



Municipal Service Review

Sacramento Municipal Utility District

Sacramento LAFCo

March 1, 2006



SMUD Municipal Service Review

The complete SMUD MSR is available on the
LAFCo Web Site:

www.saclafco.org



Municipal Services Review

- Purpose of Municipal Service Review
- SMUD Highlights
- Overview of Service Provided



Purpose of Municipal Services Review

- Provide the Commission with information as required by Cortese Knox Hertzberg Government Code Section 56430
- The Commission shall conduct the review prior to or in conjunction with a Sphere of Influence Amendment
- The Commission shall make Written Determinations as to Nine Program Areas

Program Components

- Infrastructure needs or deficiencies
- Growth and Population projections
- Financing and Constraints and Opportunities
- Cost Avoidance Opportunities
- Opportunities for Rate Restructuring
- Opportunities for Shared Facilities
- Government Structure Options
- Evaluation of Management Efficiencies
- Local Accountability and Governance



Overview of SMUD

- SMUD was formed on July 23, 1923 - Sacramento County Voters approved the formation of SMUD
- Pacific Gas and Electric continued to provide electric service until 1946
- Today, SMUD provides electric service and street lighting to a significant portion of Sacramento County

Overview of SMUD

- SMUD is formed under the Municipal Utility District (MUD) Act
- 7 directors are elected by registered voters residing in the district
- SMUD is not regulated by the California Public Utilities Commission however, it meets or exceeds CPUC General Orders 95, 128 and 165 that regulate Investor Owned Utilities (construction and operation standards)

SMUD Overview

- SMUD has provided electric service for 60 years (1946 to 2006)
- SMUD has approximately 2400 employees
- Serves approximately 900 square miles
- Total population approximately 1.3 million
- Total Customers approximately 575,000
- Peak demand of 2,959 megawatts (2004)
- 6th Largest Customer (Public) Utility in nation



SMUD

Program Description

- **Generation**
 - Hydroelectric (688 MW)
 - Wind/Co-Generation Projects (500 MW)
 - Gas Turbine (500 MW) start up testing underway
 - Purchased Power (WAPA & Others) (61%-1000 MW)
- **Transmission System (500 +/-miles)**
- **Distribution System (9,885 +/- miles)**
- **Energy Conservation Programs**
- **Street Lighting Programs**



SMUD 2005 Financial Information

- \$3.9 billion – Total Assets and Liabilities
- Operating Revenue \$1.1 billion
- Earnings/Profits are reinvested into the electrical system and rate stabilization fund
- Average Growth (10 Years)
 - All customers 12,700 units
 - MW usage 3% per year



SMUD Mission & Vision

As a community owned utility,
SMUD's vision is to be a leader in
customer satisfaction and a positive
force in promoting community
benefits



SMUD Strategic Directives

- **Maintain Competitive Rates**
- **Maintain Access to Credit Markets**
- **Provide Reliable Service**
- **Maintain High Level of Customer Relations**
- **Provide a Safe Working Environment for both employees and customers**
- **Environmental Protection through resource conservation and stewardship, pollution prevention, waste minimization and recycling**

SMUD Strategic Directives

- **Maintain Employee Relations**
 - Provide diverse and respectful employment opportunities
- **Resource Planning that provides improvements in local air quality, the conservation of fossil fuels**
 - Develop conservation programs
 - Develop renewable energy programs (Wind, Solar, Fuel Cell, Bio-Mass)
 - Develop energy efficiency that is verifiable and cost effective
- **Invest in research and development that support core values based on analysis of the project's risk versus potential benefits to SMUD Customers**

SMUD Rates

- Roseville Electric \$66.50
- **SMUD \$73.01**
- L.A. Power and Water \$78.11
- P.G.&E. \$99.53
- Southern Calif. Edison \$100.63
- San Diego Gas & Elec. \$108.12

(Comparison based on residential usage of 750-kilowatt hours based on rates as of March 30, 2005)

SMUD Service Reliability

	<u>Duration (min)</u>	<u>Frequency (per year)</u>
• Roseville Electric	13	.25
• SMUD	71	1.367
• P.G. & E.	193	1.308
• So Calif. Edison	57	1.148
• San Diego Gas & Elect.	76	.72

(2003)

SMUD Control Area

- SMUD operates and maintains control over its generation and transmission facilities
 - Risk of black outs and brown outs is directly related to SMUD's ability to operate its system, i.e. it operates independently of CAISO
 - Reduces cost associated with CAISO charges
 - SMUD does not have to participate in mandatory black/brown outs

SMUD Annexation History

- SMUD as previously detached/annexed the following areas:
 - Detachment from Roseville
 - Annexation of Alex Brown Electric Company (3.75 square miles)
 - Rancho Seco Annexation (104 square miles)
 - Folsom approximately (14 square miles)
 - Kelsey Annexation - approximately (96 square miles)
 - Total 218 +/- square miles