

Exhibit to Agenda Item #2

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, March 6, 2019, scheduled to begin at 5:30 p.m.
Customer Service Center, Rubicon Room

2018 Financial Highlights

- Clean audit – unqualified opinion
- Change in net position \$209 million (+\$80 million)
 - total customers sales under by 2%
 - total operating expenses lower by 4%
 - gain on Solano purchase \$47 million
 - settlement payout \$18 million
- Below average water year
 - hydro - under 18%
 - cogens (JPAs) - under 8%
 - purchased power - over 16%
 - net transfers from rate stabilization funds - \$3 million
- GASB 75 – Net OPEB liability
 - \$319 million initial liability – regulatory accounting applied
 - \$22 million – net liability
 - 94% funded

2018 Financial Results

Statement of Net Position

(thousands of dollars)

Assets

Capital assets - net	\$ 3,516,573
Rate stabilization fund - restricted	\$ 32,640
Hydro rate stabilization fund - restricted	\$ 64,054
Other restricted assets	\$ 23,398
Current assets	\$ 954,870
Regulatory asset - pension	\$ 408,653
Regulatory asset - OPEB	\$ 319,329
Regulatory assets - other	\$ 158,294
Long-term assets & deferred outflows	\$ 1,037,730
Total assets	\$ 6,515,541

Liabilities

Long-term debt	\$ 2,638,732
Current liabilities	\$ 768,004
Net pension liability	\$ 454,044
Net OPEB liability	\$ 22,066
Regulatory credits	\$ 442,718
Other long-term liabilities & deferred inflows	\$ 469,023
Total liabilities	\$ 4,794,587
Total net position (equity)	\$ 1,720,954

2018 Financial Results

Change in Net Position

(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Total customer sales	\$1,361,935	\$ 1,386,761	\$ (24,826)
Other operating revenues	\$ 47,713	\$ 33,377	\$ 14,336
Transfer to rate stabilization fund	\$ 3,204	\$ -	\$ 3,204
Total operating revenues	\$1,412,852	\$ 1,420,138	\$ (7,286)
Purchased power	\$ 234,517	\$ 211,668	\$ 22,849
Production	\$ 262,342	\$ 318,839	\$ (56,497)
Transmission and distribution	\$ 154,271	\$ 142,946	\$ 11,325
Other operating costs	\$ 519,635	\$ 551,013	\$ (31,378)
Total operating expenses	\$1,170,765	\$ 1,224,466	\$ (53,701)
Net operating income	\$ 242,087	\$ 195,672	\$ 46,415
Total non-operating revenues	\$ 57,329	\$ 30,888	\$ 26,441
Total non-operating expenses	\$ 90,278	\$ 97,243	\$ (6,965)
Increase in Net Position	\$ 209,138	\$ 129,317	\$ 79,821

2018 Financial Results

Sources & Uses of Cash

(thousands of dollars)

Where the cash came from

Receipts - retail customers	\$ 1,403,217
Interest and investment income	\$ 273,576
Proceeds from bonds/commercial paper	\$ 855,098
Other receipts	\$ 43,838
Total inflows	\$ 2,575,729

How the cash was used

Payments to vendors/others	\$ 733,088
Commodity expenses - net of sales	\$ 833,358
Construction expenses	\$ 324,007
Interest and investment expense	\$ 253,721
Repayments and refunding of debt	\$ 452,739
Total outflows	\$ 2,596,913
Net decrease in cash	\$ (21,184)

Questions?