

Exhibit to Agenda Item #2

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

Wednesday, November 20, 2019 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

Adjustments to Budget Resolution

- Low Carbon Fuel Standards (LCFS) & AB-32 Cap-and-Trade Regulatory Programs
 - The Accountant is authorized to transfer funds in and out of the Rate Stabilization Fund (RSF) with the intent to match proceeds with expenses.
 - Purpose is to mitigate fluctuations due to these regulatory programs.

Rate Stabilization Fund & Regulatory Accounting

- RSF created in 1984
- Board Authorization for Accountant to transfer revenues in/out of RSF for specified items
 - Applied to address differences from plan of deliveries of energy from WAPA as part of budget resolution
- Board approved Regulatory Accounting for AB-32 Cap-and-Trade (2012) and for LCFS (Oct 2019)
 - This impacts income statement, but not treatment of funds
- Notifying Board of addition of RSF adjustment mechanism for Cap-and-Trade and LCFS
- Minor change to Board Resolution for budget

Questions?