

**SMUD BOARD POLICY**

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| Category: <b>Strategic Direction</b>     | Title: <b>Reliability</b>      |
|  | Policy Number: <b>SD-4</b>     |
| Date of Adoption: <b>August 21, 2003</b> | Resolution No. <b>03-08-10</b> |
| Revision: <b>October 16, 2003</b>        | Resolution No. <b>03-10-14</b> |
| Revision: <b>May 6, 2004</b>             | Resolution No. <b>04-05-07</b> |
| Revision: <b>September 2, 2004</b>       | Resolution No. <b>04-09-08</b> |
| Revision: <b>December 18, 2008</b>       | Resolution No. <b>08-12-13</b> |
| Revision: <b>October 1, 2009</b>         | Resolution No. <b>09-10-03</b> |

Meeting customer energy requirements is a core value of SMUD.

Therefore:

- a) SMUD will assure all customer energy requirements are met. This will be accomplished through the use of: (i) its generation resources and purchase power portfolio 100 percent of the time; and (ii) its transmission assets to assure an overall availability of at least 99.99 percent.
- b) SMUD will achieve distribution system reliability by:

Limiting the average frequency of outage per customer per year to:

- With major event: 0.99 – 1.33
- Excluding major event: 0.85 – 1.14

Limiting the average duration of outages per customer per year to:

- With major event: 67.5 – 93.3 minutes
- Excluding major event: 49.7 – 68.7 minutes

Ensuring that no individual circuits exceed these targets for more than two consecutive years.

- c) SMUD will maintain the electric system in good repair and make the necessary upgrades to maintain load serving capability and regulatory standards.

**Monitoring Method: GM Report**  
**Frequency: Annual**