

Notice of Public Hearing

On Friday, December 8, 2023, at 2:30 pm (or as soon thereafter as the matter may be heard), the Board of Directors of the Kirkwood Meadows Public Utility District will hold a Public Hearing to receive input on the proposed changes to electric rates. The District's Board wants Community feedback and to answer any questions that may arise. To that end they have called for a:

PUBLIC HEARING

2:30 pm on Friday, December 8, 2023

In Person: 33540 Loop Road, Kirkwood CA 95646

Videoconference on Zoom: <https://us02web.zoom.us/j/87406468432>

Teleconference on Zoom: (669) 900-6833 and enter the Webinar ID# 874 0646 8432

If you would like to ask a question or make a comment during the Public Hearing, use the Raise Your Hand function on Zoom and your question or comment shall become part of the record. The video recording of the Public Hearing will be available for viewing after the Public Hearing on www.kmpud.com.

When speaking, please identify yourself and keep your comments to 3 minutes or less.

If you have questions regarding the proposed changes or if you would like to submit comments before the Public Hearing, please contact the District at the below address or by email to bmorris@kmpud.com.

Kirkwood Meadows Public Utility District

Re: Electric Rate Study

P.O. Box 247

Kirkwood, CA 95646

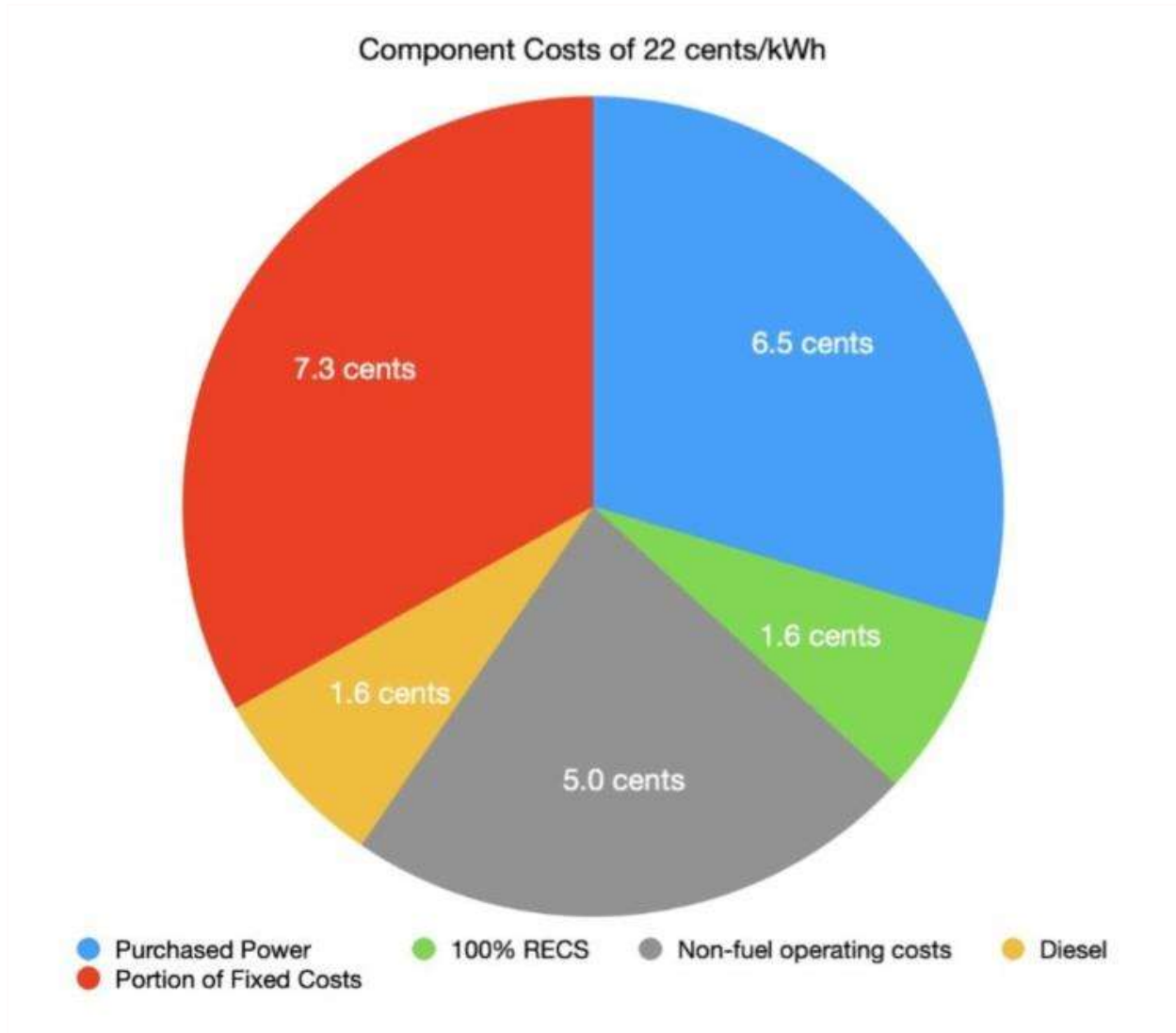
The Board will consider options to protect customers against unexpected and significant electricity wholesale price increases in the market such as occurred in Winter 2022-2023.

The District currently purchases power based on the day-ahead market ("DAM"), meaning the price will vary based on the daily demand and available generation. The District will consider "hedging" by committing to advance purchases of power at a known price.

Background

Beginning August 1, 2021, the District established a price of 22 cents per kilowatt-hour (kWh) for

electric usage. The price was based on historical data that KMPUD could purchase power at an average wholesale effective rate of 6.5 cents/kWh delivered to our customers. The wholesale market had, at the time, been stable for several years. The components of the 22 cents, as determined in the Electric Rate Study approved on July 10, 2021 are:



Last Winter, there were huge price fluctuations such that we paid 32 cents/kWh wholesale prices in December versus a budget of 6.5 cents. The net result was over \$500,000 in losses that the District covered through property taxes and a reprieve on our loan covenants by the USDA Rural Utility Services.

Proposed Changes

Rather than continuing to purchase all power from the DAM, KMPUD could choose to hedge, or pre-purchase a portion of the power at a known price. This strategy was used during our first three years

of operation (2015-2017), and the net effect was paying an average of 1.4 cents/kWh higher than the DAM price.

At the November 10th KMPUD Board meeting, Staff presented a comparison, based on pricing from Shell Energy North America, showing what might have happened in the last year if there had been a hedge in place. It showed that the average rate would have been close to 8 cents/kWh as opposed to what we actually paid which averaged closer to 18 cents/kWh. Note that pricing proposals are only good for 5 days and a new one will be obtained prior to the December 8, 2023 meeting.

If there were significant price fluctuations in the future, KMPUD would have to pass the cost on to our customers because a significant portion of property taxes are needed to cover commitments made in the 2020 Water/Wastewater Rate Study (which includes the repair/rehabilitation wastewater treatment plant project), as well as funds needed for parks, fire, and non-utility government funds.

KMPUD has requested a proposal for hedge pricing from our electric schedule coordinator, Shell. The Board will consider the tradeoffs of adding the cost of hedging into the electricity rates to protect against large price increases in DAM pricing.

Further, the 2021 rate study, utilizing historic pricing, concluded that purchasing 100% renewable energy credits ("RECs") could be accomplished at 1 cent/kWh, while the reality has been closer to 1.5 cents/kWh. The Board will also consider this change to the rates to reduce or eliminate continued losses for RECs..