction in which the transaction of its business makes such qualification necessary; (iii) has all requisite corporate and legal power to own and operate its assets and to carry on its business and to enter into and perform the Bond Documents; (iv) has duly and lawfully obtained and maintained all licenses, certificates, permits, authorizations, approvals, and the like which are material to the conduct of its business or which may be otherwise required by law; and (v) is eligible to obtain the financial assistance from RUS contemplated by this Agreement.
- (b) **Authority.** The execution, delivery and performance by the Borrower of this Agreement and the other Bond Documents and the performance of the transactions contemplated thereby have been duly authorized by all necessary corporate action and shall not violate any provision of law or the Articles of Incorporation or By-Laws of the Borrower or result in a breach of, or constitute a default under, any agreement, indenture or other instrument to which the Borrower is a party or by which it may be bound.
- (c) **Consents.** No consent, permission, authorization, order, or license of any governmental authority is necessary in connection with the execution, delivery, performance, or enforcement of the Bond Documents, except (i) such as have been obtained and are in full force and effect and (ii) such as have been disclosed on Schedule I hereto.
- (d) **Binding Agreement.** Each of the Bond Documents is, or when executed and delivered shall be, the legal, valid, and binding obligation of the Borrower, enforceable in accordance with its terms, subject only to limitations on enforceability imposed by applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws affecting creditors' rights generally.
- (e) **Compliance with Laws.** The Borrower is in compliance in all material respects with all federal, state, and local laws, rules, regulations, ordinances, codes, and orders (collectively, "Laws"), the failure to comply with which could have a material adverse effect on the condition, financial or otherwise, operations, properties, or business of the Borrower, or on