

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

Date: Tuesday, September 17, 2024

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, September 17, 2024
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 Board Finance & Audit Committee Meeting Here](#)

Webinar/Meeting ID: 160 209 0608

Passcode: 506117

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:

- 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. Email is not monitored during 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. Casey Fallon

Discuss authorization of the Chief Executive Officer and General Manager to negotiate and award a Sole Source contract to **Siemens Industry, Inc.** for the upgrade of their proprietary **Energy Management System (EMS)** for the term September 20, 2024, through December 31, 2026, for a total not-to-exceed amount of \$7 million.
Presentation: 3 minutes
Discussion: 1 minute
2. Andrew Meditz

Discuss approval of proposed revisions to **Energy Risk Management and Energy Trading Standards** under **Board-Staff Linkage BL-12, Delegation to the CEO with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel and Environmental Attributes** to address federal Public Utility Regulatory Policies Act (PURPA) Regulations.
Presentation: 7 minutes
Discussion: 2 minutes
3. Laurie Rodriguez

Discuss authorization of the Chief Executive Officer and General Manager to negotiate and award a contract to **United Health Care Insurance Company (United HealthCare)** to provide administration of SMUD's medical benefits plan for an initial three-year period from January 1, 2025, to December 31, 2027, with two optional one-year extensions for a contract total not-to-exceed amount of \$275 million.
Presentation: 10 minutes
Discussion: 10 minutes
4. Laurie Rodriguez

Discuss approval of contract change to Contract No. 4500043215 with **Kaiser Permanente** approving 2025 medical insurance premium rates and extending the contract by one year for the period January 1, 2025, through December 31, 2025; 2025 cost estimated at \$34.5 million.
Presentation: 10 minutes
Discussion: 12 minutes

5. Laurie Rodriguez Discuss authorization of the Chief Executive Officer and General Manager, on behalf of **Sacramento Municipal Utility District (SMUD)**, to join, terminate, and rejoin **Public Risk Innovation, Solutions, and Management (PRISM)** for the placement or cancellation of employee benefits and other insurance policies or contracts in an amount not to exceed \$3 million each in support of SMUD's Family Paid Leave, Short-Term Disability and Long-Term Disability benefits and potential future employee benefits and other insurance needs, and to execute all agreements and documents necessary in connection with the placement or cancellation of the insurance policies or contracts.
Presentation: 8 minutes
Discussion: 8 minutes

6. Joel Ledesma Discuss the proposed amendment to the **2024 SFA Budget Resolution** to augment the Capital Expenditures line item by \$6.2 million for **Sacramento Municipal Utility District Financing Authority (SFA)**.
Presentation: 5 minutes
Discussion: 2 minutes

INFORMATIONAL ITEMS

7. Jennifer Restivo Provide the Board with a preview of SMUD's 2025 Proposed Budget.
Presentation: 10 minutes
Discussion: 5 minutes

8. Lisa Limcaco Provide the Board with the financial results from the seven-month period ended July 31, 2024, and a summary of SMUD's current Power Supply Costs.
Presentation: 5 minutes
Discussion: 1 minute

9. Public Comment.

10. 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.

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 09/17/24Board Meeting Date
September 19, 2024

TO				TO			
1.	Casey Fallon	6.	Jose Bodipo-Memba				
2.	Chris Hofmann	7.					
3.	Frankie McDermott	8.					
4.	Scott Martin	9.	Legal				
5.	Lora Anguay	10.	CEO & General Manager				
Consent Calendar	<input type="checkbox"/> Yes	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) Tasha Crawford	DEPARTMENT Procurement, Warehouse, Fleet		MAIL STOP EA404	EXT. 6205	DATE SENT 08/23/2024		

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to negotiate and award a Sole Source contract to Siemens Industry, Inc. (“Siemens”) for the upgrade of their proprietary Energy Management System (“EMS”) for the term September 20, 2024, through December 31, 2026, for a total not-to-exceed amount of \$7 million.

Summary: The EMS is critical to the real-time operations of SMUD's transmission, generation, distribution, gas, scheduling, and commodity settlement systems. SMUD Transmission Planning and Operations is currently using the Siemens Spectrum Power 7, v2.2 EMS that was implemented in 2019. The EMS is also used to perform the Balancing Authority operations for the Balancing Authority of Northern California (“BANC”) and participation in the Western Energy Imbalance Market. The EMS was originally scheduled for an upgrade in 2026, but with projects coming online in support of the Zero Carbon Plan (ZCP), it is critical to expedite the timeline for the EMS upgrade project. This will ensure the hardware, software, and other third-party products are refreshed, and the EMS that supports both SMUD’s and BANC’s grid management and operations are current on vendor supported products. As this software is proprietary, Siemens is the only vendor with the access required to upgrade the EMS. The Board previously approved a contract with Siemens for these services in January 2024 for a not-to-exceed amount of \$6 million, but the final negotiated contract includes modified and additional services as well as updated pricing.

Recommendation: Award a Sole Source contract to:

Siemens Industry, Inc.
10900 Wayzata Blvd., Ste. 400
Minnetonka, MN 55305

Board Policy: Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-7, Environmental Leadership

Benefits: The upgrade will provide minimized operational costs, new features and functionality to improve real-time monitoring and control of the grid and generation assets by Transmission Planning and Operations and will allow for a refresh of all hardware and third-party software before they are outdated and unsupported.

Cost/Budgeted: \$7,000,000; Budgeted for 2024-2026 by Transmission Planning and Operations.

Alternatives: Issue a competitive solicitation to replace the entire EMS. This alternative is cost and resource prohibitive, introduces unnecessary risk to operations, and would delay integrating ZCP requirements into the system.

Affected Parties: Transmission Planning and Operations, Procurement, Warehouse and Fleet, and Siemens.

Coordination: Siemens, Energy Delivery & Operations, and Procurement, Warehouse, and Fleet.

Presenter: Casey Fallon, Director, Procurement, Warehouse & Fleet

Additional Links:

SUBJECT

Sole Source Contract with Siemens Industry, Inc. for EMS Upgrade

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. LEG 2024-0117

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 09/17/24
Board Meeting Date September 19, 2024

TO				TO				
1.	Steve Lins	6.	Lora Anguay					
2.	Jon Olson	7.						
3.	Russell Mills	8.						
4.	Scott Martin	9.	Legal					
5.	Jose Bodipo-Memba	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	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR)	DEPARTMENT				MAIL STOP	EXT.	DATE SENT	
Andrew Meditz	Legal Department				B406	6124	08/22/24	

NARRATIVE:

Requested Action: Discuss approval of proposed revisions to Energy Risk Management and Energy Trading Standards under Board-Staff Linkage BL-12, Delegation to the CEO with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel and Environmental Attributes to address federal Public Utility Regulatory Policies Act (PURPA) Regulations.

Summary: Under Board-Staff Linkage BL-12, Delegation to the CEO with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes, the Energy Risk Management and Energy Trading Standards delegate authority to the CEO to negotiate and execute power purchase agreements (PPAs) that do not have a term greater than three (3) years. Title II of the Public Utility Regulatory Policies Act of 1978 (PURPA) requires utilities to interconnect and also purchase energy and capacity from qualifying facilities (QFs) at the utility’s avoided cost. The Board’s existing authority regarding PURPA PPAs with terms greater than three (3) years is a predetermined administrative function since the Board does not have discretion and would be required to approve a PURPA PPA for SMUD to maintain compliance with federal law. The proposed revision delegates authority to the CEO to negotiate and execute PURPA PPAs with no term limit, as long as the PPAs are consistent with federal PURPA regulations, and the contract price does not exceed SMUD’s avoided cost.

Board Policy: Board-Staff Linkage BL-12, Delegation to the CEO with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes
(Number & Title)

Benefits: Facilitate compliance with PURPA requirements; ensure PPA contract price for QF projects do not exceed our avoided costs; efficient PPA contract process for small generation projects.

Cost/Budgeted: N/A

Alternatives: Maintain existing delegation and seek Board approval for individual PURPA PPAs with terms of more than 3 years (to maintain compliance with PURPA, the Board’s approval is a perfunctory, administrative function); provide advance notice to Board before executing PURPA PPAs; report to Board after execution of PURPA PPAs.

Affected Parties: Legal, Energy Trading & Contracts, Rates/Pricing

Coordination: Legal, Energy Trading & Contracts, Rates/Pricing

Presenter: Andrew Meditz, Senior Attorney

Additional Links:

SUBJECT Revisions to Energy Risk Management and Energy Trading Standards	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**ENERGY RISK MANAGEMENT AND ENERGY TRADING STANDARDS
SACRAMENTO MUNICIPAL UTILITY DISTRICT**

PURPOSE

The wholesale energy markets are exposed to numerous risks including, but not limited to, market price risk, supply risk, credit risk and regulatory risk. The purpose of the Energy Risk Management and Energy Trading Standards (the “Standards”) is to establish protocols for prudent risk mitigation and management.

SCOPE

The Standards apply to:

- The operation of SMUD-owned or controlled generation, transmission, natural gas and other fuel reserves and pipeline assets;
- Contracts for and related to the purchase and sale of wholesale electricity, electric capacity and storage, natural gas and clean and emissions-free fuel, and environmental products;
- Contracts for and related to transmission, natural gas and clean or emissions-free fuel transportation, and storage; and
- Contracts for and related to financially hedging or mitigating risks associated with wholesale electricity, electric capacity and natural gas and other fuel prices, supplies and markets.

PRIORITIES

The Chief Executive Officer/General Manager (CEO/GM) implement the Standards in accordance with Board policies and with the following priorities, listed in order of importance:

Priority 1. Manage resource mix to comply with Board Strategic Direction (SD-4) Reliability.

Priority 2. Minimize net commodity energy purchase costs while operating within the targets established in Board Strategic Direction (SD-3) Access to Credit Markets.

Priority 3. Optimize SMUD-owned or controlled assets, including but not limited to, generation, transmission, fuel reserves, pipeline assets, fuel storage and contract resources to create additional value for SMUD and its customers, while complying with Board policies and all applicable laws and regulations.

Priority 4. Provide our customers and community with a sustainable power supply in accordance with Board Strategic Direction (SD-9) Resource Planning.

DIVERSIFICATION AND PORTFOLIO MIX

SMUD will maintain a diverse portfolio of generation, transmission, fuel-related assets and contracts to reasonably mitigate risk and to support its clean energy goals. Risks associated with wholesale contracts will be mitigated through diversified terms and conditions, contract periods and durations, delivery points, counter-parties, and product types.

PORTFOLIO RISK MANAGEMENT PROCEDURES

The CEO/GM will develop and maintain written procedures to implement the Standards and will ensure that appropriate internal controls and limits are in place to ensure compliance with Board policies, the Standards and applicable laws and regulations. Consistent with Board policies and the Standards, the CEO/GM will analyze and implement risk mitigation measures, as appropriate. For illustrative purposes, examples of identified risks and risk mitigation tools are as follows:

<u>Risks</u>	<u>Risk Description</u>	<u>Risk Identification/Mitigation Tools</u>
Market Price Risk	The risk that the absolute price of a given commodity (power, gas) will fluctuate, thereby exposing the District to potential financial losses.	<ul style="list-style-type: none"> • Market and volatility analysis • Forward price curve development • Net position and financial exposure analysis • Mark-to-market analysis • Net income-at-risk analysis • Diversification of product purchases • Dollar-average over time by programmatic purchases
Weather/Volumetric Risk	The potential adverse economic impact of anticipated changes in supply and/or demand. For example, the risk of having less than average generation from SMUD’s hydro project due to a drier than normal year, or less than anticipated retail sales due to a cooler than normal summer.	<ul style="list-style-type: none"> • Frequent snow surveys • Runoff forecast update • Diversification of volumetric hedging programs • Temperature vs. load analysis • Frequent hydro spill risk assessment • Maintain Hydro Stabilization Fund • Diversification of product purchases

<u>Risks</u>	<u>Risk Description</u>	<u>Risk Identification/Mitigation Tools</u>
Credit/Counter-party Risk	The potential financial loss resulting from a counter-party's failure to honor its obligations, including the obligation to settle on a timely basis. For example, a bankrupt counter-party may force SMUD to cover the contracted obligation from the market at a higher price than originally contracted.	<ul style="list-style-type: none"> • Credit Analysis • Credit Limits • Minimum rating levels • Diversification of counter-parties • Guarantees and financial assurances • Netting Agreements
Supply/Delivery Risk	The risk of loss due to non-delivery of power and/or fuel; which could decrease SMUD's system reliability and/or increase financial exposure.	<ul style="list-style-type: none"> • Diversification of delivery points • Retain delivery point flexibility/optionality when practicable • Transmission and pipeline capacity outage duration risk analysis • Natural gas and other fuel storage
Unplanned Outage Risk	The risk of under-supply due to unexpected plant outages, which may increase SMUD's system reliability and/or financial exposure.	<ul style="list-style-type: none"> • Historical plant performance risk analysis • Plant Outage Insurance • Planning and Operating Reserve Analysis • 24-hour trading desk to balance system needs on real-time basis

<u>Risks</u>	<u>Risk Description</u>	<u>Risk Identification/Mitigation Tools</u>
Operational/Human Risk	The risk of human error or fraud, or the risk that the system of controls will fail to adequately record, monitor, and account for transactions or positions.	<ul style="list-style-type: none"> • Develop written trading rules and limits • Establish procedures and standards • Establish system of controls for transaction approval, scheduling and payment • Minimize manual hand-off and multiple input of transaction information • Standardize software applications as appropriate • Implement cross-functional training • Implement structured area expertise training • Conduct periodic audits
Regulatory Risk	Market structure and operational risks associated with shifting state and federal regulatory policies, rules and regulations.	<ul style="list-style-type: none"> • Analysis of regulatory, regional and industry trends • Participation in regulatory forums
Extreme Event Risk	The potential financial risk and or reliability risk created by extreme events such as the 2000-2001 energy crisis and the summer 2020 western heat wave.	<ul style="list-style-type: none"> • Portfolio stress testing • Scenario/sensitivity analysis • Maintain Rate Stabilization Fund
Legislative Risk	Risks associated with actions by international, federal and state legislative bodies.	<ul style="list-style-type: none"> • Legislative analysis and monitor industry wide initiatives • Advocacy of issues consistent with Board established policies.

PROHIBITED TRANSACTIONS

SMUD will not engage in the following prohibited transactions:

- Any transaction that is not related to serving load and/or reducing financial exposure;
- Sale of any **uncovered** financial “Put” and/or “Call” options on electric energy, gas, electric transmission or gas pipeline capacity;
- Sale of any other **uncovered** Financial Options;
- Unless adequate credit support is provided, transactions with any counter-party of: (i) longer than one year in duration, with a credit rating less than investment grade; or (ii) one year or less in duration, with a credit rating less than the Standard and Poors equivalent of BB, except for the following transactions with counter-parties having a credit rating equivalent to Standard and Poors B: (a) purchases which are within the next seven days; and (b) sales which are within the current calendar month that do not present at anytime, payment risk to SMUD (i.e., no associated receivable after exercising netting rights which apply offsetting purchases; this transaction restriction does not apply to sales of ancillary services to the California Independent System Operator;
- Any deceptive transactions, including but not limited to transactions that: (i) are intended to manipulate the market; (ii) circumvent market rules; (iii) manipulate market prices; or (iv) inflate volumes traded or available in any region or market; or
- Any transactions prohibited by federal and/or state laws and regulations.

AUTHORIZED TRANSACTIONS

Any transaction or contract entered into by the CEO/GM that is consistent with the Standards and the Delegation of Authority will be deemed authorized and approved by the Board at the time of execution by the CEO/GM or his/her designee.

DELEGATION OF AUTHORITY

Consistent with the Board policies and the Standards, the CEO/GM or his/her designee is delegated the following authority:

Section 1. Transactional Authority. To negotiate and execute on behalf of SMUD the types of contracts and transactions listed below, provided that: (i) such agreement(s) do not have a term greater than three (3) years, as measured from the commencement of performance by either party (e.g., the first date of delivery of

electricity, transmission capacity, fuel, or pipeline capacity); (ii) the commencement of performance is no longer than three (3) years from the date of execution; and (iii) the prices paid under such agreements are at or below prevailing market rates for similar products at the time the contract is made.

- * Purchases, sales and exchanges of electricity, electric capacity and storage, natural gas and clean and emissions-free fuel commodity.
- * Purchases and sales of transmission capacity.
- * Purchase and sales of ancillary services including, but not limited to, spinning reserve, non-spinning reserve, and regulation.
- * Purchase of put and/or call options for electricity and natural gas commodity.
- * Purchase and sale of natural gas and other fuel pipeline capacity.
- * Purchase and sale of natural gas and other fuel storage capacity.
- * Sales of covered call and put options.
- * Purchase and sale of Renewable Energy Credits evidencing the renewable attribute associated with Renewable Energy.
- * Contracts for financial fixed-for-floating or floating-for-fixed price swaps, options and other financially settled energy derivative transactions for purposes of hedging and/or mitigating the price risk of: (i) an underlying physical position in electricity, natural gas or other energy used for the production of District electricity matching a retail load obligation; or (ii) embedded in the pricing formula of a Power Purchase and Sale Agreement; or (iii) for purposes of hedging against the potential financial impact of unpredictable weather conditions, such as heat storms in the District's service territory and/or below average precipitation in the District's Upper American River Project.
- * Purchases and sale of carbon allowances, offsets, and other GHG related products, including both physical and financial transactions.
- * Purchase and sale of low carbon fuel standard credits.

Section 2. Public Utility Regulatory Policies Act of 1978 (PURPA) Transactional Authority. Notwithstanding the three (3) year term limit set forth in Section 1 above, to negotiate and execute on behalf of SMUD purchases for electricity and electric capacity from qualifying facilities for any term provided that: (i) the contract is consistent with federal regulations under PURPA, and ii) the prices paid under such agreements do not exceed SMUD's avoided cost.

Section 3. Long-term Fuel and Power Transactional Authority. To negotiate and execute on behalf of SMUD long-term natural gas, clean and emissions-free fuel, and power supply agreements to purchase discounted tax-exempt fuel and power subject to the following parameters: (i) total purchases from all suppliers shall not exceed 80,000 average dekatherms per day for fuel and 500,000 MWh annually for power; (ii) supplier diversification under this authority shall be maintained by requiring no single supplier provides more than 30,000 average dekatherms per day for fuel or 200,000 MWh annually for power; (iii) contract durations shall not exceed thirty years; (iv) prices paid to suppliers must have expected market discounts at least 75 percent as great as otherwise achievable from a SMUD-sponsored pre-paid transaction; and (v) suppliers must have a proven track record in successfully executing similar transactions.

Section 43. Ancillary Services Transactional Authority. Notwithstanding the credit support restrictions set forth in “Prohibited Transactions,” to make sales of ancillary services to the California Independent System Operator.

Section 54. Enabling Agreement Authority. To negotiate and execute on behalf of SMUD enabling agreements, irrespective of term, including but not limited to the agreements sponsored by the Western Systems Power Pool (“WSPP”), Edison Electric Institute (“EII”), North America Energy Standards Board (“NAESB”), Gas Industry Standards Board (“GISB”), International Swap Dealers Association (“ISDA”) and other prevailing industry form agreements for purposes of facilitating the negotiation of future transactions specified in Section 1, above. An Enabling Agreement does not commit SMUD to any specific transaction; rather it is an agreement setting forth standard terms and conditions (other than terms and conditions for transaction specific agreements, such as, price, quantity, term and delivery point), which will apply to future transactions entered into under the respective Enabling Agreement. All transactions entered into under any Enabling Agreement will be subject to the limits set forth in Section 1, above.

Section 65. Tariff Related Agreement Authority. To negotiate and execute on behalf of SMUD transmission, facilities, distribution, generator and scheduling agreements, irrespective of term, pursuant to approved tariffs.

Section 76. Transmission Planning Agreement Authority. To negotiate and execute on behalf of SMUD agreements intended to facilitate regional transmission planning, irrespective of term; provided the agreement does not commit SMUD to the development, support for or funding of any particular transmission project or projects.

Section 87. GHG Market-Based Compliance Program Related Authority. To transact in, and to negotiate and execute on behalf of SMUD all agreements necessary to participate in, the auctions administered by the California Air Resources Board or successor entity as part of California’s greenhouse gas market-based compliance program.

Section 98. Advance Funding Authority. To negotiate and execute on behalf of SMUD revisions to Exhibit C of the Agreement for the Funding of Operation and Maintenance for the Central Valley Project Power Facilities for the purposes of

establishing SMUD's advance funding contribution to the Western Area Power Administration (Western) in an amount no greater than the estimated annual power deliveries from Western.

Section 109. Purchase, Sale, or Exchange of Air Emission Reduction

Credits (ERCs). To negotiate and execute on behalf of SMUD agreements for the:

- i) Purchase of ERCs (a) that are needed or anticipated to be needed for SMUD operations; (b) that are priced at or below fair market value and (c) that do not exceed \$10 million.
- ii) Sale of ERCs that are (a) are surplus to SMUD's actual or anticipated needs; (b) are for use within the SMUD service territory; (c) are priced at or above fair market value; and (d) do not exceed \$100,000.
- iii) Exchange of ERCs that (a) provide present or future operational flexibility; (b) are of equal or superior quality and value; and (c) do not exceed a fair market value of \$100,000.

REPORTING

The CEO/GM will report to the Board of Directors as follows:

Annually - Submit a five (5) year commodity budget forecast report.

Quarterly - Submit a report to include: (i) a current year commodity budget update; and (ii) a current and next year commodity financial exposure update.

Quarterly – Report on any new multi-year contracts entered into under the Delegation of Authority for wholesale energy, fuel and environmental attribute transactions and contracts.

**ENERGY RISK MANAGEMENT AND ENERGY TRADING STANDARDS
SACRAMENTO MUNICIPAL UTILITY DISTRICT**

PURPOSE

The wholesale energy markets are exposed to numerous risks including, but not limited to, market price risk, supply risk, credit risk and regulatory risk. The purpose of the Energy Risk Management and Energy Trading Standards (the “Standards”) is to establish protocols for prudent risk mitigation and management.

SCOPE

The Standards apply to:

- The operation of SMUD-owned or controlled generation, transmission, natural gas and other fuel reserves and pipeline assets;
- Contracts for and related to the purchase and sale of wholesale electricity, electric capacity and storage, natural gas and clean and emissions-free fuel, and environmental products;
- Contracts for and related to transmission, natural gas and clean or emissions-free fuel transportation, and storage; and
- Contracts for and related to financially hedging or mitigating risks associated with wholesale electricity, electric capacity and natural gas and other fuel prices, supplies and markets.

PRIORITIES

The Chief Executive Officer/General Manager (CEO/GM) implement the Standards in accordance with Board policies and with the following priorities, listed in order of importance:

Priority 1. Manage resource mix to comply with Board Strategic Direction (SD-4) Reliability.

Priority 2. Minimize net commodity energy purchase costs while operating within the targets established in Board Strategic Direction (SD-3) Access to Credit Markets.

Priority 3. Optimize SMUD-owned or controlled assets, including but not limited to, generation, transmission, fuel reserves, pipeline assets, fuel storage and contract resources to create additional value for SMUD and its customers, while complying with Board policies and all applicable laws and regulations.

Priority 4. Provide our customers and community with a sustainable power supply in accordance with Board Strategic Direction (SD-9) Resource Planning.

DIVERSIFICATION AND PORTFOLIO MIX

SMUD will maintain a diverse portfolio of generation, transmission, fuel-related assets and contracts to reasonably mitigate risk and to support its clean energy goals. Risks associated with wholesale contracts will be mitigated through diversified terms and conditions, contract periods and durations, delivery points, counter-parties, and product types.

PORTFOLIO RISK MANAGEMENT PROCEDURES

The CEO/GM will develop and maintain written procedures to implement the Standards and will ensure that appropriate internal controls and limits are in place to ensure compliance with Board policies, the Standards and applicable laws and regulations. Consistent with Board policies and the Standards, the CEO/GM will analyze and implement risk mitigation measures, as appropriate. For illustrative purposes, examples of identified risks and risk mitigation tools are as follows:

<u>Risks</u>	<u>Risk Description</u>	<u>Risk Identification/Mitigation Tools</u>
Market Price Risk	The risk that the absolute price of a given commodity (power, gas) will fluctuate, thereby exposing the District to potential financial losses.	<ul style="list-style-type: none"> • Market and volatility analysis • Forward price curve development • Net position and financial exposure analysis • Mark-to-market analysis • Net income-at-risk analysis • Diversification of product purchases • Dollar-average over time by programmatic purchases
Weather/Volumetric Risk	The potential adverse economic impact of anticipated changes in supply and/or demand. For example, the risk of having less than average generation from SMUD’s hydro project due to a drier than normal year, or less than anticipated retail sales due to a cooler than normal summer.	<ul style="list-style-type: none"> • Frequent snow surveys • Runoff forecast update • Diversification of volumetric hedging programs • Temperature vs. load analysis • Frequent hydro spill risk assessment • Maintain Hydro Stabilization Fund • Diversification of product purchases

<u>Risks</u>	<u>Risk Description</u>	<u>Risk Identification/Mitigation Tools</u>
Credit/Counter-party Risk	The potential financial loss resulting from a counter-party's failure to honor its obligations, including the obligation to settle on a timely basis. For example, a bankrupt counter-party may force SMUD to cover the contracted obligation from the market at a higher price than originally contracted.	<ul style="list-style-type: none"> • Credit Analysis • Credit Limits • Minimum rating levels • Diversification of counter-parties • Guarantees and financial assurances • Netting Agreements
Supply/Delivery Risk	The risk of loss due to non-delivery of power and/or fuel; which could decrease SMUD's system reliability and/or increase financial exposure.	<ul style="list-style-type: none"> • Diversification of delivery points • Retain delivery point flexibility/optionality when practicable • Transmission and pipeline capacity outage duration risk analysis • Natural gas and other fuel storage
Unplanned Outage Risk	The risk of under-supply due to unexpected plant outages, which may increase SMUD's system reliability and/or financial exposure.	<ul style="list-style-type: none"> • Historical plant performance risk analysis • Plant Outage Insurance • Planning and Operating Reserve Analysis • 24-hour trading desk to balance system needs on real-time basis

<u>Risks</u>	<u>Risk Description</u>	<u>Risk Identification/Mitigation Tools</u>
Operational/Human Risk	The risk of human error or fraud, or the risk that the system of controls will fail to adequately record, monitor, and account for transactions or positions.	<ul style="list-style-type: none"> • Develop written trading rules and limits • Establish procedures and standards • Establish system of controls for transaction approval, scheduling and payment • Minimize manual hand-off and multiple input of transaction information • Standardize software applications as appropriate • Implement cross-functional training • Implement structured area expertise training • Conduct periodic audits
Regulatory Risk	Market structure and operational risks associated with shifting state and federal regulatory policies, rules and regulations.	<ul style="list-style-type: none"> • Analysis of regulatory, regional and industry trends • Participation in regulatory forums
Extreme Event Risk	The potential financial risk and or reliability risk created by extreme events such as the 2000-2001 energy crisis and the summer 2020 western heat wave.	<ul style="list-style-type: none"> • Portfolio stress testing • Scenario/sensitivity analysis • Maintain Rate Stabilization Fund
Legislative Risk	Risks associated with actions by international, federal and state legislative bodies.	<ul style="list-style-type: none"> • Legislative analysis and monitor industry wide initiatives • Advocacy of issues consistent with Board established policies.

PROHIBITED TRANSACTIONS

SMUD will not engage in the following prohibited transactions:

- Any transaction that is not related to serving load and/or reducing financial exposure;
- Sale of any **uncovered** financial “Put” and/or “Call” options on electric energy, gas, electric transmission or gas pipeline capacity;
- Sale of any other **uncovered** Financial Options;
- Unless adequate credit support is provided, transactions with any counter-party of: (i) longer than one year in duration, with a credit rating less than investment grade; or (ii) one year or less in duration, with a credit rating less than the Standard and Poors equivalent of BB, except for the following transactions with counter-parties having a credit rating equivalent to Standard and Poors B: (a) purchases which are within the next seven days; and (b) sales which are within the current calendar month that do not present at anytime, payment risk to SMUD (i.e., no associated receivable after exercising netting rights which apply offsetting purchases; this transaction restriction does not apply to sales of ancillary services to the California Independent System Operator;
- Any deceptive transactions, including but not limited to transactions that: (i) are intended to manipulate the market; (ii) circumvent market rules; (iii) manipulate market prices; or (iv) inflate volumes traded or available in any region or market; or
- Any transactions prohibited by federal and/or state laws and regulations.

AUTHORIZED TRANSACTIONS

Any transaction or contract entered into by the CEO/GM that is consistent with the Standards and the Delegation of Authority will be deemed authorized and approved by the Board at the time of execution by the CEO/GM or his/her designee.

DELEGATION OF AUTHORITY

Consistent with the Board policies and the Standards, the CEO/GM or his/her designee is delegated the following authority:

Section 1. Transactional Authority. To negotiate and execute on behalf of SMUD the types of contracts and transactions listed below, provided that: (i) such agreement(s) do not have a term greater than three (3) years, as measured from the commencement of performance by either party (e.g., the first date of delivery of

electricity, transmission capacity, fuel, or pipeline capacity); (ii) the commencement of performance is no longer than three (3) years from the date of execution; and (iii) the prices paid under such agreements are at or below prevailing market rates for similar products at the time the contract is made.

- * Purchases, sales and exchanges of electricity, electric capacity and storage, natural gas and clean and emissions-free fuel commodity.
- * Purchases and sales of transmission capacity.
- * Purchase and sales of ancillary services including, but not limited to, spinning reserve, non-spinning reserve, and regulation.
- * Purchase of put and/or call options for electricity and natural gas commodity.
- * Purchase and sale of natural gas and other fuel pipeline capacity.
- * Purchase and sale of natural gas and other fuel storage capacity.
- * Sales of covered call and put options.
- * Purchase and sale of Renewable Energy Credits evidencing the renewable attribute associated with Renewable Energy.
- * Contracts for financial fixed-for-floating or floating-for-fixed price swaps, options and other financially settled energy derivative transactions for purposes of hedging and/or mitigating the price risk of: (i) an underlying physical position in electricity, natural gas or other energy used for the production of District electricity matching a retail load obligation; or (ii) embedded in the pricing formula of a Power Purchase and Sale Agreement; or (iii) for purposes of hedging against the potential financial impact of unpredictable weather conditions, such as heat storms in the District's service territory and/or below average precipitation in the District's Upper American River Project.
- * Purchases and sale of carbon allowances, offsets, and other GHG related products, including both physical and financial transactions.
- * Purchase and sale of low carbon fuel standard credits.

Section 2. Public Utility Regulatory Policies Act of 1978 (PURPA) Transactional Authority. Notwithstanding the three (3) year term limit set forth in Section 1 above, to negotiate and execute on behalf of SMUD purchases for electricity and electric capacity from qualifying facilities for any term provided that: (i) the contract is consistent with federal regulations under PURPA, and ii) the prices paid under such agreements do not exceed SMUD's avoided cost.

Section 3. Long-term Fuel and Power Transactional Authority. To negotiate and execute on behalf of SMUD long-term natural gas, clean and emissions-free fuel, and power supply agreements to purchase discounted tax-exempt fuel and power subject to the following parameters: (i) total purchases from all suppliers shall not exceed 80,000 average dekatherms per day for fuel and 500,000 MWh annually for power; (ii) supplier diversification under this authority shall be maintained by requiring no single supplier provides more than 30,000 average dekatherms per day for fuel or 200,000 MWh annually for power; (iii) contract durations shall not exceed thirty years; (iv) prices paid to suppliers must have expected market discounts at least 75 percent as great as otherwise achievable from a SMUD-sponsored pre-paid transaction; and (v) suppliers must have a proven track record in successfully executing similar transactions.

Section 4. Ancillary Services Transactional Authority. Notwithstanding the credit support restrictions set forth in “Prohibited Transactions,” to make sales of ancillary services to the California Independent System Operator.

Section 5. Enabling Agreement Authority. To negotiate and execute on behalf of SMUD enabling agreements, irrespective of term, including but not limited to the agreements sponsored by the Western Systems Power Pool (“WSPP”), Edison Electric Institute (“EII”), North America Energy Standards Board (“NAESB”), Gas Industry Standards Board (“GISB”), International Swap Dealers Association (“ISDA”) and other prevailing industry form agreements for purposes of facilitating the negotiation of future transactions specified in Section 1, above. An Enabling Agreement does not commit SMUD to any specific transaction; rather it is an agreement setting forth standard terms and conditions (other than terms and conditions for transaction specific agreements, such as, price, quantity, term and delivery point), which will apply to future transactions entered into under the respective Enabling Agreement. All transactions entered into under any Enabling Agreement will be subject to the limits set forth in Section 1, above.

Section 6. Tariff Related Agreement Authority. To negotiate and execute on behalf of SMUD transmission, facilities, distribution, generator and scheduling agreements, irrespective of term, pursuant to approved tariffs.

Section 7. Transmission Planning Agreement Authority. To negotiate and execute on behalf of SMUD agreements intended to facilitate regional transmission planning, irrespective of term; provided the agreement does not commit SMUD to the development, support for or funding of any particular transmission project or projects.

Section 8. GHG Market-Based Compliance Program Related Authority. To transact in, and to negotiate and execute on behalf of SMUD all agreements necessary to participate in, the auctions administered by the California Air Resources Board or successor entity as part of California’s greenhouse gas market-based compliance program.

Section 9. Advance Funding Authority. To negotiate and execute on behalf of SMUD revisions to Exhibit C of the Agreement for the Funding of Operation and Maintenance for the Central Valley Project Power Facilities for the purposes of

establishing SMUD's advance funding contribution to the Western Area Power Administration (Western) in an amount no greater than the estimated annual power deliveries from Western.

Section 10. Purchase, Sale, or Exchange of Air Emission Reduction Credits (ERCs). To negotiate and execute on behalf of SMUD agreements for the:

- i) Purchase of ERCs (a) that are needed or anticipated to be needed for SMUD operations; (b) that are priced at or below fair market value and (c) that do not exceed \$10 million.
- ii) Sale of ERCs that are (a) are surplus to SMUD's actual or anticipated needs; (b) are for use within the SMUD service territory; (c) are priced at or above fair market value; and (d) do not exceed \$100,000.
- iii) Exchange of ERCs that (a) provide present or future operational flexibility; (b) are of equal or superior quality and value; and (c) do not exceed a fair market value of \$100,000.

REPORTING

The CEO/GM will report to the Board of Directors as follows:

Annually - Submit a five (5) year commodity budget forecast report.

Quarterly - Submit a report to include: (i) a current year commodity budget update; and (ii) a current and next year commodity financial exposure update.

Quarterly – Report on any new multi-year contracts entered into under the Delegation of Authority for wholesale energy, fuel and environmental attribute transactions and contracts.

SSS No.

SCS 24-249

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 09/17/24
Board Meeting Date
September 19, 2024

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

Consent Calendar	<input checked="" type="checkbox"/>	Yes		<i>No (If no, schedule a dry run presentation.)</i>	Budgeted	<input checked="" type="checkbox"/>	Yes		<i>No (If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR)					DEPARTMENT				MAIL STOP	EXT.	DATE SENT
Andrew McDermott					Procurement				EA404	5862	08/23/24

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to negotiate and award a contract to United Health Care Insurance Company (“United HealthCare”) to provide administration of SMUD’s Medical Benefits Plan for an initial three-year period from January 1, 2025, to December 31, 2027, with two optional one-year extensions, for a contract total not-to-exceed amount of \$275 million.

Summary: This was a two-step solution process including request for qualifications initially, followed by a request for proposal phase. The Request for Qualifications Doc 4338060278 (RFQ) was issued in December 2023 to qualify firms to participate in the Request for Proposals (RFP) for administration of SMUD’s Medical Benefits Plan. With the assistance of Aon Consultants (“Aon”), SMUD Procurement and People Services & Strategies issued the RFQ with an extensive pass/fail requirements. SMUD received three proposals for said RFQ and all three respondents qualified for the subsequent RFP. With the assistance of AON and work groups throughout SMUD, the evaluation of the RFP responses was completed. It was determined that United HealthCare was the highest evaluated proposer and the only proposer who could provide all the services requested for our active employees and retirees. The proposal from United HealthCare included: (1) no network disruption for active employees and retirees (Pre and Post-65); (2) no disruption in medical groups (in greater Sacramento region): Sutter Medical Group, Brown & Toland, Dignity Health/Mercy Medical Group, UC Davis Medical Group, and Hill’s Physicians; (3) similar plan design options and offerings including High Deductible Health Plan with Health Savings Account (HSA) (HDHP), Preferred Provider Organization (PPO) (closed plan), and Health Maintenance Organization (HMO) (High and Low) plans for active employees, HMO High and PPO plans for our Pre-65 early retirees and Medicare Advantage Plan for our post-65 retirees; and (4) \$200,000 renewable implementation credit with no restrictions of use. The United HealthCare proposal includes a 2nd year, 2026, rate cap of 8.9% for HMO plans, 13.4% for PPO/HDHP plans. Offered a 3rd year, 2027, benefit-cost ration (BCR) for HMO plans, no rate cap for PPO/HDHP plans. Offered a 2026 and 2027 maximum rate increase of \$75 PMPM for Medicare Advantage Plans. The Best and Final Offer, United HealthCare provided an overall additional decrease of \$145,000, or -0.45% for combined Active, Retiree, and Medicare Plans. This is down from an increase of 2.76%. The total savings for the awards is \$1,173,000.

Recommendation: Award to the Highest Evaluated Responsive Proposer.

Award to:

United Health Care Insurance Company
185 Asylum Street
Hartford, CT 06103

Proposers Notified by Procurement: 3
Proposers Downloaded: 3
Pre-Proposal Conference Attendance: 3

Proposals Received:

3

Responsive Proposals Received	<u>P/F</u>	<u>80 Points Technical</u>	<u>20 Points Pricing</u>	Total Score	Overall Rank	Proposal Amount	Proposed Award Amount
United Health Care	P	65.75	20.00	80.75	1	\$36,411,000	\$275,000,000
Blue Shield	P	48.23	19.13	67.36	2	\$38,076,000	
Anthem	P	34.13	18.29	52.42	3	\$39,805,000	

Board Policy: Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Procurement. Strategic Direction SD-3, Access to Credit Markets: SMUD staff negotiated best price and terms with medical providers in consideration of the long-term revenue requirements, debt, and financial risk to SMUD. Strategic Direction SD-8, Employee Relations. Providing medical benefits to employees supports SMUD’s goal of an inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision, and values

Benefits: To provide quality medical benefits to eligible SMUD employees, retirees, and eligible dependents.

Cost/Budgeted: \$275,000,000; Budgeted for 2025-2029 by People Services & Strategies

Alternatives: Not award, which would jeopardize SMUD’s ability to provide the required employee health benefits and impact employee’s access to health care. Extend the current contract, with United HealthCare, for an additional year and could result in higher premiums. Additionally remarketing this RFP could take up to a year and result in the same outcome.

Affected Parties: People Services & Strategies, Procurement, Warehouse & Fleet, and United HealthCare

Coordination: People Services & Strategies and Procurement, Warehouse & Fleet

Presenter: Laurie Rodriguez, Director, People Services & Strategies

Additional Links:

SUBJECT

Award Medical Benefits Plan Contract

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

2025 Active Employee Medical Rates

Active Employees	Basic		
Carrier	Employee Only	Employee +1	Employee +Family
United Healthcare Signature Value HMO – High Plan	\$1,260.72	\$2,660.11	\$3,807.36
United Healthcare Signature Value HMO – Low Plan	\$1,133.29	\$2,391.22	\$3,422.59
United Healthcare Signature Alliance HMO – High Plan	\$1,059.73	\$2,236.03	\$3,200.38
United Healthcare Signature Alliance HMO – Low Plan	\$952.62	\$2,010.01	\$2,876.94
United Healthcare High Deductible Health Plan	\$982.76	\$2,073.63	\$2,967.93
United Healthcare PPO Plan	\$1,899.89	\$4,008.77	\$5,737.67

2025 Retiree Medical Rates

Retiree	Basic			Medicare	
Carrier	Retiree Only	Retiree +1	Retiree +1 Family	Retiree	Retiree+1
United Healthcare Signature Value HMO	\$1260.72	\$2260.11	\$3807.36	N/A	N/A
United Healthcare Signature Alliance HMO	\$1059.73	\$2236.03	\$3200.39	N/A	N/A
United Healthcare PPO - In CA	\$1,767.47	\$3729.36	\$5337.75	N/A	N/A
United Healthcare PPO - Out Of CA	\$1,767.47	\$3729.36	\$5337.75	N/A	N/A
United Healthcare Medicare Advantage	N/A	N/A	N/A	\$447.08	\$894.16

SSS No. PSS 24-006

BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 09/17/24
Board Meeting Date September 19, 2024

TO	TO
1. Casey Fallon	6.
2. Laurie Rodriguez	7.
3. Jose Bodipo-Memba	8.
4. Scott Martin	9. Legal
5. Lora Anguay	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) Laurie Rodriguez	DEPARTMENT People Services & Strategies	MAIL STOP B251	EXT. 5628	DATE SENT 08/23/24
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NARRATIVE:

Requested Action: Approve contract change to Contract No. 4500043215 with Kaiser Permanente approving 2025 medical insurance premium rates and extending the contract by one year for the period January 1, 2025, through December 31, 2025. The total estimated cost for 2025, based on the current enrollment population, is \$34.5 million.

Summary: Kaiser Permanente presented SMUD with a renewal increase for the 2025 plan year of 20% for active employee, pre-65 retiree and Medicare Advantage medical plans. The percentage increase is determined by a 12-month utilization period where there were significant increases due to lag of individuals returning to address medical conditions following the pandemic, and an increase in serious illnesses and associated pharmaceutical costs. We anticipate rates being more in line with lower past trends and decreasing next year based on the last six months of utilization data. The 20% increase is based on the difference in the aggregated total cost of premiums for active employees and retirees (and dependents) enrolled in the Kaiser Permanente plans from 2023 to 2024. Based on these rates and current enrollment, the total cost for 2025 medical benefit plans is projected at \$34.5 million.

These actions will allow SMUD to provide medical benefit plans for the year 2025 to employees, retirees, and eligible dependents enrolled in SMUD’s medical Kaiser plans in the most cost-effective manner. Kaiser remains the lower cost of the two plans offered.

Note: The estimated costs above will vary based on 2025 employee/retiree Open Enrollment selections and SMUD population.

Board Policy: Strategic Direction SD-3, Access to Credit Markets. SMUD staff negotiated best price and terms with medical providers in consideration of the long-term revenue requirements, debt, and financial risk to SMUD.

Strategic Direction SD-8, Employee Relations. Providing medical benefits to employees supports SMUD’s goal of an inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision, and values.

Benefits: Provide quality medical benefits to eligible SMUD employees, retirees, and eligible dependents.

Cost/Budgeted: Assuming current enrollment, SMUD’s share of cost is projected at \$34.5 million (after employee/retiree contributions).

Alternatives: Not accepting the proposed rate increases would jeopardize SMUD’s ability to provide the required employee health benefits and impact employees’ access to health care and out of compliance with current labor Memoranda of Understanding (MOUs).

Affected Parties: All eligible SMUD employees, retirees and eligible dependents participating in SMUD’s Kaiser medical benefit plans.

Coordination: People Services & Strategies, Procurement, Warehouse & Fleet, and Aon Benefit Consultant Firm

Presenter: Laurie Rodriguez, Director, People Services & Strategies

Additional Links:

SUBJECT

Approve 2025 Kaiser Permanente Contract Change

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

2025 Active Employee Medical Rates

Active Employees	Basic		
Carrier	Employee Only	Employee +1	Employee +Family
Kaiser HMO – High Plan	\$894.49	\$1,788.98	\$2,683.47
Kaiser HMO – Low Plan	\$847.90	\$1,695.80	\$2,543.70

2025 Retiree Medical Rates

Retiree	Basic			Medicare	
Carrier	Retiree Only	Retiree +1	Retiree +1 Family	Retiree	Retiree+1
Kaiser HMO	\$872.73	\$1785.46	\$2678.19	\$308.25	\$616.51
Kaiser Medicare Unassigned*	N/A	N/A	N/A	\$1864.16	\$3728.32
Kaiser Medicare Part A only**	N/A	N/A	N/A	\$1453.51	\$2907.02

*Age 65+ retiree - not enrolled in Medicare - transitional plan

** Have Medicare Part A due to disability but not enrolled in Medicare Part B due to age (under 65)

SSS No.
PSS 24-005

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 09/17/24
Board Meeting Date September 19, 2024

TO				TO			
1.	Laurie Rodriguez	6.					
2.	Russell Mills	7.					
3.	Jose Bodipo-Memba	8.					
4.	Scott Martin	9.	Legal				
5.	Lora Anguay	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>
FROM (IPR) Laurie Rodriguez		DEPARTMENT People Services & Strategies		MAIL STOP B251	EXT. 5628	DATE SENT 08/23/24	

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager (CEO/GM), or his delegate, on behalf of Sacramento Municipal Utility District (SMUD) to join, terminate, and rejoin Public Risk Innovation, Solutions, and Management (PRISM) for the placement or cancellation of employee benefits and other insurance policies or contracts in an amount not to exceed \$3 million each in support of SMUD’s Paid Family Leave, Short-Term Disability and Long-Term Disability benefits and potential future employee benefits and other insurance needs, and to execute all agreements and documents necessary in connection with the placement or cancellation of the insurance policies or contracts.

Summary: Staff conducted market research regarding current employee benefits such as paid family leave, short-term disability leave, and long-term disability leave and determined that modifications to SMUD’s employee benefits package would support the Board’s directive with regard to employee attraction and retention. Previously, some of these benefits have been offered through self-funded insurance with voluntary enrollment by employees. In conjunction with SMUD’s review of insurance and pooling options, SMUD has determined that joining PRISM would be beneficial to SMUD.

PRISM, formerly known as CSAC Excess Insurance Authority, was formed under the sponsorship of the County Supervisors Association of California dba California State Association of Counties to find cost effective insurance solutions and risk management services and is a member directed risk sharing pool. PRISM’s membership includes 95 percent of California counties, 70 percent of California cities, and 10 percent of California educational organizations, special districts, housing authorities, fire districts, and 27 Joint Powers Authorities.

Accordingly, staff seeks approval for the CEO/GM, or his delegate, to execute all documents necessary for SMUD to join, terminate, and/or rejoin PRISM for the placement or cancellation of employee benefits insurance policies and contracts in an amount not to exceed \$3 million each.

Board Policy: Strategic Direction SD-8, Employee Relations. Providing new Paid Family Leave insurance as well as improved Short-Term and Long-Term insurance supports SMUD’s commitment to attract and retain a highly qualified and diverse workforce and promotes and inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, and vision and values.
(Number & Title)

Benefits: To provide new Paid Family Leave and improved Short-Term and Long-Term insurance benefits for eligible SMUD employees.

Cost/Budgeted: There is no associated cost or budget to join PRISM. The associated costs are factored into each insurance policy or contract.

Alternatives: Not approve, which would jeopardize SMUD’s employee benefits insurance policies, including Paid Family Leave, Short-Term Disability and Long-Term Disability benefits. SMUD is contractually obligated to provide Short-Term and Long-Term Disability insurance plans per our Memorandums of Understanding with our three unions.

Affected Parties: SMUD, SMUD employees and their families.

Coordination: Executive Office, People Services & Strategies, Legal and Treasury

Presenter: Laurie Rodriguez, Director, People Services & Strategies

Additional Links:

SUBJECT

Approve Membership in PRISM and Employee Benefit Insurance

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. SFA JPA 24-0001

SFA COMMISSION AGENDA ITEM

SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit – 09/17/24
Commission Meeting Date 9/19/2024

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

Consent Calendar	<input checked="" type="checkbox"/>	Yes		No <i>If no, schedule a dry run presentation.</i>	Budgeted		Yes	<input checked="" type="checkbox"/>	No <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Laurie Johnson	DEPARTMENT Power Generation/Thermal Generation	MAIL STOP EA405	EXT. 4822	DATE SENT 8/22/2024
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NARRATIVE:

Requested Action: Approve proposed amendment to the 2024 SFA Budget Resolution to augment the Capital Expenditures line item by \$6.2 million for Sacramento Municipal Utility District Financing Authority (SFA).

Summary: SFA is a Joint Powers Authority (JPA) formed by the Sacramento Municipal Utility District (SMUD) and the Modesto Irrigation District (MID) and its fleet of assets currently consists of five separate thermal plants: Campbell Power Plant (Campbell), Carson Power Plant (Carson), Cosumnes Power Plant (CPP), McClellan Power Plant (McClellan), and Procter & Gamble Power Plant (P&G). The 2024 Budget Augmentation will cover additional Capital cost to be incurred by the JPA thermal fleet in operating and maintaining the power plants. The budget amount is based on the following 3 additions that will affect the JPA: 1) CPP Turndown (equipment) - Thermal Transition Project, 2) Procurement of a CPP Spare Transformer, and 3) Discoveries at CPP.

Board Policy: *(Number & Title)* Strategic Direction SD-2, Competitive Rates; Strategic Direction SD-3, Access to Credit Markets; Strategic Direction SD-4, Reliability; Strategic Direction SD-7, Environmental Leadership

Benefits: Approval of the 2024 Capital Budget Augmentation will meet the requirements of the Annual Budget provisions and will authorize additional spending within the limits prescribed to maintain operations of the fleet.

Cost/Budgeted: Approval of the Capital Budget Augmentation will authorize additional spending to accommodate additional Capital Expenses pertaining to unplanned work: 1) CPP Turndown (equipment) - Thermal Transition Project, 2) Procurement of a CPP Spare Transformer, and 3) Discoveries at CPP.

Alternatives: N/A

Affected Parties: Budget Office, Accounting, Treasury, Power Generation, Legal

Coordination: Budget Office, Accounting, Treasury, Power Generation, Legal

Presenter: Joel Ledesma, Zero Carbon Plan Management Advisor

Additional Links:

SUBJECT 2024 SFA Capital Budget Augmentation	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

RESOLUTION NO. _____

WHEREAS, by Resolution No. 23-SFA-12-01, adopted on December 14, 2023, this Commission approved the 2024 Sacramento Municipal Utility District Financing Authority (SFA) Budget Resolution, including a line item expenditure for \$7,625,000 for Capital Expenditures; and

WHEREAS, there is now a need to augment the 2024 SFA Budget, which will increase the line item expenditure for Capital Expenditures by \$6,200,000, **NOW**, **THEREFORE**,

**BE IT RESOLVED BY THE COMMISSIONERS OF THE
SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY:**

Section 1. Section 2. of Resolution No. 23-SFA-12-01 is hereby amended to increase the funds budgeted for the line item for Capital Expenditures to \$13,825,000.

Section 2. In all other respects, the 2024 SFA Budget Resolution is reaffirmed.

CPP Turndown Project Description: Additional Cost to 2024 JPA Budget: \$3,500,000
 Install GE's Axial Fuel Staging (AFS) and Overboard Bleed (OBB) on both gas turbines. These products will allow CPP to reduce MW output while keeping both gas turbines online, resulting in an estimated \$4,000,000/year savings in fuel, a 27% reduction in CO2 at CPP (~15% of total thermal generation), plus additional ET&C benefits. Installation is scheduled for Q4 2025.

CPP Spare Transformer Description: Additional Cost to 2024 JPA Budget: \$2,400,000
 Purchase spare transformer as part of Transformer Contingency Plan for use at CPP for increased reliability and risk mitigation. Currently there is no spare transformer onsite, and the steam turbine transformer does not have redundancy, which would lead to significant plant downtime in the event of a steam turbine GSU transformer failure. This transformer will be designed with a low-side tap changer to allow for use in either gas turbine or steam turbine GSU transformer locations.

Planned Thermal Capital Budget	\$	7,625,000					
	+	20%	\$	1,525,000			
	+		\$	2,000,000			
				\$	11,150,000		
Actual Capital Dollars as of 6/30/2024	\$	4,937,976	(CP and TS Turndown)				
Remaining Capital Dollars Forecasted July - December	\$	10,802,278	(CP, TS Spare Xtrmr, and Carson)				
	\$	15,740,254					
**Note: CPP's Remaining Capital Fcst \$7,972,278 subited 7/8/2024, TS Spare Xtrmr projected \$2,400,000 in Dec '24							
Turndown Actual (06/30/2024)	\$	3,381,465					
Spare Transformer (Dec)	\$	2,400,000					
	\$	5,781,465					
Requested additional funds to Capital Budget	\$	6,000,000	(Recommended)				

SSS No. CFO 24-009

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit September 17, 2024
Board Meeting Date NA

TO	TO
1. Scott Martin	6.
2. Jose Bodipo-Memba	7.
3. Lora Anguay	8.
4.	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) Jennifer Restivo			DEPARTMENT Planning & Performance		MAIL STOP B356 EXT. 5193 DATE SENT 9/5/24

NARRATIVE:

Requested Action: Provide the Board with a preview of SMUD’s 2025 Proposed Budget.

Summary: Present the Board a preview and key focus areas of SMUD’s 2025 Proposed Budget prior to being finalized for review at the Finance and Audit Committee Proposed Budget meetings on November 6 and 7, 2024.

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

Benefits: Present information to the Board of Directors regarding the SMUD 2025 Proposed Budget and process. Provide Board Members an opportunity to ask questions before the proposed budget has been finalized.

Cost/Budgeted: N/A

Alternatives: Provide a written memo to the Board with an overview of SMUD’s Proposed 2025 Budget.

Affected Parties: SMUD

Coordination: Planning & Revenue Strategy

Presenter: Jennifer Restivo

Additional Links:

SUBJECT SMUD 2025 Proposed Budget Preview	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 23-016

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit, 2024
Board Meeting Date N/A

TO				TO				
1.	Jose Bodipo-Memba			6.				
2.	Lora Anguay			7.				
3.	Scott Martin			8.				
4.				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 12/18/23

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: Provide information via written memo/report to the Board.

Affected Parties: Accounting

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: August 30, 2024
ACC 24-016

FROM: Kathy Ketchum / Lisa Limcaco

SUBJECT: JULY 2024 FINANCIAL RESULTS AND OPERATIONS DATA

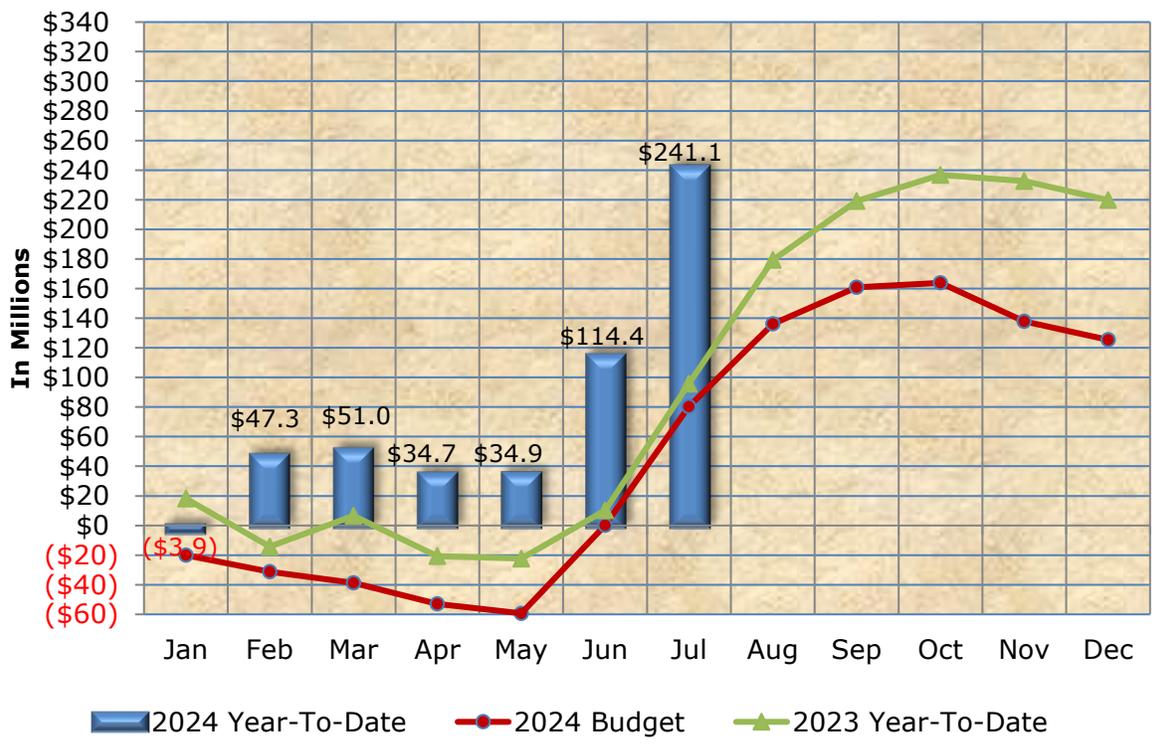
We are attaching the financial and operating reports for the seven months of 2024. They include sales and generation statistics and other selected data.

The change in net position is an increase of \$241.1 million compared to a budgeted increase of \$80.3 million, resulting in a favorable variance of \$160.8 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 2024 Budget approved by the Board of Directors on December 14, 2023.

Change in Net Position Year To Date



**SACRAMENTO MUNICIPAL UTILITY DISTRICT
EXECUTIVE SUMMARY
For the Seven Months Ended July 31, 2024**

Net Position

- The change in net position is an increase of \$241.1 million compared to a budgeted increase of \$80.3 million, resulting in a favorable variance of \$160.8 million.

Revenues

- Revenues from sales to customers were \$1,020.1 million, which was \$30.3 million higher than planned. The increase is primarily due to:
 - Higher residential sales of \$32.2 million primarily due to higher customer usage.
 - Lower commercial sales of \$3.7 million primarily due to lower customer usage.
 - No actual provision for uncollectible accounts compared to a budget of \$1.8 million. The current balance of the accumulated provision is sufficient to cover write-offs of arrears.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB] – 32) were \$19.7 million. This is due to carbon allowances sold through the state sanctioned quarterly auctions.
- Low Carbon Fuel Standard (LCFS) revenues were \$5.0 million due to LCFS credit sales.
- Other electric revenues were \$5.9 million higher due to higher unplanned interconnection fees, transmission revenue, and Sacramento Power Academy revenue.
- Non-cash revenues transferred to the rate stabilization fund were \$36.6 million, of which \$22.3 million was for AB-32, \$9.3 million was for the annual WAPA Hydro Generation Adjustment and \$5.0 million was for 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 \$37.5 million, of which \$21.1 million was for revenue recognized for AB-32, \$8.3 million was for revenue recognized for the annual Hydro Generation Adjustment, and \$8.1 million was for LCFS and Community Impact Plan.

Commodities, Purchased Power, and Production

- SMUD's generation was lower by 515 GWh (10.8 percent); JPA and other generation was lower by 451 GWh (12.3 percent); and Hydro generation was lower by 64 GWh (5.7 percent).
- Purchased power expense of \$236.5 million, less surplus power sales of \$78.4 million was \$158.1 million, which was \$29.6 million higher than planned. This increase is due to lower thermal generation that led to increased market purchases at favorable market prices.
- Production operations cost of \$193.3 million, less surplus gas sales of \$47.8 million, was \$145.5 million, which was \$45.6 million lower than planned.
 - Fuel costs of \$118.0 million less surplus gas sales of \$47.8 million, was \$70.2 million, which was \$33.3 million lower than planned. Fuel costs were lower due to decrease in thermal generation from unplanned major overhauls costs at the Carson, Cosumnes, and Procter & Gamble plants and it was more economical to replace the thermal generation with market purchases.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment revenue was \$714.8 million, which was \$44.4 million higher than planned. The power margin as a percentage of sales to customers was 70.1 percent, which was 2.3 percent higher than planned. This is primarily due to lower production costs due to lower fuel costs and higher customer sales.

Other Operating Expenses

- All other operating expenses were \$608.4 million, which was \$0.1 million lower than planned.
 - Transmission and distribution operations expenses were down \$7.6 million primarily due to lower cost of transmission fees than planned.
 - Customer service and information expenses were down \$5.5 million due to lower participation in My Energy Optimizer Partner and Peak Conserve programs and lower participation in the Commercial and Residential Greenergy programs.
 - Administrative & General expenses were up \$6.1 million primarily due to bond issuance costs, costs related to the February storm and uncollectible non-electric billings.

- Public Good expenses were \$3.8 million higher than planned primarily due to increased rebate volume in the Advanced Homes Solutions program and earlier start in low income building electrification program initiatives.
- Transmission and distribution maintenance expenses were \$1.7 million lower than planned. This is primarily due to the recent operational changes in the vegetation maintenance of transmission and distribution lines.
- Non-cash depreciation and amortization is higher by \$3.9 million primarily due to the unplanned amortization of software subscription assets.

Non-operating Revenues and Expenses

- Other revenue, net, was \$107.0 million higher than planned primarily due to a business interruption insurance recovery payment of \$88.9 million related to the Cosumnes Power Plant, a settlement payment of \$7.5 million related to Substation A fire claim, \$5.8 million related to the Rancho Seco annual spent fuel settlement, and higher interest income.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Month Ended July 31, 2024
(thousands of dollars)

	Actual	Budget	Over (Under)	Percent of Increase (Decrease)
OPERATING REVENUES				
Sales to customers	\$ 247,211	\$ 234,393	\$ 12,818	5.5 %
Sales of surplus power	19,755	31,898	(12,143)	(38.1)
Sales of surplus gas	4,381	-	4,381	*
SB-1 revenue (deferral)/recognition, net	124	-	124	*
LCFS revenue	1,598	-	1,598	*
Other electric revenue	3,925	2,671	1,254	46.9
Revenue to rate stabilization fund	(1,598)	(242)	(1,356)	(560.3)
Revenue from rate stabilization fund	2,124	2,472	(348)	(14.1)
Total operating revenues	277,520	271,192	6,328	2.3
OPERATING EXPENSES				
Operations				
Purchased power	72,925	66,710	6,215	9.3
Production	23,309	33,042	(9,733)	(29.5)
Transmission and distribution	8,193	8,280	(87)	(1.1)
Customer accounts	5,390	4,706	684	14.5
Customer service and information	7,852	7,273	579	8.0
Administrative and general	20,630	18,998	1,632	8.6
Public good	6,898	5,634	1,264	22.4
Total operations	145,197	144,643	554	0.4
Maintenance				
Production	5,036	4,409	627	14.2
Transmission and distribution	9,729	11,558	(1,829)	(15.8)
Total maintenance	14,765	15,967	(1,202)	(7.5)
Depreciation and amortization				
Depreciation and amortization	22,691	22,722	(31)	(0.1)
Amortization of regulatory asset	3,676	3,403	273	8.0
Total depreciation and amortization	26,367	26,125	242	0.9
Total operating expenses	186,329	186,735	(406)	(0.2)
OPERATING INCOME	91,191	84,457	6,734	8.0
NON-OPERATING REVENUES AND EXPENSES				
Other revenues/(expenses)				
Interest income	3,427	2,392	1,035	43.3
Investment revenue (expense)	(347)	20	(367)	*
Other income (expense) - net	37,618	797	36,821	*
Unrealized holding gains (losses)	1,757	-	1,757	*
Revenue - CIAC	1,668	1,724	(56)	(3.2)
Total other revenues	44,123	4,933	39,190	794.4
Interest charges				
Interest on long-term debt	8,259	9,226	(967)	(10.5)
Interest on commercial paper	327	86	241	280.2
Total interest charges	8,586	9,312	(726)	(7.8)
CHANGE IN NET POSITION	\$ 126,728	\$ 80,078	\$ 46,650	58.3 %

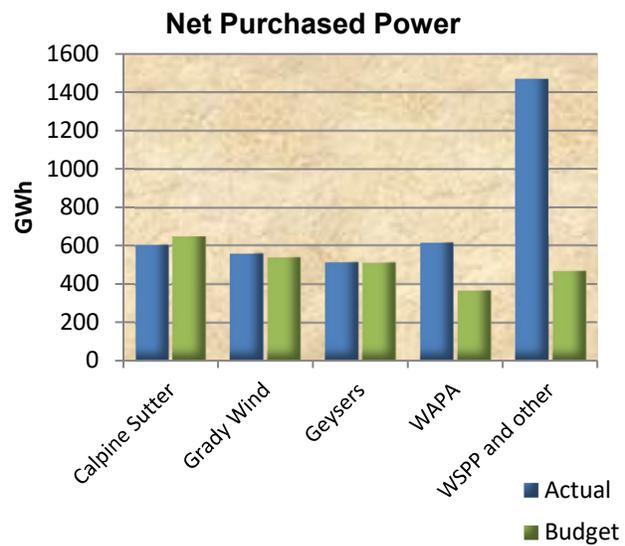
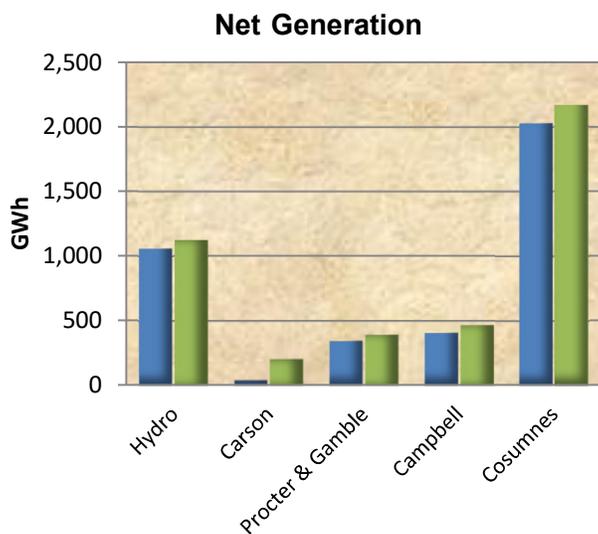
SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Seven Months Ended July 31, 2024
(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
OPERATING REVENUES				
Sales to customers	\$ 1,020,140	\$ 989,872	\$ 30,268	3.1 %
Sales of surplus power	78,414	119,918	(41,504)	(34.6)
Sales of surplus gas	47,831	-	47,831	*
SB-1 revenue (deferral)/recognition, net	432	-	432	*
AB32 revenue	19,695	-	19,695	*
LCFS revenue	5,021	-	5,021	*
Other electric revenue	25,923	19,980	5,943	29.7
Revenue to rate stabilization fund	(36,601)	(1,693)	(34,908)	*
Revenue from rate stabilization fund	37,504	25,950	11,554	44.5
Total operating revenues	1,198,359	1,154,027	44,332	3.8
OPERATING EXPENSES				
Operations				
Purchased power	236,527	248,417	(11,890)	(4.8)
Production	193,254	191,018	2,236	1.2
Transmission and distribution	50,978	58,583	(7,605)	(13.0)
Customer accounts	34,036	33,247	789	2.4
Customer service and information	46,133	51,656	(5,523)	(10.7)
Administrative and general	144,977	138,922	6,055	4.4
Public good	40,472	36,663	3,809	10.4
Total operations	746,377	758,506	(12,129)	(1.6)
Maintenance				
Production	34,017	33,594	423	1.3
Transmission and distribution	73,894	75,611	(1,717)	(2.3)
Total maintenance	107,911	109,205	(1,294)	(1.2)
Depreciation and amortization				
Depreciation and amortization	158,870	156,206	2,664	1.7
Amortization of regulatory asset	25,036	23,822	1,214	5.1
Total depreciation and amortization	183,906	180,028	3,878	2.2
Total operating expenses	1,038,194	1,047,739	(9,545)	(0.9)
OPERATING INCOME	160,165	106,288	53,877	50.7
NON-OPERATING REVENUES AND EXPENSES				
Other revenues/(expenses)				
Interest income	26,452	16,251	10,201	62.8
Investment revenue	(1,801)	141	(1,942)	*
Other income (expense) - net	104,508	5,504	99,004	*
Unrealized holding gains (losses)	260	-	260	*
Revenue - CIAC	11,558	12,046	(488)	(4.1)
Total other revenues	140,977	33,942	107,035	315.3
Interest charges				
Interest on long-term debt	57,251	55,649	1,602	2.9
Interest on commercial paper	2,760	4,287	(1,527)	(35.6)
Total interest charges	60,011	59,936	75	0.1
CHANGE IN NET POSITION	\$ 241,131	\$ 80,294	\$ 160,837	20031.0% %

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET
For the Period Ended July 31, 2024**

Sources of Energy (GWh)	Month		Increase (Decrease) Percentage	Year to Date		Increase (Decrease) Percentage
	Actual	Budget		Actual	Budget	
Net Generated						
Hydro	106	154	(31.2)	1,059	1,123	(5.7)
Carson Power Plant	27	48	(43.8)	42	204	(79.4)
Procter & Gamble Power Plant	70	81	(13.6)	345	390	(11.5)
Campbell Power Plant	75	107	(29.9)	407	465	(12.5)
Cosumnes Power Plant	377	413	(8.7)	2,030	2,167	(6.3)
Other	98	118	(16.9)	377	426	(11.5)
Total net generation	753	921	(18.2)	4,260	4,775	(10.8)
Purchased Power less transmission losses:						
CalEnergy	14	19	(26.3)	113	130	(13.1)
Calpine Sutter	149	174	(14.4)	606	647	(6.3)
Drew Solar	32	31	3.2	192	188	2.1
Feed in Tariff	25	25	0.0	127	135	(5.9)
Geysers	75	74	1.4	512	511	0.2
Grady Wind	70	69	1.4	557	538	3.5
Rancho Seco PV II	36	38	(5.3)	181	207	(12.6)
WAPA	120	97	23.7	614	367	67.3
WSPP and other	404	144	180.6	1,470	467	214.8
Other long term power	68	63	7.9	315	360	(12.5)
Total net purchases	993	734	35.3	4,687	3,550	32.0
Total sources of energy	1,746	1,655	5.5	8,947	8,325	7.5
Uses of energy:						
SMUD electric sales and usage	1,267	1,160	9.2	6,188	5,936	4.2
Surplus power sales	430	446	(3.6)	2,576	2,091	23.2
System losses	49	49	0.0	183	298	(38.6)
Total uses of energy	1,746	1,655	5.5 %	8,947	8,325	7.5 %

* Change equals 1000% or more.



Net generation is lower than planned for the seven-month period.

- Hydro generation is lower than planned (5.7 percent).
- JPA generation is lower than planned (12.5 percent).

Purchased power, less surplus power sales, is higher than plan (44.7 percent).

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
July 31, 2024 and 2023
(thousands of dollars)

	Total						
	SMUD	SFA	NCEA	NCGA #1	Intercompany Eliminations	2024	2023
ELECTRIC UTILITY PLANT							
Plant in service, original cost	\$ 6,418,590	\$ 983,702	\$ -	\$ -	\$ (4,578)	\$ 7,397,714	\$ 7,170,487
Less accumulated depreciation	3,054,095	712,328	-	-	(965)	3,765,458	3,648,361
Plant in service - net	3,364,495	271,374	-	-	(3,613)	3,632,256	3,522,126
Construction work in progress	776,453	8,023	-	-	-	784,476	497,984
Investment in Joint Power Agencies	321,465	-	-	-	(283,072)	38,393	32,618
Total electric utility plant - net	4,462,413	279,397	-	-	(286,685)	4,455,125	4,052,728
RESTRICTED ASSETS							
Revenue bond reserves	1,027	-	-	-	-	1,027	2,004
Restricted for payment of debt service	102,562	-	-	-	-	102,562	130,470
JPA funds	-	3,328	17,139	2,529	-	22,996	10,907
Nuclear decommissioning trust fund	9,707	-	-	-	-	9,707	9,218
Rate stabilization fund	211,227	-	-	-	-	211,227	202,433
Other funds	53,751	-	3,000	173	-	56,924	30,226
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	(138,617)	(3,320)	(20,139)	(2,702)	-	(164,778)	(156,103)
Total restricted assets	239,657	8	-	-	-	239,665	229,155
CURRENT ASSETS							
Cash, cash equivalents and investments							
Unrestricted	518,357	43,930	-	-	-	562,287	477,511
Restricted	138,617	3,320	20,139	2,702	-	164,778	156,103
Accounts receivable - net	427,103	41,328	4,118	2,705	(69,814)	405,440	336,461
Lease receivable	894	-	-	-	(217)	677	619
Energy efficiency loans due within one year	139	-	-	-	-	139	139
Interest receivable	7,877	139	-	2	-	8,018	8,289
Lease interest receivable	55	-	-	-	(28)	27	26
Regulatory costs to be recovered within one year	75,066	104	-	105	-	75,275	60,975
Derivative financial instruments maturing within in one year	23,371	-	-	-	-	23,371	34,248
Inventories	155,058	16,240	-	-	-	171,298	127,541
Prepaid gas to be delivered within one year	-	-	9,801	30,402	-	40,203	33,336
Prepayments and other	47,453	5,166	28	16	-	52,663	48,589
Total current assets	1,393,990	110,227	34,086	35,932	(70,059)	1,504,176	1,283,837
NONCURRENT ASSETS							
Regulatory costs for future recovery							
Decommissioning	97,437	-	-	-	-	97,437	73,329
Pension	526,224	-	-	-	-	526,224	461,919
OPEB	300,119	-	-	-	-	300,119	294,157
Bond Issues	-	513	-	201	-	714	923
Derivative financial instruments	193	-	-	-	-	193	1,185
Derivative financial instruments	28,804	-	-	-	-	28,804	51,794
Prepaid gas	-	-	692,652	65,809	-	758,461	616,998
Prepaid power and capacity	-	-	-	-	-	-	52
Lease receivable	20,549	-	-	-	(3,525)	17,024	17,576
Energy efficiency loans - net	183	-	-	-	-	183	501
Other	68,373	12	-	30	-	68,415	78,944
Total noncurrent assets	1,041,882	525	692,652	66,040	(3,525)	1,797,574	1,597,378
TOTAL ASSETS	\$ 7,137,942	\$ 390,157	\$ 726,738	\$ 101,972	\$ (360,269)	\$ 7,996,540	\$ 7,163,098
DEFERRED OUTFLOWS OF RESOURCES							
Accumulated decrease in fair value of hedging derivatives	67,989	-	-	-	-	67,989	42,279
Deferred pension outflows	151,166	-	-	-	-	151,166	136,536
Deferred OPEB outflows	56,729	-	-	-	-	56,729	43,356
Deferred ARO outflows	-	1,266	-	-	-	1,266	1,665
Unamortized bond losses - other	30,672	752	4,937	-	-	36,361	7,104
TOTAL DEFERRED OUTFLOWS OF RESOURCES	306,556	2,018	4,937	-	-	313,511	230,940
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 7,444,498	\$ 392,175	\$ 731,675	\$ 101,972	\$ (360,269)	\$ 8,310,051	\$ 7,394,038

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
July 31, 2024 and 2023
(thousands of dollars)

LIABILITIES AND NET ASSETS

	<u>Total</u>						
	SMUD	SFA	NCEA	NCGA #1	Intercompany Eliminations	2024	2023
LONG-TERM DEBT - NET	\$ 2,503,933	\$ 65,277	\$ 730,728	\$ 66,245	\$ -	\$ 3,366,183	3,001,468
CURRENT LIABILITIES							
Commercial paper notes	-	-	-	-	-	-	-
Accounts payable	126,601	6,065	-	-	(5)	132,661	118,862
Purchased power payable	108,614	26,900	-	212	(69,809)	65,917	50,288
Credit support collateral obligation	9,449	-	-	-	-	9,449	8,797
Long-term debt due within one year	65,020	14,270	-	28,295	-	107,585	165,290
Accrued decommissioning	7,140	-	-	-	-	7,140	7,549
Interest payable	44,366	312	11,112	354	-	56,144	39,879
Accrued interest liability	212	39	-	-	(28)	223	104
Accrued salaries and compensated absences	59,112	-	-	-	-	59,112	52,974
Derivative financial instruments maturing within one year	39,777	-	-	-	-	39,777	28,533
Customer deposits	2,131	-	-	-	-	2,131	1,876
Lease and subscription software liability	33,388	297	-	-	(217)	33,468	18,639
Other	55,215	-	-	-	-	55,215	49,970
Total current liabilities	551,025	47,883	11,112	28,861	(70,059)	568,822	542,761
NONCURRENT LIABILITIES							
Accrued decommissioning - net	100,460	10,166	-	-	-	110,626	85,620
Derivative financial instruments	28,771	-	-	-	-	28,771	16,744
Net pension liability	225,210	-	-	-	-	225,210	191,014
Net OPEB liability	49,478	-	-	-	-	49,478	31,190
Lease liability	53,333	4,873	-	-	(3,525)	54,681	24,687
Other	87,163	-	248	-	-	87,411	83,851
Total noncurrent liabilities	544,415	15,039	248	-	(3,525)	556,177	433,106
TOTAL LIABILITIES	3,599,373	128,199	742,088	95,106	(73,584)	4,491,182	3,977,335
DEFERRED INFLOWS OF RESOURCES							
Accumulated increase in fair value of hedging derivatives	52,076	-	-	-	-	52,076	84,660
Deferred pension inflows	8,416	-	-	-	-	8,416	17,536
Deferred OPEB inflows	30,616	-	-	-	-	30,616	33,732
Deferred lease inflows	20,574	-	-	-	(3,613)	16,961	17,706
Regulatory credits	843,370	-	-	-	-	843,370	751,856
Unamortized bond gains - other	35,771	-	-	-	-	35,771	40,383
Unearned revenue	3,802	27	-	-	-	3,829	8,204
TOTAL DEFERRED INFLOWS OF RESOURCES	994,625	27	-	-	(3,613)	991,039	954,077
NET POSITION							
Balance at beginning of year	2,596,003	265,739	52	7,827	(282,922)	2,586,699	2,366,976
Net increase (decrease) for the year	254,497	(1,790)	(10,563)	(441)	(572)	241,131	95,650
TOTAL NET POSITION	2,850,500	263,949	(10,413)	6,866	(283,072)	2,827,830	2,462,626
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 7,444,498	\$ 392,175	\$ 731,675	\$ 101,972	\$ (360,269)	\$ 8,310,051	\$ 7,394,038

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CASH FLOWS
For the Period Ended July 31, 2024
(thousands of dollars)

	Month	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 175,442	\$ 899,307
Receipts from surplus power and gas sales	13,395	123,212
Other receipts	43,189	171,612
Payments to employees - payroll and other	(37,477)	(259,505)
Payments for wholesale power and gas purchases	(55,516)	(310,717)
Payments to vendors/others	(25,492)	(334,518)
Net cash provided by operating activities	113,541	289,391
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from bond issuance, net of premium	-	733,046
Repayment of debt	(25,530)	(562,825)
Prepaid gas supply expenditures	-	(187,894)
Interest on debt	(1,326)	(20,746)
Net cash used in noncapital financing activities	(26,856)	(38,419)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction expenditures	(69,881)	(289,146)
Contributions in aid of construction	2,377	19,390
Net proceeds from bond issues	-	753,929
Repayments and refundings of debt	(32,685)	(482,685)
Repayments of commercial paper	-	(150,000)
Other receipts/payments - net	-	2,693
Interest on debt	(2,550)	(89,147)
Lease and other receipts/payments - net	(2,849)	(20,569)
Net cash used in capital and related financing activities	(105,588)	(255,535)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities	44,637	331,846
Purchases of securities	(2,705)	(247,333)
Interest and dividends received	4,424	27,317
Investment revenue/expenses - net	(355)	(2,163)
Net cash provided by investing activities	46,001	109,667
Net increase in cash and cash equivalents	27,098	105,104
Cash and cash equivalents at the beginning of the month and year	369,230	291,224
Cash and cash equivalents at July 31, 2024	\$ 396,328	\$ 396,328
Cash and cash equivalents included in:		
Unrestricted cash and cash equivalents	\$ 350,551	\$ 350,551
Restricted and designated cash and cash equivalents	34,312	34,312
Restricted and designated assets (a component of the total of \$239,665 at July 31, 2024)	11,465	11,465
Cash and cash equivalents at July 31, 2024	\$ 396,328	\$ 396,328

SSS No. BOD 2024-009

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date FINANCE & AUDIT – 2024
Board Meeting Date N/A

TO				TO			
1.	Scott Martin	6.					
2.	Lora Anguay	7.					
3.	Jose Bodipo-Memba	8.					
4.		9.	Legal				
5.		10.	CEO & General Manager				
Consent Calendar		<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No	<i>If no, schedule a dry run presentation.</i>	
FROM (IPR)		DEPARTMENT		MAIL STOP	EXT.	DATE SENT	
Rob Kerth / Crystal Henderson		Board Office		B307	5424	12/21/23	

NARRATIVE:

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

Summary: The Board requested an ongoing 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 to make clear the will of the Board. The Finance & Audit Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

Board Policy: Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states, among other things, “the Board will develop and follow an annual work plan that ensures the Board...focuses on the results the Board wants the organization to achieve....”

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

Cost/Budgeted: Included in budget.

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

Affected Parties: Board of Directors and Executive Staff

Coordination: Crystal Henderson, Special Assistant to the Board of Directors

Presenter: Rob Kerth, Finance & Audit Committee Chair

Additional Links:

SUBJECT Summary of Committee Direction – Finance & Audit	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.