

Exhibit to Agenda Item #2b

Board Energy Resources & Customer Services Committee Meeting and Special
SMUD Board of Directors Meeting

Wednesday, April 17, 2019 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

SD-14 System Enhancement

As a community-owned utility, SMUD recognizes that the relocation or underground placement of primary voltage power lines may be desirable to local jurisdictions to improve aesthetics, economic vitality, safety and disabled access. Therefore, it is a key value of SMUD to make selected distribution system enhancements, such as permanent relocation or underground placement of existing primary power lines below 69 kV.

- a) SMUD will, at its expense and where technically feasible, permanently relocate or underground existing overhead distribution facilities provided the governing body of the city or county in which the electric facilities are and will be located has:
 - i) Identified, after consultation with SMUD, a specific system enhancement project.
 - ii) Determined the project is in the public interest.
 - iii) Ensured all existing overhead communication facilities related to the project will also be permanently relocated or placed underground.
 - iv) Obtained and provided SMUD with all easements necessary for the project.

- b) After achievement of core financial targets, SMUD will annually commit up to one-half of one percent of its annual gross electric sales revenue to system enhancements. The proposed projects will be subject to SMUD's annual budget approval process, and uncommitted funds from any given year will not be carried over to future years. Funding will be assigned to projects brought forward by local cities or counties based on applying the following criteria (not in order of preference):
- i) Project scale and/or cost when measured against available SMUD resources.
 - ii) Requesting entity has developed full scope, obtained all necessary easements, and development plan for customer service conversion from overhead to underground, as required.
 - iii) Extent to which the costs are borne by others.

Comment:

I would still like to see more system enhancement projects. - BR