January 10, 2024

To: Valley Clean Energy Board of Directors

Tom Stallard, Lucas Frerichs, Jesse Loren, Will Arnold, Tania Garcia-Cadena, Albert Vallecillo, Bapu Vaitla

Re: Comment on item 12, 1-11-24 meeting

From: C. K. Shewmaker

Subject: Please consider lowering both Standard Green and CARE/FERA rates by 1%

Include CARE/FERA in new rates credits if action is taken now

While I prefer waiting until Q2 2024 for VCEA to evaluate all the available financial data and then consider the whole rates/credit/dividends/programs package as an aggregate, if you decide to give a rates credit now, my suggestion is that you give a 1% decrease to both Standard Green and CARE/FERA. This would give Standard Green a 1% decrease and move the CARE/FERA decrease from 2.5% to 3.5%. Giving both groups of customers a 1% credit now as things are financially trending in a positive way for VCEA, seems the best message

If you were to do this, my estimates on the financial impact (using data in the staff report) is

1. An increase in the cost of the CARE/FERA credit by 260K. If the 2.5% credit costs 650K for the CARE/FERA customers, one can calculate that each additional 1% decrease should cost 260K. This would bring the whole cost of the CARE/FERA discount to 910K.
2. An increase in the total cost of the credits from 1.65 million to 1.91 million.
3. A change in the 2024 Budget reduction in customer revenues from $1,000,000 (~5 operating days cash) to ~1,260.000 (~ 6-7 operating days cash)

This suggestion above, keeps the difference between the Standard Green credit and the CARE/FERA credits at at least 2.5%.

The overall suggestion also fits with VCEA's Environmental Justice Statement

Argument for waiting until Q2 to consider all together in the aggregate

At the December 14, 2024 meeting the board had a good discussion on next steps after looking at projected financials. (item 17 - 12/14 /23). Things are trending in a positive direction – which is good. The board made what I felt was the right call in December to put off the decision on credits, rates, dividends and programs until Q2 2024 when final data on 2023 as well as other information will be available. I realize that since the December meeting further information is available. However I do feel the best approach would be to wait until Q2 2024 and have a good discussion on rates, credits, dividends and programs in the aggregate and how they all fit together for all customers – Standard Green and CARE/FERA and others - while also keeping in mind the environmental justice statement and our overall climate goals. Having been on the CAC in some unsteady times and in fact chair during a quite unsteady time, I approach this with caution. Also, by putting off the decision until Q2 2024, the

CAC should have had a chance to weigh in. While they do not always have input on all decisions such as this, I know in the past they have had input on the Base Green rate decision as well as dividends.

Thank you for considering my suggestions,

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