

Exhibit to Agenda Item #6

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

Wednesday, January 31, 2018

Immediately following the Energy Resources & Customer Services Committee Meeting scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

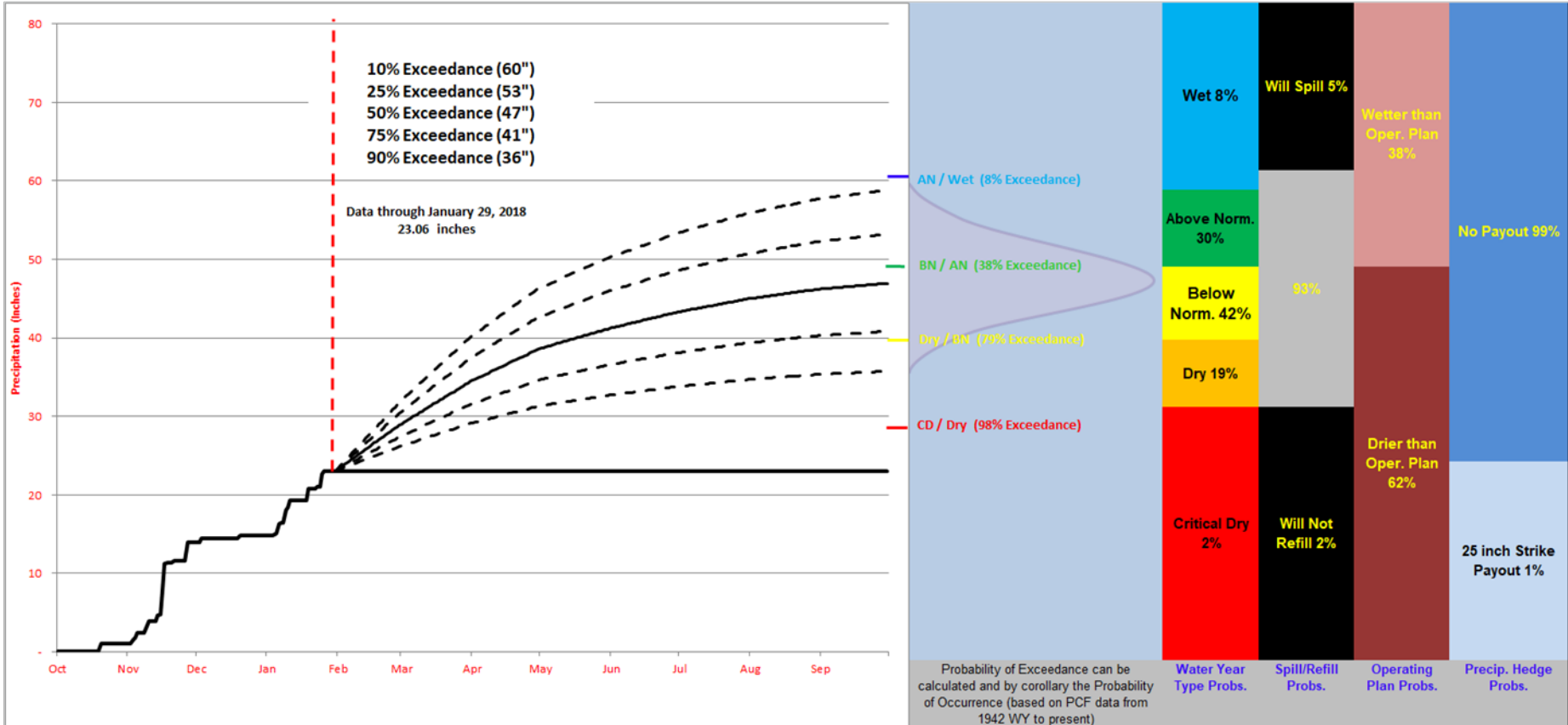
Key Points

- Precipitation is below normal for this time of year.
- SMUD has in place financial mitigation tools that hedge against hydroelectric uncertainty – HRSF/HGA, Precipitation Insurance, RSF (WAPA).
- There will be no surcharge on customer's bills for the hydro generation adjustment (HGA) this year.
- Potential withdrawal from HRSF:
 - \$4.3M – HRSF balance reducing from \$62.4M to \$58.1M (if Feb-Mar median rainfall occurs)
- There is a 99% chance SMUD's Precipitation Insurance Policies for WY2018 will not pay out since the upper policy limit is 25". Through January 29, 2018 the water year is at 23.06".

Precipitation – Pacific House

	Historical Average	Actual
Precipitation – October through January	27.37”	23.06”
Precipitation – January (as of 1/29/18)	9.14”	8.20”
Average UARP Snowpack – October through January 29	20.08”	6.70”

2018 WY Precipitation Forecast



2017 FY Cumulative Commodity Cost Variance

