Exhibit to Agenda Item #1

Brief the Board on SMUD's new service connections timelines, supply chain, and electrical readiness
criteria.

Board Policy Committee and Special SMUD Board of Directors Meeting

Wednesday, January 15, 2025 scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Agenda

- Construction process (pre-supply chain constraints)
- Serving our development community - current status
- Supply chain constraints & new process
- Managing work with the new process
- How we got to 90-day construction
- Strategies utilized to manage construction demand
- Contract, procurement strategy & path forward
- Q & A

Construction Process (Pre-Supply Chain Constraints)

- Application submitted
- Line Design issues commitment package to customer
- Customer starts installation of infrastructure
- Line Design develops the design job package
  - Permits
  - Right of way agreement/ easements
  - Joint pole coordination
  - Final construction package
- Once all holds are released and final bill is paid, job is released to construction
- Construction builds project typically within 35-45 days depending on the size of the project

Serving our Development Community - Current Status

- Service level agreements (SLA) is 60-days for new business work
  - Residential
  - Commercial
- Current timing for line construction is at 40-days
- Currently operating well within SLA for all new construction projects

Supply Chain Constraints & New Process

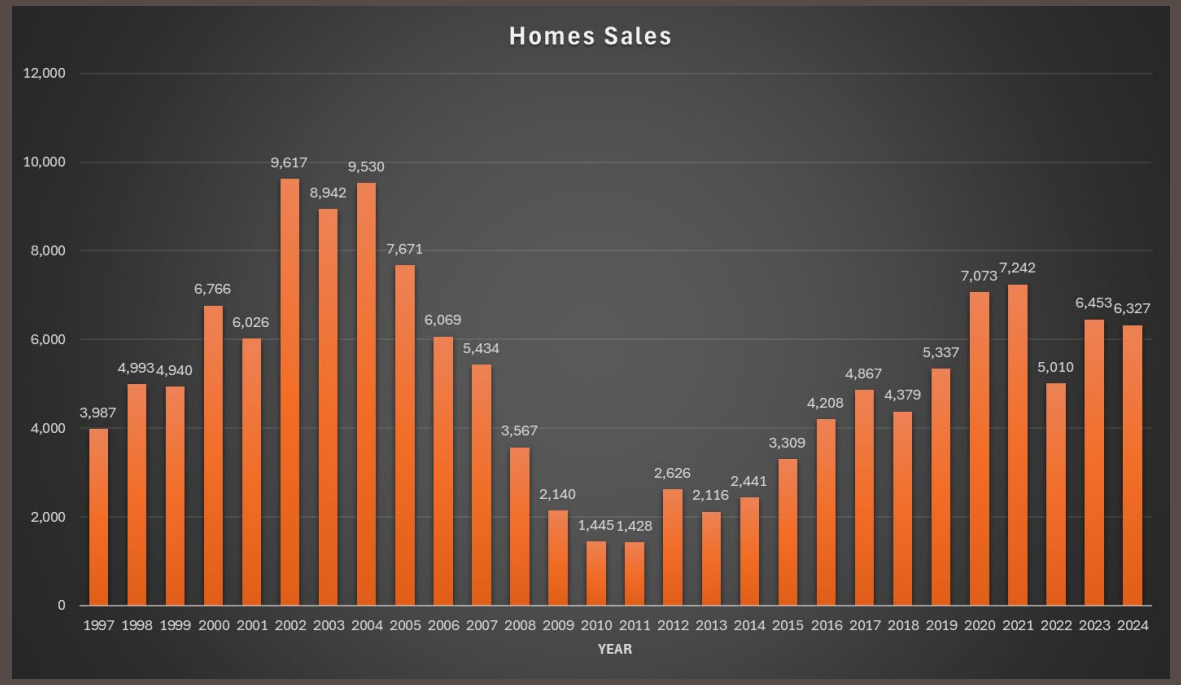
- Lead times greatly increased for transformers
- Safety stock levels increased to ensure equipment available for unplanned outages
- Electrical readiness criteria implemented & construction process updated
    - Commercial development projects:
        - The electrical panel and conductor are onsite
        - For projects with buildings, the foundation and framing are complete
        - For electric vehicle chargers, water pumps, cell sites and similar projects, all equipment using the load (E.G., the charger, pump or tower) is onsite
    - Subdivisions:
        - Subdivision improvements are completed (roads are installed, paved)
        - Framing inspection is complete
        - Once SMUD confirms readiness, two transformers will be issued to each of the subdivision's developers based on the date when the subdivision became ready

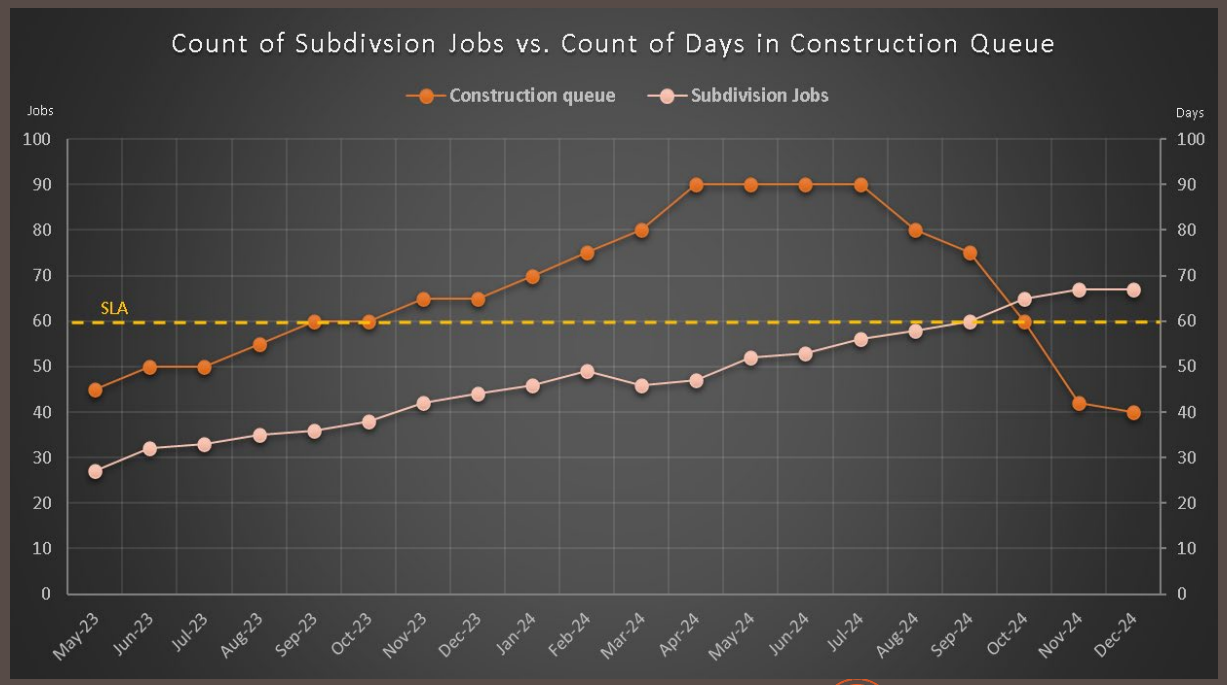
Managing Work With A New Process

- Cross functional team assembled
  - Collaboration with Warehouse, Commercial Development, Engineering & Line Construction
  - Continuous communication collaboration with developers on electrical readiness
  - Temporary construction techniques utilized
  - Under utilized transformers identified for potential use
  - Recycle, refurbish, reuse transformers

How We Got To 90 Days Construction

- Commercial projects/construction remained steady
- Residential projects
  - Developers selling more homes
  - A higher number of subdivision jobs progressing into the construction phase
  - Construction crew availability now became the bottleneck





Strategies Utilized To Manage Construction Demand

- Line implemented contractors pulling wire in subdivisions regardless of readiness status
  - Completing time consuming work ahead of electrical readiness confirmed date
- Internal crews now have the ability to install & energize transformers quickly once development was confirmed electrically ready.
  - Half day job VS 3-day job (on average)
- Will continue strategy to keep current SLA timing
- New General Line Contract
  - Unitized high quantity line items to efficiently and cost effectively assign & complete work

Contract, Procurement Strategy, & Path Forward

Our goal: Ensure transformer availability with recurring monthly surplus to revert back to unrestricted issuance of transformers (pre-supply chain constraints)

Where we have been (prior to 2020)	Where we are now (2024-2025)	Where we are going (+2025)
• Single source of supply • 16 to 20 week lead-times	• Four sources of supply with open orders • One supplier active inventory, limited to 150 units per month • +52 week lead-times	• Additional sources of supply, globally • Ability to far exceed customer demand • 30 to 50 week lead-times

Questions & Answers