

Exhibit to Agenda Item #2B

Board Policy Committee and Special SMUD Board of Directors Meeting

Wednesday, April 18, 2018, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

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

Comment: I feel like we should be more creative and hands-on with system enhancement work, promoting opportunities and prioritizing corridors. - BR