

Exhibit to Agenda Item #6

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

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

Customer Service Center, Rubicon Room



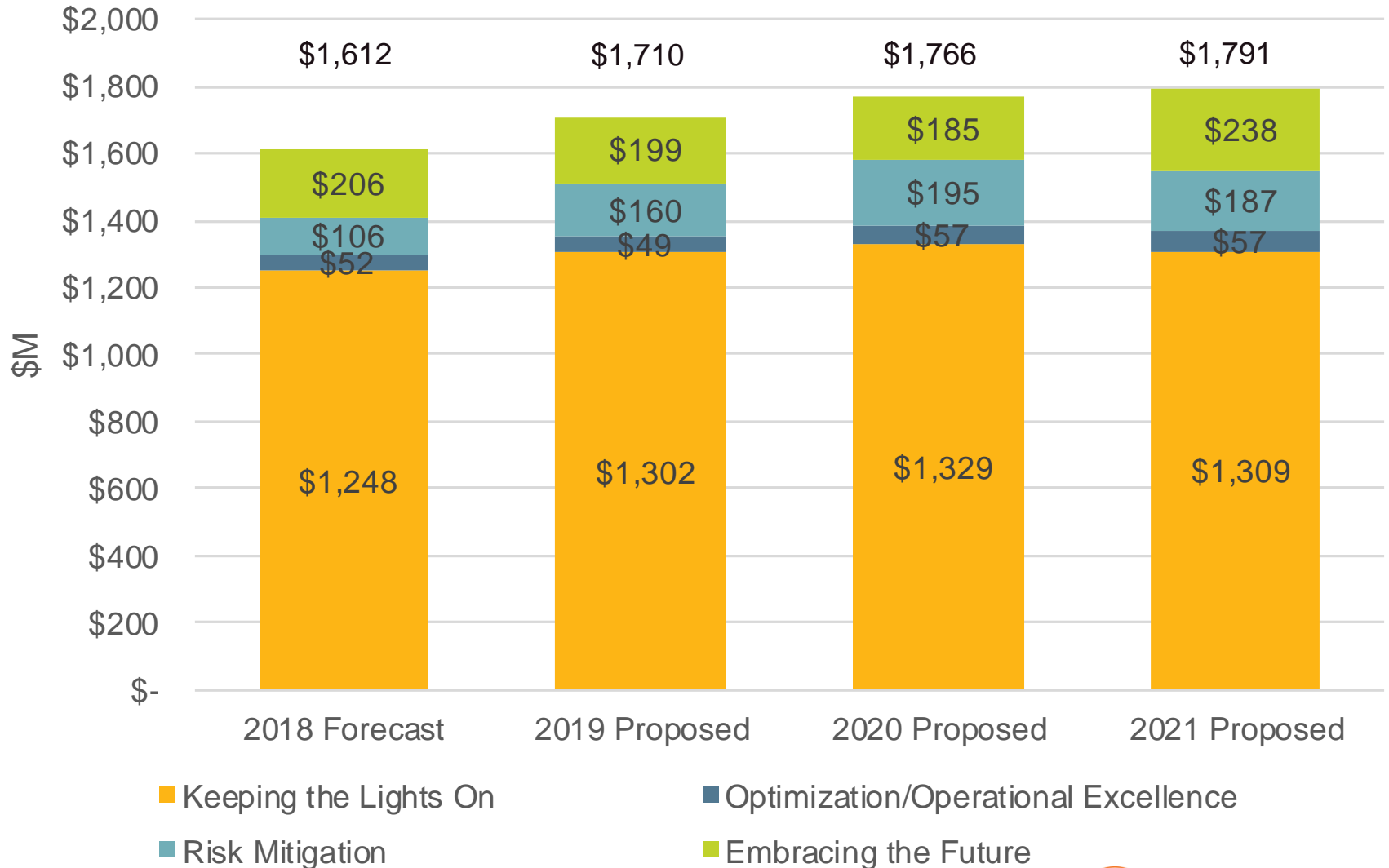
Planning for the future





Budget by Theme

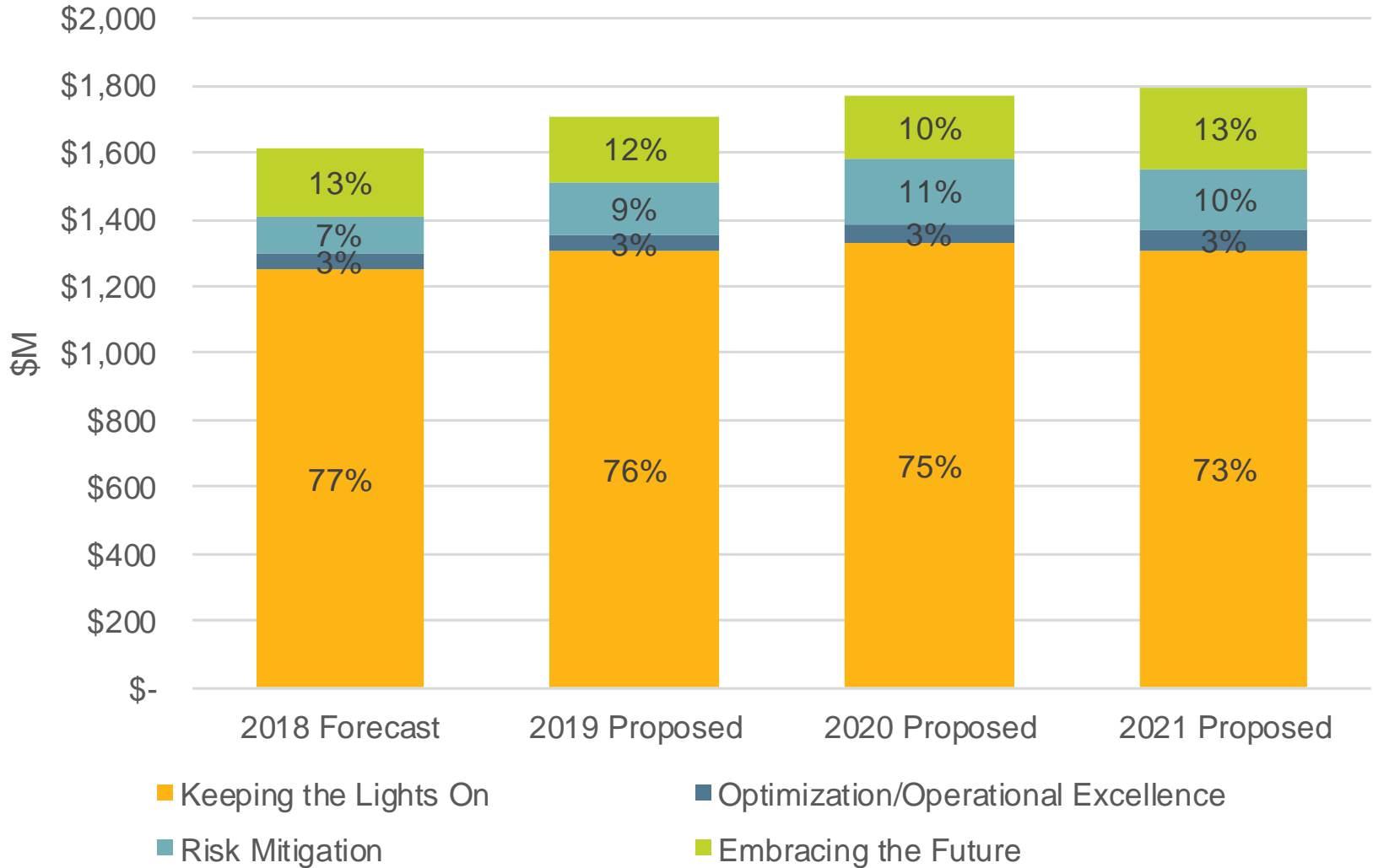
Updated from presentation on 10/3





Budget by Theme

Updated from presentation on 10/3





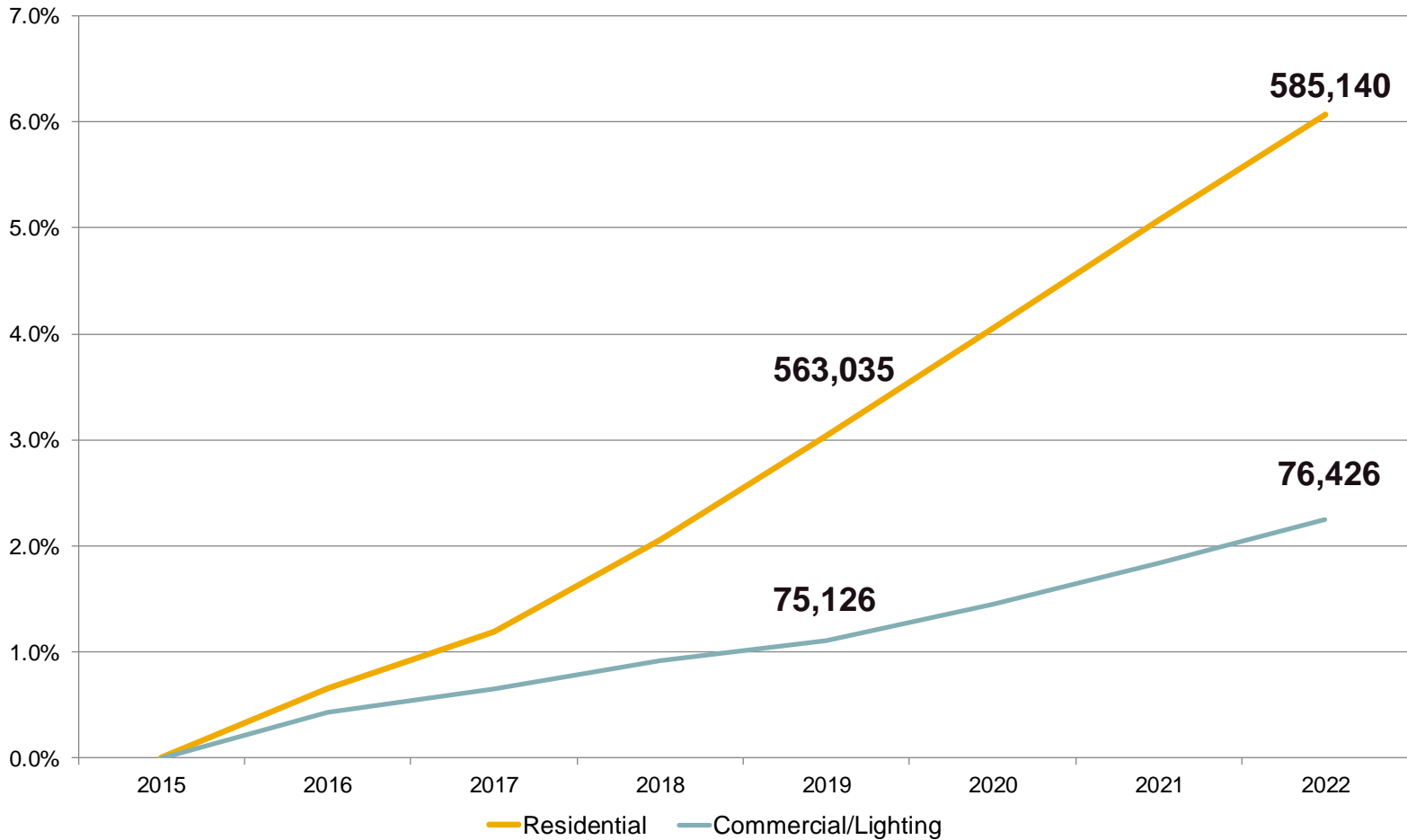
Basis of Financial Forecast

- Load and Revenue Assumptions
 - Conservative forecast assumptions for electric sales
 - Future load growth reflects initial impact from electrification
- Commodity Cost Assumptions
 - Additional commodity costs in 2020-2021 to ensure reliability, added as a new measure of conservatism
 - Optimization of commodity budget
- Continued Increased Capital Costs
 - New money issuance in 2019
- Financial metrics achieved



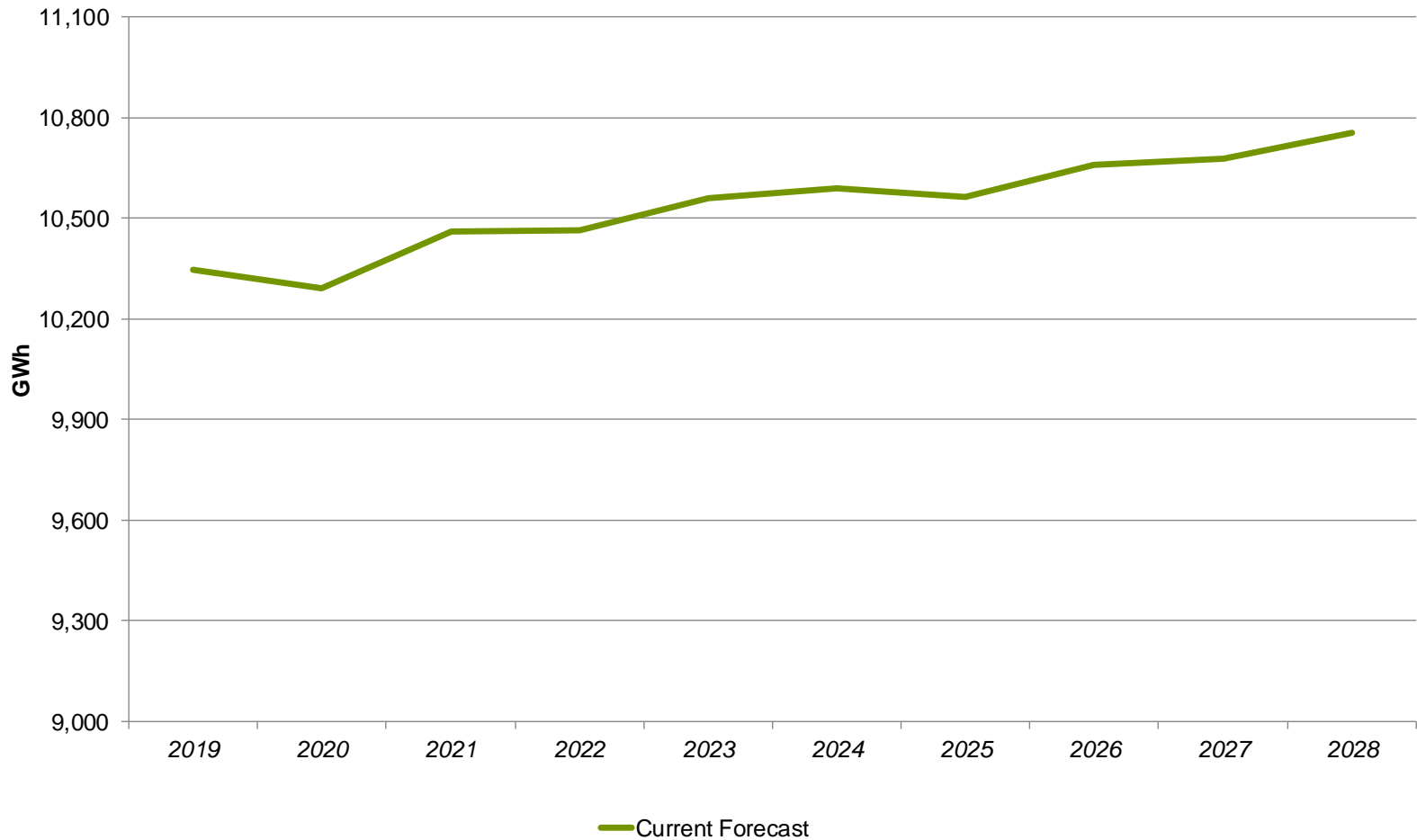
Forecasted Number of Customers

Cumulative Growth



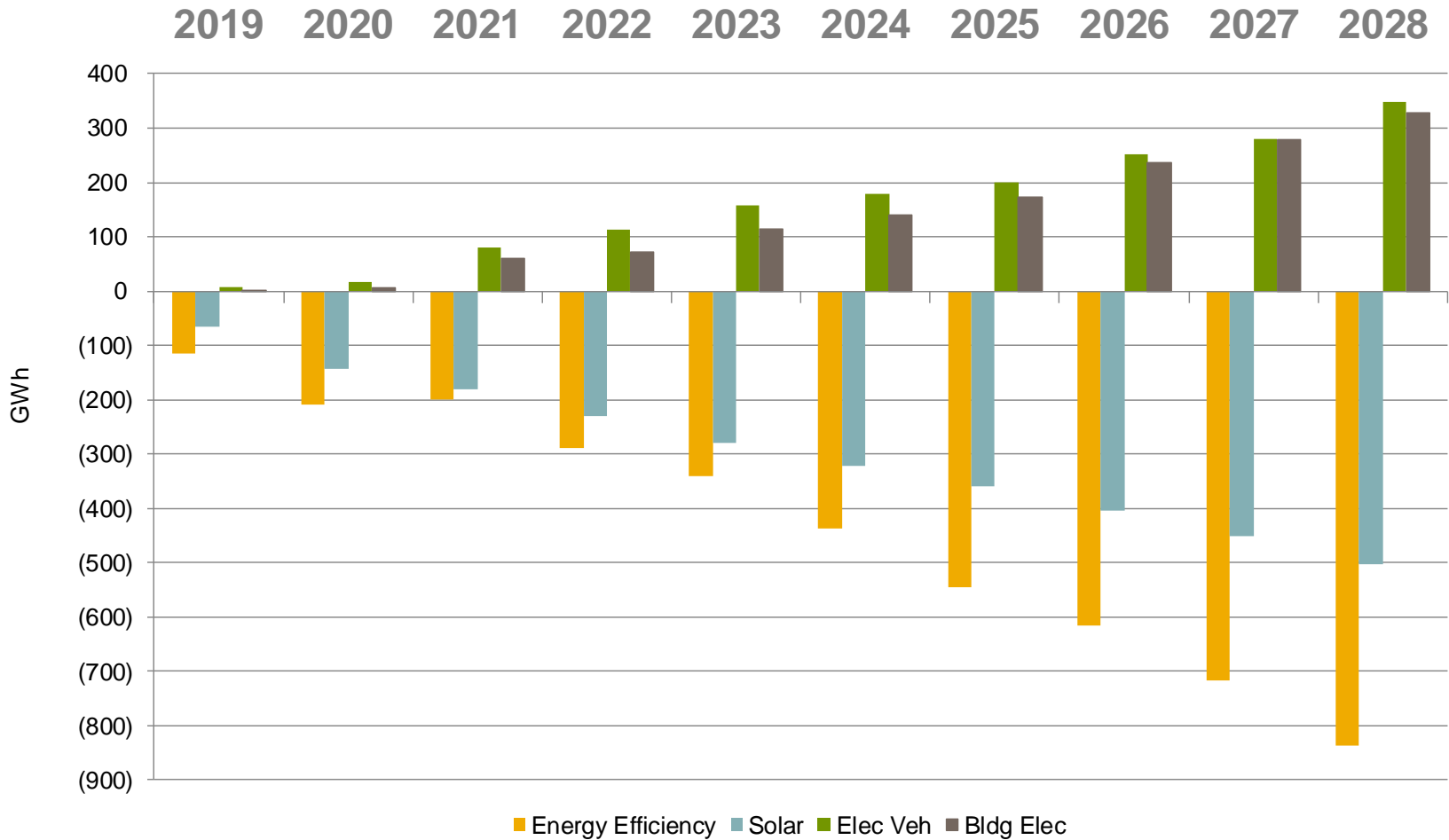


Forecasted Retail Sales





Distributed Energy Resources Cumulative Impacts to Load





New Areas of Cost Increases

- Impacts of new adopted Integrated Resource Plan
- Wildfire Mitigation Cost Increases
 - Vegetation Management and LiDAR work
 - Additional insurance
 - SRA Hardening
- Power Control Center
- Reliability and Load Serving Capacity
- Unfunded liabilities



Aggressive Look at Cost Savings

- Savings from Technology Advancements
 - Supply Chain Optimization
 - Back office process enhancements (billing)
 - Mobile training platform for line crews
 - Energy Trading & Risk Management
 - Channel Excellence Enhancements
 - Online Research Panels
- Savings from work re-alignment and optimization
 - Continued average cost per unit savings for line work
 - Utilization of California Conservation Corps for UARP upgrades
 - Talent sourcing and management
 - RPS Optimization
 - Contact Center Optimization

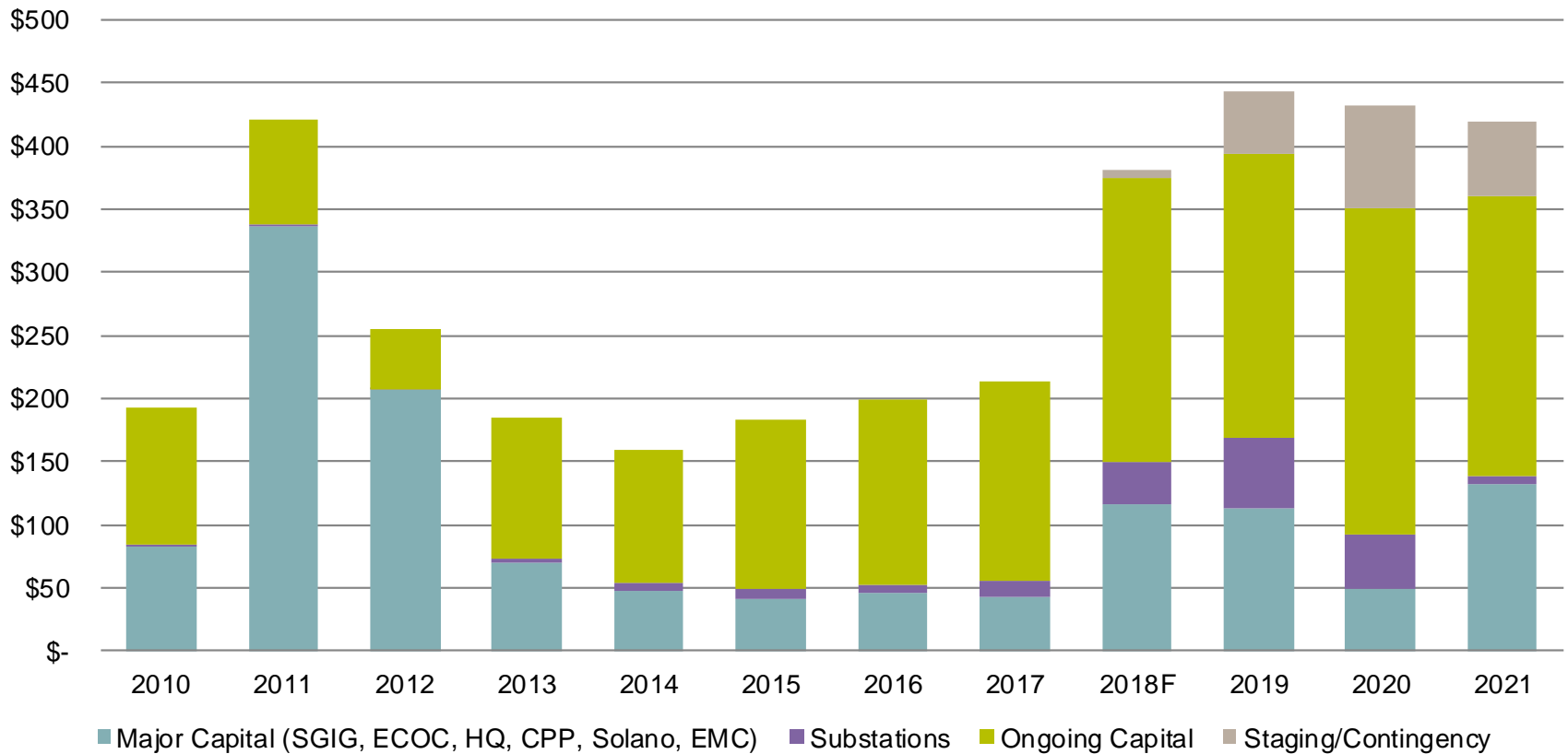


New Opportunities

- Building Electrification
- Electric vehicle growth
 - New models in 2019
 - Regional adoption
- New Net Revenue opportunities
 - Community Energy Services
 - Intellectual property/pending patents
 - Energy Markets – i.e. Energy Imbalance Market transmission sales, ancillary sales
 - Monetizing the DER strategy

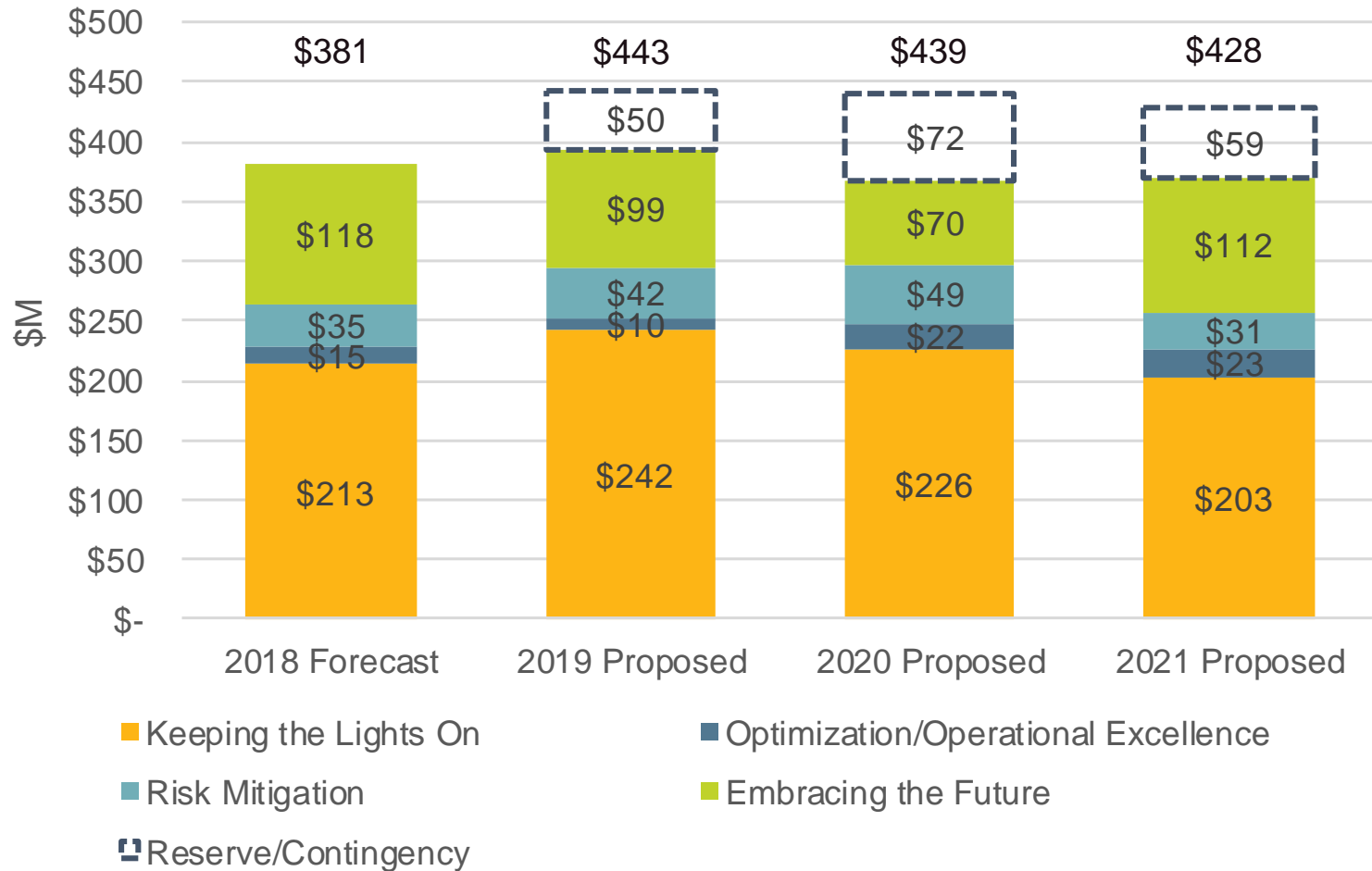


Historical Capital



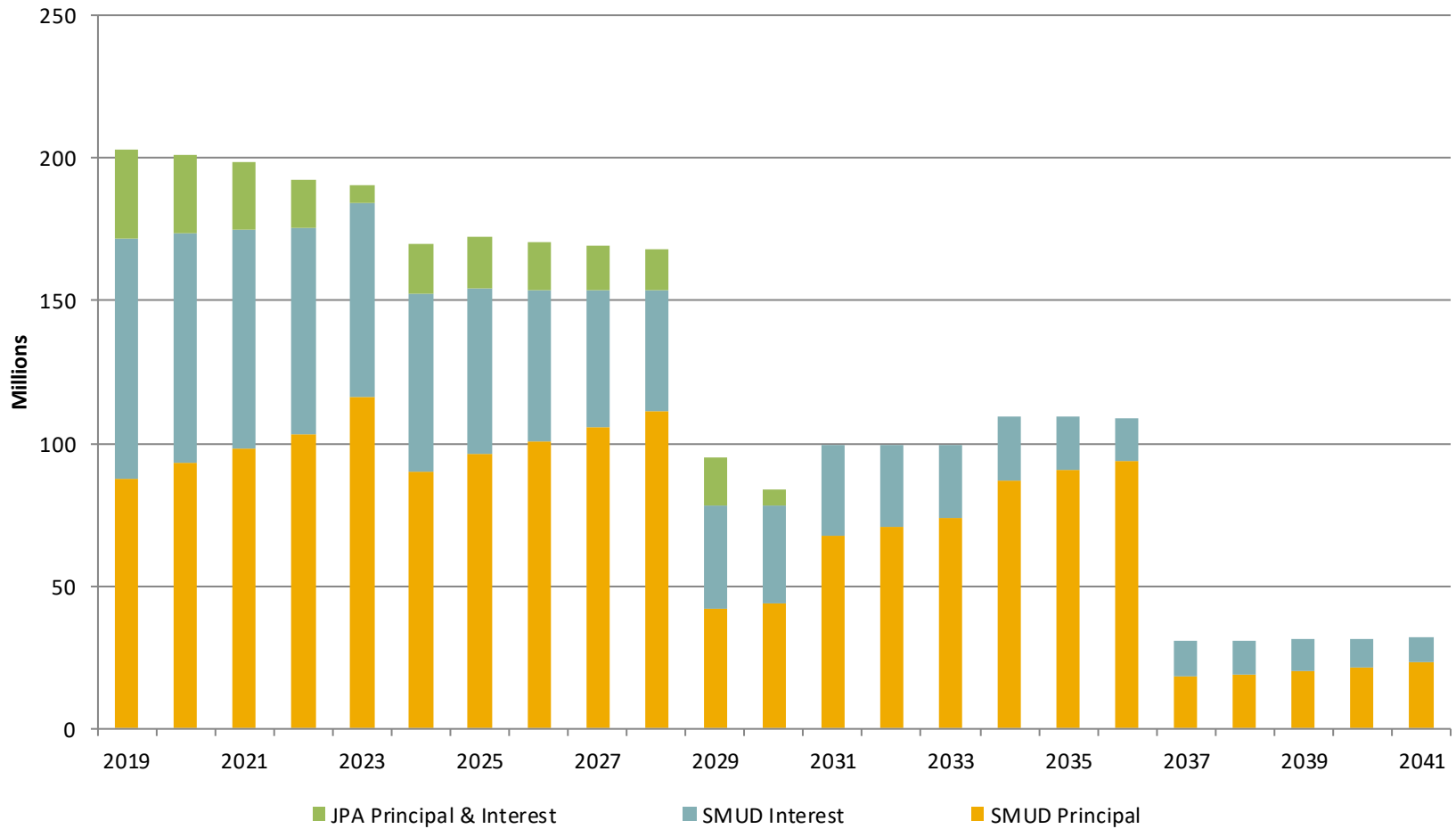


Capital by Planning Theme





Existing Debt Service





In Summary

- Keeping the Lights On is our largest cost area
- Greater uncertainty ahead
- Higher levels of capital expenditures expected going forward
- Higher levels of spending in support of the new Integrated Resource Plan



Rate Increase Mitigation

- Aggressively seek operational efficiencies to reduce costs or increase capacity
- Revenue from new business opportunities
- High cash balances derived from early borrowing will be drawn down – going back into the market for new money
- Rate restructuring in 2019 to adopt rates that better reflect costs



Financial Summary

	2018 Frcst	2019	2020	2021
Residential Rate Increase	1.50%	0.00%	5.00%	4.25%
Commercial Rate Increase	1.00%	1.00%	5.00%	4.25%
Net Income	\$ 178	\$ 61	\$ 26	\$ 22
Fixed Charge	2.17	1.76	1.70	1.72
Amount of Debt Issued (\$M)	\$ -	\$ 200	\$ 260	\$ 260
Principal Payments (\$M)	\$ 101	\$ 110	\$ 120	\$ 131
Net Change in Debt	\$ (101)	\$ 90	\$ 140	\$ 129
Amount of Commercial Paper Issued (\$M)	\$ -	\$ 100	\$ -	\$ -
Net Debt per Customer	\$ 2,760	\$3,000	\$ 3,220	\$ 3,400
Days Cash	141	140	132	132