

Exhibit to Agenda Item #16

Adopt the following:

- a. **2021 Budget** which, among other things, establishes:
 - An Operations and Maintenance Budget of \$1,140 million (including Public Goods Charge of \$68.1 million);
 - A Debt Service budget of \$213.7 million;
 - A Capital and Reserve Budget of \$390.9 million; and
 - Authorized contingencies.
- b. Declaration of Intent to Issue Debt to create \$200 million of additional bonding authority to reimburse for qualifying capital expenditures, and Official Intent to reimburse for 2021 and 2020 capital expenditures from bond proceeds, which is required to maintain tax-exempt financing capability.

Board of Directors Meeting

Thursday, December 10, 2020, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Overview of 2021 Budget Process

November 6

Board members receive
Draft 2021 Budget Book

November 11

Finance & Audit
Committee Meeting
Presentations

- CFO SMUD overview
- Corporate Services
- Energy Operations
- Energy Delivery

November 12

Finance & Audit
Committee Meeting
Presentations

- Customer
- Technology
- Workforce

December 10

Board Meeting

- Approve 2021 Budget

Budget Resolution

- Spending Limits
- Automatic spending adjustments for:
 - Increased sales
 - Low Precipitation & Hydro generation
 - Low Carbon Fuel Standard and Cap-and-Trade proceeds
- Authorizes staff to expend funds
- Sets funding for public goods
- Intent to issue debt

Rate Stabilization Fund (RSF) & Regulatory Accounting

- RSF created in 1984
- Board Authorization for Accountant to transfer revenues in/out of RSF for specified items
- Last few years used for WAPA transfers as part of budget resolution and starting last year used for transfers related to Low Carbon Fuel Standard (LCFS) and Cap-and-Trade funding
- Minor change to limits within Board Resolution for fund transfers

2021 Budget Authorization (\$M)

Commodity	\$440.9
Public Goods	68.1
Operating Expenses	631.2
Sub-Total	\$1,140.1
Debt Service	213.7
Capital and Reserve	390.9
Budget Resolution Amount	\$1,744.8

Totals may reflect minor rounding differences

2021 Budget – Net Income (\$M)

Customer and Other Revenues	\$1,547
Energy Supply Commodity Expenses	<u>441</u>
Net Power Margin	\$1,106
O&M	631
Public Good	108
Depreciation & Non-Cash	220
Interest Expense	100
Other Income	31
Net Income	<u>\$78</u>
Fixed Charge	1.80