

Exhibit to Agenda Item #10

SMUD Board of Directors Meeting

Thursday, October 17, 2019 scheduled to begin at 9:00 a.m.

Customer Service Center, Rubicon Room



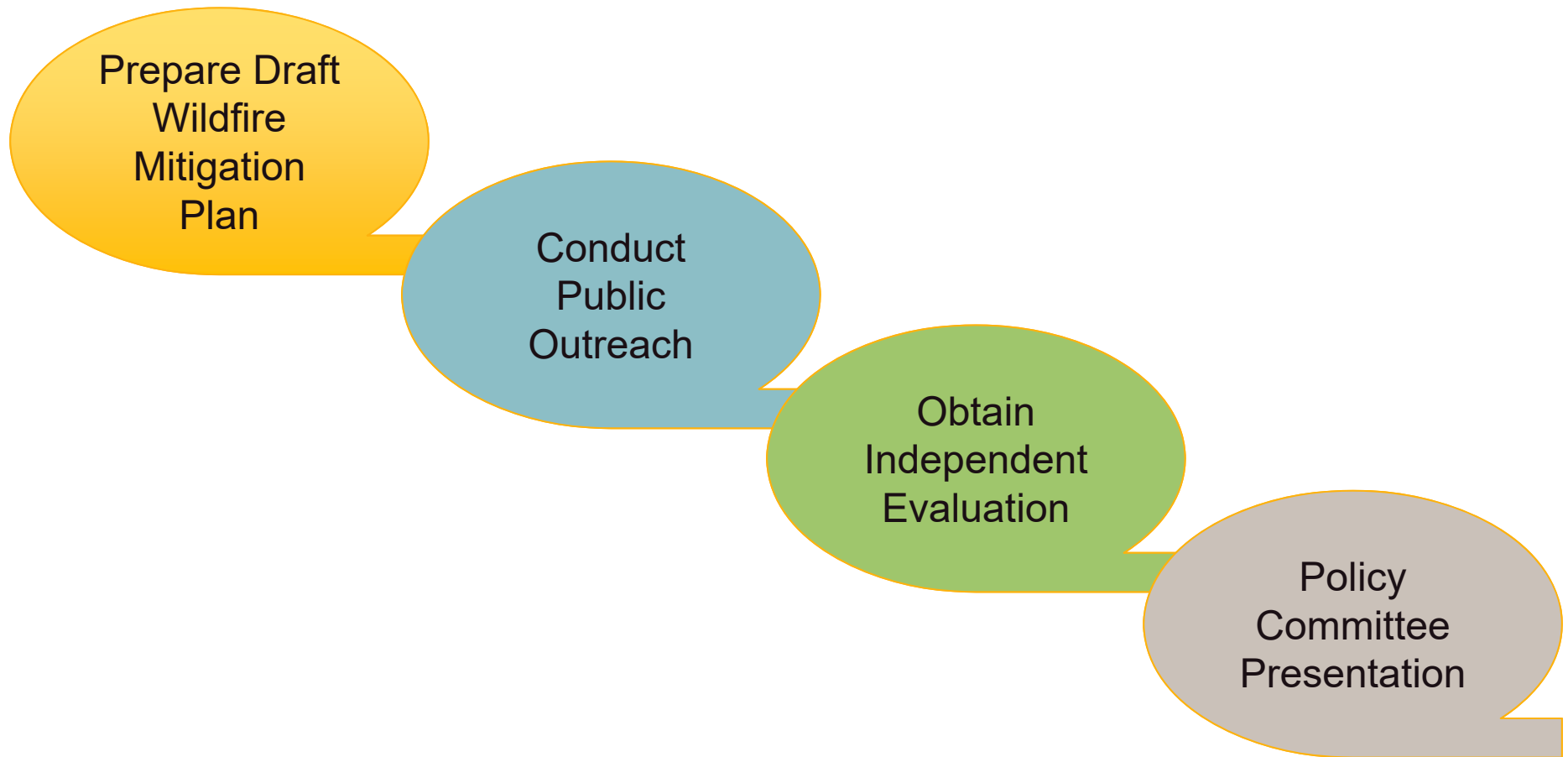
Powering forward. Together.



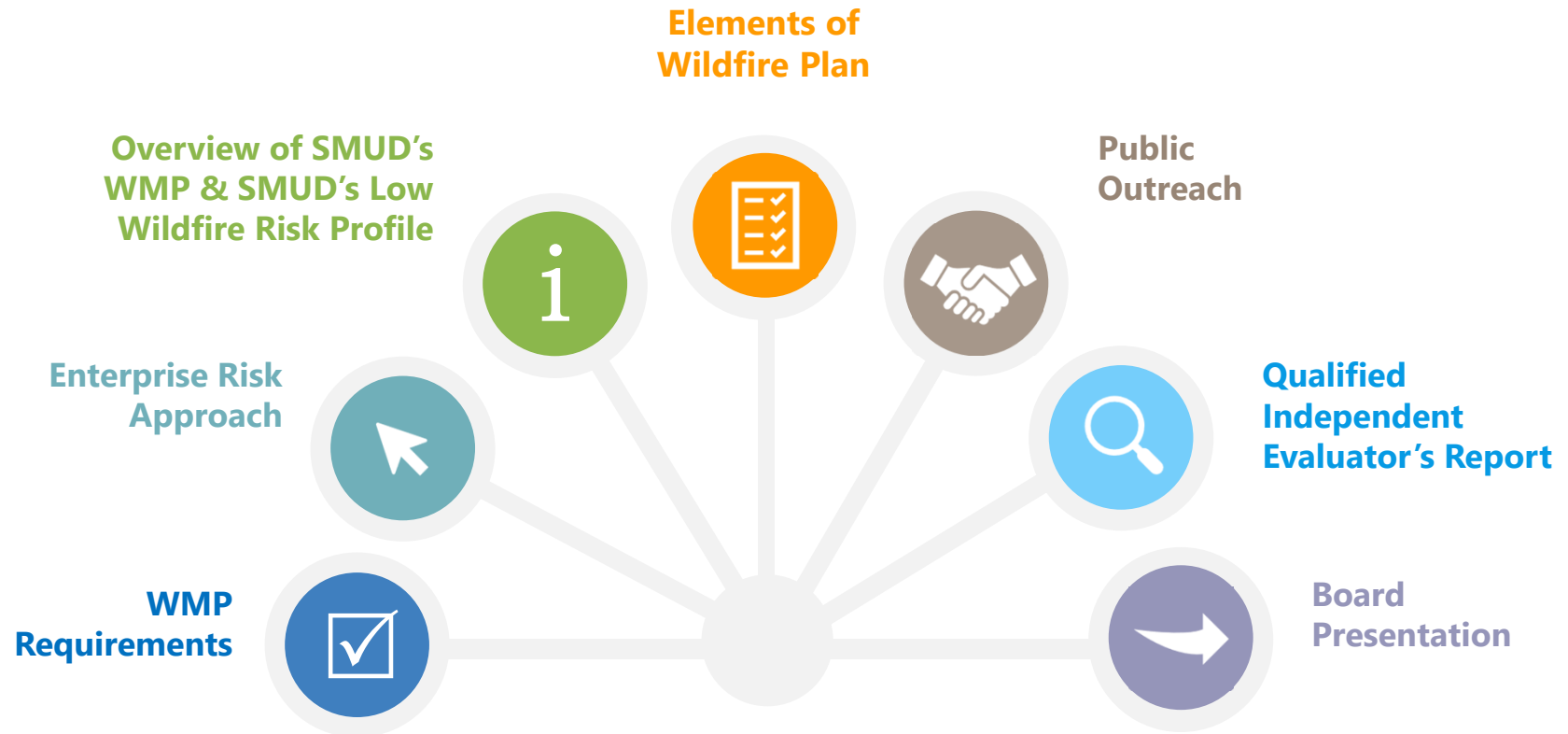
Requested Action

Adopt SMUD's 2019 Wildfire Mitigation Plan

Background



SMUD's Wildfire Mitigation Plan (WMP)





Wildfire Prevention Programs



Vegetation Management & Fuels Reduction

- Pole and wire clearing
- Right of way maintenance



Design & Construction

- Non-expulsion equipment
- System upgrades



Inspection & Maintenance

- Aerial and ground patrols
- LiDAR and infrared technologies



Recloser & De-Energization

- Transmission and distribution protocols



Situational Awareness

- Weather stations
- Camera pilot



Education & Outage Comm.

- Critical event messaging



Communications and Notifications

Emergency preparedness

- California OES Standardized Emergency Management System (SEMS)

Customer and stakeholder communications through multiple channels

- Preparing for potential fire events
- During high fire conditions
- Before, during and after an event



Plan Effectiveness

Lead Executive	Performance Metrics	Program Targets	Monitoring
<ul style="list-style-type: none">• Chief Grid Strategy and Operations Officer	<ul style="list-style-type: none">• Wire down events• Ignition events	<ul style="list-style-type: none">• Completion of vegetation clearing for lines and rights of way• Miles of line inspected	<ul style="list-style-type: none">• Operations level• Compliance and quality assurance• Internal and/or external audit



WILDFIRE MITIGATION PLAN

INDEPENDENT EVALUATION SERVICES

OCTOBER 17, 2019



NAVIGANT



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BACKGROUND
OVERVIEW &
QUALIFICATIONS

LEGISLATIVE BACKGROUND



Senate Bill (SB) 901 was signed into law on September 21, 2018 in an effort to enhance utility practices in mitigating and preventing future catastrophic wildfires and increase the rate of recovery efforts

- Modified Public Utilities Code (PUC) Section 8387, which requires publicly-owned utilities to **develop** and **annually** present to their respective governing board a comprehensive Wildfire Mitigation Plan (WMP or Plan)
 - PUC Section 8387 outlines the required elements to be included in the Plan

Assembly Bill (AB) 1054 was recently signed into law on July 12, 2019

- Critical measure developed with consideration of the **Governor's Strike Force** 2018 Wildfire Safety and Reform package to establish state and regulatory Wildfire Safety entities and create a Wildfire Insurance Fund
- AB 1054 did not change the scope or approach for Plans adopted during this calendar year

INDEPENDENT EVALUATION PROVISIONAL REQUIREMENTS



(c) The local publicly owned electric utility or electrical cooperative shall contract with a qualified independent evaluator with **experience in assessing the safe operation of electrical infrastructure** to review and assess the **comprehensiveness** of its wildfire mitigation plan. The independent evaluator shall issue a report that shall be made available on the internet website of the local publicly owned electric utility or electrical cooperative, and shall present the report at a public meeting of the local publicly owned electric utility's or electrical cooperative's governing board.

The Sacramento Municipal Utility District (SMUD) contracted with Navigant in July of 2019 to perform a comprehensive assessment of its WMP

Source: California PUC Section 8387 (c)

NAVIGANT CONSULTING QUALIFICATIONS

- Navigant has provided **independent evaluation** (IE) services throughout the nation.
 - IE projects include storm hardening, wildfire mitigation, resiliency assessments, and advanced technology suitability.
- Navigant continues to track proceedings and pending legislation surrounding **utility wildfire risk** and remains active with WMP engagements across all jurisdictions.
 - E.g., Navigant continues to provide thought leadership and advisory services related to WMP and other resiliency efforts to the California Energy Commission (since 2008).
- Additionally, Navigant's reach into **grid resiliency** and disaster-hardening extends across the nation including island grids, such as Puerto Rico, recovering from recent, weather-related catastrophes.

We help clients to:



BUILD

capabilities and innovative solutions to transform businesses



MANAGE

complexity and remove barriers to accelerate operational performance



PROTECT

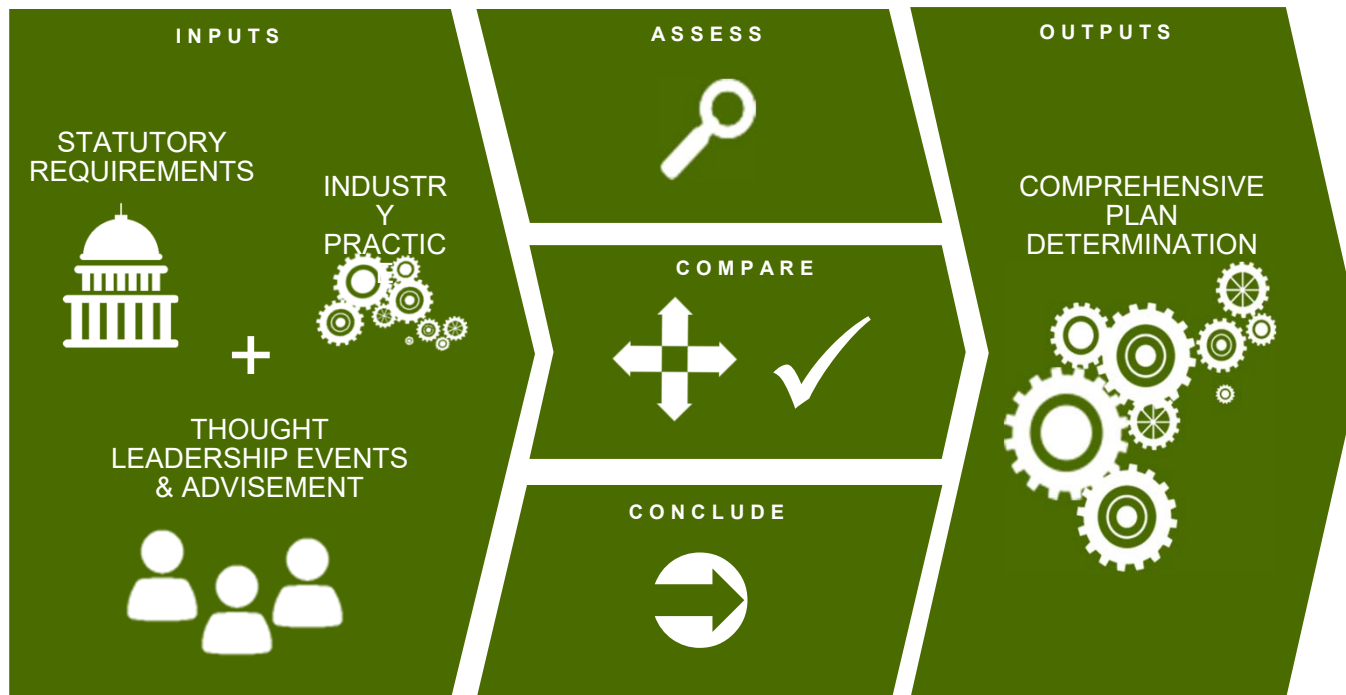
assets from adversity through compliance, security, and risk management

their future.



EVALUATION
APPROACH

SCOPE & APPROACH



SCOPE & APPROACH

SCOPE

Navigant performed an assessment to determine the comprehensiveness of SMUD's WMP as required by PUC Section 8387 (c) and produced a results report to present to SMUD's Board of Directors at a public meeting.

APPROACH

Navigant employed the following methods to successfully complete the evaluation:

- Assessed compliance elements against PUC Section 8387
- Performed a gap analysis of applicable strategies and Plan elements along with investor-owned utility Plan guidance
- Benchmarked SMUD Plan elements against industry practices and standards
- Attended a facilities site visit in the Upper American River Project region to better understand SMUD's vegetation management practices
 - Tier 2 and Tier 3 of the High Fire-Threat District (HFTD) designation*

RESULT

(* Source: <https://www.cpuc.ca.gov/FireThreatMaps/>

After completing the independent evaluation, SMUD's WMP is determined to be comprehensive and meets required statutory provisions listed in PUC Section 8387.



MITIGATION
STRATEGIES AND
INDUSTRY PRACTICES

PLAN GAP ANALYSIS & INDUSTRY PRACTICES

1 **Vegetation Management** ✓

2 **Inspection Practice** ✓

3 **Covered Conductors** ✓

4 **Block Reclosing Protocols** ✓

5 **Non-Expulsion Equipment** ✓

6 **Metric Report** ✓

7 **WMP Accountability** ✓

8 **Fire Threat Risk Assessment** ✓

SMUD meets state requirements and aligns with applicable industry standards and practices.

Benchmark Ranking:

As part of the evaluation development process, Navigant performed a cursory benchmarking of SMUD's Plan to successfully demonstrated industry practices. This was not intended to be a complete benchmark, but aimed to provide rough insight on SMUD's position relative to the industry.



Meets the state and federal requirements and aligns with the identified benchmarking practices



The Plan does not effectively describe the mitigation measure to warrant a sound determination or the strategy does not align with the presented best practice strategy. For the purpose of this evaluation, exploratory considerations of proposed best practice measures would fall under this category.



The strategy does not apply to SMUD or their risk exposure to wildfire events



After performing this benchmark activity, Navigant determined that SMUD's applicable Plan strategies align with the industry standards and practices



RESULTS &
DISCUSSION

EVALUATION RESULTS



- Navigant determined that SMUD's WMP is **comprehensive** and meets the statutory requirements listed in PUC Section 8387
- The Plan elements align with industry standards and practices

Thank you. Any questions?

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