

DRAFT

2016 Rate Workshop

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Planning, Pricing and Risk Manager



October 13, 2015

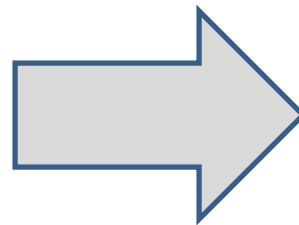
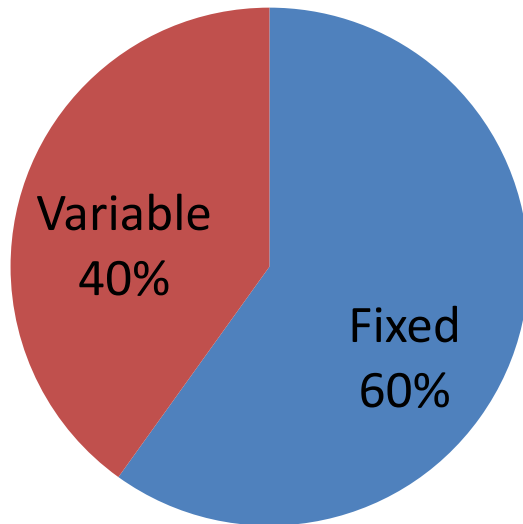
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Finance/Rates

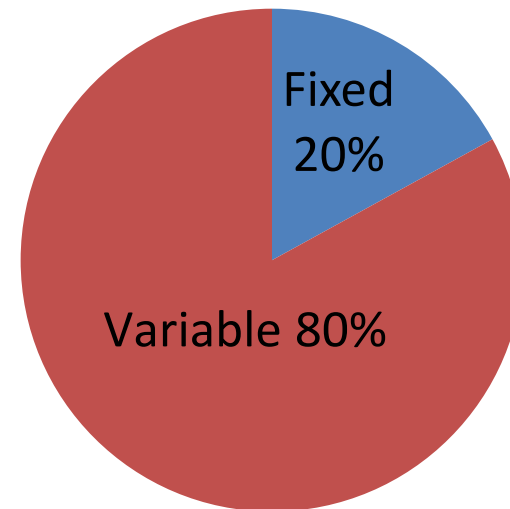
- Revenue requirement stable
- Last rate increase January 2012
- Last residential fixed charge increase 2002

District Expenses/Revenues

Cost Structure



Current Rates



Rate Component Definitions

- Customer Charge – Monthly flat charge covering Metering, Billing, Customer Service, Administrative & General expenses
- Demand Charge – Based on the maximum demand (kW) for each month covering fixed costs associated with generation and transmission
- Energy Charge – Based on the amount of energy used each month covering variable costs associated with providing energy

District Cost Types

- Variable costs examples
 - Fuel
 - Purchased power (mixed variable & fixed)
- Fixed costs examples
 - Transmission & Distribution
 - Debt service
 - Customer account expenses
 - Power plant fixed costs
- Fixed costs pressures
 - Regulatory requirements
 - Reliability
 - Renewables

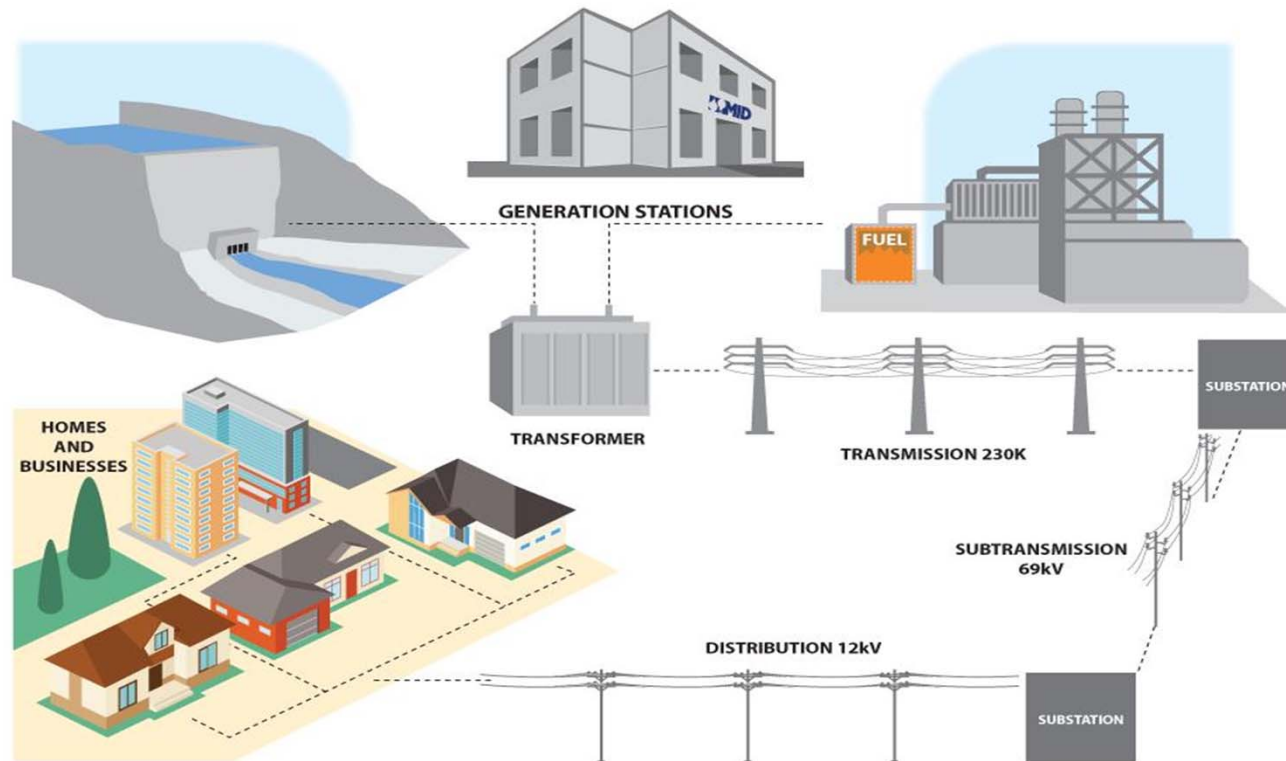
Fixed Costs Example



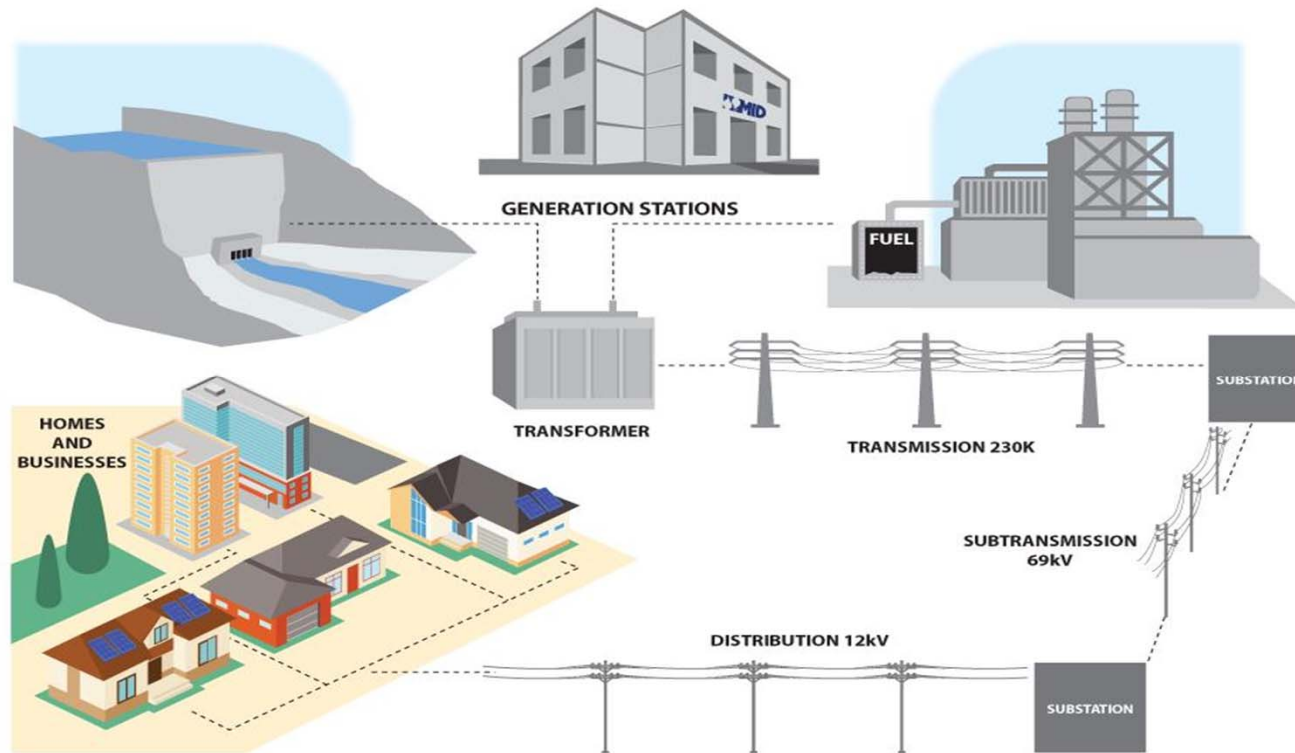
Fixed Costs Examples



Overview of MID Electrical System

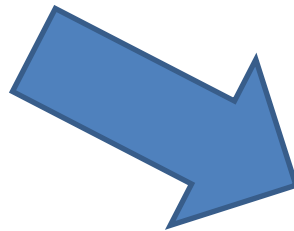
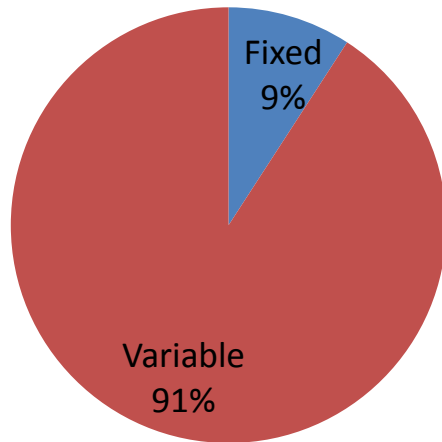


Overview of MID Electrical System

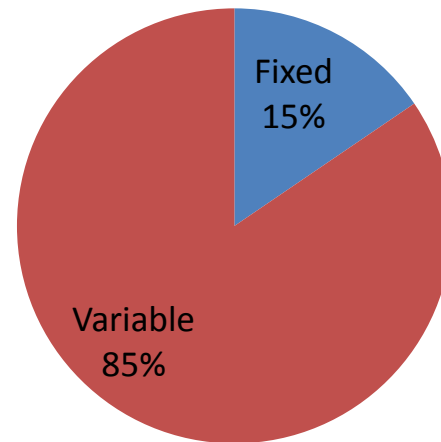


Residential Class

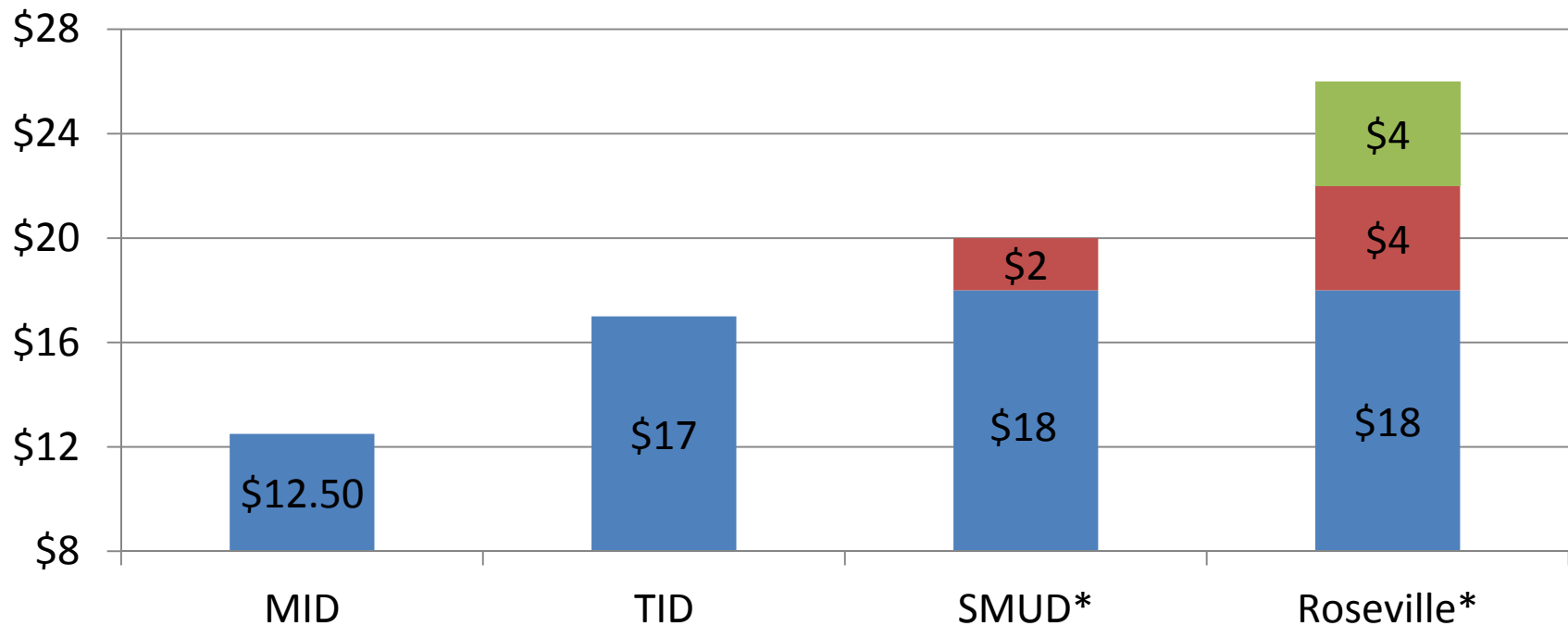
Existing Rates



Proposed Rates



Residential Monthly Fixed Charge Comparison



- SMUD has adopted target of \$20 by 2017
- Roseville has proposed \$26 by 2017



Revising Rate Structures

- Revenue neutral approach
 - Change in rate structure results in no change in revenue for the class

Residential Rate Structure Revision Revenue Neutral Approach

Current

	Summer	Winter	Revenue from Class
Fixed	\$12.50	\$12.50	\$153M
≤ 500 kWh	\$.1649	\$.1367	
> 500 kWh	\$.1808	\$.1498	

Proposed

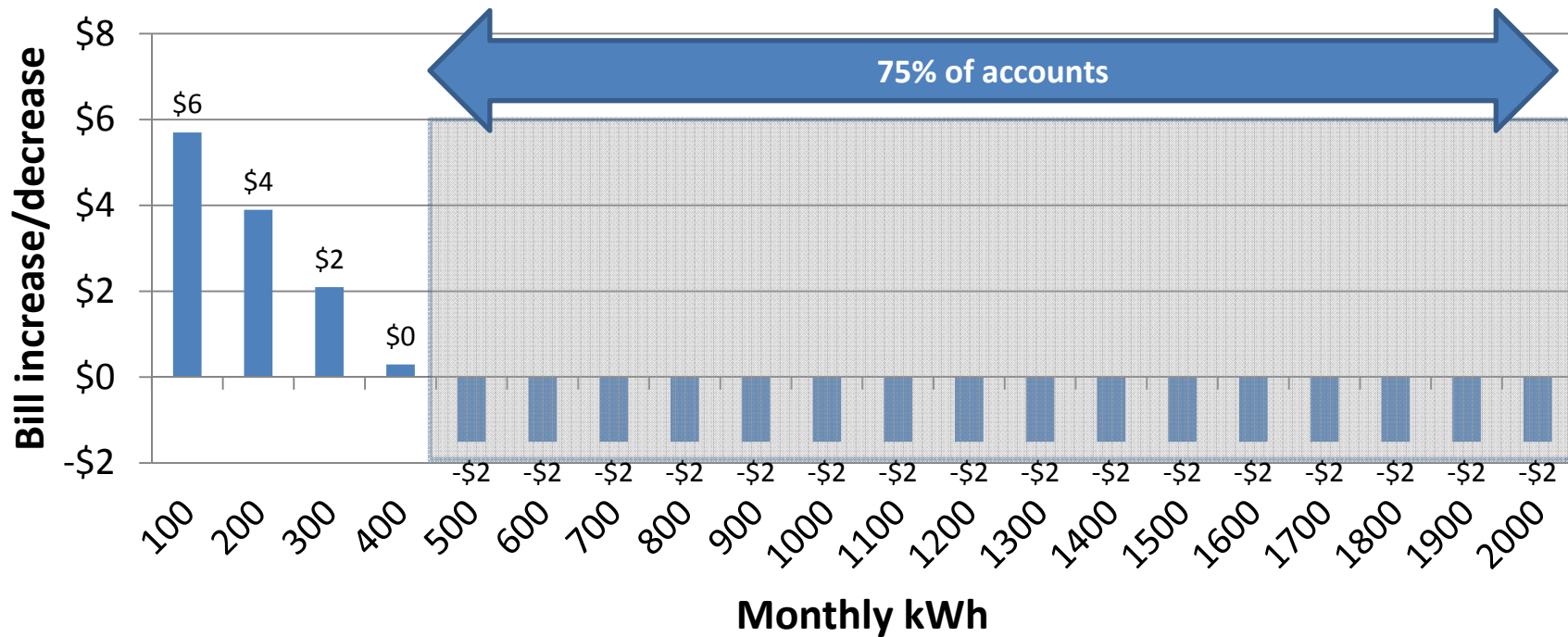
	Summer	Winter	Revenue from Class
Fixed	\$20.00	\$20.00	\$153M
≤ 500 kWh	\$.1449	\$.1201	
> 500 kWh	\$.1808	\$.1498	

\$M = Millions

* Rate adjustments included in class revenue

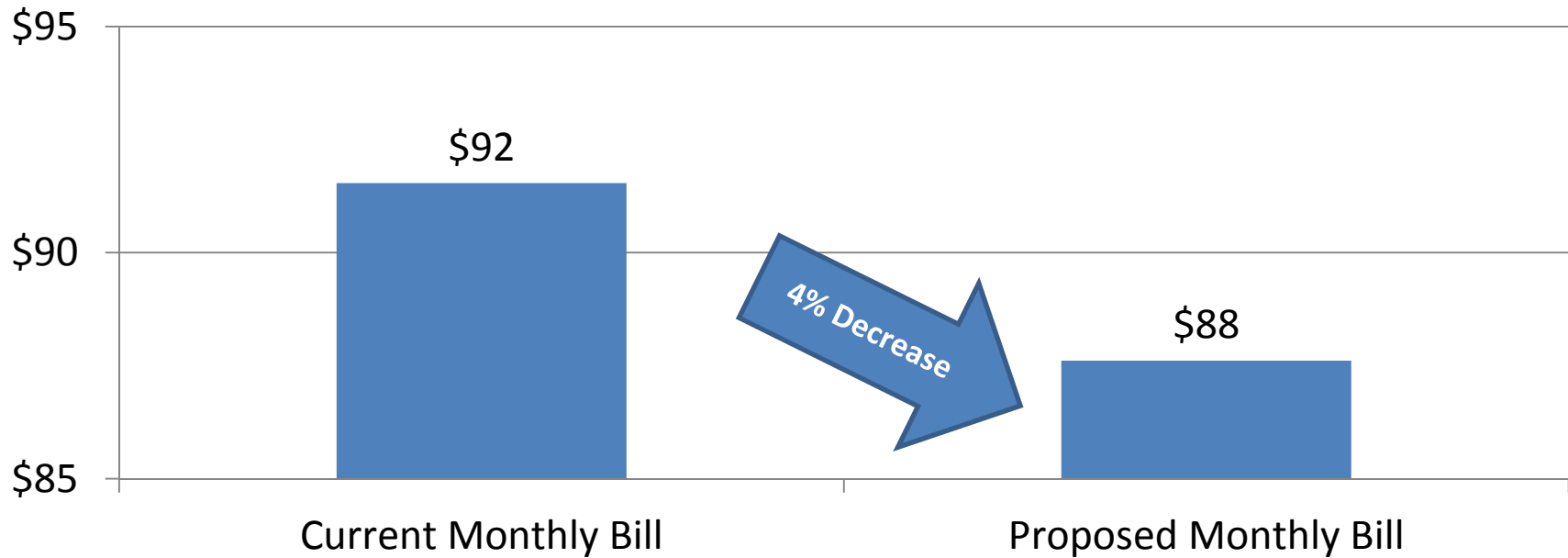


Residential Monthly Bill Impact



Low Income Customer Impact

Average CARES Customer (675 kWh)



Summary

- More equitable cost recovery
- Proposed next steps
 - Notice public hearing for November 2015