

2026 Electric Rate - Topic for Today

- Schedule overview
- New information since March Board meeting
- Summary of 2020-2026 rate change impacts
- Review of residential base rate allocation proposals
- Possible actions at today's meeting:
 - Revised usage rate
 - Public hearing on May 1
 - Choose residential allocation option
 - Information in customer letter
 - Confirm decisions from March meeting

Schedule

- *January Board Meeting*
 - *Background from 2021 rate study and objective for 2026 rate study*
- *February Board Meeting*
 - *Present draft expense and revenue models*
- *March Board Meeting*
 - *Present options for allocation of base rate costs*
- **April Board Meeting**
 - **Present updates and plans for public hearing**
 - **5-year budget data**
- *May Board Meeting*
 - *Public hearing, feedback, changes*
 - *Review Draft Electric Rate Study*
- *June Board Meeting*
 - *Incorporate changes & approve rate study document*
- *July 1 - New rates take effect*



New Information Since March Meeting

- Usage rate reduction
 - New contract at \$57.25/MWH
 - TAC recommends usage rate reduction from \$0.23 to \$0.21/KWH
- Inclusion of capital & debt service plans
- Evaluation for commercial meter EDU charge based on capacity for new installations only for consideration at May meeting

Additional Recommendations

- Further lowering of usage rate
 - Can only be done by shifting fixed costs to base rate
 - TAC recommends against as it would shift costs since most customers have >70% of costs in base rate
- Allocation of EDUs between commercial & residential
 - Net change of 50 out of 2,617 since 2021
 - Ratio was not a policy decision
 - TAC recommends review at next rate study

Summary 2021 Rate Change Impacts

- Cost per KWH flat 2020 to 2025
- Fixed costs 85% covered by base rate independent of sales
- Reduced dependence on property taxes
- Some customers significantly benefited from reduced usage rate
- Some residential customers were penalized with higher base rate
- Minimum of .5 EDU insured that more customers contributed towards fixed costs

Item	2019-2020	2024-2025
Total Expenses	\$4,774,198	\$5,450,433
KWH Sales	6,277,386	7,191,479
District total cost per KWH	\$0.76	\$0.76
Base rate revenue	\$11,147	\$3,745,967
Property Tax Allocated	\$325,000	\$140,000
Average Budgeted Sales Price/KWH	\$0.76	\$0.76
Above Budgeted Sales Price/KWH	\$0.76	\$0.24
KMPUD Margin above budgeted sales	\$0.61	\$0.10

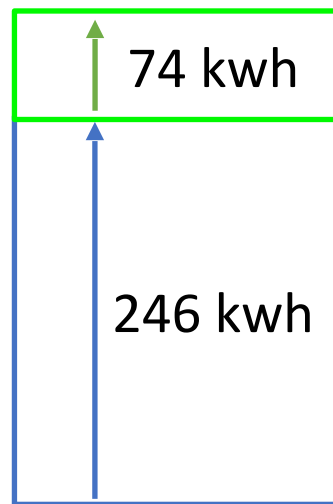
Comparison 2020 to 2026

Item	2019-2020 Actual	2024-2025 Actual	2026-2027 At Expected kWh Sales	2026-2027 Above Expected kWh Sales
Total Expenses	\$4,774,198	\$5,450,433	\$5,343,440	\$5,427,440
KWH Sales	6,277,386	7,191,479	6,800,000	7,200,000
District cost/KWH	\$0.76	\$0.76	\$0.79	\$0.75
Base rate revenue	\$11,147	\$3,745,967	\$3,971,160	\$3,971,160
Usage rate revenue	\$4,763,051	\$1,704,466	\$1,408,615	\$1,491,475
Property Tax Allocated	\$325,000	\$140,000	\$230,000	\$190,000

- 2021 rate study: lower cost/kwh for usage greater than average
- 2026 rate study: EDU represents only contribution to fixed costs - not usage

Customers Who Use More KWH Than Historic Average Have Costs Below District Average Cost of \$0.76

- 266 Residences with recent usage > average usage used to determine their EDU had total cost of \$0.66/KWH



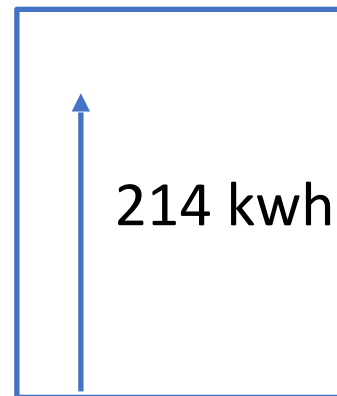
$$\begin{aligned} \text{Price} &= 74 * \$0.24 \\ &= \$17.80 \end{aligned}$$

$$\begin{aligned} \text{Price} &= 1.1 \text{ EDU} + 246 \text{ kwh} \\ &= \$134.56 + 246 * \$0.24 \\ &= \$193.50 \end{aligned}$$

$$\begin{aligned} \text{Total Price} &= \$193.50 + \$17.80 \\ &= \$0.66/\text{kwh} \end{aligned}$$

Customers Who Use Less KWH Than Historic Average Have Costs Above District Average Cost of \$0.76

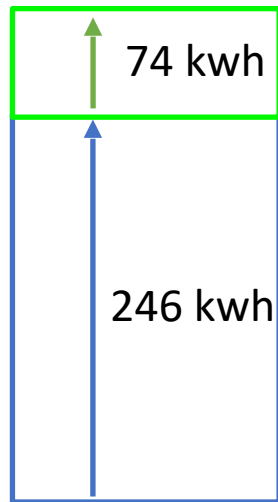
- 241 Residences with usage < average usage used to determine their EDU had average cost of \$0.92/KWH



$$\begin{aligned} \text{Price} &= 1.2 \text{ EDU} + 214 \text{ kwh} \\ &= \$145.94 + 214 * \$0.24 \\ &= \$197.40 \\ \text{Total Price} &= \$0.92/\text{kwh} \end{aligned}$$

How Do Average Costs Change With Proposed Rates?

266 Residences with usage > average



$$\begin{aligned} \text{Price} &= 74 * \$0.24 \\ &= \$17.80 \end{aligned}$$

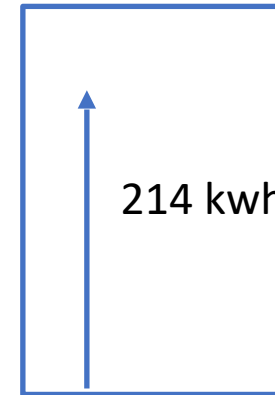
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$$\begin{aligned} \text{Total Price} &= \$193.50 + \$17.80 \\ &= \$0.66/\text{kwh} \end{aligned}$$

2026 1A Rates: \$0.71/KWH

2026 1B Rates: \$0.67/KWH

241 Residences with usage < average



$$\begin{aligned} \text{Price} &= 1.2 \text{ EDU} + 214 \text{ kwh} \\ &= \$145.94 + 214 * \$0.24 \\ &= \$197.40 \end{aligned}$$

$$\text{Total Price} = \$0.92/\text{kwh}$$

2026 1A Rates: \$0.89/KWH

2026 1B Rates: \$0.90/KWH

Other Customer Rate Change Impacts

- Commercial and Full-time Residents with Fixed Base Rate

	Total Cost/KWH (Current Rates)	Total Cost/KWH (Rates 1A)	Total Cost/KWH (Rates 1B)	Number of Locations
Commercial 3-year AMU with usage > average	\$0.67	\$0.66	\$0.66	45
Commercial 3-year AMU with usage < average	\$0.87	\$0.86	\$0.86	46
Full-time Residents 3-year AMU with usage > average	\$0.63	\$0.65	\$0.60	36
Full-time Residents 3-year AMU with usage < average	\$0.89	\$0.74	\$0.75	20

Impacts (continued)

- For large commercial: usage rate decrease exceeds base rate increase
- 176 residential moving from .5 EDU to 1.16 EDU under 1B *
- Example residential drop 6.8 EDU to 2.6 under 1A, 1.16 under 1B

Group	Current Base	Proposed Base	Change Base	Current Usage Charge	Proposed Usage Charge	Usage Change	Total Change
Commercial	\$1,362.14	\$1,416.02	\$53.88	\$1,973.28	\$1,726.62	-\$246.66	-\$192.78
Commercial	\$10,787.69	\$11,214.34	\$426.65	\$6,108.48	\$5,344.92	-\$763.56	-\$336.91
KMPUD	\$30,563.11	\$31,771.86	\$1,208.75	\$13,089.60	\$11,453.40	-\$1,636.20	-\$427.45
Residential	\$60.81	\$146.66	\$85.85	\$8.40	\$7.35	-\$1.05	\$84.80
Residential	\$827.02	\$146.66	-\$680.36	\$373.20	\$326.55	-\$46.65	-\$727.01

* Current total 84.5 EDU goes to 150.6 EDU under 1A, 111.54 EDU under 1B

Residential Base Rate Models

- Examine Two Models
 - Model “A” - based on residential characteristics
 - HD Condo 0.6, LD Condo 0.8, Single Family 1.0
 - Building Area > 500SF - .35 EDU per 1,000 SF
 - Panel Size > 200 amps - .5 EDU per 100 AMPS
 - Model “B” - standard across all residences plus amperage
 - 1.16 EDU/residential unit
 - Panel Size > 200 amps - .5 EDU per 100 AMPS

Commercial & KMPUD EDUs

- All Commercial Meters have multi-year, stable EDU and corresponding usage history.
 - Keep current base rate for commercial customers with fixed AMU.
 - New commercial meters based on “capacity” model
- New Rate Class – Interruptible Service
 - New Commercial EV Chargers
 - CalTrans Peddler Hill
 - EID – Silver Lake Dam

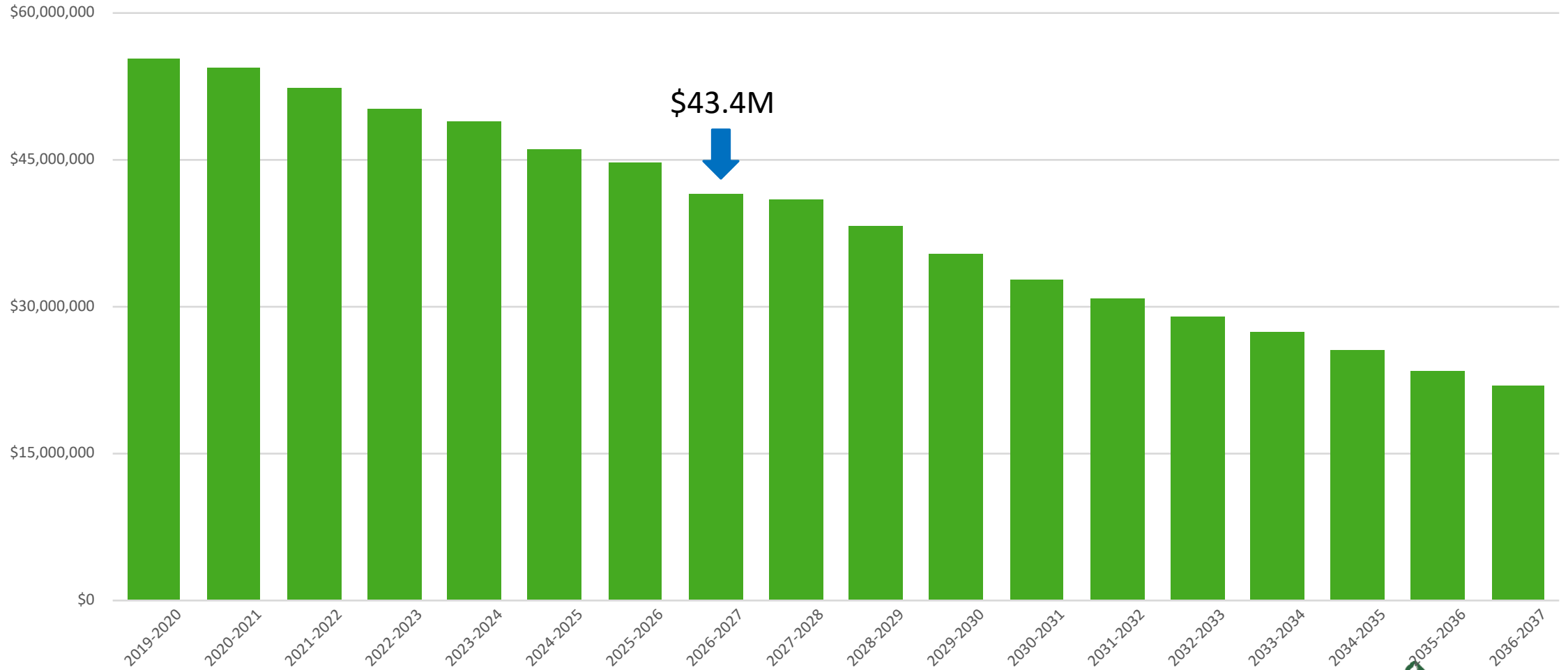
Commercial Customers	AMU Type	AMU End Date
91	Full Three Years	2020-03-31
1	Full Three Years	2022-03-31
1	Full Three Years	2023-03-31
1	Full Three Years	2024-03-31
4	Full Three Years	2025-03-31
1	Owner 1 Year Data	2025-03-31

5-Year Capital Plan

- Minimum impact on base rates

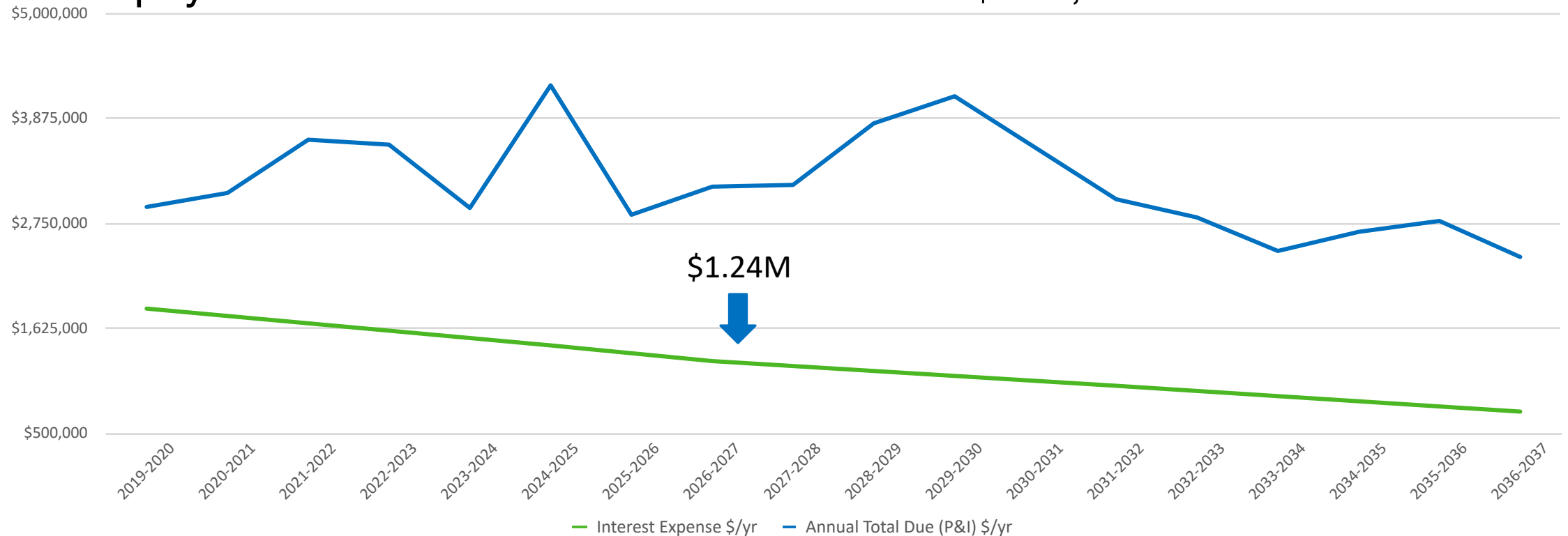
Component	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031
Capacity	\$20,000	\$0	\$0	\$0	\$40,000
Replacement	\$72,000	\$127,000	\$736,000	\$92,000	\$76,000
Year Total	\$92,000	\$127,000	\$736,000	\$92,000	\$116,000
Combined total	\$92,000	\$219,000	\$955,000	\$1,047,000	\$1,163,000
Depreciation (30 year) expense	\$3,067	\$7,300	\$31,833	\$34,900	\$38,767

Debt Service – Principal Outstanding



Debt Service – Principal & Interest

- Amortization & depreciation expense generates \$1.9M cash/year
- Can pay down BB 8 loan in December 2026 at \$605,141



Decisions for Board

- Revised usage rate to \$0.21
- Public hearing on May 1
- Choose between residential allocation options 1A or 1B
 - Staff recommends residential EDU change phase-in 25% per year
- Keep existing commercial/KMPUD Base Rates the same
- Information in customer letter
- Previously decided
 - Property tax allocation
 - REC at RPS requirement only
 - Expense allocation models

Question and Answer

