

Exhibit to Agenda Item #3

Board Strategic Development Committee and Special SMUD Board of Directors Meeting

Tuesday, December 18, 2018, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Background – Revenue Portfolios

- Legacy Revenue Program Portfolio
 - To improve customer satisfaction
 - Intended to be self-sustaining after 5 years
 - Shares costs across many programs
- Innovation Generator Program Portfolio
 - To promote innovative product and service development
 - Revenue secondary
 - Most not expected to generate revenue
 - Program sunset and New Business Development (NBD) Program formed
- New Revenue Program Portfolio
 - NBD Program focused on new revenue for SMUD
 - “Middle Office” responsible for developing, assessing, negotiating and tracking all new revenue deals
 - New revenue projects included in this portfolio

Three Revenue Portfolios

New Revenue Program	Innovation Generator Program	Legacy Revenue Programs
<ol style="list-style-type: none"> 1. Community Choice Aggregator Services 2. Marketplace/SMUD Energy Store 3. NEC/STI Partnership 4. Sacramento Power Academy (SPA) 5. Transmission Sales 6. Smart Grid Billing 7. OSI/DERMS Co-Development 	<ol style="list-style-type: none"> 1. Advanced Power Strips 2. DER Planning Software 3. First-Fuel 4. GridPoint 5. GridX 6. Innowatts 7. Intelligent Energy Solutions 8. Kandela 	<ol style="list-style-type: none"> 1. 5G Small Cell Pole Attachments 2. Cell Site Construction 3. Energy Profiler 4. Home Power 5. Moving Connections 6. Power Protection

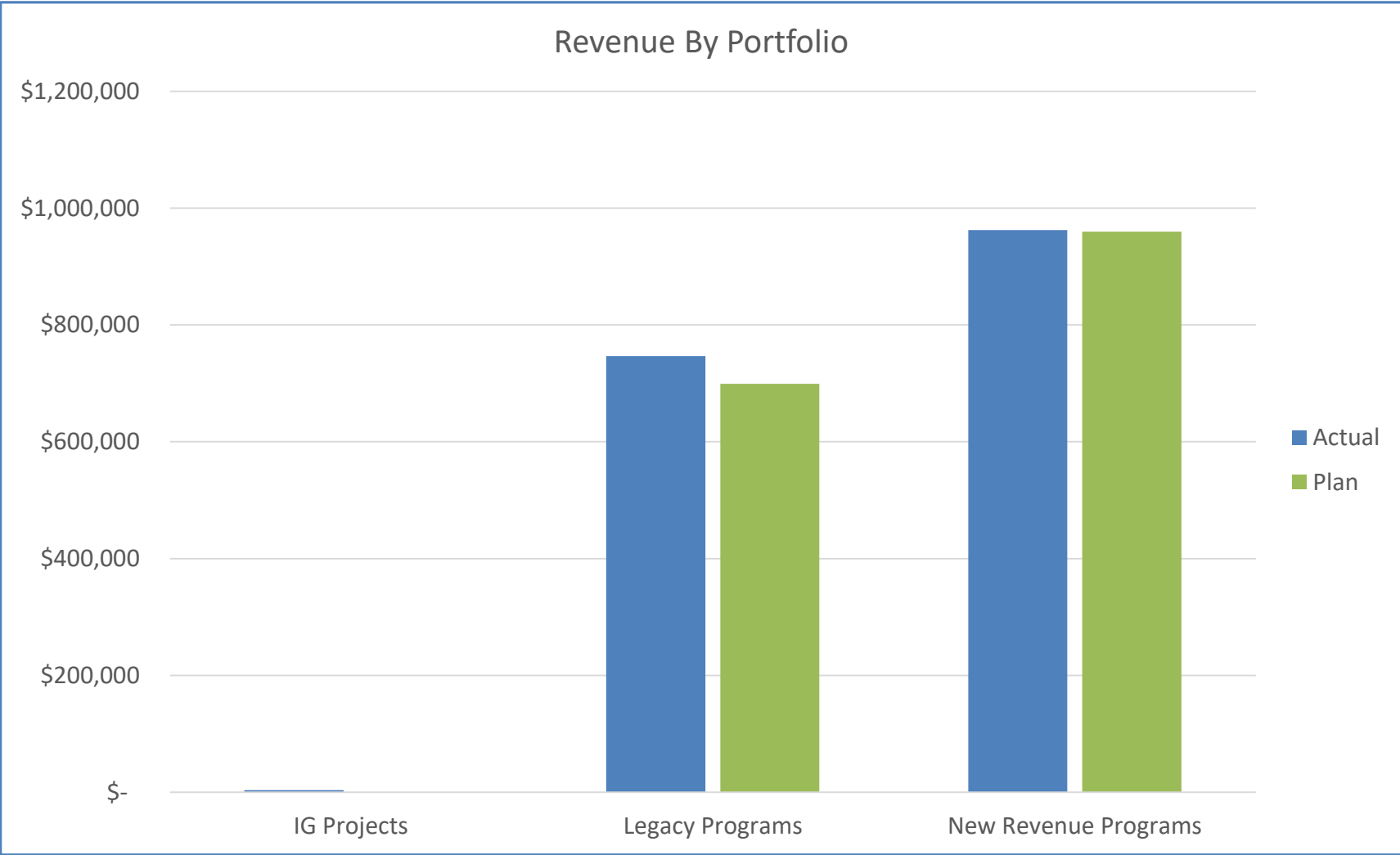
New Revenue Program: Portfolio Risk

- New revenue portfolio risk is determined using Enterprise Risk methodology

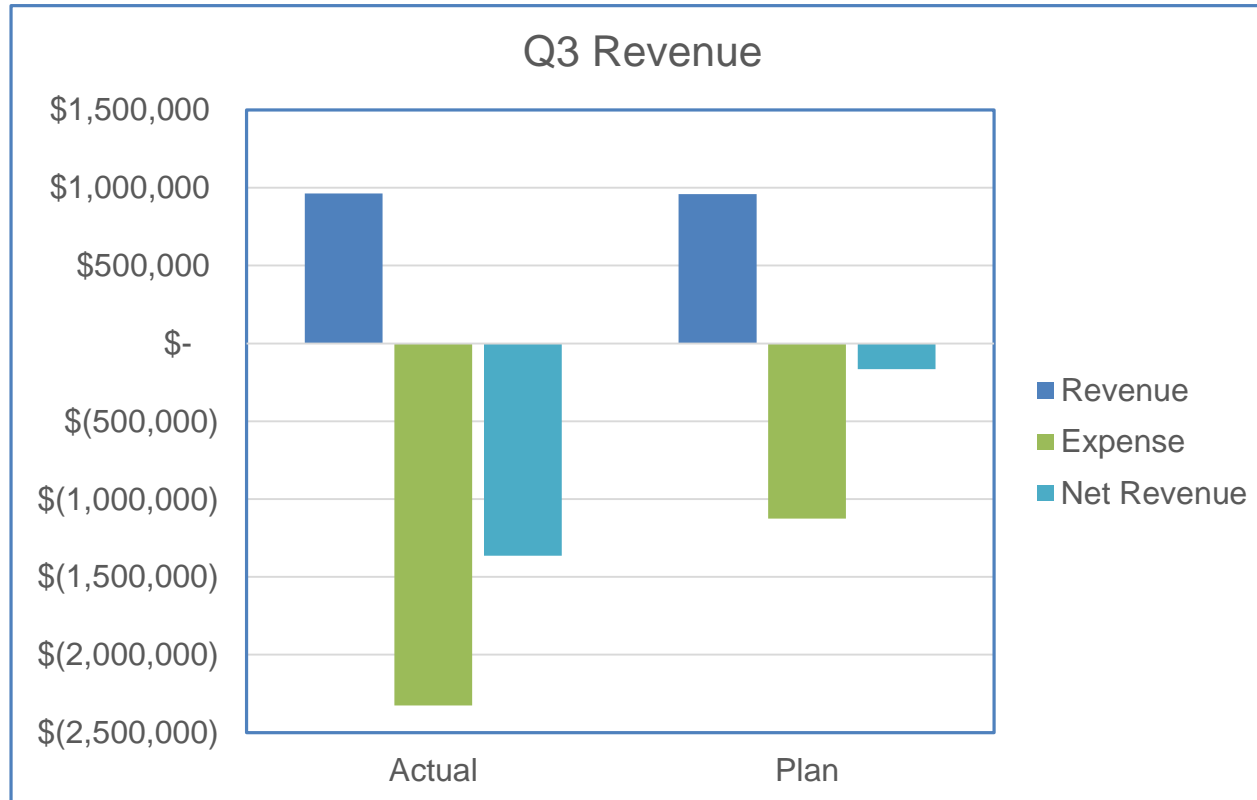
2018 3rd Quarter Portfolio Risk Rating	
New Revenue Program	Low

- Portfolio risk rating driven by financial risk as we develop our new products and services

Revenue By Portfolios Q3



New Revenue Program Q3



- CCA Services largest contributor to Q3 financial performance
 - Has begun generating revenue, but expenses higher than planned
 - Expect to gain operational efficiencies as their startup phase comes to completion this year
 - Positive net revenues should be on track in 2019

Recommendation

- SMUD is in compliance with SD-19
- Recommend Board accept the 2018 Q3 SD-19 Monitoring Report