

Exhibit to Agenda Item #8

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.



Enterprise-wide Documentation

Several audit observations cited that SMUD had inconsistent practices in records and information management and

Staff turnover and relocations prompted a need for better records and information management to

- Help facilitate knowledge sharing across the various locations,
- Have reliable, correct and the latest version of documents available, and
- Improve operational efficiencies and document processing time.

Enterprise-wide Documentation

SMUD's Records and Information Management (RIM) program continues to mature

- Enterprise document management system
- Policies and procedures
- Mandatory on-line awareness training
- Formal evaluation process

Next Steps:

- Establishing a SharePoint governance model to further reduce risk

Summary of SMUD's Top Risks

Risk Title	Update	Risk Trend	Current Residual Risk	Target Residual Risk
Cyber Threats & Privacy	Staff continues to monitor and assess cyber and privacy risks.	↑	●	●
Aging Infrastructure	Staff continues to assess SMUD assets to determine other categories of equipment where it makes sense to implement asset health index or asset criticality index methodologies.	↑	●	●
Strategic Workforce Agility	Staff continues to work to build a strategy for workforce recruitment, training and retention.	↑	●	●
Changing Customer Expectation	Staff continually assesses customer expectations via survey and market trends to anticipate customers needs and build strategies to address customer needs.	↑	●	●
Rapid Innovation	Staff continually monitors and analyzes trends in innovation in the current and future electric market and its implications or impact on SMUD's business model and respond accordingly.	↑	●	●

SD-17 ERM Portfolio: Residual Business Critical Risk Exposure: February 27, 2018

Financial Risks	Operational Risks	Strategic Risks
Budget Planning & Rate Setting	OP: People	Business Model
Financing	Employee Safety	Technology/Competition Driven
Accounting/Financial Report	Ethics/Integrity	<i>Demand Response</i>
Capital Availability/Cashflow	Illegal Acts/Fraud	Distributed Generation
Liquidity	Strategic Workforce Agility	<i>Distributed Storage</i>
Load Variation	OP: Systems and IT	Electrification of Transport Sector
Retail Load	Applications Support	Energy Efficiency
Customer owned generation	Cyber Security	<i>Innovation</i>
Price Volatility	Information Management	Changing Customer Expectations
Commodity	Data Governance	Competitive Workforce Total Rewards
Hydro Generation	<i>Data Availability</i>	Corporate Governance
Interest Rate	Enterprise-Wide Documentation	Board Driven
Project Execution	Grid Operational Systems & Support	GM Driven
Wholesale Credit Default	Systems Infrastructure	Enterprise Grant Integration, Execution and Alignment
	OP: Process	Sustainable Energy
	Balancing Authority Operations	Carbon Emission/AB32
	Bulk Power Op & Maintenance	Load Serving Capability
	Gas & Gas Pipeline Assets	Renewable Portfolio Standard
	Power Supply Assets	External Risks
	Transmission Assets	Economy - Business Agility
	Business Continuity	Legislative & Regulatory
	Communications	Federal
	Internal Communications/Alignment	Dodd-Frank Implementation
	<i>Media & Community Relations</i>	Limits on Muni Bond Tax Exemption
	Customer Serv Operations	FERC Order 1000
	General Facilities Op & Maintenance	Local Gov't
	Customer Service Center	State
	Energy Management Center	Bay Delta Flow Issues
	Existing Corporation Yard	<i>CEC: Intergrated Resource Planning</i>
Legend: by Risk Heat Zone	Headquarter Building	Post 2020 Carbon Markets
Extremely High Residual Risk	Physical Asset Security	<i>RPS Eligibility Related Issues</i>
High Residual Risk	Grid Infrastructure: Reliability	Natural / Other Hazards
Medium Residual Risk	T&D Line Assets	Wildfire
Low Residual Risk	<i>Poles</i>	Climate Change
Extremely Low Residual Risk	<i>Secondary Network</i>	
Recent Changes denoted in Purple		