

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

Date: Tuesday, August 17, 2021

Time: 5:30 p.m.

Location: Virtual Meeting (online)

Powering forward. Together.



AGENDA

BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

Tuesday, August 17, 2021

Scheduled to begin at 5:30 p.m.

Zoom Webinar Link: [Join Finance & Audit Committee Meeting Here](#)

Webinar ID: 161 438 8122

Password: 661712

Phone Dial-in Number: 1-669-254-5252

In accordance with the Governor's Executive Order N-29-20 and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are closed to the public to align with state, local, and federal guidelines and social distancing recommendations for the containment of the coronavirus.

Live video streams and indexed archives of meetings are available at:

http://smud.granicus.com/ViewPublisher.php?view_id=16

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. **Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.**

Members of the public may provide written public comments on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via e-mail. Comments may be submitted to PublicComment@smud.org and will be placed into the record of the meeting.

Members of the public that are listening to or watching the live stream of a Committee meeting and wish to submit written comments on a specific agenda item as it is being heard may submit their comments, limited to 250 words or less, to PublicComment@smud.org, noting the agenda item number in the subject line. The Board Committee Chair may read comments for items on the agenda into the record, in her discretion, based upon such factors as the length of the agenda or the number of e-mail comments received. General public comment for items not on the agenda will not be read into the record but will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance and Audit Committee will review, discuss and provide the Committee's recommendation on the following:

INFORMATIONAL ITEMS

1. Casey Fallon Quarterly Procurement Report for Second Quarter 2021.
Presentation: 15 minutes
Discussion: 10 minutes
2. Lisa Limcaco Provide the Board with the financial results from the six-month period ended June 30, 2021.
Presentation: 3 minutes
Discussion: 2 minutes
3. Claire Rogers Audit Reports: Confined Spaces.
Discussion: 1 minute
4. Jennifer Davidson Provide the Board with the summary of SMUD's current Power Supply Costs.
Presentation: 5 minutes
Discussion: 2 minutes
5. Public Comment
6. Rosanna Herber Summary of Committee Direction.
Discussion: 1 minute

Pursuant to Resolution No. 20-06-08 adopted on June 18, 2020, Emergency Board Meeting Procedures are in effect:

Members of the public may make either a general public comment or comment on a specific agenda item by submitting comments via email. Comments may be submitted to PublicComment@smud.org. Comments will be provided to the Board and placed into the record of the Committee meeting if it is received within two hours after the meeting ends.

Members of the public that are listening or watching the live stream of a Board meeting and wish to comment on a specific agenda item as it is being heard, may submit their comments, limited to 250 words or less, to PublicComment@smud.org. The Board Committee Chair may read the comments into the record, in her discretion, based upon such factors as the length of the agenda or the number of email comments received. Comments will be provided to the Board and placed into the record of the Committee meeting if it is received within two hours after the meeting ends.

*Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. **Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.***

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this virtual meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at (916) 732-7143, no later than 48 hours before this virtual meeting.

SSS No.
SCS 21-170

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit August 17, 2021
Board Meeting Date N/A

TO		TO	
1.	Robert Adams	6.	
2.	Casey Fallon	7.	
3.	Gary King	8.	
4.	Jennifer Davidson	9.	Legal
5.		10.	CEO & General Manager

Consent Calendar	Yes	No If no, schedule a dry run presentation.	Budgeted	Yes	No (If no, explain in Cost/Budgeted section.)
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FROM (IPR) Rebecca Rodriguez	DEPARTMENT Procurement Operations	MAIL STOP EA404	EXT. 5648	DATE SENT 7/30/2021
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NARRATIVE:

Requested Action: SMUD Procurement Quarterly Report – 2nd Quarter 2021.

Summary: In August 2003, the Board of Directors approved the SMUD Procurement Policy which included a commitment for staff to report on the SMUD Procurement Activities on a quarterly basis.

Board Policy: This report is provided to demonstrate compliance with SMUD Policy BL-8 and the following Policy Elements:
(Number & Title)

- Competition
- Direct Procurement
- Sole Source Procurement
- Inclusiveness
- Environmental Procurement
- Responsible Bidder
- Best Value Procurement
- Strategic Alliances
- Protest Policy

Benefits: Ensures compliance with Public Contracting and Best Value procurement principles.

Cost/Budgeted: N/A

Alternatives: Not to provide a Quarterly Procurement Report.

Affected Parties: SMUD

Coordination: Procurement Operations

Presenter: Casey Fallon

Additional Links:

SUBJECT Quarterly Procurement Report – 2nd Quarter 2021	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No.

CFO 20-017

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit, 2021

Board Meeting Date

n/a

TO					TO							
1.	Gary King				6.							
2.	Jennifer Davidson				7.							
3.					8.							
4.					9.	Legal						
5.					10.	CEO & General Manager						
Consent Calendar			Yes	No	If no, schedule a dry run presentation.		Budgeted		Yes	No	If no, explain in Cost/Budgeted section.)	
FROM (IPR)					DEPARTMENT					MAIL STOP	EXT.	DATE SENT
Lisa Limcaco					Accounting					B352	6957	12/30/20

NARRATIVE:

Requested Action: Provide SMUD's financial results for the year-to-date period in 2021.

Summary: Staff will present SMUD's financial results for the year-to-date period in 2021 to the Board of Directors.

Board Policy: GP-3, Board Job Description
(Number & Title)

Benefits: Provides Board members with information regarding SMUD's financial condition.

Cost/Budgeted: n/a

Alternatives: None

Affected Parties: Accounting

Coordination: Accounting

Presenter: Lisa Limcaco

Additional Links:

SUBJECT

Year-to-date Financial Results for SMUD

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
OFFICE MEMORANDUM**

TO: Distribution

DATE: July 26, 2021
ACC 21-015

FROM: Kathy Ketchum / Lisa Limcaco

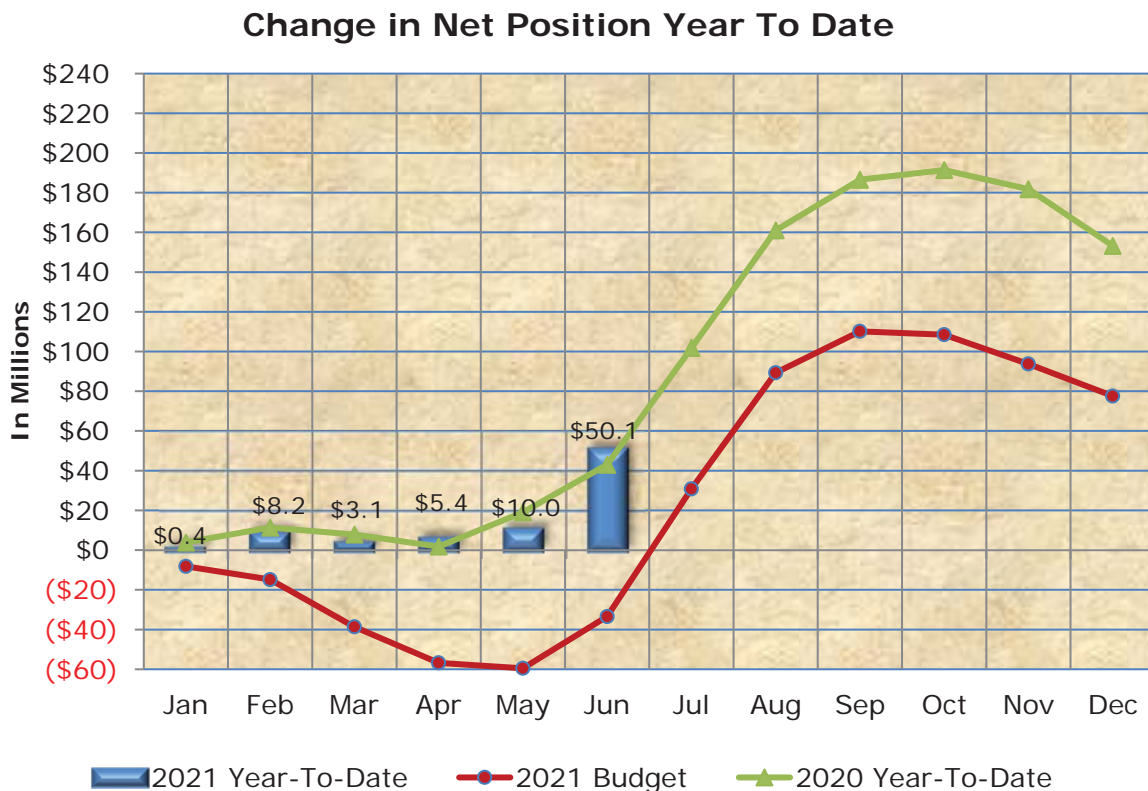
SUBJECT: JUNE 2021 FINANCIAL RESULTS AND OPERATIONS DATA

We are attaching the financial and operating reports for the six months of 2021. They include sales and generation statistics and other selected data.

The change in net position is a positive \$50.1 million compared to a budgeted negative \$33.4 million, resulting in a favorable variance of \$83.6 million.

We prepared these statements on the accrual basis of accounting, and they conform to generally accepted accounting principles. The bases for the budget amounts are:

- 1) Budgeted electric revenues are based on the Forecast of Revenues by the Pricing Department, adjusted for unbilled revenues; and
- 2) Budgeted operating expenses reflect the 2021 Budget approved by the Board of Directors on December 10, 2020.



SACRAMENTO MUNICIPAL UTILITY DISTRICT
EXECUTIVE SUMMARY
For the Six Months Ended June 30, 2021

Net Position

- The change in net position is a positive \$50.1 million compared to a negative \$33.4 million budget, resulting in a favorable variance of \$83.6 million.

Revenues

- Revenues from sales to customers were \$673.1 million, which was \$15.0 million (2.3 percent) higher than planned.
 - The increase was primarily due to higher customer usage of \$20.8 million and a shift in customer load shape compared to plan of \$7.0 million, offset by a higher uncollectible provision of \$12.3 million (due to COVID-19 and the moratorium on electric shut offs).
- Other electric revenues were \$15.1 million, which was \$0.1 million (0.4 percent) lower than planned.
 - Miscellaneous service revenues and customer late fee revenues are lower by \$2.1 million and \$1.5 million, respectively. This is due to COVID-19 and the moratorium on electric shut offs.
 - Other electric revenue is higher by \$1.7 million, primarily due to Greenergy revenue of \$0.6 million.
 - Steam sales are higher by \$1.1 million, due to sales to the Procter & Gamble Power Plant, primarily due to contract change resulting in higher actual steam rates compared to rates used for the budget.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB] - 32) were \$7.3 million. This is due to carbon allowances sold through the state sanctioned quarterly auctions.
- Non-cash revenues transferred to the rate stabilization fund was \$12.6 million, of which \$8.4 million was for AB-32 and \$4.2 million was for LCFS. Funds are deferred until SMUD has qualified program expenses (projects that reduce carbon emissions or electric vehicle programs) to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund was \$22.9 million, of which \$18.6 million was for the annual Hydro rate adjustment, \$3.4 million was for revenues recognized from LCFS electric vehicle programs expenses, and \$0.9 million was from AB-32 program expenses.

Operating Expenses

- Purchased power expense of \$184.1 million, less surplus power sales of \$44.3 million, was \$139.8 million, which was \$19.5 million (16.3 percent) higher than planned.
 - Purchased power expense increased as a result of higher prices of \$13.0 million and higher quantities purchased of \$6.5 million.
- SMUD's generation was higher by 27 GWh (0.9 percent).
 - JPA generation was higher by 640 GWh (33.8 percent).
 - Hydro generation was lower by 694 GWh (77.2 percent).
- Production operations cost of \$167.8 million, less gas sales of \$55.8 million, was \$112.0 million, which was \$0.5 million (0.4 percent) higher than planned.
 - Allowance expenses were \$3.8 million higher, primarily due to recording the 2020 Calpine Sutter greenhouse gas allowance obligation of \$3.5 million.
 - Fuel costs, net of gas sales, were \$1.1 million lower due primarily to lower fuel prices of \$18.9 million offset by higher fuel usage of \$20.0 million. Lower prices partially resulted from gas sales in February of \$7.0 million due to market conditions resulting from extreme weather in the east and south.
 - Other power generation expenses were \$3.9 million lower primarily due to timing differences from reimbursable operating fees and expenses for the Campbell Power Plant of \$1.4 million and the Cosumnes Power Plant of \$1.3 million.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment expense was \$421.5 million, which was \$4.8 million (1.1 percent) lower than planned. Power margin as a percentage of sales to customers was 62.6 percent, which was 2.2 percent lower than planned.
- All other operating expenses were \$366.3 million, which was \$71.1 million (16.3 percent) lower than planned.

- & Transmission and distribution operating expenses were \$4.6 million (10.5 percent) lower than planned. This is mainly due to lower transmission-wheeling expense of \$2.0 million.
- & Customer accounts expenses were \$3.5 million (11.6 percent) lower than planned. This is primarily due to lower labor of \$2.9 million, of which \$1.5 million is a result of lower customer call volumes because of COVID-19 and the moratorium on electric shut offs.
- & Administrative and general expenses were \$27.5 million (27.4 percent) lower than planned. This is primarily due to lower miscellaneous general expenses of \$18.6 million, which included the following: 1) an unspent corporate contingency which budgeted for unexpected operations and maintenance expenses of \$11.0 million (at this time, this amount is not expected to be spent), 2) lump sum merit awards budgeted of \$4.0 million (actuals of \$2.9 million were recorded to follow where work was performed), and 3) lower net retiree medical premium expense of \$3.9 million.
- & Public good expenses were \$9.7 million (30.2 percent) lower than planned. This is due to lower expenditures for research and development (R&D) programs of \$6.2 million and lower expenditures for energy efficiency programs of \$3.8 million. R&D program expenses are lower primarily due to the \$5.0 million budgeted for programs and projects related to the IRP/Zero Carbon Plan (spending plans have not been determined at this point). Whereas energy efficiency program expenses are lower primarily due to fewer incentives of \$3.2 million; however, rebates are expected to increase this summer.
- Production maintenance expenses were \$8.3 million (33.2 percent) lower than planned. This is mainly due lower expenses resulting from timing differences for maintenance scheduled for Procter & Gamble Power Plant of \$3.5 million and the Cosumnes Power Plant of \$1.5 million as well as, lower hydro maintenance expenses of \$2.7 million, primarily due to labor vacancies. Labor vacancies are expected to be backfilled and have not impacted maintenance work.
- & Transmission and distribution maintenance expenses were \$2.3 million (5.0 percent) higher than planned. This was mostly due to distribution maintenance - station equipment of \$2.3 million, which primarily resulted from higher labor to restore power after the large storm in late January.
- & Non-cash amortization of pension and other post-employment benefits (OPEB) was \$14.7 million, which resulted in a positive impact to net position. This is due to Governmental Accounting Standards Board (GASB) 75 OPEB amortization of \$7.9 million and GASB 68 Pension amortization of \$6.8 million.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Month Ended June 30, 2021
(thousands of dollars)

	Actual	Budget	Over (Under)	Percent of Increase (Decrease)
OPERATING REVENUES				
Sales to customers	\$ 165,417	\$ 164,342	\$ 1,075	0.7 %
Sales of surplus power	10,709	8,380	2,329	27.8
Sales of surplus gas	1,084	-	1,084	*
LCFS revenue	-	1,434	(1,434)	(100.0)
Other electric revenue	3,129	2,228	901	40.4
Revenue to rate stabilization fund	(1,083)	-	(1,083)	*
Revenue from rate stabilization fund	206	-	206	*
Total operating revenues	179,462	176,384	3,078	1.7
OPERATING EXPENSES				
Operations				
Purchased power	41,880	34,452	7,428	21.6
Production	28,166	16,003	12,163	76.0
Transmission and distribution	7,255	7,876	(621)	(7.9)
Customer accounts	4,413	5,606	(1,193)	(21.3)
Customer service and information	4,339	6,882	(2,543)	(37.0)
Administrative and general	11,644	28,368	(16,724)	(59.0)
Public good	4,211	8,095	(3,884)	(48.0)
Total operations	101,908	107,282	(5,374)	(5.0)
Maintenance				
Production	2,399	7,106	(4,707)	(66.2)
Transmission and distribution	8,297	8,145	152	1.9
Total maintenance	10,696	15,251	(4,555)	(29.9)
Depreciation and amortization				
Depreciation	17,932	18,789	(857)	(4.6)
Amortization of pension and OPEB	(2,454)	-	(2,454)	*
Amortization of regulatory asset	2,941	3,073	(132)	(4.3)
Total depreciation and amortization	18,419	21,862	(3,443)	(15.7)
Total operating expenses	131,023	144,395	(13,372)	(9.3)
OPERATING INCOME	48,439	31,989	16,450	51.4
NON-OPERATING REVENUES AND EXPENSES				
Other revenues/(expenses)				
Interest income	615	514	101	19.6
Investment revenue (expense)	(177)	(188)	11	5.9
Other income (expense) - net	(289)	2,142	(2,431)	(113.5)
Unrealized holding gains (losses)	(274)	-	(274)	*
Revenue - CIAC	1,517	1,107	410	37.0
Total other revenues	1,392	3,575	(2,183)	(61.1)
Interest charges				
Interest on long-term debt	9,304	9,353	(49)	(0.5)
Interest on commercial paper	387	137	250	182.5
Total interest charges	9,691	9,490	201	2.1
CHANGE IN NET POSITION	\$ 40,140	\$ 26,074	\$ 14,066	53.9 %

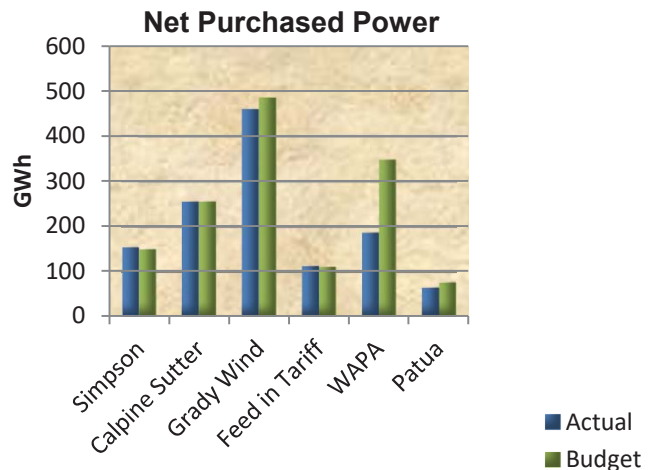
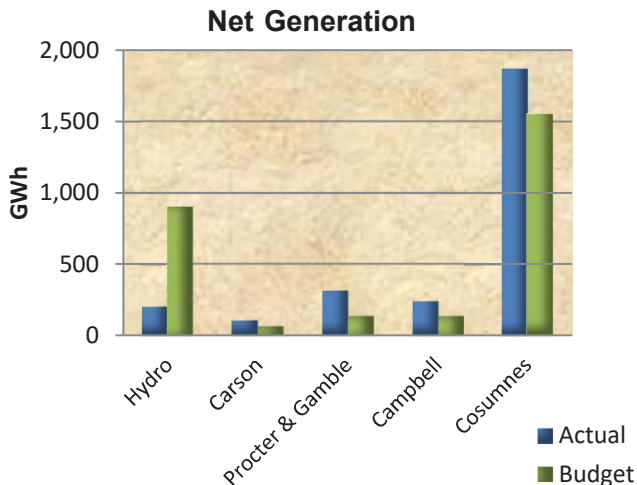
SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Six Months Ended June 30, 2021
(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
OPERATING REVENUES				
Sales to customers	\$ 673,080	\$ 658,057	\$ 15,023	2.3 %
Sales of surplus power	44,330	45,211	(881)	(1.9)
Sales of surplus gas	55,775	-	55,775	*
SB-1 revenue (deferral)/recognition, net	-	700	(700)	(100.0)
AB32 revenue	7,320	-	7,320	*
LCFS revenue	4,215	4,607	(392)	(8.5)
Other electric revenue	15,085	15,142	(57)	(0.4)
Revenue to rate stabilization fund	(12,619)	-	(12,619)	*
Revenue from rate stabilization fund	22,938	-	22,938	*
Total operating revenues	810,124	723,717	86,407	11.9
OPERATING EXPENSES				
Operations				
Purchased power	184,071	165,411	18,660	11.3
Production	167,760	111,522	56,238	50.4
Transmission and distribution	38,914	43,469	(4,555)	(10.5)
Customer accounts	26,353	29,820	(3,467)	(11.6)
Customer service and information	31,539	34,431	(2,892)	(8.4)
Administrative and general	72,875	100,386	(27,511)	(27.4)
Public good	22,359	32,026	(9,667)	(30.2)
Total operations	543,871	517,065	26,806	5.2
Maintenance				
Production	16,736	25,058	(8,322)	(33.2)
Transmission and distribution	47,781	45,507	2,274	5.0
Total maintenance	64,517	70,565	(6,048)	(8.6)
Depreciation and amortization				
Depreciation	107,004	108,286	(1,282)	(1.2)
Amortization of pension and OPEB	(14,725)	-	(14,725)	*
Amortization of regulatory asset	17,438	18,437	(999)	(5.4)
Total depreciation and amortization	109,717	126,723	(17,006)	(13.4)
Total operating expenses	718,105	714,353	3,752	0.5
OPERATING INCOME	92,019	9,364	82,655	882.7
NON-OPERATING REVENUES AND EXPENSES				
Other revenues/(expenses)				
Interest income	4,300	3,042	1,258	41.4
Investment revenue (expense)	(960)	(1,129)	169	15.0
Other income (expense) - net	3,901	5,575	(1,674)	(30.0)
Unrealized holding gains (losses)	(1,390)	-	(1,390)	*
Revenue - CIAC	9,039	6,631	2,408	36.3
Total other revenues	14,890	14,119	771	5.5
Interest charges				
Interest on long-term debt	55,572	56,111	(539)	(1.0)
Interest on commercial paper	1,198	820	378	46.1
Total interest charges	56,770	56,931	(161)	(0.3)
CHANGE IN NET POSITION	\$ 50,139	\$ (33,448)	\$ 83,587	249.9 %

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET
For the Period Ended June 30, 2021**

Sources of Energy (GWh)	Month		Increase (Decrease)	Year to Date		Increase (Decrease)
	Actual	Budget	Percentage	Actual	Budget	Percentage
Net Generated						
Hydro	54	211	(74.4) %	205	899	(77.2) %
Carson Power Plant	22	2	1,000.0	109	66	65.2
Procter & Gamble Power Plant	56	3	*	315	137	129.9
Campbell Power Plant	59	4	*	240	137	75.2
Cosumnes Power Plant	345	232	48.7	1,867	1,551	20.4
Other	103	82	25.6	365	284	28.5
Total net generation	639	534	19.7	3,101	3,074	0.9
Purchased Power less transmission losses:						
Avangrid	10	14	(28.6)	45	45	0.0
Calpine Sutter	114	14	714.3	255	255	0.0
Feed in Tariff	26	25	4.0	113	111	1.8
Grady Wind	67	73	(8.2)	460	486	(5.3)
Great Valley Solar	19	20	(5.0)	88	87	1.1
Kiefer - Greenenergy	8	9	(11.1)	51	56	(8.9)
Patua	9	10	(10.0)	65	77	(15.6)
Rancho Seco PV II	40	39	2.6	177	171	3.5
Simpson	25	29	(13.8)	154	150	2.7
WAPA	72	103	(30.1)	187	348	(46.3)
WSPP and other	275	305	(9.8)	1,531	1,144	33.8
Other long term power	25	36	(30.6)	149	191	(22.0)
Total net purchases	690	677	1.9	3,275	3,121	4.9
Total sources of energy	1,329	1,211	9.7	6,376	6,195	2.9
Uses of energy:						
SMUD electric sales and usage	1,003	936	7.2	4,876	4,723	3.2
Surplus power sales	292	226	29.2	1,312	1,259	4.2
System losses	34	49	(30.6)	188	213	(11.7)
Total uses of energy	1,329	1,211	9.7 %	6,376	6,195	2.9 %

* Change equals 1000% or more.



Net generation is higher than budget for the six-month period.

- Hydro generation is lower than planned (77.2 percent).
- JPA generation is higher than planned (33.8 percent).

Purchased power, less surplus power sales, is higher than plan (5.4 percent).

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
June 30, 2021 and 2020
(thousands of dollars)

ASSETS

								<u>Total</u>	
	SMUD	Carson	P&G	Cosumnes	Campbell	NCEA	NCGA #1	2021	2020
ELECTRIC UTILITY PLANT									
Plant in service, original cost	\$ 5,493,059	\$ 153,579	\$ 197,578	\$ 390,508	\$ 208,959	\$ -	\$ -	\$ 6,443,683	\$ 6,246,591
Less accumulated depreciation	2,588,736	125,931	153,061	191,308	164,350	-	-	3,223,386	3,042,415
Plant in service - net	2,904,323	27,648	44,517	199,200	44,609	-	-	3,220,297	3,204,176
Construction work in progress	535,542	875	1,069	1,248	-	-	-	538,734	461,309
Investment in Joint Power Agencies	305,048	-	-	-	-	-	-	22,575	15,720
Total electric utility plant - net	3,744,913	28,523	45,586	200,448	44,609	-	-	3,781,606	3,681,205
RESTRICTED ASSETS									
Revenue bond reserves	3,813	-	-	-	-	-	-	3,813	4,748
Restricted for payment of debt service	129,042	-	-	-	-	-	-	129,042	121,395
JPA funds	-	-	-	13,702	-	15,809	20,951	50,462	49,774
Nuclear decommissioning trust fund	8,874	-	-	-	-	-	-	8,874	8,864
Rate stabilization fund	158,406	-	-	-	-	-	-	158,406	136,688
Other funds	16,367	-	-	-	-	3,000	3,026	22,393	28,906
Due (to) from unrestricted funds (decommissioning)	(6,684)	-	-	-	-	-	-	(6,684)	(6,684)
Due (to) from restricted funds (decommissioning)	6,684	-	-	-	-	-	-	6,684	6,684
Less current portion	(142,570)	-	-	(13,702)	-	(18,719)	(23,977)	(198,968)	(186,065)
Total restricted assets	173,932	-	-	-	-	90	-	174,022	164,310
CURRENT ASSETS									
Cash, cash equivalents and investments									
Unrestricted	531,571	5,993	22,602	15,458	11,560	-	-	587,184	793,047
Unrestricted - collateral obligation	-	-	-	-	-	-	-	-	-
Restricted	142,570	-	-	13,702	-	18,719	23,977	198,968	186,065
Accounts receivable - net	264,148	3,467	6,427	31,838	4,467	947	2,141	233,889	244,710
Energy efficiency loans due within one year	2,691	-	-	-	-	-	-	2,691	3,021
Interest receivable	1,393	3	15	11	7	-	217	1,646	4,286
Regulatory costs to be recovered within one year	37,535	-	-	104	-	-	105	37,744	37,553
Derivative financial instruments maturing within in one year	29,065	-	-	-	-	-	-	29,065	6,380
Inventories	76,691	2,346	4,282	7,344	4,632	-	-	95,295	74,986
Prepaid gas to be delivered within one year	-	-	-	-	-	3,717	21,031	24,748	21,901
Prepayments and other	16,629	731	847	4,625	758	20	16	23,626	34,074
Total current assets	1,102,293	12,540	34,173	73,082	21,424	23,403	47,487	1,234,856	1,406,023
NONCURRENT ASSETS									
Regulatory costs for future recovery									
Decommissioning	79,467	-	-	-	-	-	-	79,467	72,823
Pension	349,058	-	-	-	-	-	-	349,058	366,085
OPEB	287,396	-	-	-	-	-	-	287,396	300,170
Bond Issues	-	-	-	835	-	-	524	1,359	1,569
Derivative financial instruments	5,807	-	-	-	-	-	-	5,807	9,250
Derivative financial instruments	24,540	-	-	-	-	-	-	24,540	8,450
Prepaid gas	-	-	-	-	-	531,316	149,153	680,469	705,217
Prepaid power and capacity	484	-	-	-	-	-	-	484	692
Energy efficiency loans - net	11,983	-	-	-	-	-	-	11,983	21,171
Other	50,061	1	1	3	1	-	78	50,145	44,510
Total noncurrent assets	808,796	1	1	838	1	531,316	149,755	1,490,708	1,529,937
TOTAL ASSETS	\$ 5,829,934	\$ 41,064	\$ 79,761	\$ 274,367	\$ 66,034	\$ 554,809	\$ 197,242	\$ 6,681,192	\$ 6,781,475
DEFERRED OUTFLOWS OF RESOURCES									
Accumulated decrease in fair value of hedging derivatives	32,245	-	-	-	-	-	-	32,245	82,714
Deferred pension outflows	160,377	-	-	-	-	-	-	160,377	73,045
Deferred OPEB outflows	24,689	-	-	-	-	-	-	24,689	24,508
Deferred ARO outflows	-	1,560	-	-	-	-	-	1,560	1,793
Unamortized bond losses	11,828	-	-	1,652	-	-	-	13,480	16,970
TOTAL DEFERRED OUTFLOWS OF RESOURCES	229,139	1,560	-	1,652	-	-	-	232,351	199,030
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 6,059,073	\$ 42,624	\$ 79,761	\$ 276,019	\$ 66,034	\$ 554,809	\$ 197,242	\$ 6,913,543	\$ 6,980,505

*Numbers may not add across due to elimination entries not shown on this sheet.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
June 30, 2021 and 2020
(thousands of dollars)

LIABILITIES AND NET ASSETS

								<u>Total</u>	
	SMUD	Carson	P&G	Cosumnes	Campbell	NCEA	NCGA #1	2021	2020
LONG-TERM DEBT - NET	\$ 2,409,161	\$ -	\$ -	\$ 111,953	\$ -	\$ 554,299	\$ 163,485	\$ 3,238,898	\$ 3,407,493
CURRENT LIABILITIES									
Commercial paper notes	-	-	-	-	-	-	-	-	-
Accounts payable	84,267	1,525	925	3,579	1,125	-	1,570	92,991	81,986
Purchased power payable	89,966	1,231	4,367	24,104	3,157	-	-	43,278	39,840
Credit support collateral obligation	533	-	-	-	-	-	3,025	3,558	4,209
Long-term debt due within one year	98,040	-	-	10,900	-	-	18,450	127,390	118,305
Accrued decommissioning	6,751	-	-	-	-	-	-	6,751	5,649
Interest payable	38,859	-	-	2,802	-	10,876	388	52,925	51,290
Accrued salaries and compensated absences	43,565	-	-	-	-	-	-	43,565	35,980
Derivative financial instruments maturing within one year	20,087	-	-	-	-	-	-	20,087	39,359
Customer deposits	2,844	-	-	-	-	-	-	2,844	23,137
Other	25,624	-	-	-	-	-	-	25,624	24,224
Total current liabilities	410,536	2,756	5,292	41,385	4,282	10,876	23,433	419,013	423,979
NONCURRENT LIABILITIES									
Accrued decommissioning - net	81,657	8,633	-	-	-	-	-	90,290	83,724
Derivative financial instruments	19,642	-	-	-	-	-	-	19,642	54,283
Net pension liability	393,557	-	-	-	-	-	-	393,557	447,648
Net OPEB liability	23,263	-	-	-	-	-	-	23,263	52,211
Other	92,282	-	-	-	-	120	-	92,402	88,091
Total noncurrent liabilities	610,401	8,633	-	-	-	120	-	619,154	725,957
TOTAL LIABILITIES	3,430,098	11,389	5,292	153,338	4,282	565,295	186,918	4,277,065	4,557,429
DEFERRED INFLOWS OF RESOURCES									
Accumulated increase in fair value of hedging derivatives	52,909	-	-	-	-	-	-	52,909	14,830
Deferred pension inflows	7,106	-	-	-	-	-	-	7,106	35,174
Deferred OPEB inflows	49,493	-	-	-	-	-	-	49,493	35,540
Regulatory credits	509,665	-	-	-	-	-	-	509,665	479,666
Unamortized bond gains - other	6,029	-	-	-	-	-	-	6,029	6,991
Unearned revenue	3,597	28	-	-	-	-	-	3,625	3,597
TOTAL DEFERRED INFLOWS OF RESOURCES	628,799	28	-	-	-	-	-	628,827	575,798
NET POSITION									
Balance at beginning of year	1,944,593	33,298	74,811	119,915	64,447	(7,319)	10,146	1,957,512	1,804,277
Net increase (decrease) for the year	55,583	(2,091)	(342)	2,766	(2,695)	(3,208)	126	50,139	43,001
Member contributions (distributions) - net	-	-	-	-	-	41	52	-	-
TOTAL NET POSITION	2,000,176	31,207	74,469	122,681	61,752	(10,486)	10,324	2,007,651	1,847,278
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 6,059,073	\$ 42,624	\$ 79,761	\$ 276,019	\$ 66,034	\$ 554,809	\$ 197,242	\$ 6,913,543	\$ 6,980,505

*Numbers may not add across due to elimination entries not shown on this sheet.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CASH FLOWS
For the Period Ended June 30, 2021
(thousands of dollars)

	Month	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 118,819	\$ 643,830
Receipts from surplus power and gas sales	29,816	109,250
Other receipts	22,276	40,441
Payments to employees - payroll and other	(43,121)	(216,363)
Payments for wholesale power and gas purchases	(44,810)	(268,156)
Payments to vendors/others	(28,979)	(191,473)
Net cash provided by operating activities	54,001	117,529
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from insurance settlements	-	3,135
Interest on debt	-	(13,231)
Net cash used in noncapital financing activities	-	(10,096)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction expenditures	(33,389)	(139,017)
Contributions in aid of construction	2,030	12,803
Interest on debt	-	(61,043)
Net cash used in capital and related financing activities	(31,359)	(187,257)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities	32,124	131,326
Purchases of securities	-	(5,123)
Interest and dividends received	332	5,241
Investment revenue/expenses - net	(177)	(959)
Net cash provided by investing activities	32,279	130,485
Net increase in cash and cash equivalents	54,921	50,661
Cash and cash equivalents at the beginning of the month and year	734,351	738,611
Cash and cash equivalents at June 30, 2021	\$ 789,272	\$ 789,272
Cash and cash equivalents included in:		
Unrestricted cash and cash equivalents	\$ 715,819	\$ 715,819
Restricted and designated cash and cash equivalents	62,271	62,271
Restricted and designated assets (a component of the total of \$174,022 at June 30, 2021)	11,182	11,182
Cash and cash equivalents at June 30, 2021	\$ 789,272	\$ 789,272

SSS No.
AQS 2021-6

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit
August 17, 2021
Board Meeting Date
N/A

TO				TO			
1.	Gary King			6.			
2.	Jennifer Davidson			7.			
3.				8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		Yes	No	Budgeted		Yes	No
			<i>If no, schedule a dry run presentation.</i>				<i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR)		DEPARTMENT		MAIL STOP		EXT.	DATE SENT
Claire Rogers		Audit & Quality Services		ME-2		7122	7/29/21

NARRATIVE:

Requested Action: Informational agenda item to provide Board Members with the opportunity to ask questions and/or discuss recent reports issued by Audit and Quality Services.

Summary: Report Issued by Audit and Quality Services:

<u>Title</u>	<u>Report Number</u>
• Confined Spaces	28007281

Board Policy: Board-Staff Linkage, Board-Internal Auditor Relationship (BL-3)
(Number & Title)

Benefits: n/a

Cost/Budgeted: n/a

Alternatives: n/a

Affected Parties: Board, Internal Advisor

Coordination: n/a

Presenter: Claire Rogers

Additional Links:

SUBJECT	Reports issued by Audit and Quality Services	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

Confined Spaces

Executive Summary

Audit and Quality Services (AQS) has completed a review of the Confined Spaces program. The purpose of the audit was to evaluate if SMUD's Confined Space Entry program meets the standard of care defined in Title 8 of the California Code of Regulations (T8 CCR), Article 108, Sections 5156 through 5158 and Sections 2700, 2943(b) and 2943.1. The audit was included in the 2021 AQS audit plan.

A confined space is defined as a space large enough that an employee can enter and perform assigned work, has limited or restricted means for entry or exit, and is not designed for continuous employee occupancy. T8 CCR, Division 1, Chapter 4, Subchapter 7, Group 16, Article 108, Sections 5156, 5157, and 5158, provides minimum standards for preventing employee exposure to confined space hazards. Section 2943 addresses issues concerning electrical utility operations within underground vaults, manholes and enclosed spaces. SMUD's Environmental, Health and Safety Standard 5-08 - Confined Space Entry (EH&S Std. 5-08) provides the minimum confined space entry requirements for all SMUD employees and contractors entering into either a non-permit or a permit required confined space.

Based upon the regulations selected for testing, EH&S Std. 5-08 and workgroup procedures associated with permit and non-permit confined spaces are consistent with regulatory requirements. The confined space permits and non-permit required confined space forms are designed to capture all required information. In addition, AQS reviewed a sample of 25 confined space permits and non-permit required confined space forms to evaluate if all required information was noted within the forms, and if staff identified within the forms had received all required trainings with no exceptions noted.

AQS would like to thank Environmental, Safety & Real Estate Services, Facilities Services, Substation, Telecommunications and Metering Assets, Power Generation, Line Assets, and Grid Assets Strategic Services for their cooperation and support in conducting this audit.

ERM Dashboard**Employee Safety**

Audit & Quality Services

Confined Spaces

Audit Report 28007281

Confined Spaces

Audit & Quality Services Report

Background:

Audit and Quality Services (AQS) has completed a review of the Confined Spaces program. The audit was included in the 2021 AQS audit plan.

Under the California Labor Code and the California Occupational Safety and Health Act of 1973, all employers in California have the legal obligation to provide and maintain a safe and healthful workplace for employees. The general requirements for employers to provide an effective Injury and Illness Prevention Program are in Title 8 of the California Code of Regulations (T8 CCR), Section 3203. California Code of Regulations, Title 8, Division 1, Chapter 4, Subchapter 7, Group 16, Article 108, Sections 5156, 5157, and 5158, provides minimum standards for preventing employee exposure to confined space hazards. Section 2943 addresses issues concerning electrical utility operations within underground vaults, manholes and enclosed spaces.

A confined space is defined as a space large enough that an employee can enter and perform assigned work, has limited or restricted means for entry or exit, and is not designed for continuous employee occupancy. A permit-required confined space contains or has a known potential to contain a hazardous atmosphere, contains a material that has the potential for engulfing an entrant, or has an internal configuration such that an entrant could be trapped or asphyxiated by inwardly converging walls, or by a floor which slopes downward and tapers to a smaller cross-section or contains any other recognized serious safety or health hazard.

SMUD has developed and implemented the Environmental, Health and Safety Standard 5-08 - Confined Space Entry (EH&S Std. 5-08) which is designed to prevent injuries, illnesses or fatalities from occurring when entering into and/or working in a confined space where potential hazards from fire, toxic atmosphere, oxygen deficiency and other hazards may exist. EH&S Std. 5-08 provides the minimum confined space entry requirements for all SMUD employees and contractors entering into either a non-permit or a permit required confined space. Additional workgroup specific confined space procedures have also been developed.

Environmental, Safety & Real Estate Services is responsible for developing confined space training materials, training employees on the topics required by EH&S Std. 5-08, annually reviewing the effectiveness of EH&S Std. 5-08 and assisting with or completing assessments and inspections when required. There are several areas within SMUD that conduct confined space work such as Facilities, Power Generation, Network, Substation, and Line Assets.

Scope:

Our audit scope included SMUD internal policies, workgroup procedures, and documentation associated with permit and non-permit confined spaces between January 1, 2020 through March 31, 2021.

Objectives:

The objectives of the audit were to:

1. Evaluate SMUD policies and procedures associated with permit and non-permit confined spaces to ensure they meet the standard of care defined in T8 CCR, Article 108, Sections 5156 through 5158 and Section 2700, 2943(b) and 2943.1.
2. Evaluate if staff are trained in accordance with regulations.

Summary:

AQS interviewed staff from Environmental, Safety & Real Estate Services to obtain an understanding of SMUD's Confined Space Program. We reviewed EH&S Std. 5-08 and compared it to the requirements of T8 CCR, Article 108, Sections 5156 through 5158 and Section 2700, 2943(b) and 2943.1 and determined that EH&S Std. 5-08 sufficiently met the requirements. We also reviewed the Grid Assets Safety Manual, Hydro Safety Procedure Manual-Confined Space Entry (HSP 5-12), and Network's Manhole and Vault Entry procedures to ensure that they were consistent with EH&S Std. 5-08. In addition, AQS reviewed SMUD's confined space entry permits to ensure they are designed to capture all information required by T8 CCR, §5157, (f) and tested a sample of nine cancelled confined space entry permits to determine if required fields were filled out appropriately with no exceptions noted. Similarly, we reviewed a sample of 16 non-permit required confined space forms to determine compliance with select sections of T8 CCR, §5158 with no exceptions. Lastly, AQS reviewed training records for individuals noted within the sampled confined space permits and non-permit required confined space forms to determine if the staff completed the required trainings appropriate for their role as noted within each permit with no exceptions.

Conclusion:

Based upon the regulations selected for testing, SMUD's policies and workgroup procedures associated with permit and non-permit confined spaces are consistent with regulatory requirements. The confined space permits and non-permit required confined space forms are designed to capture all required information. In addition, no exceptions were noted based on our testing of a sample of confined space permits and non-permit required confined space forms to evaluate if required information was noted within the forms and if staff identified within the forms had received all required trainings.

AQS would like to thank Environmental, Safety & Real Estate Services, Facilities Services, Substation, Telecommunications and Metering Assets, Power Generation, Line Assets, and Grid Assets Strategic Services for their cooperation and support in conducting this audit.

SSS No.

CFO 20-016

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit, 2021

Board Meeting Date

n/a

TO					TO				
1.	Gary King				6.				
2.	Jennifer Davidson				7.				
3.					8.				
4.					9.	Legal			
5.					10.	CEO & General Manager			

Consent Calendar		Yes	No	If no, schedule a dry run presentation.	Budgeted		Yes	No	If no, explain in Cost/Budgeted section.)
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FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Jennifer Restivo	Planning, Pricing & Enterprise Performance	B356	6343	12/30/20

NARRATIVE:

Requested Action: Provide the summary of SMUD's current Power Supply Costs.

Summary: Staff will present the summary of SMUD's current Power Supply Costs to the Board of Directors.

Board Policy: GP-3, Board Job Description
(Number & Title)

Benefits: Provides Board members with current power supply costs information for SMUD.

Cost/Budgeted: n/a

Alternatives: n/a

Affected Parties: Planning, Pricing & Enterprise Performance

Coordination: Planning, Pricing & Enterprise Performance

Presenter: Jennifer Davidson

Additional Links:

SUBJECT

Summary of SMUD's current Power Supply Costs

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No.

BOD 2021-006

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit 2021

Board Meeting Date

N/A

TO					TO				
1.	Gary King				6.				
2.	Jennifer Davidson				7.				
3.					8.				
4.					9.	Legal			
5.					10.	CEO & General Manager			

Consent Calendar		Yes	x	No If no, schedule a dry run presentation.	Budgeted		Yes	No (If no, explain in Cost/Budgeted section.)		
FROM (IPR) Rosanna Herber / Donna Lofton				DEPARTMENT Board Office				MAIL STOP B307	EXT. 5079	DATE SENT 12/22/20

NARRATIVE:

Requested Action: Provide a summary of committee direction from the Board to Staff.

Summary: During a Board discussion at the January 2017 Policy Committee, the Board requested having an on-going opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting in an effort to make clear the will of the Board. The Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

Board Policy: GP-4 Agenda Planning states the Board will focus on the results the Board wants the organization to achieve.
(Number & Title)

Benefits: Having an agendaized opportunity to summarize the Board's requests and suggestions that arise during the committee meeting will help clarify what the will of the Board.

Cost/Budgeted: N/A

Alternatives: Not summarize the Board's requests at this meeting.

Affected Parties: Board of Directors and Executive Staff

Coordination: Donna Lofton, Special Assistant to the Board

Presenter: Rosanna Herber, Finance & Audit Committee Chair

Additional Links:

SUBJECT	Summary of Committee Direction	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.