

SMUD BOARD POLICY

Category: Strategic Direction	Title: System Enhancement Policy
	Policy Number: SD-14
Date of Adoption: November 3, 2005	Resolution No. 05-11-06
Revised: August 7, 2008	Resolution No. 08-08-02
Revised: October 16, 2008	Resolution No. 08-10-09

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

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

- b) After achievement of core financial targets, the District will annually commit up to one-half of one percent of the its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to the District's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):

- i) Project scale and/or cost when measured against available District resources.
- ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
- iii) Extent to which the costs are borne by others.

Monitoring Method: GM Report
Frequency: Annual