

Exhibit to Agenda Item #6

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

Tuesday, February 27, 2018, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Powering forward. Together.



2017 Financial Highlights

- Clean audit – unqualified opinion
- Change in net position \$181 million (+\$54 million)
 - total customers sales on target
 - settlement proceeds - \$27 million
 - total operating expenses lower
 - GASB 68 pension expense adjustment - \$36 million
- Average number of customers remained flat – 627,345
- Above average water year
 - hydro - over 52%
 - cogens (JPAs) - under 16%
 - purchased power - over 13%
 - transfer to rate stabilization funds (HRSF & RSF) - \$65 million
- High cash balance
 - \$652 million @ 255 days
 - \$85 million additional contribution to OPEB trust fund

2017 Financial Results

Change in Net Position

(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Total customer sales	\$1,425,132	\$ 1,352,649	\$ 72,483
Other operating revenues	\$ 26,313	\$ 20,642	\$ 5,671
Transfer to rate stabilization fund	\$ (64,744)	\$ -	\$ (64,744)
Total operating revenues	\$1,386,701	\$ 1,373,291	\$ 13,410
Purchased power	\$ 223,906	\$ 213,099	\$ 10,807
Production	\$ 271,606	\$ 318,686	\$ (47,080)
Transmission and distribution	\$ 161,750	\$ 144,285	\$ 17,465
Other operating costs	\$ 509,407	\$ 507,540	\$ 1,867
Total operating expenses	\$1,166,669	\$ 1,183,610	\$ (16,941)
Net operating income	\$ 220,032	\$ 189,681	\$ 30,351
Total non-operating revenues	\$ 58,573	\$ 33,966	\$ 24,607
Total non-operating expenses	\$ 97,251	\$ 95,967	\$ 1,284
Increase in Net Position	\$ 181,354	\$ 127,680	\$ 53,674

2017 Financial Results

Sources & Uses of Cash

(thousands of dollars)

Where the cash came from

Receipts - retail customers	\$ 1,458,707
Interest and investment income	\$ 326,776
Proceeds from bond issues	\$ 237,082
Other receipts	\$ 72,572
Total inflows	\$ 2,095,137

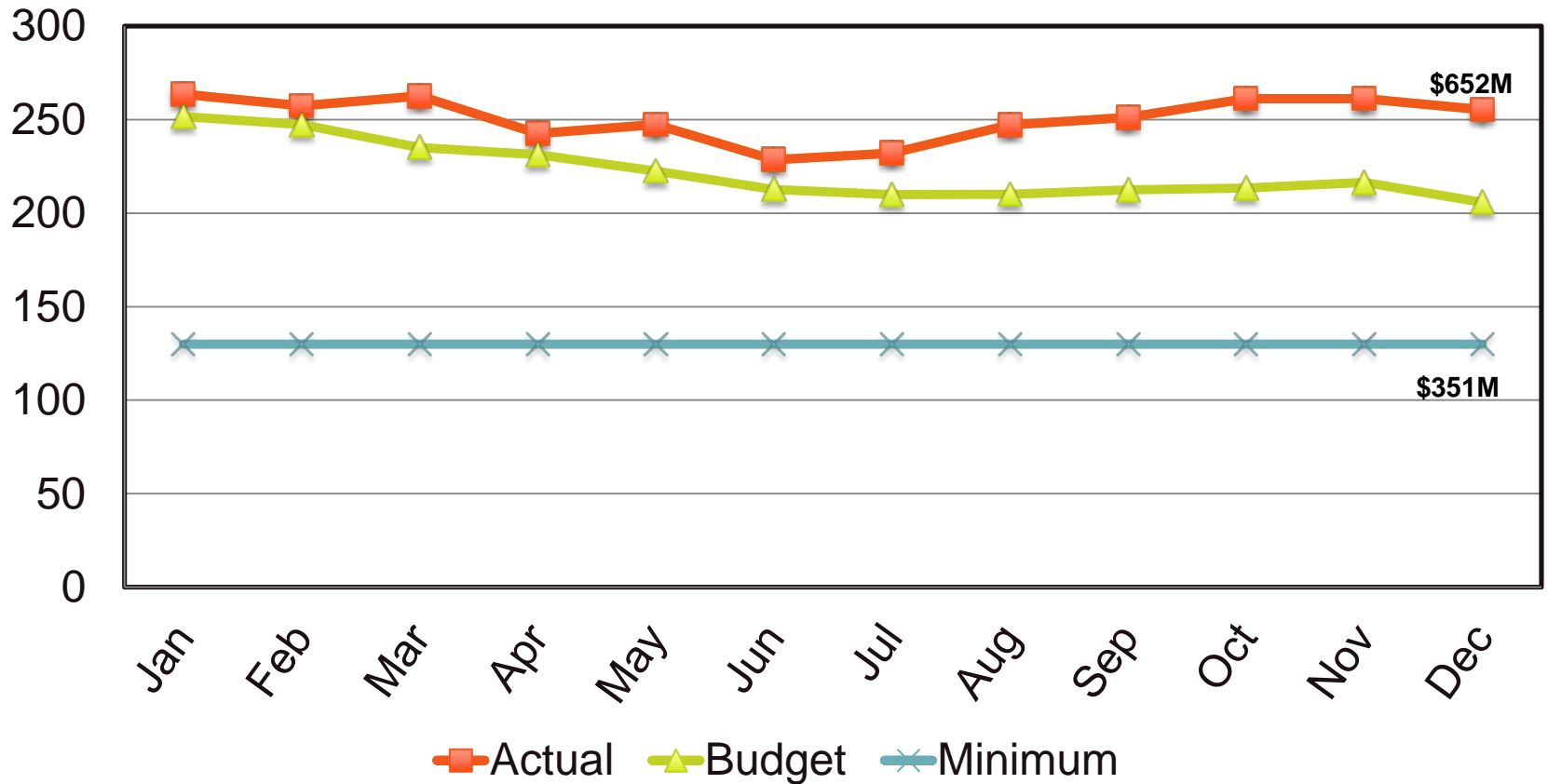
How the cash was used

Payments to vendors/others	\$ 666,695
Commodity expenses - net of sales	\$ 330,363
Construction expenses	\$ 203,859
Interest and investment expense	\$ 469,620
Repayments and refunding of debt	\$ 410,685
Total outflows	\$ 2,081,222
Net increase in cash	\$ 13,915

2017 Financial Results

Days Cash on Hand

(thousands of dollars)



2017 Financial Results

Summary of RSF & Fixed Charge Ratio

(millions of dollars)

	<u>BoY</u>	<u>EoY</u>
Rate stabilization fund	\$25.2	\$37.5
Hydro rate stabilization fund	<u>\$10.0</u>	<u>\$62.4</u>
Total both funds	<u>\$35.2</u>	<u>\$99.9</u>

	<u>Actual</u>	<u>Budget</u>	<u>Min</u>
Fixed charge ratio	2.27	1.80	1.45

Questions?