

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting

Date: Tuesday, August 15, 2023

Time: Scheduled to begin at 6:00 p.m.

Location: SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, CA

Powering forward. Together.



AGENDA

BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

Tuesday, August 15, 2023
SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, California
Scheduled to begin at 6:00 p.m.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Committee's recommendation on the agenda items.

Virtual Viewing or Attendance:

Live video streams (view-only) and indexed archives of meetings are available at:
http://smud.granicus.com/ViewPublisher.php?view_id=16

Zoom Webinar Link: [Join Finance & Audit Committee Meeting Here](#)

Webinar/Meeting ID: 160 213 3014

Passcode: 408773

Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Verbal Public Comment:

Members of the public may provide verbal public comment by:

- Registering in advance of a meeting by sending an email to PublicComment@smud.org, making sure to include the commenter's name, date of the meeting, and topic or agenda item for comment. Microphones will be enabled for virtual or telephonic attendees at the time public comment is called and when the commenter's name is announced.
- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing *9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

Written Public Comment:

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to PublicComment@smud.org or by mailing or bringing physical copies to the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

DISCUSSION ITEMS

1. Suzanne Dizon Accept the monitoring report for **Strategic Direction SD-13, Economic Development Policy**.
Presentation: 15 minutes
Discussion: 10 minutes

2. Maria Veloso Koenig Accept the monitoring report for **Strategic Direction SD-14, System Enhancement**.
Presentation: 7 minutes
Discussion: 5 minutes

3. Lisa Limcaco Discuss designation of SMUD's Chief Financial Officer, Director of Accounting & Controller, Manager(s) of Accounting & Assistant Controller(s), and Principal Financial Accountant as "Authorized Agents" for **Sacramento Municipal Utility District Financing Authority** to engage with **Federal Emergency Management Agency (FEMA)** and the **California Governor's Office of Emergency Services (Cal OES)** for the purpose of obtaining federal financial assistance grants for the next three years.
Presentation: 2 minutes

INFORMATIONAL ITEMS

4. Lisa Limcaco Provide the Board with SMUD's financial results from the six-month period ended June 30, 2023, and a summary of SMUD's current Power Supply Costs.
Presentation: 5 minutes
Discussion: 2 minutes

5. Casey Fallon Quarterly Procurement Report for Second Quarter 2023.
Presentation: 5 minutes
Discussion: 4 minutes

6. Public Comment.

7. Rob Kerth Summary of Committee Direction.
Discussion: 1 minute

Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.

Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the smud.org website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.

SSS No.
SC 2023-002

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 08/15/23
Board Meeting Date August 17, 2023

TO		TO	
1.	Claire Rogers	6.	
2.	Jennifer Davidson	7.	
3.	Lora Anguay	8.	
4.	Scott Martin	9.	Legal
5.	Jose Bodipo-Memba	10.	CEO & General Manager

Consent Calendar	<input type="checkbox"/>	Yes	<input type="checkbox"/>	No <i>If no, schedule a dry run presentation.</i>	Budgeted	<input type="checkbox"/>	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR)	DEPARTMENT				MAIL STOP	EXT.	DATE SENT	
Mikaila T. Wedding	Sustainable Communities				B206	4894	7/20/2023	

NARRATIVE:

Requested Action: Accept the monitoring report for **Strategic Direction SD-13, Economic Development Policy.**

Summary: The annual Economic Development Report summarizes accomplishments and status of SD-13 performance by SMUD for the period of January 1 – December 31, 2022.

Board Policy: *(Number & Title)* Strategic Direction SD-13, Economic Development Policy states: “Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.”

Benefits: Provides information on SMUD’s overall compliance with Economic Development to the Board of Directors and Executive Team so they can evaluate compliance with specific Board Policy.

Cost/Budgeted: N/A

Alternatives: Provide the Board with written reports and communication through the CEO & General Manager.

Affected Parties: Board of Directors, Executive Team & staff.

Coordination: Economic Development develops the report with information from SEED, Sustainable Communities, New Business Development, Commercial Development, Pricing and Commercial Delivery.

Presenter: Suzanne Dizon, Manager, Economic Development and Partnerships

Additional Links:

SUBJECT	Annual Monitoring Report for SD-13, Economic Development Policy	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: July 28, 2023

FROM: Claire Rogers *CR 7/28/23*

**SUBJECT: Audit Report No. 28007605
Board Monitoring Report; SD-13: Economic Development
Policy**

Audit and Quality Services (AQS) received the SD-13 *Economic Development Policy* 2022 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to AQS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2022

Strategic Direction

SD-13, Economic Development



1. Purpose & Background

Strategic Direction 13 (SD-13) Economic Development states that:

Promoting the economic vitality of our region and the growth of our customer base is a key value of SMUD. Therefore, SMUD shall exercise strategic leadership and actively participate in regional economic development.

Specifically:

- a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.
- b) SMUD shall align its economic development activities with regional economic development initiatives.
- c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.
- d) SMUD shall offer economic development rates and program incentives.
- e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

2. Executive summary

SMUD is in compliance with SD-13, Economic Development.

SMUD continues to be a nationally recognized leader for our long-standing commitment to the economic health of the greater Sacramento region. In 2022, built on the successes in helping businesses recover from the COVID-19 pandemic, and through multiple business community listening sessions, we identified the top main issues faced by our local businesses (which account for 50% of SMUD's revenue) and applied Community Impact Plan (CIP) resources to begin to mitigate these challenges. Through CIP, we also expanded and deepened our partnership base to enhance our ability to raise awareness and adoption of the 2030 Zero Carbon Plan for all SMUD's service area. We collaborated through key partnerships to support a shared vision of economic recovery while delivering greater collective impact and advance an inclusive and equitable economy. Additionally, we aligned our economic development efforts with SMUD's vision to be a trusted and impactful partner in achieving an inclusive, zero carbon economy. We leveraged our relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all.

Our strategy to enhance the economic vitality of the Sacramento region is comprehensive. Key tactics to engage, inform and support the regional business community include:

- Advancing SMUD's 2030 Zero Carbon Goal in inclusive, regional economic development efforts
- Leveraging Community Impact Plan funding to establish key business partnerships in mostly under-resourced business corridors
- Broadening support of the region's emerging innovation ecosystem, including the California Mobility Center

- Supporting business formation, attraction, retention, and expansion efforts
- Providing a spectrum of business development resources for entrepreneurs
- Enhancing accessibility to the Supplier Education and Economic Development (SEED) contracting program for local small businesses
- Continuing to offer and enhance economic development rates
- Providing energy efficiency programs and electrification incentives and rebates
- Expanding local agency and nonprofit partnerships to support community development
- Deploying significant resources to support a Sustainable Communities plan that can be replicated and measured for effectiveness and impact
- Ensuring our commercial and industrial service connection costs are in-line with other West Coast electric utilities
- Supporting the developer community

Through outreach and education, SMUD's Supplier Education and Economic Development (SEED) team teaches local small businesses how to contract with SMUD and positively impact their bottom line. SEED offers incentives to local small businesses that participate in SMUD's competitive bid process. It also helps prime contractors find local sub-contractors, which helps them gain a competitive edge when developing their bids or proposals. In 2022, the SEED program partnered with Supply Chain Services, conducting a variety of outreach and education events and awarding 31% of SMUD's contracts to SEED-certified small businesses, exceeding the Board-established goal of 20%. 71 SEED contracts were awarded in 2022, totaling more than \$102 million dollars.

SMUD works with over 50 local economic development organizations to enhance regional economic vitality. Our leadership roles in the Greater Sacramento Economic Council (GSEC), Valley Vision, Sacramento Metro Chamber, Urban Land Institute, Downtown Sacramento Partnership, Sacramento Black Chamber, Sacramento Hispanic Chamber, Sacramento Asian Pacific Chamber, SACOG, SacPAC and many others help ensure our activities support the region's efforts to attract, retain and expand companies in our service area. It also means SMUD has a seat at the table early on in economic development conversations. Other major tactics to encourage regional economic development include our dedicated Commercial Development and Commercial Delivery teams.

Business attraction was a key economic development focus in 2022. We participated in 32 business attraction, retention and expansion projects, supporting the attraction/expansion of 12 companies and the creation of an estimated 3,263 local jobs in multiple sectors including mobility, manufacturing, technology expansion and pharmaceutical and biosciences.

3. Information about our 2022 efforts to achieve the specific elements outlined in SD-13 is provided in the following section.

a) SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.

As SMUD adopted our bold 2030 Clean Energy Vision to reach zero carbon, we heightened our focus on opportunities to promote awareness, innovation, and job creation with local startups in electrification, transportation, and clean technology. We continued to collaborate and amplify the California Mobility Center (CMC), engage the clean tech community through CleanStart, and inspire the future workforce through partners like HackerLab and StartupSac. All of these efforts are increasing investments to develop new solutions for clean energy, workforce development, and a thriving inclusive economy.

CMC continued its member and client recruitment activities in 2022. By year end, CMC reached a total of 62 additional members, with 188 representatives registered in the online portal. Additionally, CMC conducted/organized various monthly CMC Thought Leadership webinar series.

The CMC continued to refine the Career Pathways labor supply chain model. The emphasis for 2022 was to optimize the recruiting and training stages of the model per the High Road Training Partnership grants. Strong partnerships were established with community-based organizations and a training provider that has a direct line of communication with underrepresented communities. They include Waking the Village, Women's Empowerment, Saint John's, Next Move, and Charles A Jones Training Center. A one-week, 30-hour Assembler training course was developed and piloted. The course is designed to lower the barrier to technical training while providing a bridge to advanced training programs or employment. The course was also conducted in Farsi and piloted at the Internal Rescue Committee local facility. Partnership with the regional industry collaborative organization, Sacramento Valley Manufacturing Alliance, was also strengthened, which includes Siemens Mobility. 83 people were trained by end of 2022. Additional funding was secured for 2023 to allow the Workforce Development unit and partners to optimize the advanced training and employment stages of the model. They include \$2M from Community Project Funding (Matsui) and \$877K from Connecticut's National Advanced Manufacturing Apprenticeship Program. The agreements are expected to be signed in 2023.

SMUD continues to effectively balance our goal of fostering innovation with our commitment to keeping rates low. SMUD's average rates will remain competitive even after the adopted rate increases for 2022 and 2023. In 2022, SMUD's system average rate was 45.5% below PG&E. PG&E's proposed 2023 General Rate Case includes revenue requirement increases for calendar years 2023 (9.6%), 2024 (2.4%), 2025 (1.9%), and 2026 (1.5%). A detailed summary of SMUD's rate competitiveness is provided in Appendix A.

b) SMUD shall align its economic development activities with regional economic development initiatives.

SMUD played a leadership role in regional economic development initiatives in 2022.

Grant Funding: SMUD's Economic Development & Partnerships team played a key role in the Sacramento region receiving over \$5.2 million in federal and state grant funding toward local economic development and recovery initiatives and access to broadband. This effort was in alignment with, and support of, SMUD's overall grant efforts.

Community Economic Resilience Fund (CERF): SMUD played a key role in the Sacramento region's successful \$5 million grant application to the State of California CERF program. SMUD joined the Prosperity Partnership (the Greater Sacramento Economic Council, the Sacramento Metropolitan Chamber of Commerce, the Sacramento Asian-Pacific Chamber of Commerce, the Sacramento Area Council of Governments and Valley Vision) in providing public commit to the CERF Draft Planning Phase Guidelines. Also, SMUD signed a Sacramento CERF Collective Partnership Agreement affirming SMUD's ongoing commitment to the Sacramento region's CERF grant planning efforts.

Cap-to-Cap: SMUD sent a 12-member delegation to the Metro Chamber's 50th Anniversary Cap-to-Cap program in Washington D.C. to advocate for issues of regional significance to SMUD and our community partners and to further cultivate relationships with influential elected, business and non-profit leaders from the six county Sacramento region. SMUD subject matter experts reviewed and contributed content to issue papers related to future

mobility, wildfire and forest management, broadband infrastructure, the Greater Sacramento Region Prosperity Strategy and workforce development. Also, SMUD staff lead the Economic Development Policy Team and served as 2nd vice chair of the overall program.

MBARK: SMUD continued as a lead supporter of the Minority Business Assistance and Recovery Kickstart (MBARK) program, a comprehensive, multi-pronged approach geared to assist minority small business owners in the community. MBARK utilizes understanding and expertise on the needs of minority small business owners and showcases how to proactively engage them in order to stabilize and grow their businesses. In 2022, MBARK provided 1,402 consulting hours to 2,256 separate businesses in SMUD's service area.

Property and Business Improvement District (PBID) Outreach: Recognizing the increasingly important role that PBIDs play in representing the interests of key commercial corridors in SMUD's service area, SMUD established new partnerships with 14 PBIDs.

Internal and External Study Missions: As a member of the steering committees for both the Metro Chamber Study Mission to San Diego and the Sacramento Asian Pacific Chamber of Commerce's Internal Study Mission, SMUD helped set the agenda and drive the dialogue with community leaders around key business issues and promote awareness of SMUD's 2030 Zero Carbon Plan.

Small and Mid-size (SMB) Support: SMUD's SMB Team of Strategic Account Advisors (SAA) continued to assist our customers by directing them to appropriate SMUD programs. As the nation continued recovery efforts from the global pandemic, SAAs continued to support our small business community by sharing information regarding grants and changing regulations, including those regarding al fresco dining. The team found creative ways to educate customers on the importance of electrification, including in-person events and demonstrations, as well as language-specific and cuisine-specific induction cooking. 2022 also provided SMUD the opportunity to work on a large-scale business district recovery project. For a detailed description of the efforts of the SMUD Small & Mid-size Business Team of Strategic Account Advisors, please see Appendix B.

Greater Sacramento Economic Council (GSEC): SMUD's partnership with GSEC is critical to the community as it contributes to regional prosperity by growing the economic base. In addition to Paul Lau's participation on the GSEC Board, the Commercial Development & Solutions team participates in GSEC's Economic Development Directors' Task Force. Given the focus on corporate Environmental, Social, and Governance (ESG) efforts, and its alignment to SMUD's 2030 Clean Energy Vision, we have played an increasingly important role in business attraction, retention, expansion and in helping brand the region.

Sustainable Communities Program: To promote regional workforce and equitable community development, SMUD continues targeting economic development, community/environmental health, and neighborhood engagement activities in vulnerable and under-resourced communities through its Sustainable Communities program. SMUD has invested \$14.6 million into this effort, leveraging partnerships to increase impact in these areas of need. Additional information regarding Sustainable Communities can be found in Appendix B.

c) SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.

Business Attraction: SMUD provided support in the attraction of 12 new companies that will create 3,263 jobs in SMUD's service territory.

Commercial Development: SMUD actively engaged in 202 commercial, industrial, mixed-use and residential projects throughout our service territory. The team additionally partners with community organizations and municipalities to create economic opportunity and growth. Detailed information about SMUD’s role in business attraction and commercial development is provided in Appendix C.

d) SMUD shall offer economic development rates and program incentives.

In 2022, SMUD offered an Economic Development Rate (EDR) to incentivize the attraction, retention, and expansion of businesses within our service area. A description of the current EDR can be found in Appendix D.

SMUD conducted strategic outreach and engagement to developers and builders of residential subdivisions and multifamily developments about its Smart Homes program offerings and incentives for All-Electric Smart Homes, SolarShares, and battery storage.

e) SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

Our SEED program offered certified small businesses incentives to participate in SMUD’s competitive bid process. It also helped prime contractors find local subcontractors to gain an advantage in developing their bids or proposals, providing 199 lists of SEED-qualified vendors to contractors in specific categories to leverage the SEED program in their bid responses.

The SEED team held 29 workshops, orientations or panel discussions and coordinated participation in 113 outreach events, reaching approximately 17,804 individuals. In addition, the team translated SEED materials into Vietnamese, Chinese, Hmong, and Spanish.

SMUD’s annual goal is to award no less than 20% of all contracts to certified small businesses. We exceeded that goal in 2022, awarding 31% of contracts to SEED qualified vendors, totaling more than \$102 million.

The SEED team also coordinated the Business Advisory Council (BAC) which raises local business awareness about contracting with SMUD and makes recommendations for improvements to our contracting process. SMUD hosts quarterly meetings for over 40 member agencies, including regional Chambers of Commerce and Property and Business Improvement Districts. For more information about our 2022 efforts to promote our SEED program, and the achievement of our SEED goals, please see Appendix E.

- 4. Challenges:** California’s business climate, cost of doing business, decarbonization goals and regulatory standards present challenges to development. Permitting costs and delays pose barriers to market leading companies to relocate to other states. Limited availability of a trained workforce present hurdles to growth. SMUD continues to work with regional and state partners, such as GSEC, The Governor’s office of Business and Economic Development (GO-Biz) and the California Association of Local Economic Development (CALED), to address the state and local regulatory challenges that limit our ability to attract or develop new businesses.
- 5. Recommendation:** It is recommended that the Board accept the Monitoring Report for SD-13, Economic Development.

APPENDIX A

SMUD shall promote innovation while maintaining rate affordability and balancing the other strategic directions.

SMUD's approach to innovation includes investments in regional accelerators, incubators, and curriculum delivery that supports business development, growth and entrepreneurship for inclusive economic opportunity. Benefits to the community include job creation, increased revenue, innovation, community involvement, diversity, and improved infrastructure. SMUD's approach is to continue to identify the problem-solvers within our community and strategically invest in the programs that are inclusive, dynamic and will accelerate our clean energy regional economy. Key 2022 partnerships in the innovation and entrepreneurship ecosystem include:

CleanStart Inc. assists clean tech companies in the Sacramento region to make their innovations a commercial success through education, access to capital, and connections. In 2022, CleanStart coached 14 companies, saw 3 successfully receive grants to develop their ideas and helped many more prepare to pitch their ideas to investors and get funded. CleanStart offerings include monthly meetups, a Perspectives webinar series, 109 real-time events reaching over 3,000 attendees on topics such as decarbonization, energy storage, recycling, clean tech investment, and mobility. CleanStart also created a recorded video library of resources, with over 7,500 views this last year. CleanStart 2022 Progress Report in 2022 showed the core cleantech cluster had grown to 9,900 jobs (up 96% in three years) and \$4.03 billion in revenues (up 29%).

Hacker Lab, an all-in-one makerspace, coworking facility and workforce incubator, is one of the region's most recognized centers for innovation. It serves as the hub for programs including MADE Studio (a studio-style maker space), MAKER EDU Pathways (a workforce development program), and MAKEHERS (a women's small business incubator where 30 participants in two, eight-week women's small business accelerators included seed funding at \$1,000 per graduate. 40 women participated in 2022. Eight Pathways participants received eight months of mentorship, education, and entrepreneurship support. 50 local makers attend Maker Markets each month, and monthly women's marketplace on First Fridays average 50 women / month. MADE Studio provides 20 classes a month and skills up 1,200 participants annually.

InnoGrove continued to offer networking and educational workshops focused on startup and small business development, hosting 9 events reaching 186 attendees, including Women-in-Tech Workshops as well as Startup Founder Workshops. InnoGrove spotlighted 8 startups in collaboration with StartupSac and the City of Elk Grove on their Startup Pitch Elk Grove event.

StartupSac StartupSac accelerates Sacramento's startup and innovation ecosystem through educating, empowering, and connecting startups to founders and innovators. This included three Mentor Sacramento Office Hours Sprints, offered in collaboration with the Carlsen Center, which matched over 100 early-stage entrepreneurs with expert mentors, investors, advisors, subject matter experts, and experienced entrepreneurs in three 15-minute sprint sessions each. StartupSac held two Scale-Up! Workshops, educating 46 entrepreneurs about founder stock, equity compensation and due diligence. StartupSac relaunched its Warm-Up Pitch bootcamp where 9 startup founders were trained to present to investors for funding. At the Mock Investor Salon, 55 people attended including local venture capitalists and investors. StartupSac held a total of 26 events, which attracted over 1,100 attendees, including 10 StartupSac Happy Hour Events featuring seven veteran founders and 441 attendees, and ten founder education workshops with a total of 313 attendees.

Growth Factory is a startup accelerator and early-stage venture fund with a mission to create an entrepreneurial engine that scales high growth companies and catalyzes innovation in the Greater Sacramento region, supporting 45 startup companies (42% from SMUD service area) through core accelerator and activating over 100 mentors. SMUD also supplied thought leadership throughout the programming, particularly in areas of clean tech and operational excellence. The first annual **GFX Venture Conference and Startup Showcase** attracted over 600 attendees and featured 23 startup presentations, 12 breakout sessions and a tradeshow floor with 50 participating organizations including SMUD.

SMUD partnered with the **Carlsen Center for Innovation & Entrepreneurship** at CSU Sacramento on the Startup Challenge and Global Entrepreneurship Week. At the Startup Challenge, the Carlsen Center supported over 55 participants in either forming a new startup team or supporting the growth of existing startups with 30 final pitches. SMUD sponsored **Global Entrepreneurship Week** (GEW), and the Carlsen Center stewarded the region's largest campaign with over 43 events and activities, including all of our other innovation partners, attracting over 1,500 attendees, making CSUS the #1 University hub for GEW in the nation for 2022.

SMUD also sponsored **FourthWave**, a local accelerator program for women-led technology in collaboration with the Carlsen Center for Innovation & Entrepreneurship. In 2022, FourthWave supported 12 startups ranging from agtech to medtech-based companies. Over 25 mentors, leadership coaches, and subject matter experts supported the cohort over the 16-week program.

SMUD became a founding partner of the **Sacramento Entrepreneurial Growth Alliance** (SEGA) which meets quarterly to discuss areas to collaborate and grow entrepreneurship in the region. The Alliance launched the [NorCal Entrepreneur Hub](#), an online tool/platform connecting entrepreneurs to organizations, resources, and events. The platform highlights 169 organizations, and 461 resources on it available to all businesses for free.

Commitment to Low Rates: SMUD continues to maintain rates that are below PG&E's, both at a system level and by rate class.

				Average Annual Rate		Difference	Difference
Customer		Rate Categories		PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2022	2022	2022	2021
Residential	Standard	E-1	TOD	\$0.3377	\$0.1757	-48.0%	-40.54%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.2100	\$0.1218	-42.0%	-34.0%
All Residential				\$0.2932	\$0.1673	-42.9%	-35.4%
Small Commercial****	<= 20 kW	B-1	GFN, CITS-0	\$0.3252	\$0.1701	-47.7%	-40.8%
	21 - 299 kW	B-6	CITS-1	\$0.3098	\$0.1576	-49.1%	-41.3%
Medium Commercial****	300 - 499 kW	B-10	CITS-2, CITP-2	\$0.3016	\$0.1459	-51.6%	-41.7%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	\$0.2605	\$0.1365	-47.6%	-36.8%
Large Commercial****	=> 1 MW	B-20	CITS-4, CITP-4, CITT-4	\$0.2060	\$0.1145	-44.4%	-31.5%
Lighting	Traffic Signals	TC-1	TS	\$0.3178	\$0.1346	-57.6%	-50.4%
	Street Lighting	various	SLS,NLGT	\$0.3668	\$0.1517	-58.6%	-47.5%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2940	\$0.1510	-48.6%	-41.9%
System Average				\$0.2803	\$0.1526	-45.5%	-37.0%

Notes:

* Projected 2022 average prices for SMUD with rates effective 1-1-22 and 3-1-22. PG&E average prices in 2022 reflect rates effective 6-1-22, per Advice Letter 6603-E. The rate difference in year 2021 reflects PG&E average rates as of 12-1-21, per Advice Letter 6415-E dated 11-30-21, and SMUD rates effective 1-1-21 and 10-01-21.

** CARE vs EAPR includes EAPR & EAPRMED customers.

*** There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.

**** Commercial rates include WAPA credits.

Figure 1: Provides a detailed picture of the difference between SMUD's and PG&E's projected average rates by rates class in 2022 as well as the difference between rates in 2021. The rate competitiveness by class varies for the different customer classes and is at least 42.0% below comparable PG&E class average rates. Since the creation of the annual rate monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E.

APPENDIX B

SMUD shall align its economic development activities with regional economic development initiatives.

Leadership Roles: Throughout 2022, SMUD staff held visible leadership roles in regional economic development initiatives and organizations, helping ensure regional stakeholders are working in concert on business development, attraction, retention and expansion efforts and that our efforts are aligned with regional priorities. SMUD's leadership roles in regional economic development organizations included:

- 50 Corridor Transportation Management Authority, Board of Directors
- Business Environmental Resource Center, Advisory Committee
- Capitol Area Development Authority, Board of Directors
- Cap-to-Cap, Steering Committee Member
- California Mobility Center, Board of Directors
- Carmichael Chamber of Commerce, Board of Directors
- Citrus Heights Chamber of Commerce, Board of Directors
- Cleaner Air Partnership, Executive Committee
- Downtown Sacramento Partnership, Board of Directors
- El Dorado Chamber of Commerce
- Folsom Tourism and Economic Development Corporation, Board of Directors
- Greater Sacramento Economic Council, Board of Directors
- Greater Sacramento Economic Council, Economic Development Directors Taskforce
- Greater Sacramento Urban League, Board of Directors
- Internal Study Mission, Steering Committee
- Metro EDGE, Leadership Council
- Midtown Business Association, Board of Directors
- National Association of Women Business Owners (Sacramento Region), Board of Directors
- North Sacramento Chamber of Commerce, Board of Directors
- North State Building Industry Association, Board of Directors
- Northern California World Trade Center, Board of Directors
- Power Inn Alliance, Board of Directors
- Project Attain, Board of Directors
- R Street Sacramento Partnership, Board of Directors
- Rancho Cordova Chamber of Commerce, Board of Directors
- River District (Sacramento), Board of Directors
- Sacramento Asian Pacific Chamber of Commerce, Board of Directors
- Sacramento Black Chamber of Commerce, Board of Directors
- Sacramento Employment and Training Agency, Board of Directors
- Sacramento Hispanic Chamber of Commerce, Board of Directors
- Sacramento Metro Chamber of Commerce, Executive Committee
- Sacramento Metro Chamber Foundation, Board of Directors
- Sacramento Transportation Management Authority, Board of Directors
- Solano County Farm Bureau, Board of Directors

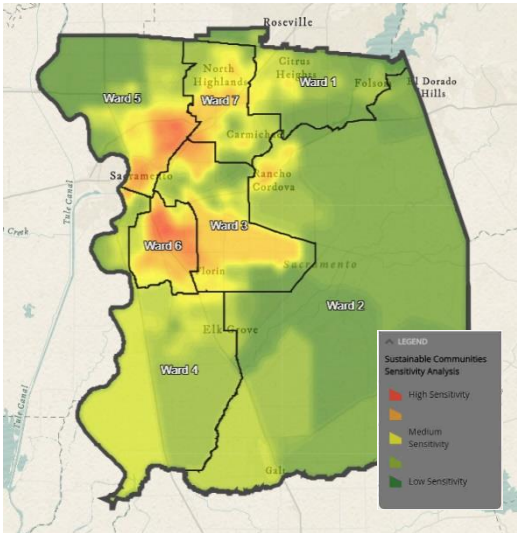
- Study Mission, Steering Committee
- Urban Land Institute, Executive Committee
- Valley Vision, Executive Committee
- Winters Chamber of Commerce, Board of Directors

Sustainable Communities Program: Our Sustainable Communities program helps bring environmental equity and economic vitality to all communities in our service area, with special attention given to historically under-resourced neighborhoods. We believe in the ability to make a greater collective community impact through partnerships, and collaborate with private industry, government agencies and nonprofits to invest in and implement programs that provide equitable access to indicators of sustainable community success, with a focus on social wellbeing, healthy environment, prosperous economy, and mobility.

Involvement of all our communities is foundational to our 2030 Zero Carbon plan. SMUD recognizes the importance of partnering with all the communities we serve. We commit to reaching impacted communities as we work toward our goal of zero carbon. Under-resourced communities lack equitable access to the multiple essential community components necessary to ensure a high quality of life, including but not limited to livable wage employment and training opportunities, affordable housing options, transportation and connectivity, economic development, nutrition, education opportunities, and a healthy environment.

Our Sustainable Communities program strategically establishes long-term partnerships with community-based organizations and businesses, working together on projects to help our under-resourced communities, increase inclusion and close the disparity gap in the region. These partnerships create trusted relationships and serve as a foundation for the community outreach, engagement, collaboration, and education needed to build livable, diverse, and resilient communities. We partner with policy makers, transit, technology companies, health care providers and community-based organizations, leverage our investments, and create collective impact to enhance workforce training, transportation access, clean energy, job creation and inclusive economic development in under-resourced neighborhoods.

SMUD’s Sustainable Communities Priority Map: To answer the call for a just and equitable clean energy transition, SMUD revised its Sustainable Communities Resource Priorities Map to include Justice 40 Climate and Justice Economic Screening Tool, CalEnviroScreen 4.0, and other data sets. The Sustainable Communities Resource Priorities Map helps inform resource allocation, reduce growing economic disparity in Sacramento County and ensure the benefits of SMUD’s 2030 Zero Carbon Plan are equitably shared among all communities. SMUD and its partners will better understand where clean energy infrastructure, customer programs, facility improvements, economic development investment and workforce development opportunities need to occur to achieve our ambitious decarbonization goals in an equitable manner.



Regional Workforce Development Strategic Plan: In 2022, SMUD developed a Regional Workforce Development Strategic Plan, with a goal of training at least 3,000 people to position them for clean energy and other economic opportunities and facilitating the employment of at least 1,000 people high paying jobs by 2024. This coherent regional strategy will galvanize and

prepare the region for an inclusive, diverse, creative, and empowered future workforce. The Regional Workforce Development Strategic Plan aims to rapidly deploy workforce development and training throughout the Sacramento Region, with a high emphasis on bringing opportunities to under-resourced communities. By fostering a responsive career ecosystem, SMUD aims to make the Sacramento Region an increasingly enviable and attractive place to live and work and attract new business investments to the region.

Energy Career Pathway's Program: SMUD's 2022 Energy Career Pathway's Program recruited and trained individuals from SMUD's Sustainable Communities target neighborhoods in solar, battery, EV, and electrification technologies. Our training partner, Grid Alternatives, supported graduates with employment services such as connecting with employers, resume help, and career coaching. Our effort closed the year graduating 66 individuals and placing 39 in relatively high paying new jobs. In the broader regional workforce development space, SMUD established partnership agreements with 57 community organizations to reach 3,647 youth and adults with career education and train 484 adults in new skills. SMUD worked with its partners to place 241 of these trainees into relatively high paying new careers. Participants were engaged in a number of industries with emphasis given to skills and careers that will help SMUD meet its regional zero carbon goals.

Shine Program: In its sixth year, the Shine program invests in local nonprofit partners that execute inclusive and equitable projects through collaborations and partnerships supporting our historically under-resourced communities. In 2022, 112 organizations submitted applications with compelling and competitive projects. We received requests for over \$3.8 million in funding for projects to improve access to workforce development trainings, STEM education, energy efficiency and environmental education and stewardship. Shine will fund 22 projects totaling \$513,000. With a diverse and inclusive set of deliverables supporting our under-resourced, underrepresented communities, the Shine partners impact include energy efficiency in buildings supporting children with special needs, Veterans, and Seniors. We will support the economic development and revitalization around Cesar Chavez Park, Alhambra Blvd, Sunrise Marketplace, Rosemont and the 80-Watt District areas. We will increase access to workforce skills programs for 160 transition age, underrepresented, and under-resourced youth in the region. Also, we will increase access to STEM education and career exploration activities to over 120 under-resourced youth.

Community Resource Liaison (CRL) Program: The SMUD's CRL loaned employee program supports key chamber and nonprofit partners and is also an internal workforce development opportunity. For up to 12-month terms, CRLs advanced SMUD's initiatives, programs and services, as well as the partners' operations, to support local businesses, increase membership participation and foster community impact with a focus on reinforcing the under-resourced business community. In 2022, five business partners participated: Sacramento Hispanic Chamber, Sacramento Black Chamber, Sacramento Rainbow Chamber, Rancho Cordova Chamber, and the Minority Business Assistance Recovery Kickstart Program (MBARK). Through the CRL Program, SMUD enhanced partners' bandwidth to develop and implement new and existing services and to expand their reach. All five of 2022 partner participants expanded their capacity to serve their respective under-resourced business communities. In addition, all 5 CRLs (100%) in 2022, and 11 of 13 all CRLs overall, have been promoted within SMUD during or immediately following their CRL tenure.

COVID-19 Small and Mid-size Business (SMB) Support: State mandates, supply chain delays/shortages, changes in consumer buying habits, and employee retention issues continued to threaten small and mid-size businesses throughout 2022.

As a result, Gardenland Northgate Neighborhood Association (GNNA) requested recovery assistance from SMUD. In response, the SMB Team was able to secure \$1.5 million in ARPA funding for the Northgate “recovery” project. The partnership between the SMUD Complete Energy Solutions (CES) program, GNNA, the Hispanic Chamber of Commerce, and Sacramento City District 3 Councilmember Jeff Harris will provide recovery assistance for aging business infrastructure and enhance long-term community energy resilience.

To execute the GNNA project, Strategic Account Advisors undertook 60 separate walks through Northgate Business district’s nine square-mile footprint. SAAs were able to meet with 133 business owners, ultimately securing the participation of 33 of those businesses in the recovery project. Internally, this project inspired the Business District Electrification portion of the SMUD Community Impact Plan (CIP) for 2023.

In addition to continuing virtual meetings and virtual site assessments for our busy small business owners, the SMB team made a concerted effort throughout 2022 to educate their customers on what “electrification” means. As part of that education, six all-electric kitchen demonstrations were held, including a Spanish-language cooking demonstration for the Gardenland restaurant owners, where dishes typically found on Hispanic restaurant menus were prepared and sampled by local restaurant owners and chefs.

Our Complete Energy Solutions (CES) and Express Energy Solutions (EES) programs were positioned well to lead electrification and energy efficiency projects for SMB customers in 2022. SMB customers continued to take advantage of a comprehensive list of incentive opportunities and financing options through CES, and they enjoyed the ease of the deemed incentives available through EES. Many more customers learned about building electrification through Business Go Electric campaigns. CES and EES completed 272 projects with our SMB customers in 2022, providing us with a number of successful electrification projects that now serve as case studies for other interested customers.

APPENDIX C

SMUD shall assist in retaining, recruiting and growing commercial and industrial rate-paying customers.

In 2022, SMUD staff along with Commercial Development, dedicated significant time and resources to developing a Transformer issuance policy with specific criteria to deal with supply chain issues and transformers. This impacted our work significantly in residential housing and commercial development projects throughout the service territory.

Projects announced in 2022 include twelve new companies creating and 3,263 new jobs:

- **Bay City Electric** – Portable power, generator & engine solutions company secured a site in Galt with (40 jobs).
- **HCL Technologies** – Global technology consulting in financial services, retail & health care sectors (663 jobs) over next 4 years
- **SIR Robotics** – Italian industrial robotics company chosen CMC site for North American headquarters office (15 jobs)
- **Creative Noggin** – Branding, advertising & marketing agency (5 jobs)
- **Blocktac** – Blockchain digital authentication/certification company (5 jobs)
- **Elevai Labs** - Regenerative skin care products company expanding lab, production & offices to Folsom (50 jobs)
- **Nivagan Pharmaceutical** – Expansion to add a new manufacturing site for a prescription drug company specializing in productions and sales of generic prescription drugs (91 jobs)

- **Solidigm** – Korean semiconductor company (Intel spinoff) picked Rancho Cordova office as its global HQ location (1,900 jobs)
- **Deloitte Sacramento** – Consulting company expanding its presence in Sacramento (114 jobs)
- **Vesta Homes** – Modular home building startup located its facility in Sacramento (80 jobs)
- **PowerSchool** – Existing cloud-based K-12 solution company consolidating office space, (200 jobs).
- **ThermoGenesis** – Advanced cell & gene therapies & products company added new manufacturing facility in Rancho Cordova (100 jobs).

Commercial Development: In 2022, our Commercial Development team actively engaged with approximately 202 commercial, mixed-use, and residential project developers throughout our service area. Highlights include:

- Outreach to builders and developers on 2030 Clean Energy Vision program opportunities
- SMUD Liaison for Statewide Community Infrastructure Program (SCIP) resulting in two acquisition agreements for SMUD Fees and Infrastructure.
- Distribution of “Developer Connections” e-newsletters, with an average 48%+ open rate.
- High-profile and critical projects include transitional and low-income projects, and transformational and major developments at UC Davis and Aggie Square.

Central City Growth: The Central City continued to see sustained growth in 2022, with a variety of projects completing construction in Downtown Sacramento.

- The former Marshall hotel was redeveloped as a Hyatt Centric hotel, in early 2022.
- The California Fruit Building rehab was completed after 5 plus years of coordination.
- The Exchange Hotel at the intersection of 4th and J Street.
- Anthem United is in construction of two mixed-use buildings anticipated to be completed in 2023: 15S and Cathedral Square.
- The CFY Development project located at 1717 S Street is anticipated to be completed in mid-2023 targeted to serve low- and moderate-income residents.
- Mercy Housing Capitol Hotel project at 9th and L street is anticipated to be completed in 2023, with 134 units of transitional housing for the region’s unhoused residents.
- The new Sacramento Courthouse project at 5th and H Street, has a targeted completion date of Q4, 2023.
- Railyards and River District areas will show continued growth in the downtown core, with an emphasis on multifamily projects.

Other Noteworthy developments: Successful coordination continued on many fronts at the UC Davis Medical Center Campus. Staff supported initial design plans for: the Replacement Hospital Tower; new Ambulatory Surgical Center; Parking Structure 5 and 6; and Aggie Square, the region’s first innovation hub with over 1 million square feet of research, wet labs, commercial space, and housing. Additional SMUD coordination efforts kicked off at Aggie Square with the Mixed-Use & Residential Building and Academic Office Building. SMUD also worked closely with staff from Kindred Healthcare in successfully installing permanent power for the new neurological rehabilitation hospital on the southern edge of the UC Med Center campus.

Northern Territory Growth: At Metro Air Park, NorthPoint Development and Buzz Oates Development opened numerous distribution warehouses. Additionally, Badiie Development opened the first of their warehouse projects. It is anticipated by the end of 2023, that the park will be 40% built out. SMUD plans to commence construction of a new substation in the park in 2023, to add additional capacity in Metro Air Park. At buildout, SMUD will have 3 – substations to feed the ultimate load in Metro Air Park. North Lake, former Greenbriar project, Lennar and Integral Communities have started construction on phase 2 of the project. Phase 1 is nearly

completed, with over 1,000 homes constructed. Phase 2 consists of an additional 1,000 homes and will be completed over the next two years. Alleghany Properties has completed site improvements for their properties at Arena Drive and I-5, on both the east and west sides of the freeway. Sustained growth is anticipated in this area of Natomas for the balance of 2023.

Eastern Territory Growth: In Folsom South, SMUD supported new residential development that will eventually bring over 11,000 new housing units over several years. Major builders such as Toll Brothers, Lennar, KB Home, Richmond American, The New Home Company, and Tri-Pointe Homes completed their initial phases in 2022. SMUD worked closely with Dignity Health and UC Davis staff on two new medical campuses who broke ground on their sites. Growth in Rancho Cordova continues both commercial and residential fronts. SMUD worked closely with developers at Rio Del Oro with its initial subdivision and substation, as well as two significant industrial customers. KHovnanian completed its initial phases of homes in The Ranch Development that includes participation in SMUD All-Electric program. Significant construction was underway including the extension of Chrysanthy Blvd at Woodside Homes' Arista del Sol development. Initial homes planned to be occupied in 2023.

Southern Territory Growth: In Elk Grove, SMUD worked with several builders and developments at Elliott Springs, Souza Dairy, and Sheldon Farms, and expansion at Kabota in the newly planned Southeast Industrial area. Kubota plans to open their facility in Q4 2023. Additionally, ground has broken on the largest affordable housing project in the City of Elk Grove. The 387-unit Poppy Grove apartment project is anticipated to open in 2024.

Business Walks and Email Outreach to SMB Customers: As organizations slowly got back to pre-pandemic operations and in-person events, the SMUD Small and Mid-size Business Team (SMB) supported in-person business walks and Chamber "New Member Orientations" meetings with SAA introductions and presentations on SMUD programs with the Rancho Cordova Chamber, the Elk Grove Chamber, the Carmichael Chamber, MBARK's business walk, and the Folsom Cordova Community Partnership.

Throughout 2022 the SMB Team continued their proactive outreach efforts through a series of bi-weekly emails to over 5,000 small and mid-size business customers. The emails focused on energy saving tips, local assistance programs, Federal and State loans, available grants, and links to informative webinars focused on the struggles of small and mid-size businesses. These outreach emails received positive customer feedback and strengthened customer relationships with their assigned Strategic Account Advisor.

Indoor Cultivation: The Commercial Delivery team continued to support the cannabis industry in 2022. Although new facilities coming online were fewer than in 2021, SMUD saw a 22% increase in demand and 32% increase in revenue from existing operators. Total annual revenue was \$22.7 million. Many operators began experimenting with different lighting strategies by replacing their HID lighting, installing higher output LED grow lighting and installing LED under canopy grow lighting all in an effort to increase production. The industry continued to struggle with ever-changing regulations and taxation, market saturation and the illicit market.

APPENDIX D

SMUD shall offer economic development rates and program incentives.

SMUD offers economic incentives to help attract new businesses and expand existing ones to grow the regional economy. Incentives range from helping design new construction to offering energy-efficient upgrades for equipment to proposing our Economic Development Rate (EDR).

Economic Development Rate: Customers that exceed 299kW for three consecutive months may qualify for the EDR. This rate has multiple options for our customers, including a frontloaded rate to help reduce initial operating costs, or a fixed discount over the ten-year period. Customers who locate in a disadvantaged community have the same options, but with a larger discount. Additionally, the Greater Sacramento Economic Council verifies the economic impact of the project. This ensures the customer is aware of other economic development programs and incentives.

Size	Term	Industry Requirements	Job Requirements	Full Service Requirement	Discount
300kW+	10 years	No limitations	No minimum requirement	No	Two options for customers to choose: Standard EDR <u>Opt A:</u> 6% for years 1-5, declining 1% per year for years 6-10 <u>Opt B:</u> 4.5% for 10 years Rate for Disadvantaged Communities <u>Opt A:</u> 8% for years 1-5, declining 1.5% per year for years 6-10 <u>Opt B:</u> 6% for 10 years

Program Incentives: SMUD offered energy efficiency and electrification incentives to help meet the financial responsibility goals and growing sustainability needs of all our commercial customers, including incentives to help customers install new energy-saving equipment and make electrification modifications to their buildings as part of SMUD’s goal to achieve 100% net-zero-carbon by 2030. Incentives offered included but are not limited to energy efficient heating and cooling, domestic hot water, induction cooking, and vehicle electrification. Overall, we provided incentives for improvements to 258 commercial premises for a combined total program energy savings of 24.57 GWh, equating to a reduction of 41,404 lifetime carbon emissions.

APPENDIX E

SMUD shall offer a contracting program for certified small businesses who are rate-paying customers.

In 2022, we exceeded our SEED Program goal of awarding at least 20% of all contracts to certified small businesses. Specifically, we awarded 30.9% through over 100 SEED contracts totaling approximately \$102 million to local small businesses within SMUD service area.

Award Type	2022		
	Total Award \$	Award Count	Program %
SEED Prime	\$ 69,982,236.95	69	68%
SEED Sub-Contractors	\$32,342,762.57	139	31%
Sheltered Market	\$ 152,112.02	2	1%
Grand Total	\$102,477,111.54	210	100%

The SEED team focused its efforts on the following key outreach initiatives:

- **Business Walks:** The SEED team conducted 9 business walks throughout the region with an emphasis on high priority areas identified on the SC Priorities Map. Business walks helped the SEED team identify language barriers and opportunities preventing under resourced businesses from participating in SMUD’s competitive bid process and SEED program.

- **PBID Partnerships:** The SEED Team utilized Community Impact Plan funding to strengthen SMUD’s relationships by successfully establishing 14 formal relationships PBIDs within SMUD’s service territory, allowing SMUD to support and engage with under-resourced businesses within high sensitivity areas as outlined on the SC Priorities Map.
- **Business Advisory Committee (BAC):** SEED hosted four quarterly meetings in 2022 for BAC business organization leaders, raising awareness about the SEED program, the 2030 Zero Carbon Plan, best practices, sponsored events, incentives, commercial programs and contracts awarded to BAC members’ constituents.
- **How to Do Business with SMUD:** The SEED team used virtual formats and collaborated with community partners to deliver 8 educational workshops on SMUD’s procurement program and promote SEED participation opportunities.
- **“Meet the Buyers” Conference:** SEED’s 11th Annual Meet the Buyers Conference returned in as a hybrid event; offering an in-person kick-off mixer. SEED partnered with the SMB team again this year to offer commercial program/resource information and promote electric kitchen demos. The successful event drew 286 registrants, offering 13 panel sessions and education workshops, over 25 speakers and 15 virtual exhibitors. The event was very well-received, resulting in 12 new SEED vendors, 109 virtual match-making participants, 11 new Power Voice participants and a 22.13% increase in Ariba open solicitation views.
- **SEED Marketing Updates/Translations:** The SEED team assisted with translating SEED and Meet the Buyers materials, providing marketing materials in Spanish, Chinese, Hmong and Vietnamese. 2030 Zero Carbon language was also added to SEED marketing material.
- **Sheltered Market Initiatives:** The SEED team continually explores innovative ways to foster small business participation in solicitations and worked closely with Supply Chain to identify 2 sheltered market contracting opportunities in the areas of commodities and professional services. The contracts are specific only to verified SEED vendors and totaled \$152,112.02.
- **SEED Quarterly Newsletter:** The SEED team distributed over 576 electronic copies of the quarterly newsletter to external partners and SEED Ambassadors to highlight information on SEED program resources, contracting opportunities, free government contracting services, SEED supplier success stories, recent contract awards, upcoming bid opportunities, and small business events and workshops. It is also available on smud.org. The open rate, click rate and click-to-open rate for the external SEED recipients was higher than all SMUD emails on average, with an open rate of 51.92 percent, click rate of 9.34% and click-to-open rate of 17.99%.
- **Reciprocity Partner of the Year Award:** The SEED program again was recognized by the California Department of General Services as the “Reciprocity Partner of the Year” at their State Agency Recognition Awards (SARA) as a successful contracting incentive program that uses DGS’s certification designation for SEED vendors. This is the second time the SEED program has received the award in the 3 years since its inception.

SSS No. DP&O 23-007

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 08/15/23
Board Meeting Date August 17, 2023

TO				TO			
1.	Claire Rogers	6.	Scott Martin				
2.	Frankie McDermott	7.					
3.	Jose Bodipo-Memba	8.					
4.	Jennifer Davidson	9.	Legal				
5.	Lora Anguay	10.	CEO & General Manager				
Consent Calendar	<input checked="" type="checkbox"/> Yes	No <i>If no, schedule a dry run presentation.</i>	Budgeted	<input checked="" type="checkbox"/> Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR)	DEPARTMENT		MAIL STOP	EXT.	DATE SENT		
Maria Veloso Koenig	Distribution Planning & Operations		EA403	5794	7/18/23		

NARRATIVE:

Requested Action: Accept the monitoring report for **Strategic Direction SD-14, System Enhancement**.

Summary: The purpose is to provide the Board with the annual update on SD-14, System Enhancement, for the year 2022. The information in the monitoring report could be used by the Board to determine if the policy needs to be revised or further developed. If so, those items could be scheduled for subsequent meetings.

Board Policy: Strategic Direction SD-14, System Enhancement.
(Number & Title)

Benefits: Allows the Board of Directors a better understanding of Board Policies and gives them an opportunity to make revisions if necessary.

Cost/Budgeted: In June 2020, the Board approved suspension of funding new projects under SD-14 for 2020, 2021 and 2022 (Resolution 20-06-23). Previously committed projects, a total of three, under the Policy would continue to be funded during these years. The total 2022 budget for these three projects was \$2.8 million and the actual spending was approximately \$3,300. The large variance between plan and actuals is due to local agency schedule adjustments.

Alternatives: Provide the Board written reports and communications through the CEO & General Manager.

Affected Parties: N/A

Coordination: Line Assets; Local Government Affairs

Presenter: Maria Veloso Koenig; Director, Distribution Planning & Operations

Additional Links:

SUBJECT SD-14, System Enhancement Board Monitoring Report	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: July 28, 2023

FROM: Claire Rogers *CR 7/28/23*

**SUBJECT: Audit Report No. 28007606
Board Monitoring Report: SD-14, System Enhancement**

Audit and Quality Services (AQS) received the SD-14, *System Enhancement* 2022 Annual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to AQS' attention that would suggest the items sampled within the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2022

Strategic Direction

SD-14, System Enhancement



1. Background

Strategic Direction 14, the System Enhancement Board policy states that:

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:
 - i) Identified, after consultation with SMUD, a specific system enhancement project;
 - ii) Determined the project is in the public interest;
 - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground;
 - iv) Obtained and provided SMUD with all easements necessary for the project.

- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
 - i) Project scale and/or cost when measured against available SMUD resources.
 - ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
 - iii) Extent to which the costs are borne by others.

2. Executive summary

SD-14 states that SMUD “will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements.” However, as a result of SMUD’s financial challenges caused by the COVID-19 pandemic, on June 9, 2020, the Board of Directors approved suspension of funding *new* projects under SD-14 for 2020, 2021 and 2022 (Resolution 20-06-03). Previously committed projects (a total of three) under the Policy continued to progress during these years with construction planned for 2024-2025.

SMUD is in compliance with SD-14, System Enhancement.

The planning and execution of SD-14 projects is typically a multi-year process that starts with a preliminary work scope that is used to determine a ballpark cost estimate, to the finalization of the work scope that includes a detailed design and detailed cost estimate. After necessary permits and easements are obtained, the project is released for execution/construction. Table 1 below shows the committed projects and their design and construction schedules. The budget for these three multi-year projects were included in the approved operational plans and budgets. Two of the three projects were planned for 2022, but schedule changes driven by the local agencies moved the project design and construction to future years.

Table 1: Committed Projects in Progress

Local Jurisdiction	Project Title	Total Cost Estimate	2022 Project Budget	2022 Project Spend	Project Status
Sacramento County	Greenback Lane Road Improvements (0.8 miles)	\$1,000K	\$0	\$0	Design in 2024; Construction in 2025
City of Citrus Heights	Auburn Blvd. Rusch Park to I-80 (0.75 miles)	\$2,900K	2,100K ^(a)	\$3.3K	Design in 2023; Construction in 2025
City of Elk Grove	Elk Grove Blvd. Waterman to School St. (0.5 miles)	\$1,500K	\$757K ^(a)	\$0	Design in 2023; Construction in 2025

(a) The original schedule called for the project construction to start in 2022 but the local agency deferred construction to later years.

3. Additional supporting information

Since the adoption of the SD-14 policy, eleven projects have been funded through the policy for a total of \$12.06 million. Table 2 below lists the projects completed by year.

Table 2: Completed Projects Since Policy Adoption

Local Jurisdiction	Project Description	SMUD Construction Completion	SMUD Project Cost
Sacramento County	Fair Oaks Blvd Landis to Angelina (0.3 miles)	2021	\$0.25 M
Sacramento County	Hazel Avenue Phase 3 Sunset to Madison (0.7 miles)	2021	\$1.22 M
City of Sacramento	Sutter Village (~200 feet)	2019	\$0.12 M
City of Sacramento	Ice Blocks Project R Street b/w 16th & 18th Streets (1,000 ft.)	2017	\$0.47 M
Sacramento County	Hazel Avenue Phase 2 b/w Curragh Downs & Sunset Ave. (1 mile)	2017	\$2.3 M
Sacramento County	Fair Oaks Blvd. b/w Landis Ave. & Engle Rd. (0.5 miles)	2016	\$1.2 M
City of Sacramento	16th and O Streets (1,000 ft.)	2013	\$0.3 M
Citrus Heights	Auburn Blvd. b/w Sylvan Corners & Rusch Park (1 mile)	2013	\$2.6 M
Sacramento County	North Highlands Town Ctr. at Watt Ave. & Freedom Park Dr. (0.5 mile)	2012	\$1.1 M
City of Sacramento	7th St. b/w North B & Richards Blvd. (1,500 ft.)	2012	\$1.3 M
City of Sacramento	Richards Blvd. b/w North 5th & North 7th Streets (1,000 ft.)	2012	\$1.2 M

4. Challenges

There were no challenges encountered with the implementation of the Board policy in 2022.

5. Recommendation

It is recommended that the Board accept the 2022 Monitoring Report for SD-14, System Enhancement.

6. Appendices

N/A

SSS No.
CFO 23-008

SFA COMMISSION AGENDA ITEM

SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit August 15, 2023
Commission Meeting Date August 15, 2023

TO		TO	
1.	Lisa Limcaco	6.	
2.	Jennifer Davidson	7.	
3.	Jose Bodipo-Memba	8.	
4.	Lora Anguay	9.	Legal
5.	Scott Martin	10.	CEO & General Manager

Consent Calendar	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No <i>If no, schedule a dry run presentation.</i>	Budgeted	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Kathy Ketchum	DEPARTMENT Accounting	MAIL STOP B352	EXT. 5661	DATE SENT 08/02/2023
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NARRATIVE:

Requested Action: Designate SMUD’s Chief Financial Officer, Director of Accounting & Controller, Manager(s) of Accounting & Assistant Controller(s), and Principal Financial Accountant as “Authorized Agents” for Sacramento Municipal Utility District Financing Authority to engage with Federal Emergency Management Agency (FEMA) and the California Governor’s Office of Emergency Services (Cal OES) for the purpose of obtaining federal financial assistance grants for the next three years.

Summary: This authorization is to support SFA’s ability to obtain grant funds available under the laws of the State of California and which require filing with the California Governor’s Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

To apply for grant funds, it is required every three years for the governing body of public entities to designate “Authorized Agents.” The “Authorized Agents” are individuals that are authorized by the Governing Body to engage with FEMA and Cal OES on all matters regarding grants for which they have applied. The last designation was filed August 20, 2020. SFA’s current Authorized Agents are designated as 1) Chief Financial Officer, 2) Director of Accounting & Controller, 3) Manager(s), Accounting and Assistant Controller(s), 4) Principal Financial Accountant.

Board Policy: GP-3, Board Job Description
(Number & Title)

Benefits: Facilitate the process of SFA applying for FEMA and Cal OES grants.

Cost/Budgeted: Costs contained in internal labor budget.

Alternatives: N/A

Affected Parties: Accounting and Legal

Coordination: Accounting and Legal

Presenter: Lisa Limcaco, Director, Accounting and Controller

Additional Links:

SUBJECT	Designate SFA’s “Authorized Agents” for FEMA and Cal OES	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No.
CFO 22-021

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit, 2023
Board Meeting Date N/A

TO				TO								
1.	Jennifer Davidson	6.										
2.	Lora Anguay	7.										
3.	Scott Martin	8.										
4.	Jose Bodipo-Memba	9.	Legal									
5.		10.	CEO & General Manager									
Consent Calendar		Yes		No <i>If no, schedule a dry run presentation.</i>		Budgeted		Yes		No <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Lisa Limcaco				DEPARTMENT Accounting				MAIL STOP B352	EXT. 7045	DATE SENT 12/27/2022		

NARRATIVE:

Requested Action: Provide the Board with SMUD’s financial results for the year-to-date period and a summary of SMUD’s current Power Supply Costs.

Summary: Staff will present SMUD’s financial results for the year-to-date period and a summary of SMUD’s current Power Supply Costs to the Board of Directors.

Board Policy: GP-3, Board Job Description
(Number & Title)

Benefits: Provide Board members with information regarding SMUD’s financial position and SMUD’s current power supply costs.

Cost/Budgeted: N/A

Alternatives: N/A

Affected Parties: Accounting and SMUD

Coordination: Accounting

Presenter: Lisa Limcaco

Additional Links:

SUBJECT	SMUD’s Financial Results & Power Supply Costs	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
OFFICE MEMORANDUM**

TO: Distribution

DATE: July 31, 2023

ACC 23-020

FROM: Kathy Ketchum / Lisa Limcaco

SUBJECT: JUNE 2023 FINANCIAL RESULTS AND OPERATIONS DATA

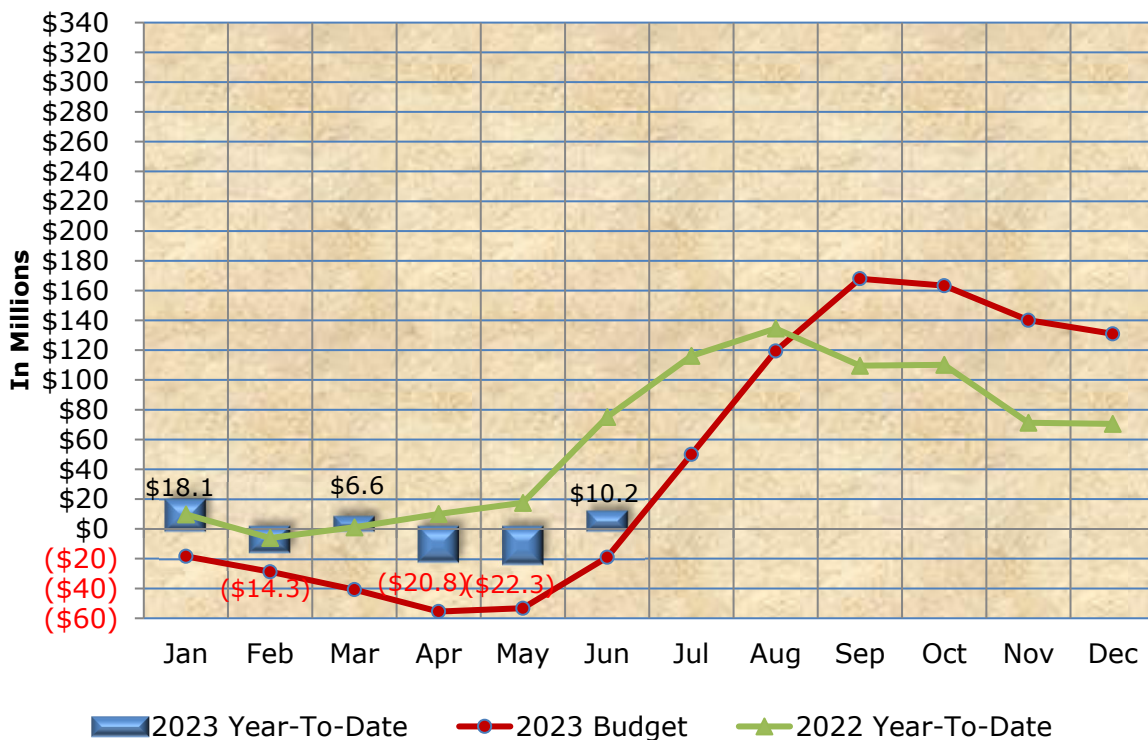
We are attaching the financial and operating reports for the six months of 2023. They include sales and generation statistics and other selected data.

The change in net position is a increase of \$10.2 million compared to a budgeted decrease of \$19.1 million, resulting in a favorable variance of \$29.3 million.

We prepared these statements on the accrual basis of accounting, and they conform to generally accepted accounting principles. The bases for the budget amounts are:

- 1) Budgeted electric revenues are based on the Forecast of Revenues by the Pricing Department, adjusted for unbilled revenues; and
- 2) Budgeted operating expenses reflect the 2023 Budget approved by the Board of Directors on December 8, 2022.

Change in Net Position Year To Date



**SACRAMENTO MUNICIPAL UTILITY DISTRICT
EXECUTIVE SUMMARY
For the Six Months Ended June 30, 2023**

Net Position

- The change in net position is an increase of \$10.2 million compared to a budgeted decrease of \$19.1 million, resulting in a favorable variance of \$29.3 million.

Revenues

- Revenues from sales to customers were \$703.9 million, which was \$19.7 million lower than planned. The decrease is primarily due to:
 - Lower commercial customer revenue of \$20.9 million primarily due to lower customer usage.
 - Lower residential revenue of \$4.0 million primarily due to cooler weather than forecast.
 - Lower provision for uncollectible accounts of \$5.5 million.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB] – 32) were \$11.6 million. This is due to carbon allowances sold through the state sanctioned quarterly auctions.
- Non-cash revenues transferred to the rate stabilization fund were \$78.9 million, of which \$65.4 million was for the annual Hydro Generation Adjustment, \$12.3 million was for AB-32 and \$1.2 million was for LCFS. AB-32 and LCFS funds are deferred until SMUD has qualified program expenses (projects that reduce carbon emissions or electric vehicle programs) to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund were \$33.8 million, of which \$27.8 million was for revenue recognized for AB-32, \$3.1 million was for revenue recognized from LCFS electric vehicle programs expenses and \$2.9 was for revenue recognized for the Community Impact Plan.
- Other electric revenues were higher by \$8.0 million primarily due to higher Procter & Gamble Power Plant steam sales than planned.

Commodities, Purchased Power and Production

- SMUD's generation was higher by 654 GWh (22.8 percent); JPA and other generation was lower by 28 GWh (1.5 percent); and Hydro generation was higher by 682 GWh (66.9 percent).
- Purchased power expense of \$203.4 million, less surplus power sales of \$94.8 million, was \$108.6 million, which was \$57.0 million lower than planned. Overall, load was lower than planned and hydro generation was higher than planned due to higher precipitation levels and inflows from snow melt resulting in lower commodity costs. In addition, surplus power is being sold at a lower price than plan due to below average temperatures and abundant hydro generation driving market prices down.
- Production operations cost of \$169.1 million, less surplus gas sales of \$65.0 million, was \$104.1 million, which was \$11.5 million higher than planned.
 - Fuel costs of \$106.8 million less surplus gas sales of \$65.0 million, was \$41.8 million, which was \$11.0 million higher than planned. This is primarily due to higher fuel prices due to Calpine Sutter gas hedge activity recorded under purchased power and higher fuel usage.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment revenue was \$491.5 million, which was \$26.2 million higher than planned. The power margin as a percentage of sales to customers was 69.8 percent, which was 5.5 percent higher than planned. This is due to higher precipitation levels leading to higher hydro generation and lower purchased power.

Other Operating Expenses

- All other operating expenses were \$482.6 million, which was \$1.6 million higher than planned.
 - Customer Service and Information expenses were down \$5.2 million primarily due to supply chain issues causing equipment delivery delays and, in turn, charger installation delays in the NextGen and Equity EV programs and delays in the launch of the Partner+ program in Storage Virtual Power Plant.
 - Administrative & General expenses were down \$9.3 million primarily due to a difference in accounting and budgeting for the other postemployment benefits (OPEB) normal cost.
 - Public Good expenses were down \$7.5 million primarily due to project delays in Research and Development, Complete Energy Solutions, Low Income, Storage, Power Generation, and Charge Ready Community Grant.

- Production – maintenance expenses were \$3.0 million lower than planned primarily due to supply chain issues for planned major maintenance at the Procter & Gamble Power Plant and shifting of maintenance timelines for Cosumnes Power Plant.
- Transmission and distribution maintenance expenses were \$18.1 million higher than planned. This is primarily due to higher costs related to storm response.
- Non-cash depreciation and amortization is higher by \$9.3 million primarily due to unplanned amortization of lease assets.

Non-operating Revenues and Expenses

- Other revenue, net, was \$43.0 million higher than planned primarily due to gain on sale of the Solano property of \$27.3 million, higher interest income, the reversal of an accrual for Clean Air Act Fees of \$2.0 million, and contributions in aid of construction.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Month Ended June 30, 2023
(thousands of dollars)

	Actual	Budget	Over (Under)	Percent of Increase (Decrease)
OPERATING REVENUES				
Sales to customers	\$ 149,412	\$ 172,543	\$ (23,131)	(13.4) %
Sales of surplus power	9,680	20,281	(10,601)	(52.3)
Sales of surplus gas	5,478	-	5,478	*
SB-1 revenue (deferral)/recognition, net	163	-	163	*
Other electric revenue	3,572	2,575	997	38.7
Revenue to rate stabilization fund	(727)	-	(727)	*
Revenue from rate stabilization fund	648	3,840	(3,192)	(83.1)
Total operating revenues	168,226	199,239	(31,013)	(15.6)
OPERATING EXPENSES				
Operations				
Purchased power	31,053	47,533	(16,480)	(34.7)
Production	17,899	21,743	(3,844)	(17.7)
Transmission and distribution	7,369	7,300	69	0.9
Customer accounts	4,939	4,751	188	4.0
Customer service and information	6,385	8,911	(2,526)	(28.3)
Administrative and general	16,661	20,415	(3,754)	(18.4)
Public good	3,870	7,373	(3,503)	(47.5)
Total operations	88,176	118,026	(29,850)	(25.3)
Maintenance				
Production	5,813	5,636	177	3.1
Transmission and distribution	12,540	11,664	876	7.5
Total maintenance	18,353	17,300	1,053	6.1
Depreciation and amortization				
Depreciation and amortization	21,611	20,289	1,322	6.5
Amortization of regulatory asset	3,239	3,445	(206)	(6.0)
Total depreciation and amortization	24,850	23,734	1,116	4.7
Total operating expenses	131,379	159,060	(27,681)	(17.4)
OPERATING INCOME	36,847	40,179	(3,332)	(8.3)
NON-OPERATING REVENUES AND EXPENSES				
Other revenues/(expenses)				
Interest income	3,447	1,088	2,359	216.8
Investment revenue (expense)	(668)	(53)	(615)	*
Other income (expense) - net	1,059	695	364	52.4
Unrealized holding gains (losses)	(992)	-	(992)	*
Revenue - CIAC	1,595	1,249	346	27.7
Total other revenues	4,441	2,979	1,462	49.1
Interest charges				
Interest on long-term debt	8,196	8,259	(63)	(0.8)
Interest on commercial paper	534	678	(144)	(21.2)
Total interest charges	8,730	8,937	(207)	(2.3)
CHANGE IN NET POSITION	\$ 32,558	\$ 34,221	\$ (1,663)	(4.9) %

* Equals 1000% or greater.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Six Months Ended June 30, 2023
(thousands of dollars)

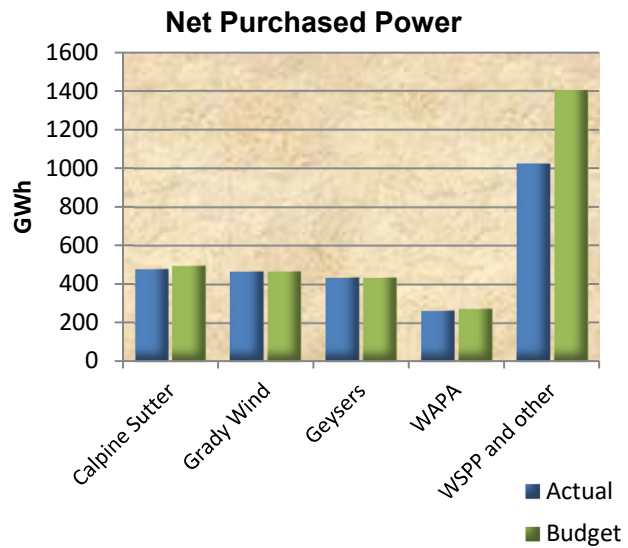
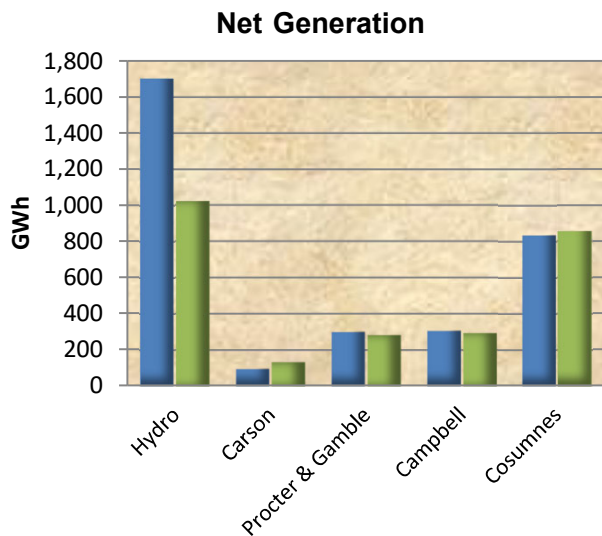
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
OPERATING REVENUES				
Sales to customers	\$ 703,881	\$ 723,537	\$ (19,656)	(2.7) %
Sales of surplus power	94,762	110,921	(16,159)	(14.6)
Sales of surplus gas	64,954	-	64,954	*
SB-1 revenue (deferral)/recognition, net	189	-	189	*
AB32 revenue	11,636	-	11,636	*
LCFS revenue	1,053	-	1,053	*
Other electric revenue	24,595	16,635	7,960	47.9
Revenue to rate stabilization fund	(78,913)	-	(78,913)	*
Revenue from rate stabilization fund	33,757	13,790	19,967	144.8
Total operating revenues	855,914	864,883	(8,969)	(1.0)
OPERATING EXPENSES				
Operations				
Purchased power	203,388	276,536	(73,148)	(26.5)
Production	169,054	92,574	76,480	82.6
Transmission and distribution	43,021	43,317	(296)	(0.7)
Customer accounts	28,945	27,655	1,290	4.7
Customer service and information	36,528	41,706	(5,178)	(12.4)
Administrative and general	100,075	109,350	(9,275)	(8.5)
Public good	26,679	34,197	(7,518)	(22.0)
Total operations	607,690	625,335	(17,645)	(2.8)
Maintenance				
Production	21,142	24,136	(2,994)	(12.4)
Transmission and distribution	77,317	59,199	18,118	30.6
Total maintenance	98,459	83,335	15,124	18.1
Depreciation and amortization				
Depreciation and amortization	130,020	120,711	9,309	7.7
Amortization of regulatory asset	18,836	20,668	(1,832)	(8.9)
Total depreciation and amortization	148,856	141,379	7,477	5.3
Total operating expenses	855,005	850,049	4,956	0.6
OPERATING INCOME	909	14,834	(13,925)	(93.9)
NON-OPERATING REVENUES AND EXPENSES				
Other revenues/(expenses)				
Interest income	16,546	6,451	10,095	156.5
Investment revenue (expense)	422	(316)	738	233.5
Other income (expense) - net	34,461	3,837	30,624	798.1
Unrealized holding gains (losses)	(515)	-	(515)	*
Revenue - CIAC	9,508	7,494	2,014	26.9
Total other revenues	60,422	17,466	42,956	245.9
Interest charges				
Interest on long-term debt	47,949	48,684	(735)	(1.5)
Interest on commercial paper	3,159	2,686	473	17.6
Total interest charges	51,108	51,370	(262)	(0.5)
CHANGE IN NET POSITION	\$ 10,223	\$ (19,070)	\$ 29,293	153.6 %

* Equals 1000% or greater.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET
For the Period Ended June 30, 2023**

Sources of Energy (GWh)	Month		Increase (Decrease) Percentage	Year to Date		Increase (Decrease) Percentage
	Actual	Budget		Actual	Budget	
Net Generated						
Hydro	339	142	138.7	1,702	1,020	66.9
Carson Power Plant	3	10	(70.0)	95	133	(28.6)
Procter & Gamble Power Plant	41	30	36.7	299	281	6.4
Campbell Power Plant	7	20	(65.0)	304	292	4.1
Cosumnes Power Plant	201	265	(24.2)	834	855	(2.5)
Other	82	75	9.3	288	287	0.3
Total net generation	673	542	24.2	3,522	2,868	22.8
Purchased Power less transmission losses:						
CalEnergy	21	18	16.7	110	111	(0.9)
Calpine Sutter	25	45	(44.4)	480	496	(3.2)
Drew Solar	32	33	(3.0)	154	157	(1.9)
Feed in Tariff	24	25	(4.0)	104	110	(5.5)
Geysers	72	72	0.0	435	434	0.2
Grady Wind	58	75	(22.7)	466	466	0.0
Rancho Seco PV II	22	31	(29.0)	94	142	(33.8)
WAPA	84	85	(1.2)	263	273	(3.7)
WSPP and other	144	321	(55.1)	1,025	1,406	(27.1)
Other long term power	57	64	(10.9)	270	321	(15.9)
Total net purchases	539	769	(29.9)	3,401	3,916	(13.2)
Total sources of energy	1,212	1,311	(7.6)	6,923	6,784	2.0
Uses of energy:						
SMUD electric sales and usage	815	973	(16.2)	4,678	4,894	(4.4)
Surplus power sales	377	320	17.8	2,095	1,650	27.0
System losses	20	18	11.1	150	240	(37.5)
Total uses of energy	1,212	1,311	(7.6) %	6,923	6,784	2.0 %

* Change equals 1000% or more.



Net generation is higher than planned for the six-month period.

- Hydro generation is higher than planned (66.9 percent).
- JPA generation is lower than planned (1.9 percent).

Purchased power, less surplus power sales, is lower than plan (42.4 percent).

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
June 30, 2023 and 2022
(thousands of dollars)

ASSETS

							Total	
	SMUD	SFA	NCEA	NCGA #1	Intercompany Eliminations	2023	2022	
ELECTRIC UTILITY PLANT								
Plant in service, original cost	\$ 6,172,496	\$ 963,380	\$ -	\$ -	\$ (4,578)	\$ 7,131,298	\$ 6,868,237	
Less accumulated depreciation	2,926,284	695,150	-	-	(673)	3,620,761	3,440,008	
Plant in service -net	3,246,212	268,230	-	-	(3,905)	3,510,537	3,428,229	
Construction work in progress	445,807	32,086	-	-	-	477,893	491,483	
Investment in Joint Power Agencies	315,484	-	-	-	(282,840)	32,644	27,011	
Total electric utility plant -net	4,007,503	300,316	-	-	(286,745)	4,021,074	3,946,723	
RESTRICTED ASSETS								
Revenue bond reserves	2,004	-	-	-	-	2,004	2,931	
Restricted for payment of debt service	136,580	-	-	-	-	136,580	128,629	
JPA funds	-	7,295	18,236	25,056	-	50,587	52,696	
Nuclear decommissioning trust fund	9,181	-	-	-	-	9,181	8,880	
Rate stabilization fund	201,172	-	-	-	-	201,172	174,352	
Net pension asset	-	-	-	-	-	-	35,738	
Net OPEB asset	-	-	-	-	-	-	34,223	
Other funds	25,801	-	3,062	1	-	28,864	34,690	
Due (to) from unrestricted funds (decommissioning)	(6,684)	-	-	-	-	(6,684)	(6,684)	
Due (to) from restricted funds (decommissioning)	6,684	-	-	-	-	6,684	6,684	
Less current portion	(148,258)	(7,295)	(21,298)	(25,057)	-	(201,908)	(195,119)	
Total restricted assets	226,480	-	-	-	-	226,480	277,020	
CURRENT ASSETS								
Cash, cash equivalents and investments								
Unrestricted	441,518	22,124	-	-	-	463,642	555,305	
Restricted	148,258	7,295	21,298	25,057	-	201,908	195,119	
Accounts receivable -net	257,328	29,987	1,263	2,388	(43,147)	247,819	261,269	
Lease receivable	743	-	-	-	(209)	534	360	
Energy efficiency loans due within one year	139	-	-	-	-	139	201	
Interest receivable	6,903	231	-	-	-	7,134	1,809	
Lease interest receivable	51	-	-	-	(25)	26	66	
Regulatory costs to be recovered within one year	61,026	104	-	105	-	61,235	36,451	
Derivative financial instruments maturing within in one year	24,581	-	-	-	-	24,581	70,825	
Inventories	111,625	17,484	-	-	-	129,109	112,205	
Prepaid gas to be delivered within one year	-	-	4,622	26,834	-	31,456	27,616	
Prepayments and other	43,570	11,729	12	16	-	55,327	39,266	
Total current assets	1,095,742	88,954	27,195	54,400	(43,381)	1,222,910	1,300,492	
NONCURRENT ASSETS								
Regulatory costs for future recovery								
Decommissioning	73,476	-	-	-	-	73,476	73,675	
Pension	464,902	-	-	-	-	464,902	332,031	
OPEB	295,573	-	-	-	-	295,573	274,623	
Bond issues	-	626	-	314	-	940	1,150	
Derivative financial instruments	1,115	-	-	-	-	1,115	1,736	
Derivative financial instruments	51,612	-	-	-	-	51,612	106,040	
Prepaid gas	-	-	522,799	98,599	-	621,398	652,854	
Prepaid power and capacity	69	-	-	-	-	69	277	
Lease receivable	21,426	-	-	-	(3,742)	17,684	17,162	
Energy efficiency loans -net	544	-	-	-	-	544	830	
Other	80,571	13	-	47	-	80,631	75,056	
Total noncurrent assets	989,288	639	522,799	98,960	(3,742)	1,607,944	1,535,434	
TOTAL ASSETS	\$ 6,319,013	\$ 389,909	\$ 549,994	\$ 153,360	\$ (333,868)	\$ 7,078,408	\$ 7,059,669	
DEFERRED OUTFLOWS OF RESOURCES								
Accumulated decrease in fair value of hedging derivatives	53,147	-	-	-	-	53,147	13,015	
Deferred pension outflows	136,536	-	-	-	-	136,536	60,201	
Deferred OPEB outflows	43,356	-	-	-	-	43,356	23,006	
Deferred ARO outflows	-	1,722	-	-	-	1,722	1,553	
Unamortized bond losses - other	6,238	1,050	-	-	-	7,288	9,529	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	239,277	2,772	-	-	-	242,049	107,304	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,558,290	\$ 392,681	\$ 549,994	\$ 153,360	\$ (333,868)	\$ 7,320,457	\$ 7,166,973	

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
June 30, 2023 and 2022
(thousands of dollars)

LIABILITIES AND NET ASSETS

						<u>Total</u>	
	SMUD	SFA	NCEA	NCGA #1	Intercompany Eliminations	2023	2022
LONG-TERM DEBT -NET	\$ 2,320,717	\$ 94,612	\$ 542,113	\$ 120,070	\$ -	\$ 3,077,512	3,044,889
CURRENT LIABILITIES							
Accounts payable	98,777	12,744	-	45	-	111,567	122,790
Purchased power payable	72,165	13,006	-	-	(43,148)	42,023	60,439
Credit support collateral obligation	7,422	-	-	1	-	7,423	15,850
Long-term debt due within one year	111,165	1,845	2,320	22,865	-	138,195	132,150
Accrued decommissioning	7,549	-	-	-	-	7,549	6,889
Interest payable	28,900	2,243	10,816	1,493	-	43,452	47,685
Accrued interest liability	12	35	-	-	(25)	22	30
Accrued salaries and compensated absences	51,865	-	-	-	-	51,865	48,996
Derivative financial instruments maturing within one year	36,018	-	-	-	-	36,018	14,900
Customer deposits	1,848	-	-	-	-	1,848	1,477
Lease liability	13,358	289	-	-	(209)	13,438	26,061
Other	49,893	-	-	-	-	49,893	45,388
Total current liabilities	478,972	30,162	13,136	24,404	(43,382)	503,293	522,655
NONCURRENT LIABILITIES							
Accrued decommissioning - net	75,973	9,756	-	-	-	85,729	84,893
Derivative financial instruments	20,207	-	-	-	-	20,207	6,962
Net pension liability	191,014	-	-	-	-	191,014	-
Net OPEB liability	31,190	-	-	-	-	31,190	-
Lease liability	4,673	5,170	-	-	(3,742)	6,101	30,530
Other	83,404	-	208	-	-	83,612	80,804
Total noncurrent liabilities	406,461	14,926	208	-	(3,742)	417,853	203,189
TOTAL LIABILITIES	3,206,150	139,700	555,457	144,474	(47,124)	3,998,658	3,770,733
DEFERRED INFLOWS OF RESOURCES							
Accumulated increase in fair value of hedging derivatives	74,920	-	-	-	-	74,920	169,306
Deferred pension inflows	17,536	-	-	-	-	17,536	200,735
Deferred OPEB inflows	33,732	-	-	-	-	33,732	79,069
Deferred lease inflows	21,680	-	-	-	(3,905)	17,775	17,373
Regulatory credits	750,681	-	-	-	-	750,681	532,666
Unamortized bond gains - other	41,913	-	-	-	-	41,913	22,308
Unearned revenue	8,185	31	-	-	-	8,216	3,366
TOTAL DEFERRED INFLOWS OF RESOURCES	948,647	31	-	-	(3,905)	944,773	1,024,823
NET POSITION							
Balance at beginning of year	2,377,719	267,457	(4,610)	8,989	(282,752)	2,366,803	2,296,261
Net increase (decrease) for the year	25,774	10,493	(894)	(150)	(25,000)	10,223	75,156
Member contributions (distributions) -net	-	(25,000)	41	47	24,913	-	-
TOTAL NET POSITION	2,403,493	252,950	(5,463)	8,886	(282,839)	2,377,026	2,371,417
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 6,558,290	\$ 392,681	\$ 549,994	\$ 153,360	\$ (333,868)	\$ 7,320,457	\$ 7,166,973

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CASH FLOWS
For the Period Ended June 30, 2023
(thousands of dollars)

	<u>Month</u>	<u>Year to Date</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 121,140	\$ 712,451
Receipts from surplus power and gas sales	12,049	188,305
Other receipts	31,750	92,883
Payments to employees - payroll and other	(63,348)	(220,788)
Payments for wholesale power and gas purchases	(39,191)	(367,340)
Payments to vendors/others	(50,213)	(342,686)
Net cash provided by operating activities	12,187	62,825
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interest on debt	-	(13,952)
Net cash used in noncapital financing activities	-	(13,952)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction expenditures	(42,181)	(174,043)
Proceeds from land sales	-	45,000
Contributions in aid of construction	2,394	10,004
Net proceeds from bond issues	537,606	537,606
Repayments and refundings of debt	(307,700)	(307,700)
Issuance of commercial paper	-	50,000
Repayments of commercial paper	(200,000)	(200,000)
Other receipts	7,249	11,875
Interest on debt	(11,721)	(68,186)
Lease and other payments	(2,200)	(13,737)
Cash received from leases	173	601
Net cash used in capital and related financing activities	(16,380)	(108,580)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities	57,790	298,699
Purchases of securities	-	(310,574)
Interest and dividends received	1,676	14,174
Investment revenue/expenses - net	(672)	408
Net cash provided by investing activities	58,794	2,707
Net increase (decrease) in cash and cash equivalents	54,601	(57,000)
Cash and cash equivalents at the beginning of the month and year	278,237	389,838
Cash and cash equivalents at June 30, 2023	\$ 332,838	\$ 332,838
Cash and cash equivalents included in:		
Unrestricted cash and cash equivalents	\$ 264,283	\$ 264,283
Restricted and designated cash and cash equivalents	57,674	57,674
Restricted and designated assets (a component of the total of \$226,480 at June 30, 2023)	10,881	10,881
Cash and cash equivalents at June 30, 2023	\$ 332,838	\$ 332,838

SSS No.

SCS 23-162

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit August 15, 2023
Board Meeting Date N/A

TO	TO
1. Casey Fallon	6.
2. Jennifer Davidson	7.
3. Jose Bodipo-Memba	8.
4. Lora Anguay	9. Legal
5. Scott Martin	10. CEO & General Manager

Consent Calendar	Yes	No <i>If no, schedule a dry run presentation.</i>	Budgeted	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Jesse Mays		DEPARTMENT Procurement Operations	MAIL STOP EA404	EXT. 6407	DATE SENT 7/21/2023

NARRATIVE:

Requested Action: Quarterly Procurement Report for Second Quarter 2023.

Summary: In August 2003, the Board of Directors approved the SMUD Procurement Policy which included a commitment for staff to report on the SMUD Procurement Activities on a quarterly basis.

Board Policy: This report is provided to demonstrate compliance with SMUD Policy BL-8 and the following Policy *(Number & Title)* Elements:

- Competition
- Direct Procurement
- Sole Source Procurement
- Inclusiveness
- Environmental Procurement
- Responsible Bidder
- Best Value Procurement
- Strategic Alliances
- Protest Policy

Benefits: Ensures compliance with Public Contracting and Best Value procurement principles.

Cost/Budgeted: N/A

Alternatives: Not to provide a Quarterly Procurement Report.

Affected Parties: SMUD

Coordination: Procurement Operations

Presenter: Casey Fallon

Additional Links:

SUBJECT 2023 Second Quarter Procurement Report	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. BOD 2022-020

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date 2023
Board Meeting Date N/A

TO	TO
1. Jennifer Davidson	6.
2. Jose Bodipo-Memba	7.
3. Scott Martin	8.
4. Lora Anguay	9. Legal
5.	10. CEO & General Manager

Consent Calendar		Yes	<input checked="" type="checkbox"/>	No <i>If no, schedule a dry run presentation.</i>	Budgeted		Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Rob Kerth / Special Assistant to the Board	DEPARTMENT Board Office				MAIL STOP B307	EXT. 5079	DATE SENT 12/27/22	

NARRATIVE:

Requested Action: A summary of directives provided to staff during the committee meeting.

Summary: The Board requested an on-going opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting in an effort to make clear the will of the Board. The Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

Board Policy: GP-4 Agenda Planning states the Board will focus on the results the Board wants the organization to achieve.
(Number & Title)

Benefits: Having an agendized opportunity to summarize the Board’s requests and suggestions that arise during the committee meeting will help clarify what the will of the Board.

Cost/Budgeted: Included in budget

Alternatives: Not summarize the Board’s requests at this meeting.

Affected Parties: Board of Directors and Executive Staff

Coordination: Special Assistant to the Board

Presenter: Rob Kerth, Finance and Audit Chair

Additional Links:

SUBJECT Summary Of Committee Direction – Finance and Audit	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.