

## Jessica Gillies

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**To:** j  
**Subject:** FW: Proposed electric rate changes

Hi,

I first want to thank you all for your service to our community. As a past committee member of our HOA here in Santa Barbara I appreciate the endless hours you need to invest to address complex issues most of us have no reason to dive into, like setting electric rates!

That said, an issue as complex as the pricing structure of our electricity requires your constituents time to catch up to you on the learning curve. I for one agree with several of the points made by Mr. Bennet in his letter which was distributed last week. I do not understand the sense of urgency of this issue.

While I have historically been curious about the level of our rates, this is the first time I am trying to learn more. I agree with Mr. Bennet that the proposal does not seem to encourage conservation nor fairness in addressing a base level. I for one had four millennials who escaped the Bay Area to work from our house in Kirkwood. I know that my usage was up big for an unique event.

Second, in terms of financial risks, it would appear that the utility fared the pandemic relatively well, so what are we addressing in reality and what are our financial goals and objectives. As I understand it our second largest expense after interest is depreciation, which is a non cash item for most. I do not know PUD accounting principles, but it would seem that in a pinch the board has some wiggle room on cash expenses vs revenues. If a staff member could provide me with some insight on this issue it would be greatly appreciated. Perhaps there is some stock info used to introduce new board members to key accounting issues? Anything would be helpful.

But I digress, I do not have the technical knowledge that I assume Mr. Bennet possesses, but if there have been mis statements made by either he or staff, time needs to be taken to clarify which set of numbers are correct. Further time needs to be taken to address if this rate setting process/formula is the most equitable given the unique time period we have just weathered. Finally time needs to be taken to address the role of conservation/incentives in a new rate structure.

I listened to part of the last hearing and have a bit of a different opinion than your expert witness on the CA grid reliability. I think we have all experienced brown outs over the last several years and or power shut offs. With current drought conditions we have already experienced defensive power shut downs in our area for fire danger, but looming is the impact on hydro availability as water levels decline. There is also the scheduled shut down of Diablo Canyon nuclear generator and I believe a few fossil fuel facilities as well. If these plans progress, I do not believe we have adequate planned new capacity coming on line in state facilities, so as we currently do now, we will need to purchase power from our neighbors. As a casual observer I am not sure this is a reliable grid which we should be encouraging greater utilization.

Respectfully,

Mark Shevitz

Lot 137 Yarrow

Kirkwood Meadows PUD is an equal opportunity provider and employer.

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

#### 3.2. AVOIDED COSTS

##### 3.2.5.FINANCIAL IMPACTS TO CUSTOMERS - \$0.137/KWH

|                | Per Customer | Monthly Sum | Annual Sum   |
|----------------|--------------|-------------|--------------|
| New Base Rate  | \$ 127.00    | \$ 310,871  | \$ 3,730,447 |
| New Usage Rate | \$ 0.137     | \$ 75,959   | \$ 911,505   |
| Subtotal       |              |             | \$ 4,641,952 |

##### RESIDENTIAL (\*INCLUDES 2 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 131       | (<20%)             | 0         |
| (\$10) to \$0      | 326       | (20%) to 0%        | 457       |
| \$0 to \$10        | 79        | 0% to 20%          | 98        |
| \$10 to \$20       | 45        | 20% to 40%         | 30        |
| \$20 to \$40       | 43        | 40% to 60%         | 18        |
| \$40 to \$60       | 8         | 60% to 80%         | 8         |
| >\$60              | 3         | >80%               | 24        |

##### COMMERCIAL (\*INCLUDES 4 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 13        | (<20%)             | 0         |
| (\$10) to \$0      | 23        | (20%) to 0%        | 36        |
| \$0 to \$10        | 23        | 0% to 20%          | 84        |
| \$10 to \$20       | 14        | 20% to 40%         | 0         |
| \$20 to \$40       | 19        | 40% to 60%         | 1         |
| \$40 to \$60       | 13        | 60% to 80%         | 0         |
| >\$60              | 24        | >80%               | 8         |

**3.2.6.FINANCIAL IMPACTS TO CUSTOMERS - \$0.147/KWH**

|                | Per Customer | Monthly Sum | Annual Sum   |
|----------------|--------------|-------------|--------------|
| New Base Rate  | \$ 127.00    | \$ 310,871  | \$ 3,730,447 |
| New Usage Rate | \$ 0.147     | \$ 81,503   | \$ 978,037   |
| Subtotal       |              |             | \$ 4,708,485 |

**RESIDENTIAL (\*INCLUDES 2 INACTIVE METERS)**

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 77        | (<20%)             | 0         |
| (\$10) to \$0      | 308       | (20%) to 0%        | 385       |
| \$0 to \$10        | 125       | 0% to 20%          | 169       |
| \$10 to \$20       | 60        | 20% to 40%         | 29        |
| \$20 to \$40       | 54        | 40% to 60%         | 20        |
| \$40 to \$60       | 8         | 60% to 80%         | 8         |
| >\$60              | 3         | >80%               | 24        |

**COMMERCIAL (\*INCLUDES 4 INACTIVE METERS)**

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 8         | (<20%)             | 0         |
| (\$10) to \$0      | 21        | (20%) to 0%        | 29        |
| \$0 to \$10        | 20        | 0% to 20%          | 91        |
| \$10 to \$20       | 10        | 20% to 40%         | 0         |
| \$20 to \$40       | 20        | 40% to 60%         | 1         |
| \$40 to \$60       | 14        | 60% to 80%         | 0         |
| >\$60              | 36        | >80%               | 8         |

### 3.3. ALTERNATE SCENARIOS

During the May 8, 2021 Board meeting, the Board requested analysis of an electric rate model based on \$0.25/kWh, which would include 100% REC purchases and the 2.85% PBC within the \$0.25/kWh.

#### 3.3.1.FINANCIAL IMPACTS TO CUSTOMERS - \$0.25/KWH

|                | Per Customer | Monthly Sum | Annual Sum   |
|----------------|--------------|-------------|--------------|
| New Base Rate  | \$ 105.00    | \$ 257,019  | \$ 3,084,228 |
| New Usage Rate | \$ 0.250     | \$ 138,610  | \$ 1,663,323 |
| Subtotal       |              |             | \$ 4,747,551 |

#### RESIDENTIAL (\*INCLUDES 2 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 42        | (<20%)             | 0         |
| (\$10) to \$0      | 307       | (20%) to 0%        | 348       |
| \$0 to \$10        | 154       | 0% to 20%          | 211       |
| \$10 to \$20       | 78        | 20% to 40%         | 37        |
| \$20 to \$40       | 46        | 40% to 60%         | 12        |
| \$40 to \$60       | 2         | 60% to 80%         | 6         |
| >\$60              | 6         | >80%               | 21        |

#### COMMERCIAL (\*INCLUDES 4 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 3         | (<20%)             | 0         |
| (\$10) to \$0      | 23        | (20%) to 0%        | 26        |
| \$0 to \$10        | 17        | 0% to 20%          | 94        |
| \$10 to \$20       | 11        | 20% to 40%         | 1         |
| \$20 to \$40       | 24        | 40% to 60%         | 0         |
| \$40 to \$60       | 8         | 60% to 80%         | 2         |
| >\$60              | 43        | >80%               | 6         |

During the June 12, 2021 Board meeting, the Board requested analysis of an electric rate model which included additional revenue of \$270,000 to offset Property Tax use in the Electric Fund. Consensus was reached that the Board desired to include \$0.01/kWh to facilitate 100% REC purchases. Therefore, the \$270,000 target was based off of the \$0.147/kWh model.

### 3.3.2.FINANCIAL IMPACTS TO CUSTOMERS – REPLACING A PORTION OF PROPERTY TAX REVENUE WITH INCREASED USAGE RATE

|                | Per Customer | Monthly Sum | Annual Sum   |
|----------------|--------------|-------------|--------------|
| New Base Rate  | \$ 127.00    | \$ 310,871  | \$ 3,730,447 |
| New Usage Rate | \$ 0.190     | \$ 105,344  | \$ 1,264,125 |
| Subtotal       |              |             | \$ 4,994,573 |

#### RESIDENTIAL (\*INCLUDES 2 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 5         | (<20%)             | 0         |
| (\$10) to \$0      | 141       | (20%) to 0%        | 146       |
| \$0 to \$10        | 218       | 0% to 20%          | 402       |
| \$10 to \$20       | 121       | 20% to 40%         | 28        |
| \$20 to \$40       | 108       | 40% to 60%         | 24        |
| \$40 to \$60       | 32        | 60% to 80%         | 11        |
| >\$60              | 10        | >80%               | 24        |

#### COMMERCIAL (\*INCLUDES 4 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 0         | (<20%)             | 0         |
| (\$10) to \$0      | 15        | (20%) to 0%        | 15        |
| \$0 to \$10        | 12        | 0% to 20%          | 105       |
| \$10 to \$20       | 9         | 20% to 40%         | 0         |
| \$20 to \$40       | 19        | 40% to 60%         | 1         |
| \$40 to \$60       | 12        | 60% to 80%         | 0         |
| >\$60              | 62        | >80%               | 8         |

### 3.3.3.FINANCIAL IMPACTS TO CUSTOMERS – REPLACING A PORTION OF PROPERTY TAX REVENUE WITH INCREASED BASE RATE

|                | Per Customer | Monthly Sum | Annual Sum   |
|----------------|--------------|-------------|--------------|
| New Base Rate  | \$ 136.50    | \$ 334,125  | \$ 4,009,496 |
| New Usage Rate | \$ 0.147     | \$ 81,503   | \$ 978,037   |
| Subtotal       |              |             | \$ 4,987,534 |

#### RESIDENTIAL (\*INCLUDES 2 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 8         | (<20%)             | 0         |
| (\$10) to \$0      | 142       | (20%) to 0%        | 150       |
| \$0 to \$10        | 216       | 0% to 20%          | 394       |
| \$10 to \$20       | 118       | 20% to 40%         | 22        |
| \$20 to \$40       | 108       | 40% to 60%         | 31        |
| \$40 to \$60       | 34        | 60% to 80%         | 9         |
| >\$60              | 9         | >80%               | 29        |

#### COMMERCIAL (\*INCLUDES 4 INACTIVE METERS)

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 0         | (<20%)             | 0         |
| (\$10) to \$0      | 16        | (20%) to 0%        | 16        |
| \$0 to \$10        | 11        | 0% to 20%          | 104       |
| \$10 to \$20       | 9         | 20% to 40%         | 0         |
| \$20 to \$40       | 19        | 40% to 60%         | 1         |
| \$40 to \$60       | 12        | 60% to 80%         | 0         |
| >\$60              | 62        | >80%               | 8         |

**3.3.4.FINANCIAL IMPACTS TO CUSTOMERS – REPLACING A PORTION OF PROPERTY  
TAX REVENUE WITH INCREASED BASE RATE (50%) & USAGE RATE (50%)**

|                | Per Customer | Monthly Sum | Annual Sum   |
|----------------|--------------|-------------|--------------|
| New Base Rate  | \$ 132.00    | \$ 323,110  | \$ 3,877,315 |
| New Usage Rate | \$ 0.170     | \$ 94,255   | \$ 1,131,060 |
| Subtotal       |              |             | \$ 5,008,375 |

**RESIDENTIAL (\*INCLUDES 2 INACTIVE METERS)**

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 5         | (<20%)             | 0         |
| (\$10) to \$0      | 130       | (20%) to 0%        | 135       |
| \$0 to \$10        | 221       | 0% to 20%          | 411       |
| \$10 to \$20       | 125       | 20% to 40%         | 21        |
| \$20 to \$40       | 111       | 40% to 60%         | 33        |
| \$40 to \$60       | 33        | 60% to 80%         | 8         |
| >\$60              | 10        | >80%               | 27        |

**COMMERCIAL (\*INCLUDES 4 INACTIVE METERS)**

| Monthly Net Change | Customers | Monthly Net Change | Customers |
|--------------------|-----------|--------------------|-----------|
| (\$20) to (\$10)   | 0         | (<20%)             | 0         |
| (\$10) to \$0      | 15        | (20%) to 0%        | 15        |
| \$0 to \$10        | 11        | 0% to 20%          | 105       |
| \$10 to \$20       | 10        | 20% to 40%         | 0         |
| \$20 to \$40       | 19        | 40% to 60%         | 1         |
| \$40 to \$60       | 12        | 60% to 80%         | 0         |
| >\$60              | 62        | >80%               | 8         |