

# Board of Directors Meeting Agenda

Date: February 18, 2021  
Time: 5:30 p.m.  
Location: Virtual Meeting (online)



# **AGENDA**

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS MEETING**

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](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 e-mailing a request to speak to [PublicComment@smud.org](mailto: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](mailto: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 Board 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](mailto:PublicComment@smud.org), noting the agenda item number in the subject line. The Board President may read comments for items on the agenda into the record, in his 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.

***February 18, 2021 – 5:30 p.m.***

**Zoom Webinar Link: [Join SMUD Board of Directors Meeting Here](#)**

**Webinar ID: 161 918 8566**

**Password: 211892**

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

Call to Order.

a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

- a. Committee Chair report of January 26, 2021, Strategic Development Committee
- b. Committee Chair report of February 9, 2021, Strategic Development Committee
- c. Committee Chair report of February 10, 2021, Policy Committee
- d. Committee Chair report of February 16, 2021, Finance and Audit Committee
- e. Committee Chair report of February 17, 2021, Energy Resources & Customer Services Committee

**Items 5 through 10 were reviewed by the February 10, 2021, Policy Committee. Item 11 was reviewed by the February 17, 2021, Energy Resources & Customer Services Committee.**

***Comments from the public are welcome when these agenda items are called.***

**Consent Calendar:**

- 3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of January 16, 2021, through February 15, 2021.
- 4. Approval of the minutes of the meeting of January 21, 2021.
- 5. Accept the monitoring report for **Strategic Direction SD-2, Competitive Rates. Policy Committee 2/10. (Jennifer Davidson)**
- 6. Accept the monitoring report for **Strategic Direction SD-3, Access to Credit Markets. Policy Committee 2/10. (Jennifer Davidson)**
- 7. Approve proposed revisions to **Strategic Direction SD-2, Competitive Rates. Policy Committee 2/10. (Laura Lewis)**
- 8. Approve proposed revisions to **Governance Process GP-4, Agenda Planning. Policy Committee 2/10. (Laura Lewis)**
- 9. Approve proposed revisions to **Meeting Procedures of the SMUD Board of Directors. Policy Committee 2/10. (Laura Lewis)**
- 10. Approve proposed revisions to **Governance Process GP-9, Board Committee Chairs. Policy Committee 2/10. (Laura Lewis)**
- 11. Authorize the Chief Executive Officer and General Manager to execute a contract for **Electric Service Base Resource** with the United States Department of Energy **Western Area Power Administration (WAPA)** for a 30-year term of January 1, 2025, through December 31, 2054, with option to reduce or terminate **Base Resource Share** prior to the start date and approximately every five years thereafter. **Energy Resources & Customer Services Committee 2/17. (Scott Martin)**

\* \* \* \* \*

### **Informational Items:**

12. Provide the Summary of SMUD's current Power Supply Costs.  
*Presenter: Jennifer Davidson*
13. Provide the Board with the Quarterly Procurement Report for Fourth Quarter 2020.  
*Presenter: Casey Fallon*

### **Public Comment:**

14. Items not on the agenda.

### **Board and CEO Reports:**

15. Directors' Reports.
16. President's Report.
17. CEO's Report.
  - a. Board Video re: The Big Storm

### **Summary of Board Direction**

\* \* \* \* \*

### **Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

***The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In response to local, state, and federal directives, the following meetings will be held virtually (online).***

February 16, 2021	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
February 17, 2021	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
March 9, 2021	Strategic Development Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
March 10, 2021	Policy Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
March 16, 2021	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
March 17, 2021	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.

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**Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

***The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In response to local, state, and federal directives, the following meeting will be held virtually (online).***

March 18, 2021

Virtual Meeting (online)

5:30 p.m.

***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](mailto:PublicComment@smud.org). Comments 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.***

***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](mailto:PublicComment@smud.org). The Board President may read the comments into the record, in his discretion, based upon such factors as the length of the agenda, the number of email comments received, and whether the Board is in danger of losing a quorum. Comments 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.***

***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](mailto: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](mailto:Toni.Stelling@smud.org), or contact by phone at (916) 732-7143, no later than 48 hours before this virtual meeting.***







RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of January 16, 2021, through February 15, 2021.



Sacramento, California

January 21, 2021

The Board of Directors of the Sacramento Municipal Utility District met in regular session via virtual meeting (online) at 5:30 p.m.

Roll Call:

Presiding: President Bui-Thompson

Present: Directors Rose, Fishman, Herber, Kerth,  
Tamayo, and Sanborn

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

Director Herber shared the environmental tip.

President Bui-Thompson announced that the Oaths of Office would be given to the recently elected Directors.

Director Rose, Ward 1, was sworn in by Scott and Teresa Rose.

Director Bui-Thompson, Ward 2, was sworn in by Paul Thompson.

Director Kerth, Ward 5, was sworn in by City of Sacramento Councilmember Eric Guerra.

President Bui-Thompson called for approval of the agenda. Director Sanborn moved for approval of the agenda, Director Herber seconded, and the agenda was unanimously approved.

President Bui-Thompson then turned to Item 3 on the agenda, a commendation resolution for Director Rob Kerth in recognition of his service as SMUD Board President in 2020. She read the resolution highlighting the many accomplishments.

Director Fishman moved for approval of the commendation resolution, Director Sanborn seconded, and Resolution No. 21-01-01 was unanimously approved.

## **RESOLUTION NO. 21-01-01**

**WHEREAS**, Rob Kerth, the elected representative of Ward 5, served the SMUD Board with inspired leadership in 2020; and

**WHEREAS**, President Kerth's steady guidance was invaluable when SMUD was forced to respond to the unprecedented challenges caused by the COVID-19 pandemic; and

**WHEREAS**, while the pandemic impacted SMUD operations and finances and forced more than half of the workforce to work remotely, SMUD continued to keep the power flowing and serve its customers and community in exemplary fashion; and

**WHEREAS**, the California Energy Commission in early 2020 unanimously approved SMUD's Neighborhood SolarShares® program, a first-of-its-kind program that provides a low cost solar option to developers to comply with the statewide solar mandate for new low-rise residential homes; and

**WHEREAS**, SMUD achieved the highest score of any California utility in the 2020 J.D. Power Electric Utility Business Customer Satisfaction Survey and also was among the utilities that received the highest score of any utility in the country in the J.D. Power Sustainability Index, which evaluates electric customer awareness, support, engagement and advocacy for their local utility's sustainability programs and goals; and

**WHEREAS**, during President Kerth's tenure, the SMUD Board adopted a Climate Emergency Declaration and committed to delivering carbon neutral electricity by 2030, the most ambitious climate goal of any utility in the country; and

**WHEREAS**, SMUD completed significant work in 2020 to enhance system reliability during President Kerth's term, including the installation of three new distribution substations and the reconstruction of two existing substations; and

**WHEREAS**, SMUD continued to be a leader in promoting the economic vitality of our region under President Kerth's leadership, awarding more than 100 contracts representing more than \$60 million to members of SMUD's small-business contracting program;

**WHEREAS**, at the conclusion of President Kerth's term, SMUD's electric rates were among the lowest in the state, approximately 35 percent lower than neighboring PG&E; and

**WHEREAS**, under President Kerth's leadership, SMUD suspended all disconnections and late payments beyond the end of 2020 for customers impacted by the COVID-19 pandemic; and

**WHEREAS**, President Kerth's concern for social justice and environmental equity was reflected in SMUD's Sustainable Communities initiative and the development of a Resource Priorities Map to drive community support for historically underserved neighborhoods; and

**WHEREAS**, President Kerth in 2020 was re-elected to another four-year term by the residents of Ward 5, which includes midtown, downtown, North Sacramento, Natomas, Rio Linda and Elverta; and

**WHEREAS**, the Board has benefited from President Kerth's fair and efficient conduct and management of the Board meetings and other public forums and workshops sponsored by SMUD, as well as his enthusiastic representation of the Board and SMUD to the public and media; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board commends Rob Kerth for his outstanding and dedicated service to the Board, to SMUD, and to the Sacramento community during his

tenure as President, and the Board looks forward to the pleasure of serving with him in the future as he continues as the Director for Ward 5.

Approved: January 21, 2021

INTRODUCED: DIRECTOR FISHMAN				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
BUI-THOMPSON	X			
ROSE	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

Directors Fishman, Sanborn, Rose, Herber and Tamayo and President Bui-Thompson thanked Director Kerth for his service as Board President in 2020.

Director Kerth acknowledged that 2020 was a tough year for a variety of reasons but noted that he was looking forward to 2021 as SMUD moves forward with its efforts to put carbon behind us.

Director Herber, Chair, presented the report on the Finance and Audit Committee meeting held on January 20, 2021.

Director Fishman, Chair, presented the report on the Strategic Development Committee meeting held on January 12, 2021.

Director Rose, Chair, presented the report on the Energy Resources & Customer Services Committee meeting held on January 20, 2021.

President Bui-Thompson called for statements from the public regarding items on the agenda, but none were forthcoming.

President Bui-Thompson then addressed the consent calendar consisting of Items 5 through 8. Director Kerth moved for approval of the consent calendar, Director Tamayo seconded, and Resolution Nos. 21-01-02 through 21-01-04 were unanimously approved.

**RESOLUTION NO. 21-01-02**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of December 11, 2020, through January 15, 2021.

**Section 2.** That this Board hereby approves Board member reimbursement requests for technology-related expenses (pursuant to Resolution 19-12-05).

Approved: January 21, 2021

INTRODUCED: DIRECTOR KERTH				
SECONDED: DIRECTOR TAMAYO				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
BUI-THOMPSON	X			
ROSE	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			



## RESOLUTION NO. 21-01-03

**WHEREAS, Zeus Electric Chassis, Inc. (“Zeus”)** is a designer and manufacturer of all-electric work truck chassis capable of being customized for multiple uses in the class 4 and class 5 vehicle categories (gross vehicle weight rating of 14,001 to 19,500 pounds, similar to a Ford F450 or F550 pickup); and

**WHEREAS, SMUD and Zeus** were originally introduced by the **California Mobility Center (“CMC”)**; and

**WHEREAS, SMUD Fleet Engineers** will design vehicle specifications for five all-electric work trucks in collaboration with **Zeus**; and

**WHEREAS, Zeus** will fabricate the vehicles in collaboration with the **CMC** and other upfitters; and

**WHEREAS, manufacture** of the vehicles is anticipated to begin in early 2021, with a nine-month lead-time, which would enable SMUD to put these vehicles into service potentially before year-end 2021; and

**WHEREAS, Zeus** will price all equipment (parts, labor, technology, etc.) at cost to SMUD with no mark-up or profit; and

**WHEREAS, SMUD** has invested in fleet electrification for over 10 years and partnering with **Zeus** on this procurement provides SMUD an opportunity to accelerate the conversion of additional fossil fuel vehicles and equipment to electric, and further establish leadership in fleet electrification and environmental sustainability; and

**WHEREAS, awarding** a direct procurement contract to **Zeus** is in SMUD’s best interest because **Zeus** is the only custom upfit electric truck chassis manufacturer in North American capable of producing the all-electric work trucks (class 4 and 5) to SMUD’s specifications, and **Zeus’s** pricing is deemed to be fair and reasonable given that **Zeus** will price the equipment at cost to SMUD without mark-up or profit; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That the Chief Executive Officer and General Manager, or his designee, is authorized to execute a direct procurement contract with **Zeus Electric Chassis, Inc.** for the purchase of five all-electric work trucks for a two-year term in an amount not to exceed \$1,200,000.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

Approved: January 21, 2021

INTRODUCED: DIRECTOR KERTH				
SECONDED: DIRECTOR TAMAYO				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
BUI-THOMPSON	X			
ROSE	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

**RESOLUTION NO. 21-01-04**

**WHEREAS**, in September 2019, SMUD issued Request for Qualifications No. 190180.DJM (RFQ) for redevelopment of the former SMUD Corporation Yard at 59<sup>th</sup> Street, Folsom Boulevard, and U.S. Highway 50 in the City of Sacramento (**59<sup>th</sup> Street Re-use Project**); and

**WHEREAS**, in March 2020 SMUD issued to **StoneBridge Properties, LLC (StoneBridge)** and **SKK Developments/BlackPine Communities (SKK/BlackPine)**, based on their responses to the RFQ, a Request for Proposal No. 200040.DJM (RFP) concerning the disposition and development of the former Corporation Yard property as part of the **59<sup>th</sup> Street Re-use Project**; and

**WHEREAS**, **StoneBridge** and **SKK/BlackPine** provided presentations to the Board at the July 14, 2020, Finance and Audit Committee and Special Board of Directors meeting; and

**WHEREAS**, the proposal outcomes were presented to the Board at the January 20, 2021, Energy Resources & Customer Services Committee and Special Board of Directors meeting; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That this Board approves designation of **SKK Developments/BlackPine Communities (SKK/BlackPine)** as developer of the **59<sup>th</sup> Street Re-use Project**.

**Section 2.** Staff is directed to work with **SKK/BlackPine** to develop the **59<sup>th</sup> Street Re-use Project**.

Approved: January 21, 2021

INTRODUCED: DIRECTOR KERTH				
SECONDED: DIRECTOR TAMAYO				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
BUI-THOMPSON	X			
ROSE	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

President Bui-Thompson then turned to Informational Items 9 through 13 and noted that any public comment on informational items could be provided during the general public comment period.

Lisa Limcaco, Director of Accounting & Controller, gave a presentation on agenda item 9, regarding SMUD's financial statement through November 30, 2020. A copy of the slides used in her presentation is attached hereto.

Claire Rogers, Internal Auditor and Director of Audit Services, gave a presentation on agenda item 10, the 2021 Audit and Quality Services Plan. A copy of the slides used in her presentation is attached hereto.

With regard to agenda item 11, Audit Reports: Quarterly Report on the Status of Recommendations as of December 31, 2020, no clarifying questions were forthcoming.

Jennifer Davidson, Chief Financial Officer, gave a presentation on agenda item 12, a summary of SMUD's current Power Supply Costs. A copy of the slides used in her presentation is attached hereto.

President Bui-Thompson gave a presentation on agenda item 13, Board Work Plan. A copy of the slides used in her presentation is attached hereto.

President Bui-Thompson then turned to agenda item 14, statements from the public regarding items not on the agenda. She stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended. No public comment was received.

President Bui-Thompson then turned to Directors' Reports.

Vice President Rose reported that he had watched the recorded SMUD workshops on the Zero Carbon Plan and remarked staff had done a very good job. He then reported on his participation in the California Mobility Center (CMC) Fellows Program. He stated he was excited about the contract with Zeus

Electric Chassis, Inc. and then asked if there would be an update on the status of COVID vaccines for SMUD staff.

Director Fishman reported on his participation in the CMC Fellows Program. He provided a brief report on some preliminary meetings he and Councilmember Guerra had attended for a committee to create a summit looking at the zero carbon economy, jobs, and economic justice. He stated the committee is in its infancy stage and includes SMUD staff members from the Sustainable Communities department including Jose Bodipo-Memba. He stated he would provide more information as it became available.

Director Herber reported on her attendance at a virtual meeting hosted by the SMUD Asian Pacific Islander Employee Resource Group also known as GRAIN (Groups Reaching Across International Networks) featuring speaker Marielle Tsukamoto who spoke about her experience in an internment camp. She then reported about Curtis Park residents, led by Kathy Les, who are excited about what electrifying the homes in their neighborhood and noted it was a great example of a group effort on the path to being carbon free. She closed with expressing her condolences to the family of SMUD employee Ricky Perez who had passed away from COVID.

Director Kerth reported on his attendance at the SMUD workshops on the Zero Carbon Plan and his participation in the CMC Fellows Program. He stated the North Sacramento Chamber of Commerce, which he is active, had adopted a mission to help the hospitality industry by purchasing meals from local restaurants and delivering them to first responders. He invited others to participate in their mission.

Director Tamayo reported on his attendance at and commended staff on a SMUD presentation to the Tahoe Park Neighborhood Associated related to remediation efforts toward groundwater and soil contamination, a problem which SMUD had inherited from a previous landowner. He then reported on his attendance at the 350 Sacramento Annual Meeting.

Director Sanborn thanked staff for the outreach and workshops on the Zero Carbon Plan. She stated she was also excited about the Zeus contract.

President Bui-Thompson reported on her attendance at webinar hosted by the *Fair Observer* featuring her friend and mentor, Steve Westly, where he spoke on electrification. She then reported that she had greeted the students participating in the Youth Energy Summit. She concluded by reporting on her attendance at the SMUD workshops on the Zero Carbon Plan and thanked staff for holding the meetings.

Paul Lau, Chief Executive Officer and General Manager, thanked Director Kerth on behalf of SMUD for his exceptional leadership in 2020. He then reported on the following items:

**1) SMUD Remembers Employee and Other Pandemic Victims.**

We are heartbroken by the recent passing of tool repairer Ricardo "Ricky" Perez on January 13th following COVID complications. Ricky began his career at SMUD in 2006 as a vehicle attendant. He was promoted to vehicle mechanic and later became a tool repairer. He will be sorely missed by the SMUD family. Flags were flown at half-staff at all SMUD buildings, and truck booms in the corporate yard were raised in tribute to Ricky. Starting Tuesday and continuing through tomorrow (Friday) night, the SMUD Headquarters building and Customer Service Center on S Street and the East Campus Operations Center on Bradshaw Road have been lit in amber in honor of the lives lost to COVID. On Tuesday night, SMUD joined cities and towns across the country in illuminating buildings and ringing church bells in a national demonstration of unity and remembrance. While the pandemic has not negatively impacted SMUD's ability to provide electric service and we have followed all health and safety mandates, our workforce, like so many others around the country and world, has not been immune to the effects of the coronavirus. The amber lights are one way we can show our community that we are mourning with them. In response to Vice President Rose's question, since the

beginning of COVID, over 100 employees have tested positive for COVID, and over 515 have been quarantined. We actively working with the City to lay out a plan, and we are on Tier 1c to get COVID vaccines for employees with an anticipated date of February or March. The Federal Energy Regulatory Commission (FERC) has submitted a letter to the Biden Administration to ramp up a new stock of vaccines for our critical employees such as our power plant operations, our grid plant operators, and first responders so that we can keep the lights on. The Board will be receiving a memo on the COVID vaccine strategy and planning and how it will be rolled out for employees.

- 2) **SMUD's Sustainability Efforts Earn "A" Grade.** SMUD was recognized recently for our leadership in corporate sustainability by CDP, a global environmental non-profit. We received a place on CDP's "A List" for tackling climate change and for our specific actions to cut emissions, mitigate climate risks and develop a low-carbon economy. CDP, which is based out of London, runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. More than 9,600 companies disclosed environmental data through CDP in 2020. Only 270 of those companies made the A List, putting SMUD in the top three percent of respondents.

3) **Customers Make Large Donations to EnergyHELP, EAPR.**

Two exceptionally generous SMUD customers personified the holiday spirit by making large donations to our EnergyHELP and Energy Assistance Program Rate (EAPR) programs. One of the customers made a one-time donation of \$10,000 to EnergyHELP, the program in which SMUD customers donate a chosen amount each month to help less fortunate customers

pay their bills. The customer, who asked to remain anonymous, wrote in a letter accompanying the donation:

Sacramento is an amazing place and it has given me so much. I don't want any recognition. Just being able to help is enough.

A few weeks earlier, another anonymous customer donated \$3,000 to pay off unpaid bills for 21 customers. While we honored their requests to remain nameless, we thought their actions were worth sharing.

- 4) **Reducing Wildfire Risk in the UARP.** The first phase of a project to underground a 4kV overhead electric line in our Upper American River Project (UARP) hydroelectric system was recently completed as we continue to focus on reducing fire risk in the area. A SMUD contractor brought in special equipment to open a trench and install the new underground conduit system on two sides of the canyon between Junction and Union Valley reservoirs in El Dorado County. Despite encountering some snowfall, the team completed the first part of the project in 15 days. Phase 2 will take place next spring after the snow melts. A crew from Fresh Pond will install steel conduit along both buildings at Junction Valley Dam and Union Valley Powerhouse, connecting them to the newly installed underground conduit. The final phase of the project, which will involve “cutting over” the overhead system to the underground system, should be completed the next fire season.

- 5) **Board Video.** Tonight's Board video tells one family's story about its experience with SMUD's Circadian Lighting Program and the benefits it brings to families with autistic children.

President Bui-Thompson requested the Summary of Board Direction, but there were no items.



No further business appearing, President Bui-Thompson adjourned the meeting in honor of Ricardo “Ricky” Perez at 6:54 p.m.

Approved:

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President

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Secretary

# Exhibit to Agenda Item #9

Provide the Board with the financial results from the 11-month period ended November 30, 2020.

Board of Directors Meeting

Thursday, January 21, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# November 2020 YTD– Change in Net Position

(thousands of dollars)

- YTD customer sales – over target
  - Customers sales \$45M over budget primarily due to higher usage by residential customers and hot summer
  - Offset by increase in bad debt expense of \$29M
- Variance of purchased power and production cost –net \$15M under budget
- Other Operating cost - \$48M under budget
- Change in net position - \$119M over budget
- Approval of deferral of \$35M of 2020 revenue

	Actual	Budget	Variance
Total customer sales	\$1,332,990	\$ 1,316,990	\$ 16,000
Other operating revenues	\$ 40,876	\$ 40,262	\$ 614
Net transfer from rate stabilization fund	\$ 13,961	\$ -	\$ 13,961
<b>Total operating revenues</b>	<b>\$1,387,827</b>	<b>\$ 1,357,252</b>	<b>\$ 30,575</b>
Net purchased power	\$ 265,617	\$ 219,833	\$ 45,784
Net production	\$ 216,597	\$ 276,933	\$ (60,336)
Transmission and distribution	\$ 163,433	\$ 157,626	\$ 5,807
Other operating costs	\$ 519,408	\$ 567,809	\$ (48,401)
<b>Total operating expenses</b>	<b>\$1,165,055</b>	<b>\$ 1,222,201</b>	<b>\$ (57,146)</b>
<b>Net operating income</b>	<b>\$ 222,772</b>	<b>\$ 135,051</b>	<b>\$ 87,721</b>
Total non-operating revenues	\$ 59,114	\$ 29,018	\$ 30,096
Total non-operating expenses	\$ 100,095	\$ 101,465	\$ (1,370)
<b>Change in Net Position</b>	<b>\$ 181,791</b>	<b>\$ 62,604</b>	<b>\$ 119,187</b>

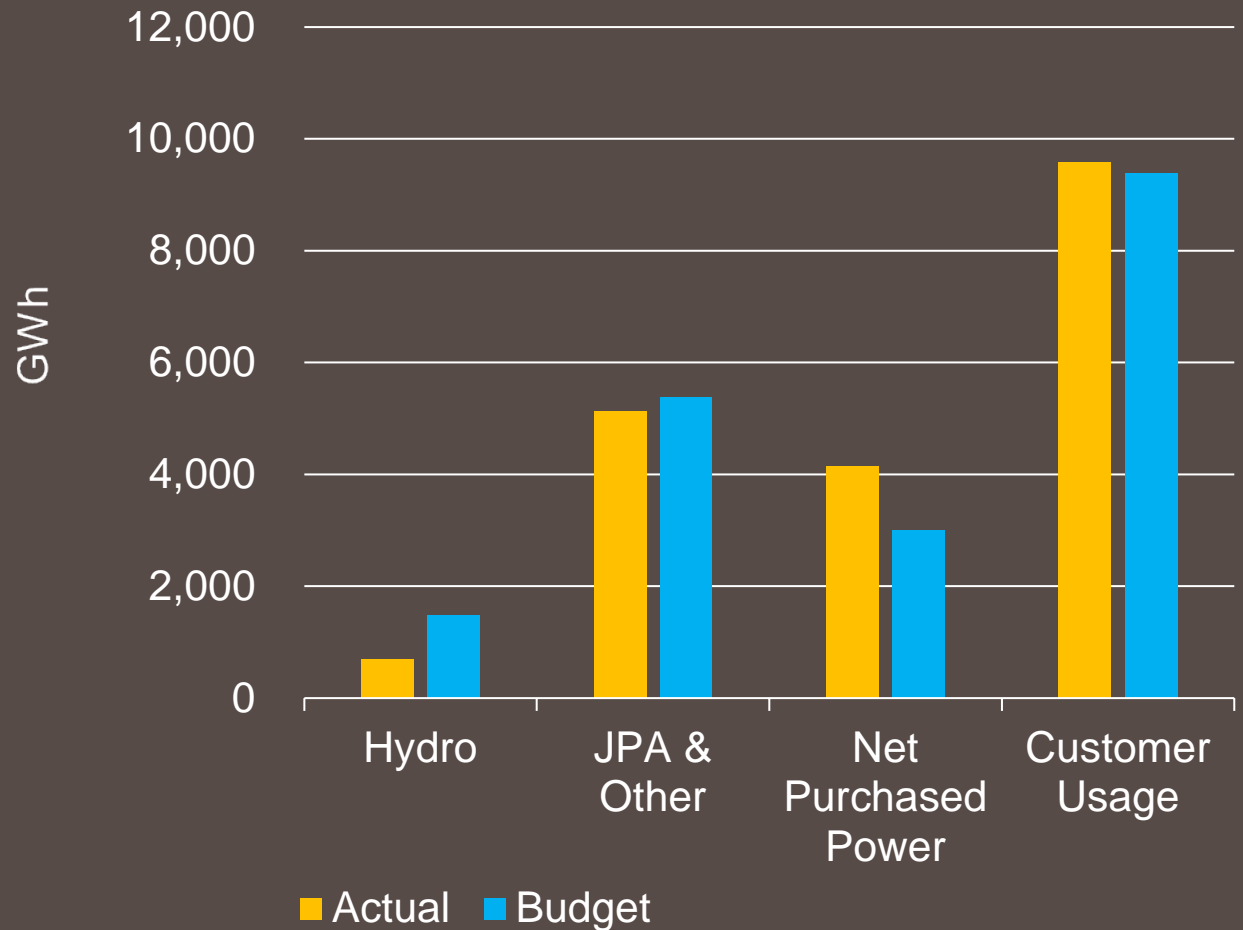
# November 2020 YTD – Energy Sources & Uses

## Sources of energy

- Hydro – 53% under budget
- JPA – 4% under budget
- Purchased Power (net of surplus power sales) – 38% over budget

## YTD customer usage 2% over target

- November usage 16% over target - primarily due to residential customers



# Exhibit to Agenda Item #10

Provide the Board with an informational presentation on the 2021 Audit and Quality Services Plan.

Board of Directors Meeting

Thursday, January 21, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# Agenda

## Internal Auditors

- Governance Role and Value

## Internal Audit at SMUD

## Annual Disclosures

## Noteworthy Items

## Key Focus Areas for 2021

## Questions

# Internal Auditors

## Governance Role and Value

### The Auditor Role in Governance

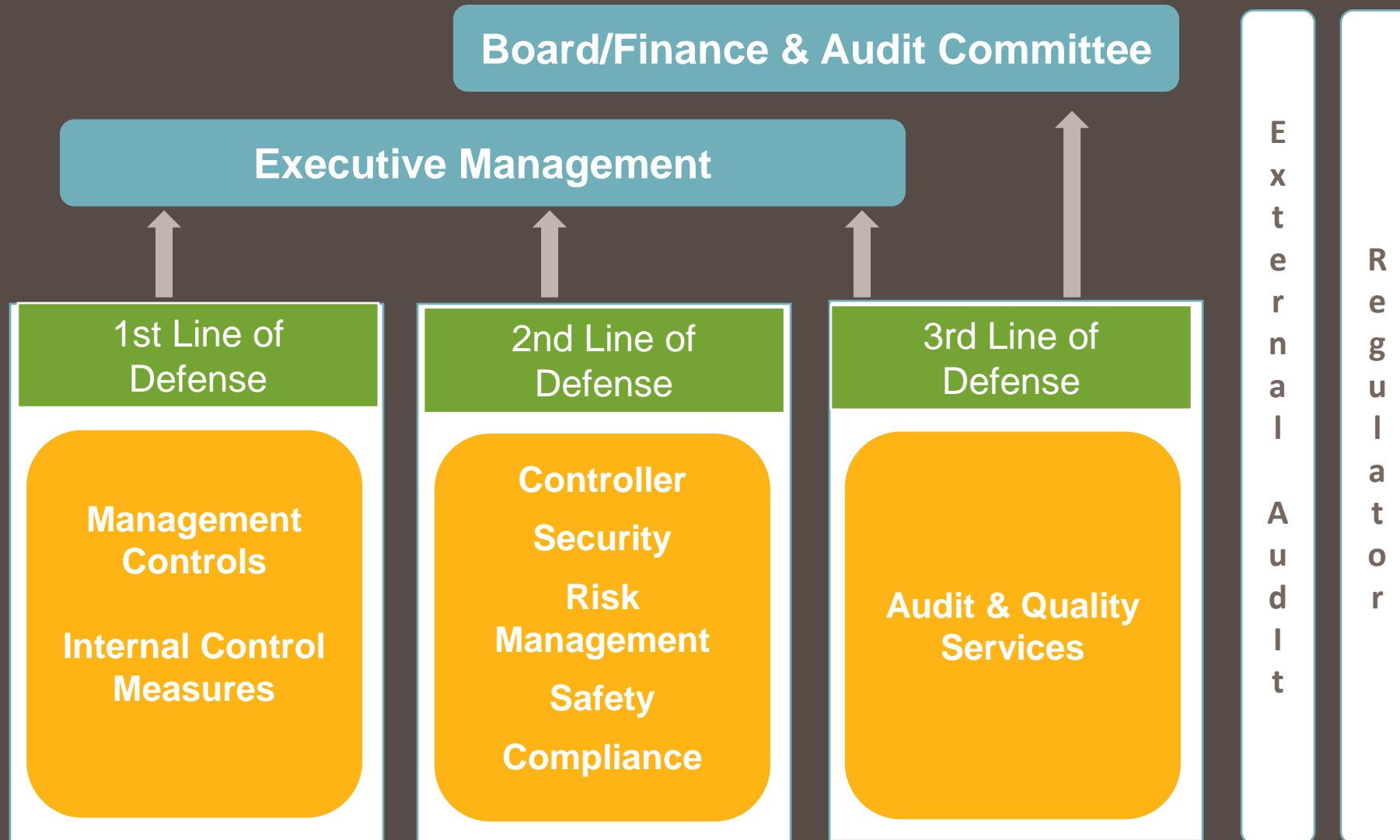
- Objective assurance and insight on the effectiveness and efficiency of risk management, internal control and governance processes
- Assurance is provided through assessing and reporting on the effectiveness of processes
- Insights provide positive change and enhance and protect organizational value



### Value Proposition

- Help SMUD improve governance, manage risks, and implement controls to more effectively achieve its goals.
- Provides the Board and Executive management with independent and objective assessments

# The Three Lines of Defense





# Internal Audit Vision

## Our Vision

- Valued business partner
- Continuous improvement and innovation
- High performing, risk intelligent team



*Trusted Audit Partner*

# Internal Audit at SMUD

## *Board-Internal Auditor Relationship (BL-3)*



- **Reviewing accuracy of the Strategic Direction Monitoring Reports**
- **Assessing efficiency and effectiveness**
  - Operations/processes
  - Internal controls
  - Financial controls
- **Verifying compliance**
  - Applicable laws and regulations
  - Policies and procedures
- **Conducting special projects, investigations and advisory services**

# Internal Audit and ERM – Audit Results

Internal Audit reviews and tests implementation of recommendations

Audit Recommendations

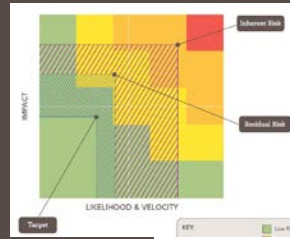
Internal Audit Perform Audit of Risk Mitigation Strategy

Audit Results

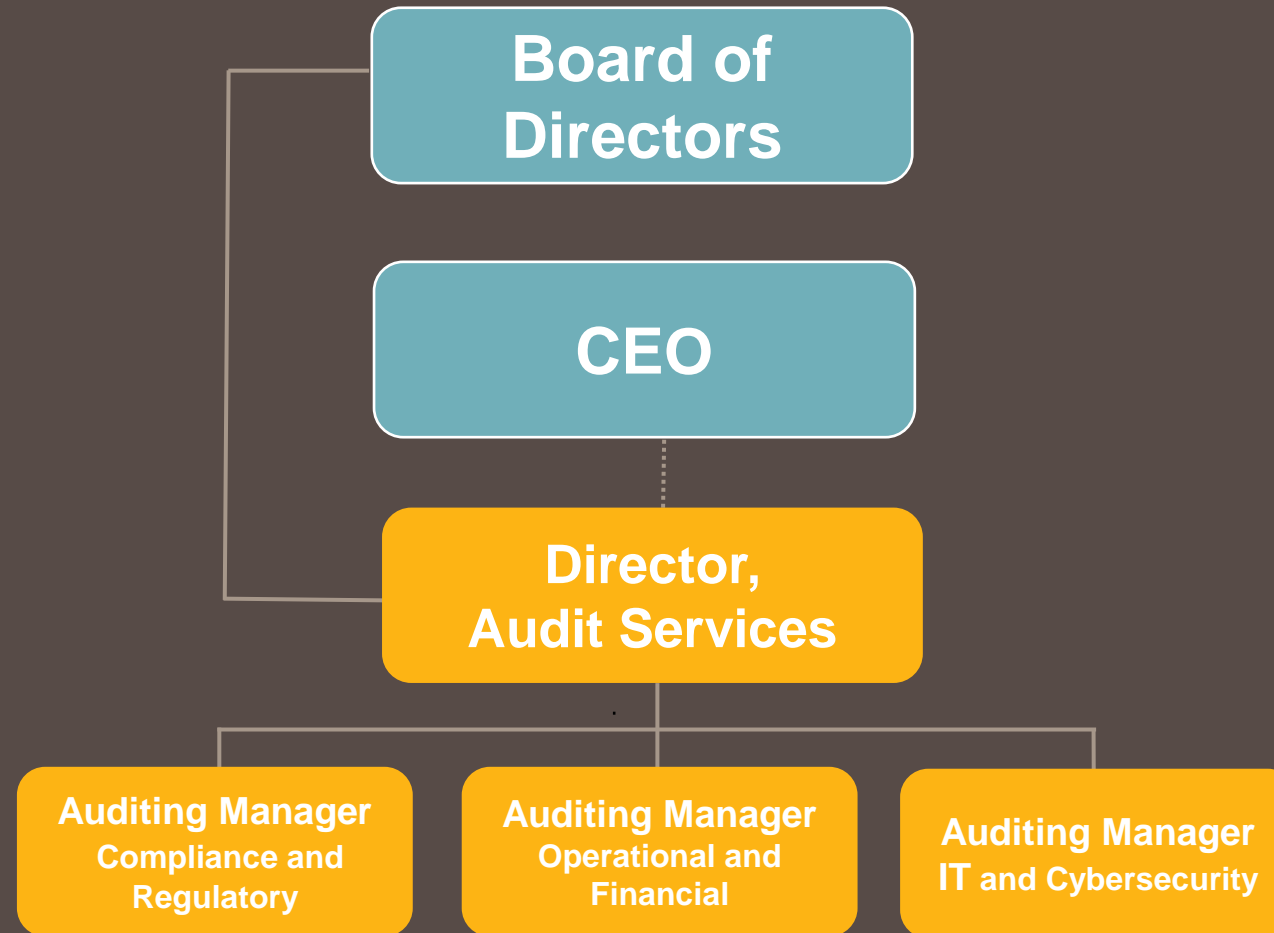
Risk Owners Implement Risk Mitigation Strategy

Review and Update Dashboard

ERM Assess Impact to Enterprise Risk



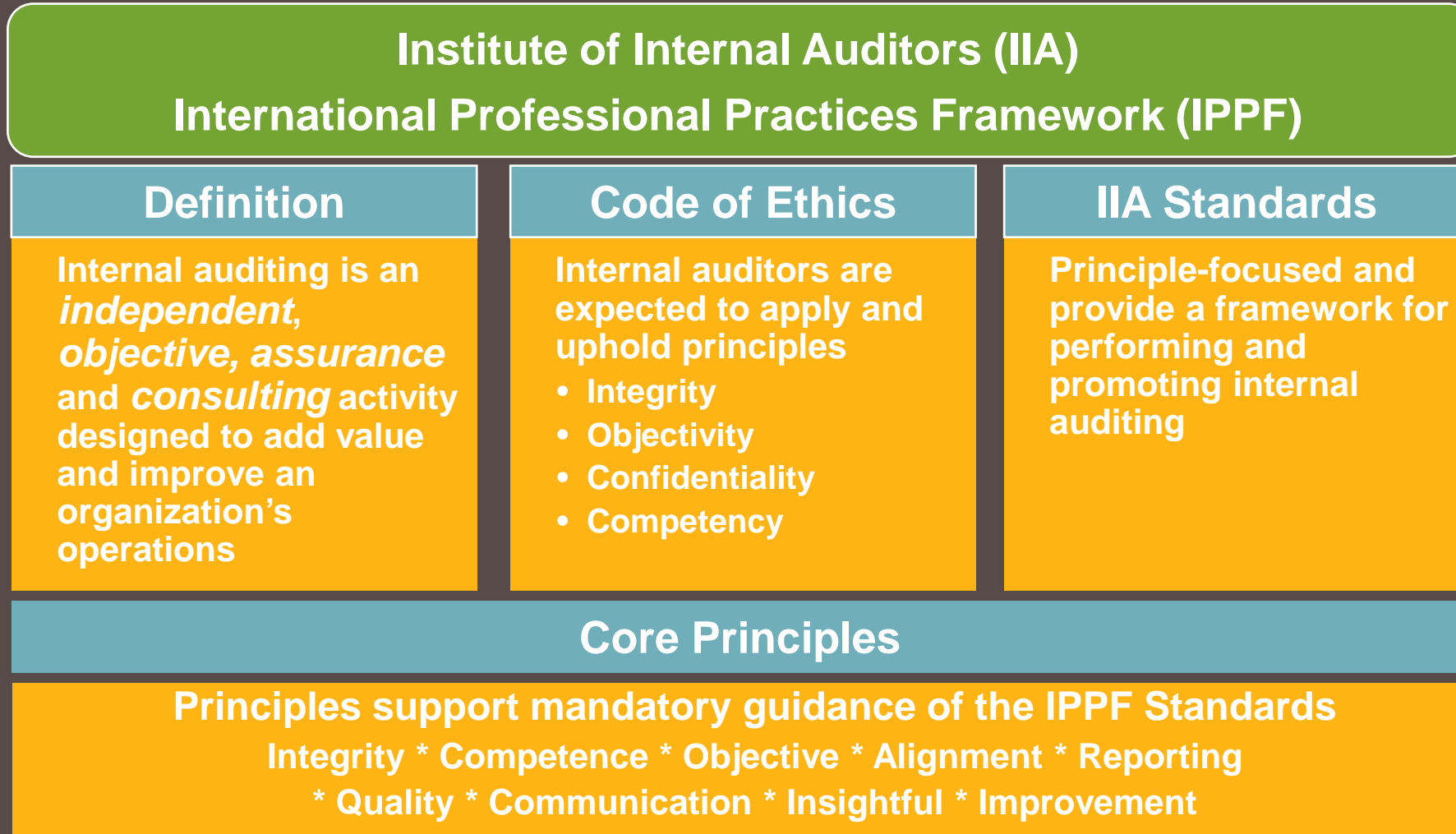
# Reporting Relationship & Organization



# Purpose, Authority & Responsibility

Purpose	Authority	Responsibility
<ul style="list-style-type: none"><li>• Independent appraisal function</li><li>• Assist Board and Management to effectively carry out duties and responsibilities and meet business objectives</li><li>• Audit, provide recommendations, consult and advise</li></ul>	<ul style="list-style-type: none"><li>• Unlimited access to all of SMUD</li><li>• Direct access to the Finance and Audit Committee</li><li>• Allocate resources, select audits and scope to accomplish audit objectives</li><li>• Obtain necessary assistance</li></ul>	<ul style="list-style-type: none"><li>• Submit to Finance and Audit Committee the annual audit plan</li><li>• Report results and recommendations of each audit</li><li>• Conduct special projects, audits and advisory services, investigations</li><li>• Maintain an improvement program</li></ul>

# Internal Audit Professionalism



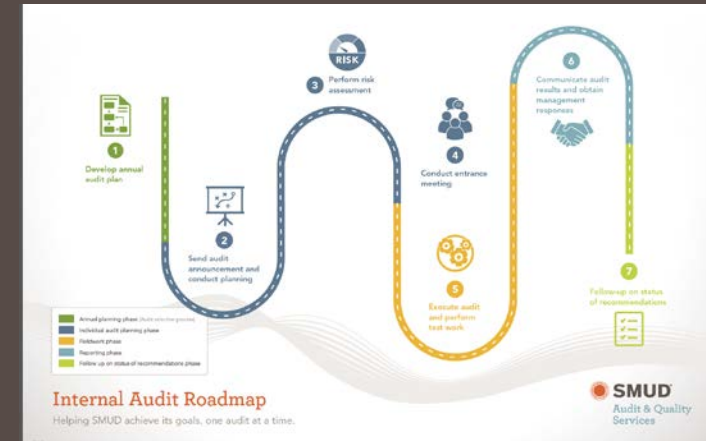
# Noteworthy Items

## Non Audit Work

- COVID-19 response effort, including labor and non-labor submittals to FEMA for reimbursement
- Enterprise project management project support
- Net Energy Metering successor rate support

## Trusted Audit Partner

- Audit guide to educate and assist customers in understanding the audit process and our mutual roles
- Communication templates to provide clear information and a consistent experience



# 2021 Audit Plan – Key Focus Areas

Board Monitoring Reports

Cloud Services

Ethics

Low Carbon Fuel Standard Program

Sustainable Communities

Transmission Maintenance Inspection Program

Vendor Master File



# Questions?

# Exhibit to Agenda Item #12

Provide the Summary of SMUD's current Power Supply Costs.

Board of Directors Meeting

Thursday, January 21, 2021, scheduled to begin at 5:30 p.m.

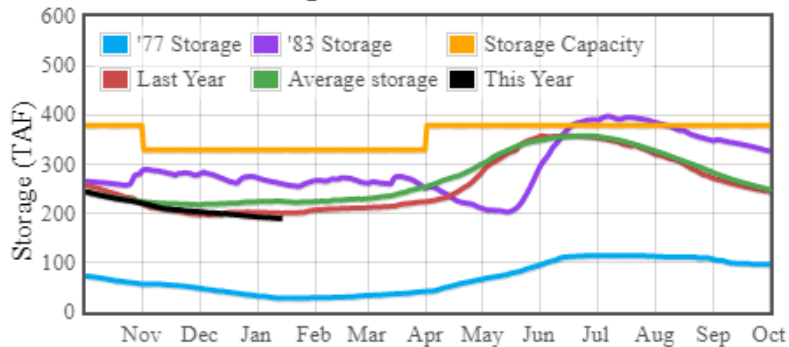
Virtual Meeting (online)

# Precipitation Levels

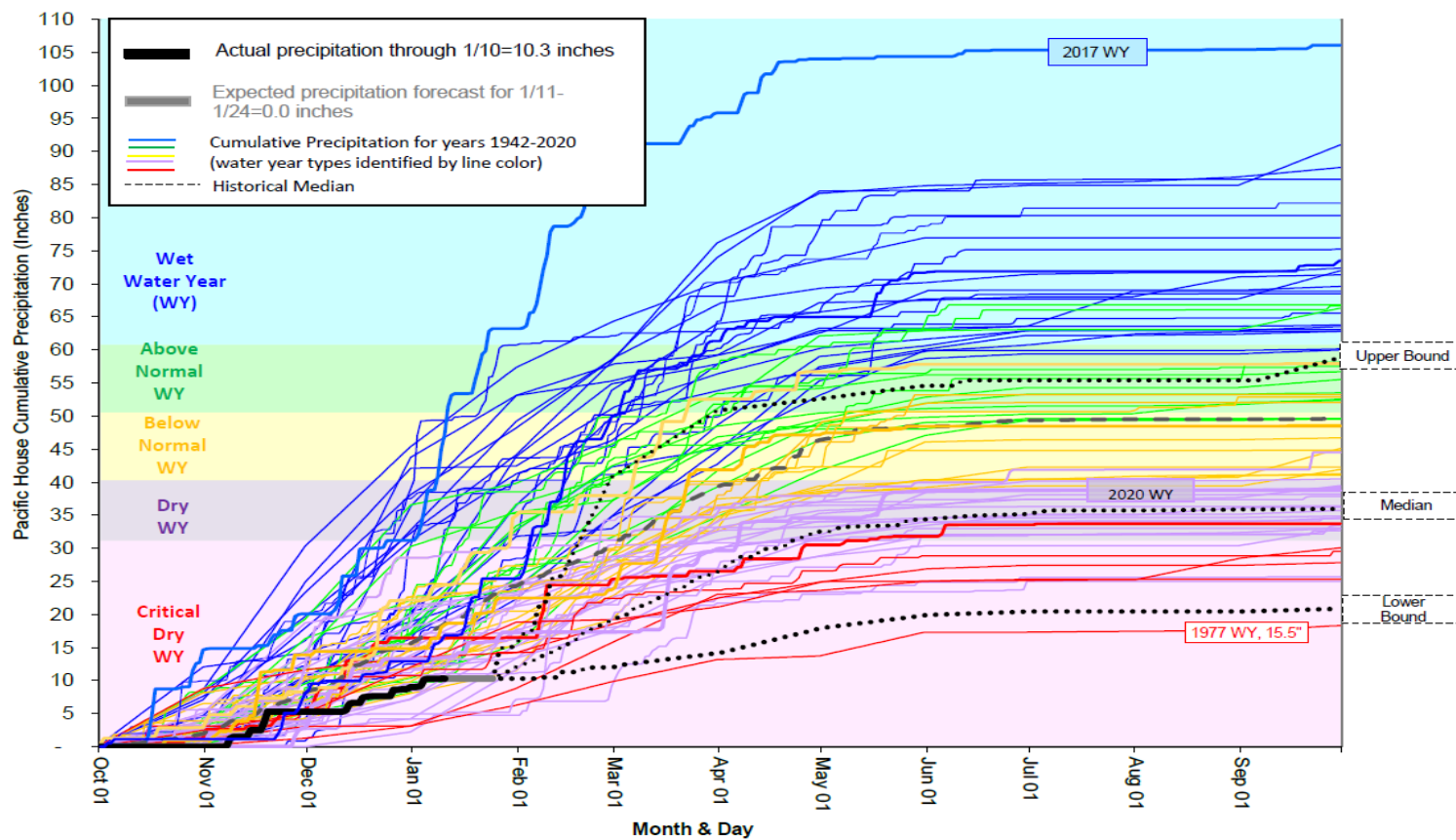
Precipitation - Pacific House  
Plan vs. Actual/Forecast

Month	Plan	Actual	Difference
Oct-20	2.13"	0.00"	-2.13"
Nov-20	7.61"	5.29"	-2.32"
Dec-20	7.45"	3.72"	-3.73"
Total	17.19"	9.01"	-8.18"

Storage reservoir contents



Comparison of 2021 WY Precipitation to History (1942-2020 WYs)



# Commodity Budget: Mitigations & Forecast

SMUD has in place financial mitigation tools that hedge against hydroelectric uncertainty

- HRSF Balance - \$74.7M
  - WY (Apr20-Mar21) forecasted withdrawal \$11.4M
- RSF WAPA Balance - \$43.1M
  - 2020 actual transfer into the into the WAPA RSF \$1.6M

2020 Commodity Costs Forecast vs. Budget (in millions)			
Forecast		Budget	Difference
\$	457	\$	474
		\$	( 17)

Hydro Performance as November 30, 2020			
	Forecasted (GWh)	2020 Budget (GWh)	Variance (GWh)
UARP	714	1,523	-809
WAPA	706	661	45
UARP + WAPA	1,419	2,184	-765

# Exhibit to Agenda Item #13

Board Work Plan.

Board of Directors Meeting

Thursday, January 21, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# Work Plan

12-Jan	Strategic	2030 Zero Carbon Plan - Panel 1	Industry Experts
	5:30pm		
13-Jan	Policy	CANCELLED	
	5:30pm		
20-Jan	Finance and Audit	Zeus Electric Chassis, LLC	C. Fallon
	5:30pm		
20-Jan	ERCS	59th Street ReUse Project Update	P. Durham
	to follow		
21-Jan	Board Meeting	Finance Statements	L. Limcaco
	5:30pm	Audit Questions	C. Rogers
		Annual Informational Update	C. Rogers
		Power Supply Costs	J. Davidson
		Work Plan	N. Bui-Thompson
		Resolution for Rob Kerth	N. Bui-Thompson
		Oaths of Office - Wards 1, 2, 5	
26-Jan	Additional Strategic	2030 Zero Carbon Plan - Panel 2	Industry Experts
	5:30pm		

9-Feb	Strategic	2030 Zero Carbon Plan - Panel 3	Industry Experts
	5:30pm		
10-Feb	Policy	GP-4 Agenda Planning	E. Douglas
	5:30pm	Board Meeting Procedures	E. Douglas
		SD-2 Competitive Rates Monitoring Report	J. Restivo
		SD-3 Access to Credit Monitoring Report	R. Mills
		Work Plan	N. Bui-Thompson
16-Feb	Finance and Audit		
	5:30pm		
17-Feb	ERCS	Approve Replacement Agreement with WAPA	C. Beltran
	5:30pm		
18-Feb	Board Meeting	Finance Statements	L. Limcaco
	5:30pm	Audit Questions	C. Rogers
		Power Supply Costs	J. Davidson
		Enterprise Risk Management Update	T. Hoang

9-Mar	Strategic	2030 Zero Carbon Plan	
	5:30pm		
10-Mar	Policy	Q3 and Q4 SD-6 Safety Report	P. Durham
	5:30pm	SD-6 Safety Proposed Language Changes	P. Durham
		SD-6 Safety Monitoring Report	P. Durham
		SD-19 Diversified Business Monitoring Report	S. Martin
		Work Plan	N. Bui-Thompson
16-Mar	Finance and Audit		
	5:30pm		
17-Mar	ERCS		
	5:30pm		
18-Mar	Board Meeting	Finance Statements	L. Limcaco
	5:30pm	Audit Questions	C. Rogers
		Power Supply Costs	J. Davidson
		Enterprise Risk Management Update	T. Hoang
31-Mar	Special Board Meeting	Zero Carbon Plan	
	5:30pm		



6-Apr	Strategic		
	5:30pm		
7-Apr	Policy		
	5:30pm		
		Work Plan	N. Bui-Thompson
13-Apr	Finance and Audit	Finance Statements	L. Limcaco
	5:30pm	Audit Questions	C. Rogers
		Power Supply Costs	J. Davidson
		Enterprise Risk Management Update	T. Hoang
14-Apr	ERCS	Sustainable Communities Update	J. Bodipo-Memba
	5:30pm		
15-Apr	Board Meeting		
	5:30pm		

11-May	Strategic		
	5:30pm		
12-May	Policy	SD-8 Employee Relations Monitoring Report	L. Rodriguez
	5:30pm	SD-12 Ethics Monitoring Report	L. Rodriguez
		Work Plan	N. Bui-Thompson

18-May	Finance and Audit	Finance Statements	L. Limcaco
	5:30pm	Audit Questions	C. Rogers
		Power Supply Costs	J. Davidson
		Enterprise Risk Management Update	T. Hoang
19-May	ERCS		
	5:30pm		
20-May	Board Meeting		
	5:30pm		

# Parking Lot

- 1) Fraud Prevention
- 2) Hydrogen As Substitute Fuel for Power Plants
- 3) Review of Hydrological Impacts Based on Drought Conditions
- 4) Innovative ideas to mitigate impacts of solar farms/wind farms/utility scale generation
- 5) EIM market update and EDAM prospects
- 6) Impact of solar mandate on the urban heat island due to loss of trees
- 7) WAPA presentation and the ways we work with them
- 8) Green Roofs Discussion
- 9) Impacts of Biden's Energy Plan
- 10) Panel on Methane Leakage
- 11) Carbon Sequestration and the Delta
- 12) MicroGrids and Resiliency Benefits
- 13) Agrivoltaics and how they fit into the SMUD system / How to use solar farms as grazing lands

# Ad Hoc Committees

## SD-2, Competitive Rates

*Rob Kerth (Chair), Rosanna Herber, Gregg Fishman, Eric Douglas, Paul Lau, Jennifer Davidson, Laura Lewis*

- Ad hoc meeting took place on January 7, 2021
- A second meeting is scheduled for January 22, 2021

## GP-12, Board Compensation and Benefits

*Nancy Bui-Thompson (Chair), Gregg Fishman, Gary King*

- Scheduling is on hold until Nancy finishes researching



SSS No.

PPR 21-001

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

Policy Committee

February 10, 2021

Board Meeting Date

February 18, 2021

TO				TO							
1.	Jennifer Davidson			6.							
2.	Stephen Clemons			7.							
3.				8.							
4.				9.	Legal						
5.				10.	CEO & General Manager						
Consent Calendar		x	Yes	No If no, schedule a dry run presentation.		Budgeted		x	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Jennifer Restivo				DEPARTMENT Planning, Pricing & Enterprise Performance				MAIL STOP B356		EXT. 5193	
								DATE SENT 1/22/21			
<b>NARRATIVE:</b>											
<b>Requested Action:</b> Accept the monitoring report for Strategic Direction SD-2, Competitive Rates.  <b>Summary:</b> As of December 31, 2020, SMUD is in compliance with the SD-2 Competitive Rates, continuing to have rates at least 18 percent below Pacific Gas & Electric Company's (PG&E's) system average rates and at least 10 percent below PG&E's published average rates for each customer class. As of December 31, 2020, SMUD's EAPR & EAPR/MED programs were 28.8 percent below PG&E's published California Alternate Rates for Energy (CARE) program.  <b>Board Policy:</b> SD-2, Competitive Rates <i>(Number &amp; Title)</i> <b>Benefits:</b> As of December 31, 2020, SMUD system average rates are 35.7 percent below PG&E's system average rates.  <b>Cost/Budgeted:</b> n/a  <b>Alternatives:</b> n/a  <b>Affected Parties:</b> n/a  <b>Coordination:</b> Planning, Pricing & Enterprise Performance  <b>Presenter:</b> Jennifer Restivo											

Additional Links:

SUBJECT	Accept SD-2 Monitoring Report	ITEM NO. (FOR LEGAL USE ONLY)	5
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** February 2, 2021

**FROM:** Claire Rogers *CR 2/2/21*

**SUBJECT: Audit Report No. 28007320  
Board Monitoring Report; SD-02: Competitive Rates**

Audit and Quality Services (AQS) received the SD-02 *Competitive Rates* 2020 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2020

## SD-2, Competitive Rates



### 1. Background

Strategic Direction 2, Competitive Rates states that:

Maintaining competitive rates is a core value of SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rate of change for both rates and bills shall be competitive with other local utilities on a system average basis
- b) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - i) Reflect the cost of energy when it is used;
  - ii) Reduce use on peak;
  - iii) Encourage energy efficiency and conservation;
  - iv) Minimize "sticker" shock in the transition from one rate design to another;
  - v) Offer flexibility and options;
  - vi) Be simple and easy to understand;
  - vii) Meet the needs of people with fixed low incomes and severe medical conditions; and
  - viii) Equitably allocate costs across and within customer classes.

### 2. Executive summary

#### a) **SMUD is in compliance with SD-2, Competitive Rates.**

As of December 31, 2020, SMUD's rates remain among the lowest in the State and on a system average rate basis are 35.7% below Pacific Gas & Electric (PG&E) Company's, which is better than the SD-2 target of at least 18% below on a system average rate basis. Residential average rates are at least 28.8% below PG&E's residential average rates. See Figure 1 for details.

There were two rate increases to SMUD's rates in 2020. Rates for all customers were increased by 3.75% on January 1, 2020 and 3% on October 1, 2020 per Board rate changes adopted on June 24, 2019. The overall rate advantage between SMUD and PG&E remains well above the SD-2 target of at least 18% on a system average basis.

Metric	2020 performance	2019 performance	5 year average
<b>System average rates 18% below PG&amp;E rates</b>	35.7% below PG&E on a system average rate basis	36.5% below PG&E on a system average rate basis	33.3% below PG&E on a system average rate basis

Most residential customers have been on the standard Time-of-Day (TOD) rate for two years now since the rollout began in late 2018. As of December 31, 2020, approximately 98% of customers who transitioned have remained on the standard TOD rate, with only about 2% of customers choosing the alternative fixed rate. Similar to residential customers, about 2% of the EAPR customers chose the alternative fixed rate during the transition to TOD. The TOD



rate supports the principles of the Board's Strategic Direction as it better aligns residential rates with costs and gives SMUD the ability to achieve our environmental goals by sending price signals that influence customer behaviors such as encouraging efficiency and conservation, and reducing energy use during peak hours.

The year 2020 was an unprecedented year for many reasons. The COVID-19 pandemic forced many employers to adopt remote work around mid-March and some businesses temporarily shut down; the State issued a series of shelter in place mandates throughout the year, and our region also experienced very extreme hot weather during the summer months. All these abnormalities impacted the overall residential and commercial consumption for SMUD customers.

The summer of 2020 was one of the hottest on record in the last 40 years with an average of 78 degrees, which is 3 degrees higher than the 40-year summer average. On average, the Sacramento region experiences about 17 days over 100 degrees during the summer and there were 25 days in 2020. One of the measures commonly used by electric utilities is degree days. This measure takes into account both the high temperature and the low temperature on a given day, which is significant since an important factor in energy use during a heat storm is how much the temperature cools at night. If the Cooling Degree Days (CDDs) are higher than planned, then there is the additional need for air conditioning use than what was planned for. There was a 32% increase in the number of CDDs in 2020 as compared to 2020 forecast. The hotter the weather, both the high and the low, the higher the CDDs. Figure 2 in Appendix A shows the difference in the degree days for 2019 actual, 2020 actual and 2020 forecast.

### 3) Additional supporting information

- a) **The Board establishes a rate target of 18% below PG&E's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10% below PG&E's published rates for each customer class.**

SMUD continues to maintain average rates that are lower than PG&E's, both at a system level and by rate class. Figure 1 provides a detailed picture of the difference between SMUD's and PG&E's projected average rates by rate class in 2020 as well as the difference between rates in 2019.

**Figure 1 – Summary of SMUD and PG&E Rate Comparison in \$/kWh**

				Average Annual Rate		Difference	Difference
Customer		Rate Categories		PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2020	2020	2020	2019
Residential	Standard	E-1	R-TOD	\$0.2631	\$0.1645	-37.5%	-39.8%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.1593	\$0.1134	-28.8%	-32.2%
<b>All Residential</b>				<b>\$0.2297</b>	<b>\$0.1584</b>	<b>-31.0%</b>	<b>-34.7%</b>
Small Commercial****	<= 20 kW	A-1	GFN/GSN_T	\$0.2694	\$0.1567	-41.8%	-41.6%
	21 - 299 kW	A-6	GSS_T	\$0.2558	\$0.1451	-43.3%	-43.4%
Medium Commercial****	300 - 499 kW	A-10	TOU-3	\$0.2378	\$0.1342	-43.6%	-42.4%
	500 - 999 kW	E-19	TOU-2	\$0.2075	\$0.1259	-39.4%	-38.8%
Large Commercial****	>= 1 MW	E-20	TOU-1	\$0.1672	\$0.1074	-35.8%	-35.1%
Lighting	Traffic Signals	TC-1	TS	\$0.2559	\$0.1231	-51.9%	-52.0%
	Street Lighting	various	SLS,NLGT	\$0.3052	\$0.1490	-51.2%	-50.2%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2517	\$0.1388	-44.8%	-38.4%
<b>System Average</b>				<b>\$0.2223</b>	<b>\$0.1429</b>	<b>-35.7%</b>	<b>-36.5%</b>

\* Projected 2020 average prices for SMUD with rates effective 10-01-20. PG&E average prices in 2020 reflect rates effective 10/01/20, per Advice Letter 5958-E. The rate difference in year 2019 reflects PG&E average rates as of 10-01-19, per Advice Letter 5644-E dated 09-23-19, and SMUD rates effective 01-01-19.

\*\* CARE vs EAPR includes EAPR & EAPRMED customers.

\*\*\* There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.

\*\*\*\* Commercial rates include WAPA credits. The revenue forecast does not consider economic development discounts for year 2020.

As seen in Figure 1, the rate competitiveness by class varies for the different customer classes and is at least 28.8% below comparable PG&E class average rates. Since the creation of this

annual monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E. See Appendix A for more details.

**b) SMUD's rate of change for both rates and bills shall be competitive with other local utilities on a system average basis.**

SMUD's system average rate and bill averages over time are comparable with other local utilities as shown in detail in Appendix B.

**c) Reflect the cost of energy when it is used**

SMUD's TOD rate continues to be the standard for residential customers and is designed to more closely reflect the cost of energy when it is used, with prices highest between 5 and 8 p.m., when the cost of energy is the highest. In 2019, the Board approved a restructure of commercial rates which will improve the alignment of the cost of electricity with the price to acquire power. Due to the COVID-19 (coronavirus) pandemic, the Board approved on August 20, 2020 to postpone the implementation of the Commercial Rate Restructure.

**d) Encourage energy efficiency and conservation**

SMUD continues to encourage energy efficiency and conservation through the residential TOD rate structure, non-residential TOD rates and a variety of programs, such as offering rebates for energy-efficient appliances and heating and cooling systems, and energy-efficient LED lighting. With TOD Rates, when customers use energy is as important as how much they use. TOD Rates encourage customers to shift energy use from peak times when energy is more costly and is produced by a larger portion of carbon-emitting generation plants to off-peak times, when there is often excess carbon-free solar generation on our system. By shifting usage to times when non-carbon emitting resources are plentiful, customers not only save money, they also contribute to reducing carbon emissions and help SMUD achieve our carbon reduction goals. The TOD rate structure as well as the commercial rate restructure are designed to be revenue neutral, so customers can save money if they shift or reduce their usage from peak hours. More detailed information about rebates and savings tips can be found on [smud.org](http://smud.org).

**e) Minimize "sticker shock" in the transition from one rate design to another**

SMUD follows this principle through gradualism and balance between rate implementation and customer satisfaction when making rate structure changes in combination with rate increases. For example, to minimize "sticker shock," SMUD raised residential rates in 2018 but not in 2019 so that customers would experience the transition to TOD with no rate increase impacts. This was done to help reduce confusion and facilitate explanations that the bill changes were caused by the structural rate change and customer behavior, and not a rate increase. We also have an optional residential fixed rate as an alternative to the standard TOD rate for those customers that do not wish to be on TOD. Additionally, the approved rate transition to the EAPR program was phased in over three years to minimize bill impacts to our low-income customers. Another example is the commercial rate restructure being phased in over an 8-year period in order to mitigate bill impacts. In addition, SMUD postponed the commercial rate restructure in response to the COVID-19 pandemic.

**f) Offer flexibility and options**

SMUD provides flexibility and rate options to its customers. Residential customers may select custom due dates, budget billing, and net energy metering customers can choose between the monthly or annual settlement options. The residential rate transition to TOD included the option to switch to a fixed rate as an alternative to the standard TOD rate. All customers may make online payments and set up billing alerts. In addition, qualified commercial customers moving to

SMUD's service area may choose between two different Economic Development Rate discount structures, selecting the option that best suits their needs. This year in response to the COVID-19 pandemic and growing economic challenges, SMUD suspended disconnecting power due to non-payment for residential and commercial customers through January 2021 and this measure was later extended thru April 30, 2021.

**g) Be simple and easy to understand**

SMUD works to make sure its many programs and rates are simple and easy to understand. For example, staff designed the TOD rate and future commercial rates to balance simplicity while still reflecting the cost of energy when it is used. Significant ongoing customer outreach assist customers in understanding the rate designs.

**h) Meet the needs of people with fixed low incomes and severe medical conditions**

SMUD continues to meet the needs of people with fixed low incomes and severe medical conditions. The restructuring of the EAPR program has improved the assistance that we offer to our customers most in need by basing assistance on federal poverty level. SMUD is actively working with customers to ease the transition with various programs.

In an effort to better serve our customers during the COVID-19 pandemic, SMUD temporarily adjusted our income document guidelines related to unemployment benefits for our fixed low-income assistance applicants. In mid-March, SMUD suspended disconnections and late fees for nonpayment. As the economic impacts of COVID-19 continue into 2021, SMUD extended the cancellation of disconnections and late fees to at least April 30, 2021.

**i) Equitably allocate costs across and within customer classes**

To ensure costs are equitably allocated across and within customer classes, staff updates SMUD's marginal cost study and performs rate costing studies prior to recommending rate structure changes. For example, the marginal cost study was updated in 2016, and the results of the study were used to develop the cost-based standard residential TOD rate. The details of this analysis were included in the 2017 CEO & GM Report. Additionally, the marginal cost study was updated in 2020, which was also used to support the value of solar + storage study developed by Energy and Environmental Economics (E3).

In 2019, the Board approved changes to the commercial rate structures which had not been adjusted in decades. The new rate structure will better align cost across the different commercial classes as well as give SMUD a more stable revenue collection as the changes move revenue collection from variable components to fixed components.

**j) Reduce Use On-Peak**

Both the residential TOD rate and the commercial time of day rates send signals to customers to reduce their on-peak usage. The peak time for residential customers is 5 pm to 8 pm and the peak time for commercial customers under the restructured rates is 4 pm to 9 pm. These time periods correspond to the highest \$/kWh in the rate design to encourage customers to shift their usage outside of the peak period. Even with the extreme pressures that 2020 brought, one of the hottest summers on record and with residential customers forced to stay home, the TOD rate performed as intended. The TOD rate is durable even during non-typical conditions; it's an effective mechanism to send the right price signal to promote reduction of peak and recover revenue. For example, in 2020 the SMUD system peak occurred on August 18, 2020, and the residential peak occurred in the 4 p.m. to 5 p.m. hour, when renewables are still abundant, which is outside of the 5-8 p.m. peak price period. This was the first time that the residential peak

occurred outside of the 5-8 p.m. window on the day that the system peaked for the year since TOD became the standard residential rate.

#### **4) Challenges**

##### **a) Rate Pressures**

While SMUD has been able to keep rates low, SMUD does face cost pressures going forward from both known and unknown drivers. Examples of known drivers include:

1. Wildfire mitigation, including the increased cost of wildfire insurance and additional vegetation management,
2. SMUD's adopted 2040 Energy Plan to fund initiatives such as transportation and building electrification, storage as well as continuing to encourage energy efficiency to achieve carbon reduction goals, as well as increasing carbon free resources such as new solar and wind. Many of these initiatives require up front infrastructure investments before the revenue is collected or costs are reduced.
3. Increased costs for SMUD labor and benefits, as well as costs for materials, goods and services,
4. New and enhanced technology solutions to support cyber security, customer experience, and distributed energy resources

SMUD also must be prepared to weather unknown cost drivers. Examples of these drivers include the costs related to the COVID-19 pandemic, additional requirements stemming from new legislation in response to the wildfires in recent years, or potentially new mandates to achieve California environmental goals.

On November 18, 2020 the Board of Directors discussed possible updates to the SD-2 requirements. The key items discussed were changes related to the expansion of distributed energy resources (DERs), carbon reduction and electrification. Once the Board finalizes modifications to SD-2, SMUD staff will reflect the new direction. An additional challenge may materialize with the SD-2 requirement of, "SMUD's rate of change for both rates and bills shall be competitive with other local utilities" if the other local public utilities have less aggressive carbon goal than SMUD has determined.

##### **b) Cost Allocation**

Due to the current Net Energy Metering (NEM) rates, there is a cost shift to non-NEM customers. This is not aligned with SD-2 guidance. In 2019, SMUD hosted an extensive stakeholder process to receive input for a Value of Solar + Storage independent study. This stakeholder process was named the Technical Working Group that included over ten solar, storage, and environmental organizations to provide inputs for the Value of Solar + Storage Study. In 2020, E3 was the successful bidder to perform an independent Value of Solar + Storage study based on the direct inputs from Technical Working Group. E3's independent study found that the existing NEM rate is causing between a \$24-\$41 million cost shift annually. The goal of the Successor Rate is to assist in addressing the current cost-shift to non-NEM customers and to create a new NEM tariff that is more aligned with the SD-2 guidelines as well as support SMUD's achievement of our aggressive carbon goals. Staff is currently continuing outreach with impacted stakeholders to identify a win/win solution for the Successor Rate.

#### **5) Recommendation**

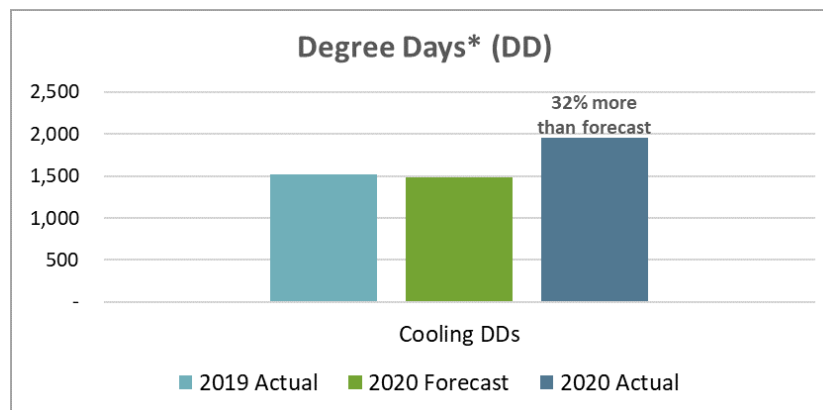
It is recommended that the Board accept the Monitoring Report for SD 2, Competitive Rates.

## Appendices

### Appendix A: Degree days in 2019 and 2020

Figure 2 shows the difference in the degree days for 2019, 2020 actual and 2020 forecast.

**Figure 2 – Degree days in 2019 and 2020**



\* Degree days are the difference between the daily temperature average, (high temperature plus low temperature divided by two) and 65°F. If the temperature average is above 65°F, we subtract 65 from the average and the result is Cooling Degree Days. If the temperature average is below 65°F, we subtract the average from 65 and the result is Heating Degree Days. For example, the high temperature for a particular day was 90°F and the low temperature was 66°F. The temperature mean for that day was:  $(90^{\circ}\text{F} + 66^{\circ}\text{F}) / 2 = 78^{\circ}\text{F}$ , because the result is above 65°F:  $78^{\circ}\text{F} - 65^{\circ}\text{F} = 13$  Cooling Degree Days.

### Appendix B: Average Annual Bill and System Rate of Change Comparisons

The values in the tables below are simple averages of system rate and bill changes over the referenced period. In 2019, the bill average went up for most utilities; the primary driver was warmer weather as compared to 2018.

Figure 3 shows the average of total annual bill amounts which vary year over year due to rate changes as well as changes in usage driven by weather among other variables since customers' energy use impacts the average bill. Values can be negative due to uncharacteristically drastic weather changes. Extremely hot weather will cause the average bill to increase regardless of changes in the average rate.

**Figure 3 - Average Annual Bill Changes**

Average Annual <u>Bill</u> Rate of Changes		SMUD	Local Utilities*	Local Utilities* Without PG&E
Average Across Time	10-yr avg. (2010 - 2019)	1.44%	1.83%	1.35%
	5-yr avg. (2015 - 2019)	0.94%	0.56%	-0.44%

Figure 4 shows the 6-year trend of average bill changes for each utility highlighting how there are many factors at play when considering average bills including weather, price, kWh usage and customer behavior.

**Figure 4 – Historical Bill Rate Changes**

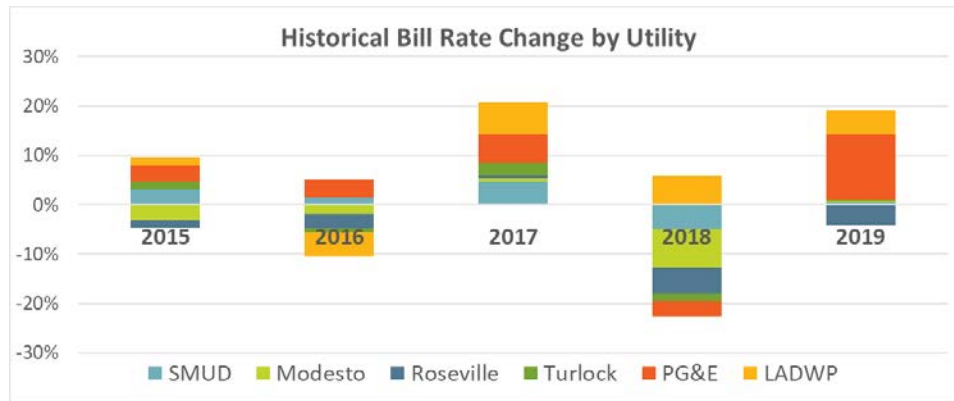


Figure 5 shows the average annual system rate changes for the compared utilities. In the five-year average it shows the SMUD has increased its system average rate at a slightly higher pace than neighboring utilities. SMUD has continued to make investments in our community, as well as technology investments such as Advanced Distribution Management System (ADMS) and Distributed Energy Resources Management System (DERMS), and investments in wildfire mitigation.

**Figure 5 - Average Annual Rate Changes (%)**

Average Annual <u>System</u> Rate of Changes		SMUD	Local Utilities*	Local Utilities* Without PG&E
Average Across Time	10-yr avg. (2010 - 2019)	2.00%	2.49%	2.25%
	5-yr avg. (2015 - 2019)	1.95%	1.64%	1.02%

\* Local utilities: Roseville, Modesto, Turlock, LADWP, PG&E  
Values in table are a simple average rate of change.

SMUD also continues to make investments in our infrastructure to ensure reliable power. The benefits of these investments are reflected in our improved reliability metrics as well as our reliability last August 2020 during the extreme heatwave when other California utilities were experiencing rolling blackouts. While SMUD's rate increases have been slightly higher in recent years, we continue to have the lowest system average rate compared to neighboring utilities as shown in Figure 6.

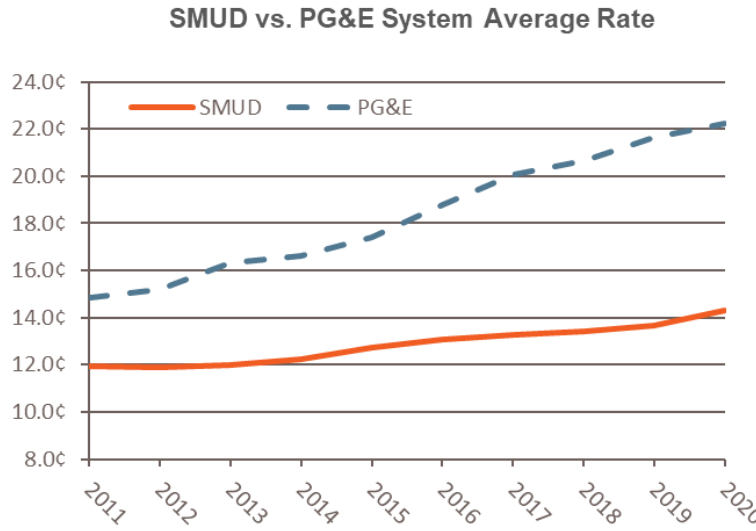
**Figure 6 – System Average Rates Across Utilities (\$/kWh)**

	SMUD	Roseville	Turlock	Modesto	LADWP	PG&E
System Average Rate	\$0.1368	\$0.1384	\$0.1393	\$0.1423	\$0.1877	\$0.2163

## Appendix C: Historical Rate Comparison with PG&E

Figure 7 compares SMUD and PG&E's system average rates for the past 10 years. On a system average basis, SMUD's system average rates have averaged 29% below PG&E's since 2011.

**Figure 7 – SMUD and PG&E Historical System Average Rate Comparison**



## Appendix D: PG&E Updates

### Overview of PG&E's recent rate proceedings

In 2020 PG&E had four rate changes, increasing the system average rate in \$/kWh from \$0.2109 in 2019 to \$0.2223 in 2020 as shown in Figure 8.

**Figure 8 – PG&E 2019-2020 Rate Changes**

	PG&E Rate Changes in 2019 <sup>(1)</sup>					Annual	PG&E Rate Changes in 2020 <sup>(1)</sup>					Annual
	January	March	May	July	October	2019	January	March	May	October	2020	
Rate Change (%)	-1.30%	2.20%	2.00%	0.80%	1.90%	5.60%	2.10%	0.05%	3.43%	0.26%	5.84%	
System Rate (\$/kWh)	\$0.1955	\$0.1999	\$0.2060	\$0.2070	\$0.2109		\$0.2155	\$0.2156	\$0.2217	\$0.2223		

(1) Includes California Climate Credit

For January 2021, PG&E forecasts a 0.13 percent increase in PG&E's system bundled average electric rate and a 7.47 percent increase in PG&E's system average rate for Direct Access (DA) and Community Choice Aggregation (CCA) customers, whose average rates exclude commodity charges because these customers purchase the commodity from third-party service providers.

### Pending Rate Actions/Initiatives

- PG&E's 2020 General Rate Case:** PG&E is proposing a \$1.058 billion increase over currently authorized spending for 2019. More than half of PG&E's proposed increase would be directly related to wildfire prevention, risk reduction, and additional safety enhancements. This proposal would increase a typical residential customer bill by 6.4 percent or \$10.57 per month (\$8.73 for electric service and \$1.84 for gas service). An average CARE customer would see an increase of about \$7.01 a month (\$5.54 for electric service and \$1.47 gas service). PG&E's 2020 General Rate Case Phase I that was approved by the CPUC included revenue requirement increases for calendar year 2020 through 2022. The annual revenue requirement increase that would have taken effect on January 1, 2020 has been amortized over 3-years and is being put into PG&E's electric rates starting March 1, 2021. PG&E is also implementing a decrease in its Transmission Access Charge Balancing Account Adjustment (TACBAA) rate, which was filed and approved by

the FERC on March 1, 2021. This decrease will partially offset the increase due to the 2020 General Rate Case Phase I settlement.

- Default Time-of-Use Rates: PG&E is scheduled to begin defaulting most Residential customers to more cost-based default TOU rates (subject to their ability to opt-out to another applicable rate) starting in 2020 and continuing in waves for a period of up to eighteen months, ending in 2022. The optional E-TOU-A (weekday peak only) customers were migrated to PG&E's standard E-TOU-C (every day peak) rate reflecting new TOU periods and prices. An optional E-TOU-D (5-8 pm peak) rate having a shorter 3-hour Peak Period June – September, and different prices than the standard, is also available. Customers on tiered rates E-1 (tiered rate) and EL-1 (tiered rate for low income) will continue to migrate to the standard E-TOU-C rate starting March 1, 2021 in coordination with the CCA's who supply generation and charge their Generation Rate on the bill. All other optional rates & programs which are applicable to these customers under the tariff(s) continue to be available to these customers, such as Smart Rate, Solar Choice, etc.
- PG&E Commercial Rate Restructure: PG&E is transitioning its Non-Residential customers to new TOU periods with a later peak period (4pm to 9 pm), reflecting the late afternoon peak market prices. These Non-Residential rates with new TOU periods will become available on an "opt-in" basis beginning in 2019 and are scheduled to become mandatory starting March 1, 2021. The TOU periods, not prices, continue to be grandfathered for Net Energy Metered customers given prior commitments by PG&E.

Chapter 11 Bankruptcy: On January 29, 2019 PG&E filed for chapter 11 bankruptcy. PG&E Corporation and Pacific Gas and Electric Company (together, "PG&E") have agreed to a settlement with the Official Committee of Tort Claimants (TCC) and with firms representing individual claimants who sustained losses from the 2015 Butte Fire, 2017 Northern California Wildfires and 2018 Camp Fire. The settlement agreement is valued at approximately \$13.5 billion and has the support of the TCC. The settlement would resolve all claims arising from those fires, including the 2017 Tubbs Fire as well as all claims arising from the 2016 Ghost Ship Fire in Oakland. The settlement is subject to a number of conditions and is to be implemented pursuant to PG&E's Chapter 11 Plan of Reorganization (the "Plan"), which is subject to confirmation by the Bankruptcy Court in accordance with the provisions of the Bankruptcy Code. PG&E has since emerged from Chapter 11 bankruptcy protection with debt restructuring. There are a number of rate-setting proceedings going on at the CPUC including securitization of wildfire capital costs; catastrophic emergency memo accounts (CEMA) where PG&E expends & tracks costs for requesting recovery (historical); and wildfire mitigation expenditures going forward not included in the General Rate Case for serving customers in rural counties given PG&E's obligation to serve via grid, micro-grid and/or distribution generation solutions.

## **Appendix C: Local Utility Rates**

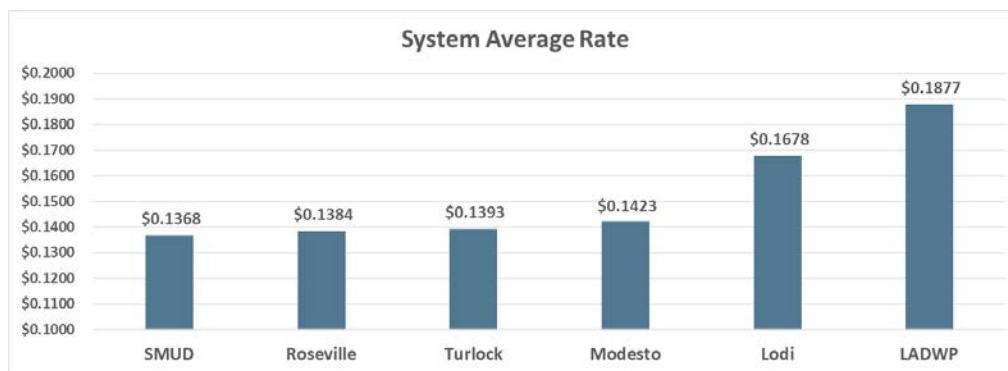
- Modesto Irrigation District (MID): MID has not had a rate increase since 2012. MID did true-up their Environmental Energy Adjustment that resulted in a change from \$26 law0.0067/kWh to \$0.0079/kWh. MID recently adopted a pilot residential TOU rate for Electric Vehicle customers which has a fixed charge of \$30.00 per month as well as three time periods summer and two for winter that differ in price by season. (demand charge or grid access charge for NEM customers above 1 MW.) MID is currently involved in a prop 26 based lawsuit over its electricity charges to residential customers.
- Turlock Irrigation District (TID): TID has not had a rate increase since 2015 and there is no plan to modify rates in 2021. TID does have a pass-through charge that adjusts with costs, outside of any rate increases.



- Roseville Electric: Roseville Electric has not had a rate increase since 2014 and there is no plan to increase their rates for 2021. Roseville does have a pass-through charge that adjusts with costs, outside of any rate increases.
- Lodi Electric: Lodi did not change their base rates in 2019 and 2020 and they do not have any changes forecasted for 2021. Lodi has a monthly energy cost adjustment that adjusts as power costs increase or decrease. The range of the energy cost adjustment for 2020 was -\$0.0046 to \$0.0406 \$/kWh.
- Los Angeles Department of Water and Power (LADWP). LADWP had a 4.2% rate increase in fiscal year 2018-2019 and a 6.1% rate increase in fiscal year 2019-2020. LADWP does have a pass-through charge that adjusts with costs, outside of any rate increases.

While SMUD's neighboring utilities have not raised rates recently, SMUD's system average rate is still competitive, as shown in Figure 9. Figure 9 uses data from the U.S. Energy Information Administration and 2019 is the most recent data available.

**Figure 9 – 2019 Utility System Average Rate Comparison**



Including pass-through mechanisms in rates is a common utility practice, allowing the utility to collect enough revenue without having to increase rates in a regular rate proceeding. SMUD has the Hydro Generation Adjustment, which allows for a small additional charge on customer bills in the event of less than median precipitation. Figure 10 details the pass-through mechanisms some of SMUD's neighboring utilities have as part of their rate structures.

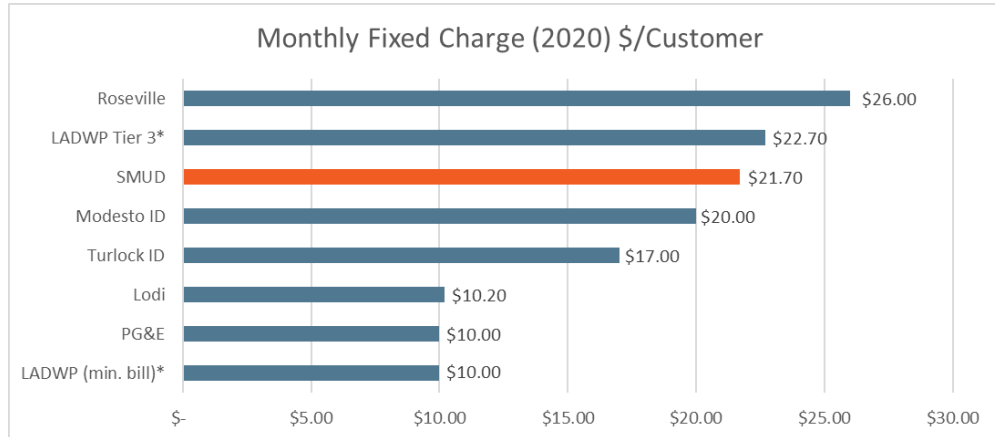
**Figure 10 – Utility Pass-through Mechanisms**

Utility	Pass through
<b>SMUD</b>	Hydroelectric Generation Adjustment
<b>Modesto Irrigation District</b>	Capital Infrastructure Adjustment
	Environmental Energy Adjustment
<b>Turlock Irrigation District</b>	Power Supply Adjustment
	Environmental Charge
	Public Benefits Surcharge
<b>Roseville Electric</b>	Renewable Energy Surcharge
	Greenhouse Gas Surcharge
	Hydroelectric Adjustment
<b>Lodi Electric</b>	Energy Cost Adjustment
<b>LADWP*</b>	Energy Cost Adjustment
	Electric Subsidy Adjustment

\* LADWP has other adjustments to reflect approved rate increase

Including a fixed charge amount on residential customers bills is also a common utility practice. The fixed charge allows for revenue collection for fixed assets that do not vary with electricity consumption. Figure 11 below outlines the fixed charge amount of SMUD's neighboring utilities.

**Figure 11 – Monthly Fixed Charge Amount**

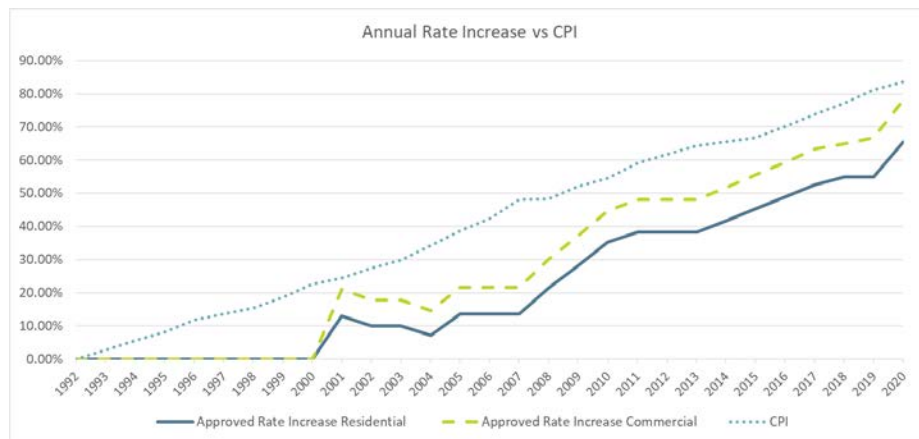


\* LADWP's Tier 1 fixed charge is \$2.30 and Tier 2 fixed charge is \$7.90 but utility has a minimum bill is \$10 per month.

## Appendix E: Historical Rate Increases

Figure 12 shows that SMUD's historical rate increases have tracked the Consumer Price Index (CPI) over the past 29 years. Figure 13 shows SMUD's rate increases by year since 2000.

**Figure 12 – Annual Rate Increase vs CPI**



**Figure 13 –SMUD Residential and Non-Residential Rate Increase and Energy Surcharge by Year**

Year	Rate Increase		Energy Surcharge
	Residential	Non Residential	
2000	0.00%	0.00%	N/A
2001	13.00%	21.00%*	N/A
2002	0.00%	0.00%	-2.60%
2003	0.00%	0.00%	N/A
2004	0.00%	0.00%	-2.70%
2005	6.00%	6.00%	N/A
2006	0.00%	0.00%	N/A
2007	0.00%	0.00%	N/A
2008	7.00%	7.00%	N/A
2009	5.50%	5.50%	N/A
2010	5.50%	5.50%	N/A
2011	2.25%	2.25%	N/A
2012	0.00%	0.00%	N/A
2013	0.00%	0.00%	N/A
2014	2.50%	2.50%	N/A
2015	2.50%	2.50%	N/A
2016	2.50%	2.50%	N/A
2017	2.50%	2.50%	N/A
2018	1.50%	1.00%	N/A
2019	0.00%	1.00%	N/A
1/1/2020	3.75%	3.75%	N/A
10/1/2020	3.00%	3.00%	N/A
1/1/2021	2.50%	2.50%	N/A
10/1/2021	2.00%	2.00%	N/A

\* Medium Commercial, Agricultural and Lighting rates increased by 16%

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-2, Competitive Rates**, substantially in the form set forth in **Attachment \_\_\_\_** hereto and made a part hereof.



SSS No.  
TR21-001

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy Committee 2/10/21  
Board Meeting Date  
2/18/21

TO				TO							
1.	Claire Rogers			6.							
2.	Jennifer Davidson			7.							
3.	Stephen Clemons			8.							
4.				9.	Legal						
5.				10.	CEO & General Manager						
Consent Calendar		<input checked="" type="checkbox"/>	Yes	No If no, schedule a dry run presentation.		Budgeted	<input type="checkbox"/>	Yes	<input checked="" type="checkbox"/>	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Russell Mills				DEPARTMENT Treasury				MAIL STOP B355	EXT. 6509	DATE SENT 1/21/21	

### NARRATIVE:

**Requested Action:** Accept the monitoring report for Strategic Direction SD-3, Access to Credit Markets.

**Summary:** With SD-3, the Board established that maintaining access to credit markets is a core value for SMUD. Pursuant to this direction, the Board has set certain financial targets, financial considerations, and minimum credit ratings for SMUD to maintain. This annual report outlines the importance of these SD-3 requirements and provides evidence of SMUD's compliance during 2020.

**Board Policy:** SD – 3 - Access to Credit Markets  
(Number & Title)

**Benefits:** To demonstrate to the Board SMUD's progress in complying with SD-3.

**Cost/Budgeted:** N/A

**Alternatives:** N/A

**Affected Parties:** N/A

**Coordination:** Treasury

**Presenter:** Russell Mills

### Additional Links:

SUBJECT

Annual Monitoring Report for SD-3 Access to Credit Markets

ITEM NO. (FOR LEGAL USE ONLY)

6

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** February 2, 2021

**FROM:** Claire Rogers *CR 2/2/21*

**SUBJECT: Audit Report No. 28007321  
Board Monitoring Report; SD-03: Access to Credit Markets**

Audit and Quality Services (AQS) reviewed the SD-03 *Access to Credit Markets* 2020 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

**CC:**

Paul Lau

# Board Monitoring Report 2020

## SD-3 Board Strategic Direction on Access to Credit Markets



### 1. Background

Strategic Direction 3 on Access to Credit Markets states that:

Maintaining access to credit is a core value of SMUD.

Therefore:

- a. For SMUD's annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.50 times.
- b. When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.
- c. SMUD's goal is to maintain at least an "A" rating with credit rating agencies.

### 2. Executive summary

SMUD relies on the use of borrowed funds to pay for a portion of its capital needs on an ongoing basis. The Board adopted SD-3, Access to Credit Markets, to help ensure that SMUD maintains the ability to raise new money at competitive rates in the bond market as needed. Making prudent use of borrowed funds to finance capital improvements can help SMUD to mitigate major rate adjustments in periods of intensive capital expansion, and allows SMUD to allocate the costs of those improvements over their useful lives to the customers who benefit from them. Maintaining access to credit markets supports our objective to be financially flexible to make necessary and timely investment and take advantage of opportunities while remaining competitive.

One of the most important indicators of an organization's ability to access credit markets is the independent assessment made by credit rating agencies. SMUD is rated by the three major rating agencies: Standard & Poor's (S&P), Moody's, and Fitch, which review SMUD's credit on approximately an annual basis. The credit ratings assigned are intended to give investors the rating agency's view of the likelihood that SMUD will pay principal and interest on bonds when due. They utilize financial metrics in assessing creditworthiness such as the Fixed Charge Ratio that measures revenue sufficiency to meet obligations, and Days Cash on Hand, a measure of liquidity. They also measure leverage, such as our debt outstanding per customer, and the rate capacity to finance future capital projects without placing undue burden on customers. SMUD's overall governance and risk management



practices are also important to the agencies, along with the ability and willingness to raise rates when necessary while maintaining competitive low-cost energy costs for our customers.

As referenced in the attached ratings agency reports, SMUD has very strong metrics and due to well managed cash flow, has the ability to plan to a more modest fixed charge ratio relative to some other AA rated peers. The most recent SMUD credit reports from both S&P and Fitch also specifically cite the Board's demonstrated willingness to raise rates to support financial performance.

Credit ratings heavily impact an organization's ability to borrow money in the municipal markets, as well as the interest rates they will be required to pay. Higher credit ratings translate into lower borrowing costs. For example, if SMUD's credit ratings were to fall into a lower category, from AA to A, the impact at today's rates would be approximately \$200k/yr for every \$100 million borrowed. During financial turmoil, as experienced in early 2020, higher credit ratings allowed SMUD to access credit markets sooner than lower rated utilities.

Credit ratings also impact an organization's ability to conduct general business transactions. Trading partners utilize credit ratings as a factor in assessing their willingness to transact with SMUD, and to determine commercial terms. Stronger credit ratings enable SMUD to negotiate better terms and conditions for contracts, including power purchase agreements. For example, SMUD's healthy credit ratings minimize the amount of collateral posting required under many of its commodity contracts to hedge natural gas and power. Likewise, if SMUD's ratings were to drop from current levels, collateral posting requirements would increase accordingly. In many cases, a reduction in SMUD's credit ratings below a certain threshold gives our counterparty the right to terminate the contract.

In support of maintaining its financial strength and as a financial risk mitigator SMUD procures insurance. SMUD maintains a comprehensive property and casualty insurance program, with coverage in excess of various self-insured retentions ranging from \$5,000 to \$5,000,000, designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities. Insurance programs are continuously reviewed and modified when construction, operational exposures, or developments in the insurance industry so warrant. Long term relationships with a variety of insurers minimize SMUD's susceptibility to the effects of insurance market cycles. SMUD budgets reserves to meet potential insurance deductibles and self-insured liability claims and has had no claims that have exceeded coverage limits.

**SMUD has remained in compliance with SD-3 as evidenced by the following:**

- a. Maintained key financial metrics, including a fixed charge ratio above the minimum policy target of 1.50 times.
  1. 2.11 times in 2019
  2. 2.17 times in 2020 (draft figure as of January 19, 2021)
  3. 1.80 times in 2021 (projected in 2021 Budget)
- b. Credit ratings were affirmed at 'AA' from S&P and Fitch, and Aa3 from Moody's, which is equivalent to AA-. After further consideration of SMUD's wildfire risk, mitigation efforts and gaining a better understanding of public power exposure to wildfires, S&P and Moody's both changed their outlook from negative to stable for SMUD.
- c. Entered into four interest rate swaps, or hedges, that locked in a fixed borrowing rate for SMUD's 2011 Series X, 2012 Series Y, 2013 Series A and 2013 Series B bonds. These swaps were executed at near historical low rates and entering them removes the interest rate risk from the refunding process for these bonds, which will occur in successive years, 2021, 2022 and 2023. In aggregate the swaps locked in \$110 million in net present value savings that will start to materialize starting in 2021 with the refunding of the 2011 Series X bonds.
- d. Issued \$400 million of 2020 Series H Electric Revenue Bonds. This transaction not only refunded all outstanding commercial paper, but also included a portion sold as Green Bonds for various qualifying projects. This bond sale was significant as SMUD was one of the first issuers with the ability to sell bonds in the market after the financial turmoil caused by COVID-19 had frozen credit markets for a few weeks. This highlights our ability to access credit markets as a result of managing SMUD in a manner that invokes confidence from investors.
- e. Terminated the RBC natural gas pre-pay transaction which resulted in \$19 million payment to SMUD. Termination also created operational flexibility and helped SMUD remove the obligation to purchase natural gas from RBC for the next 20 years, which will align with our carbon goals.
- f. Made \$119 million in additional supplemental contributions to CalPERS as part of a 10-year pension funding strategy to eliminate our unfunded pension liability—an obligation rating agencies are increasingly focusing on in their reviews. Addressing the unfunded liability sooner will help control rate increases. These costs would continue to grow into the future since paying only the required minimum payments may not fully mitigate the compounding nature of the outstanding liability adequately. Prior to these contributions, SMUD's Other Post-Employment Benefits (OPEB) and Pension were of 98% and 78% funded, respectively.

- g. Successfully renewed Property and Casualty insurance coverage at market rates, while increasing limits for Directors' and Officers' and cyber insurance. Amidst a record-setting wildfire year in California, during which wildfire liability insurance rates continued to increase substantially, SMUD was able to maintain its \$250 million limits, within which SMUD's self-insured retentions increased from an aggregate of \$38.5 million to \$80 million.

### **3. Financial Strengths:**

Maintaining SMUD's financial strength is a key component to continually accessing credit markets. Below are a list of SMUD specific financial strengths mentioned in recent rating agency reports:

- a. Extremely strong fixed charge coverage
- b. Very strong liquidity unrestricted cash reserves
- c. Prudent financial policies, including strong internal coverage and liquidity targets;
- d. Declining debt service schedule provides future financing flexibility
- e. Diverse, low-cost, and relatively low greenhouse-gas-emitting power supply mix
- f. Actively managed risk management program
- g. Demonstrated willingness and ability to adjust rates to recover costs and maintain margins
- h. Reduced reliance on debt to finance capital needs
- i. Strong risk management and hedging procedures, particularly concerning gas supply for its gas fired plants.

### **4. Financial Risks :**

Below are comments from recent rating's agency reports regarding challenges to SMUD's financial strength that could affect SMUD's ability to access credit markets:

- a. Wildfire liability and inverse condemnation exposure
- b. Increased forecast of capital spending over next five years could put pressure on key credit metrics;
- c. Potential for liquidity declines as SMUD relies less on debt and more heavily on cash on hand to fund capital projects in the future;
- d. Moderate although declining debt burden as a percentage of capitalization, or Debt per customer
- e. Moderate long-term gas exposure and potential for collateral posting requirements requiring maintenance of strong liquidity

### **5. Additional supporting information**

Details on ratings variables, SMUD specific credit strengths, factors that could lead to an upgrade, and insurance are listed below:

**Ratings Variables:**

The rating agencies evaluate a number of factors in deriving municipal power ratings. These include:

- a. Financial ratios and metrics
- b. Governance Structure and Management
- c. Rate Competitiveness
- d. Cost of production/purchased power (particularly with respect to higher cost renewables)
- e. Risk Management Practices
- f. Service area demographics
- g. Regulatory factors

**6. Recommendation:**

It is recommended that the Board accept the Monitoring Report for SD SD-3 Board Strategic Direction on Access to Credit Markets

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board accepts the monitoring report for **Strategic Direction SD-3,**  
**Access to Credit Markets**, substantially in the form set forth in **Attachment \_\_\_\_\_**  
hereto and made a part hereof.



SSS No.

BOD 2021-007

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

POLICY

February 10, 2021

Board Meeting Date

February 18, 2021

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

<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>		<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Heidi Sanborn / Donna Lofton	Board	B307	5079	1/28/21

**NARRATIVE:**

**Requested Action:** Allow the Board an opportunity to review the suggested revisions SD-2 Competitive Rates.

**Summary:** The President of the Board appointed an ad hoc committee to discuss language updates to SD-2 Competitive Rates. The ad hoc committee consisted of Directors Fishman, Herber and Kerth. This discussion is the ad hoc committee's report out to the Board and reflects changes that were suggested to the policy.

**Board Policy:** GP-2 Governance Focus states the Board will discuss and evaluate its performance.  
(Number & Title)

**Benefits:** Having this discussion will give the Board members an opportunity to review, edit, and update language in the SD-2 Competitive Rates policy.

**Cost/Budgeted:** N/A

**Alternatives:** Table this discussion for a later time.

**Affected Parties:** Board of Directors

**Coordination:** Eric Douglas, Board Consultant and Donna Lofton, Special Assistant to the Board

**Presenter:** Eric Douglas, Board Consultant

**Additional Links:**

SUBJECT	SD-2 Competitive Rates Language Updates	ITEM NO. (FOR LEGAL USE ONLY)
		7

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

<b><u>SMUD BOARD POLICY</u></b>	
Category: <b>Strategic Direction</b>	Title: <b>Competitive Rates</b>
	Policy Number: <b>SD-2</b>
Date of Adoption: <b>May 1, 2003</b>	Resolution No. <b>03-05-08</b>
Revision Date: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision Date: <b>February 21, 2008</b>	Resolution No. <b>08-02-06</b>
Revision Date: <b>October 16, 2008</b>	Resolution No. <b>08-10-09</b>
Revision Date: <b>January 21, 2010</b>	Resolution No. <b>10-01-09</b>
<u>Revision Date: <b>February 18, 2021</b></u>	<u>Resolution No. <b>21-02-XX</b></u>

Maintaining competitive rates is a core value of ~~the District~~SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rates ~~s of change for both rates and bills~~ shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
  - ii) Reduce ~~use on peak~~consumption during periods of high system demand;
  - iii) Encourage energy efficiency ~~and~~, conservation and carbon reduction;



- iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERS include but are not limited to rooftop solar, battery storage, and energy reduction applications)
- iv) Minimize “~~sticker~~” ~~shock~~ the rate of change in the transition from one rate design to another;
- vi) ~~Offer~~ Provide customers flexibility and ~~options~~ choices;
- vii) Be as simple and easy to understand as possible;
- viii) ~~Meet~~ Address the needs of people with ~~fixed~~ low incomes and severe medical conditions; and
- ~~viii~~ix) Equitably allocate costs across and within customer classes.

**Monitoring Method: GM Report**  
**Frequency: Annual**

<b><u>SMUD BOARD POLICY</u></b>	
Category: <b>Strategic Direction</b>	Title: <b>Competitive Rates</b>
	Policy Number: <b>SD-2</b>
Date of Adoption: <b>May 1, 2003</b>	Resolution No. <b>03-05-08</b>
Revision Date: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision Date: <b>February 21, 2008</b>	Resolution No. <b>08-02-06</b>
Revision Date: <b>October 16, 2008</b>	Resolution No. <b>08-10-09</b>
Revision Date: <b>January 21, 2010</b>	Resolution No. <b>10-01-09</b>
Revision Date: <b>February 18, 2021</b>	Resolution No. <b>21-02-XX</b>

Maintaining competitive rates is a core value of SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rates shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
  - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
  - ii) Reduce consumption during periods of high system demand;
  - iii) Encourage energy efficiency, conservation and carbon reduction;

- iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications)
- v) Minimize the rate of change in the transition from one rate design to another;
- vi) Provide customers flexibility and choices;
- vii) Be as simple and easy to understand as possible;
- viii) Address the needs of people with low incomes and severe medical conditions; and
- ix) Equitably allocate costs across and within customer classes.

**Monitoring Method: GM Report**  
**Frequency: Annual**

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board approves the revisions to **Strategic Direction SD-2, Competitive Rates**, substantially in the form as set forth in **Attachment \_\_\_\_**.



SSS No. LEG 2021-0012

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy Committee – 02/10/21  
Board Meeting Date  
February 18, 2021

TO				TO				
1.	Jennifer Davidson			6.				
2.	Stephen Clemons			7.				
3.				8.				
4.				9.	Legal			
5.				10.	CEO & General Manager			
Consent Calendar		X	Yes	No If no, schedule a dry run presentation.		Budgeted	Yes	No (If no, explain in Cost/Budgeted section.)
FROM (IPR) Laura Lewis				DEPARTMENT Office of the General Counsel			MAIL STOP B308	EXT. 6123
DATE SENT 01/27/21								

**NARRATIVE:**

**Requested Action:** Approve proposed revisions to **Governance Process GP-4, Agenda Planning.**

**Summary:** The Board conducted a holistic review of Governance Process GP-4 Agenda Planning (GP-4) facilitated by Board consultant, Eric Douglas. Changes were recommended to the existing policy and presented at the September 8, 2020, Strategic Development Committee. The Board requested that the proposed changes be brought back to a future meeting for further discussion. The proposed changes describe in a single policy the manner for establishing the Board work plan that will help inform staff in setting the Board and Committee meeting agendas. A redline copy of the updated proposed revisions to GP-4 is attached, as well as a “clean” copy.

**Board Policy:** GP-1, Purpose of Board – Subsection a) Identify and define the purpose, values and vision of SMUD...and  
(Number & Title) communicate them in the form of policy.

**Benefits:** Enables Board Members to review the policy with the opportunity to make corrections, additions, or changes if necessary.

**Cost/Budgeted:** This item has no direct budgetary impact.

**Alternatives:** Maintain the existing policy.

**Affected Parties:** Board of Directors

**Coordination:** Board Office, Executive Office, Legal

**Presenter:** Eric Douglas, Leading Resources, Inc.

**Additional Links:**

SUBJECT

Revisions to GP-4, Agenda Planning

ITEM NO. (FOR LEGAL USE ONLY)

8

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SMUD BOARD POLICY	
Category: <b>Governance Process</b>	Title: <b><u>BOARD/COMMITTEE WORK PLAN AND AGENDA PLANNING</u></b>
	Policy Number: <b>GP-4</b>
Date of Adoption: <b>December 19, 2002</b>	Resolution No. <b>02-12-14</b>
Revision Date: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision Date: <b>June 3, 2004</b>	Resolution No. <b>04-06-07</b>
Revision Date: <b>March 20, 2008</b>	Resolution No. <b>08-03-07</b>
Revision Date: <b>October 16, 2008</b>	Resolution No. <b>08-10-09</b>
Revision Date: <b>March 5, 2009</b>	Resolution No. <b>09-03-06</b>
Revision Date: <b>February 3, 2011</b>	Resolution No. <b>11-02-02</b>
Revision Date: <b>January 16, 2014</b>	Resolution No. <b>14-01-05</b>
Revision Date: <b>July 17, 2014</b>	Resolution No. <b>14-07-03</b>
Revision Date: <b>September 21, 2017</b>	Resolution No. <b>17-09-10</b>
<u>Revision Date: <b>February 18, 2021</b></u>	<u>Resolution No. <b>21-02-XX</b></u>

To accomplish its strategic leadership consistent with Board policies, the Board will develop and follow an annual work plan that ensures the Board: (i) focuses on the results the Board wants the organization to achieve; (ii) defines the conditions of SMUD that it considers acceptable and unacceptable; (iii) meets its other obligations as stated by law or policy; and (iv) continually improves its performance through education, feedback, and deliberation. The Board work plan shall guide SMUD staff in preparing the agendas for regular board meetings and standing committee meetings. [existing language from GP-4(a)]

Specifically:

1) Board Work Plan

- a) The Board will develop each year a list of topics and issues that it wishes to explore in the coming years and maintain a work plan that will be regularly reviewed by the Board or a standing committee. [New language] ~~to guide SMUD staff in preparing the agendas for regular board meetings and standing committee meetings.~~
- b) The Board President shall ensure that the Board's agendas meet the goals of the annual work plan. [existing language from GP-4(d)]

## 2) Board Agendas

- a) Board agendas shall be posted on the SMUD website at www.smud.org least 72 hours prior to a regular Board meeting and at least 24 hours before a special Board meeting. [New language from Laura Lewis]
- b) Only members of the Board and the Chief Executive Officer and General Manager (CEO/GM) and his or her designees may place items on the Board agenda. [From Meeting Procedures (MP) Rule 1.9, page 7]
- c) Items for placement on the agenda fall into the following categories:
- Items generated by SMUD management;
  - Items placed on the agenda by a Board member;
  - Presentations by outside persons or agencies that have received approval for placement on an agenda from the Board President (see Meeting Procedures of the SMUD Board of Directors for details). [From MP Rule 1.9]
- d) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a Board meeting.
- e) When a Board member wishes to invite people to make a presentation at a Board meeting, the Board member shall should coordinate with the Board President and CEO/GM. When a Board member invites people to speak at a Board meeting during the public comment period, the Board member should notify the Board President in advance of the meeting to ensure the efficient management of public comment. [Clarified language previously included in GP-4]
- f)
- b) ~~Members of the Board, the General Manager, and his or her designees may place matters on Board agendas. At least two weeks prior to placing an item on the agenda, a board member shall notify the Board President (or committee chairs, in the case of standing committee meetings) or both, as appropriate.~~



~~When a Board member invites people to speak at a Board or committee meeting, the Board member shall notify the Board President or committee chair, as appropriate.~~

- e) ~~Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member, prior to a motion and a second on the consent calendar. ~~during a Board meeting prior to the vote to approve the agenda.~~~~
- g) ~~A Board member may propose at the beginning of the meeting to pull an item from the agenda. Upon a motion and a second, the Board may vote to approve the agenda as revised. [New language to address this circumstance]~~
- h) ~~Matters not on the agenda for a regular meeting will not be considered by the Board at that meeting except: (1) upon determination by a majority of the Board that an emergency situation exists, severely impairing public health and/or safety; or (2) upon a determination by a two-thirds vote of the Board or by a unanimous vote if less than two-thirds of the members are present, that the need to take action arose subsequent to the agenda being posted; or (3) as otherwise permitted under the Ralph M. Brown Act of the California Government Code. [From MP Rule 1.9]~~
- i) ~~Whenever an item has been approved for consideration by the Board under paragraph 2) h) of this rulepolicy, the Board President will read, upon introducing the item for Board consideration, a brief summary which shall include the subject title, a short explanation of the subject matter, and, if any, the recommendation. [From MP Rule 1.9]~~
- j) ~~Matters on the agenda for regular meetings which have not been considered and acted upon at such meetings or continued to a subsequent meeting will be deemed continued to the following regular meeting until they can be relisted as a regular item. [From MP Rule 1.9]~~
- k) ~~Whenever the Board fails to take action on an item on the Board's agenda, the Board will set a date for reconsideration of the item. If for any reason the Board fails to set such a date, the Board Secretary will list all such items as a "pending item" on the action item section of the next regular agenda for which the Board Secretary is accepting items. [From MP Rule 1.9]~~

### 3) Committee Agendas

- a) ~~Committee agendas shall be posted on the SMUD website at [www.smud.org](http://www.smud.org) least 72 hours prior to the committee meeting. [New language from Laura Lewis]~~

- b) Items may be placed on a committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO/General Manager and his or her designees. [From MP Page 11]
- c) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a committee meeting.
- d) When a Board member wishes to invite people to make a presentation at a committee meeting, the Board member shall coordinate with the committee chair and the CEO/GM. When a Board member invites people to speak at a committee meeting during the public comment period, the Board member should notify the committee chair in advance of the meeting to ensure the efficient management of public comment. [Clarified language previously included in GP-4]
- e) Members of the public may request the opportunity to be listed on a committee agenda for purposes of making a presentation at a committee meeting on matters within SMUD's jurisdiction. The committee chair will review all complete presentation requests and may, at his or her discretion, direct the responsible staff to list the presentation on the committee's agenda. (See Meeting Procedures of the SMUD Board of Directors for details). [From MP Page 13]

#### 4) Issuance of Agendas:

- a) The Board Secretary's office, under the direction of the CEO/General Manager and the Board President, shall prepare and issue an agenda for each regular meeting and special meeting of the Board. [From existing GP-4]
- b) The Executive Management team, under the direction of the CEO/General Manager and in coordination with the standing committee chairs, shall prepare and issue an agenda for each standing committee meeting. [From GP-4e (Note: differs slightly from Rule 2.1a in meeting procedures, which says: "The responsible SMUD Executive(s) in consultation with the Board Secretary's office will prepare and issue an agenda for each Committee meeting.")]
- c) Proposed Board agendas will be reviewed by the Board President and proposed committee agendas will be reviewed by the committee chair prior to the development of the relevant public notices. [From MP Page 11 and GP-9g]
- ~~d) a) The Board President shall ensure that the Board's agendas meet the goals of the annual work plan.~~

- e) ~~The Board Secretary's office, under the direction of the General Manager and the Board President, shall prepare and issue an agenda for each regular meeting of the Board. The Executive Management team, under the direction of the General Manager and in coordination with the standing committee chairs, shall prepare and issue an agenda for each standing committee meeting.~~

**Monitoring Method: Board Report**

**Frequency: Annual**

<b>SMUD BOARD POLICY</b>	
Category: <b>Governance Process</b>	Title: <b>BOARD/COMMITTEE WORK PLAN AND AGENDA PLANNING</b>
	Policy Number: <b>GP-4</b>
Date of Adoption: <b>December 19, 2002</b>	Resolution No. <b>02-12-14</b>
Revision Date: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision Date: <b>June 3, 2004</b>	Resolution No. <b>04-06-07</b>
Revision Date: <b>March 20, 2008</b>	Resolution No. <b>08-03-07</b>
Revision Date: <b>October 16, 2008</b>	Resolution No. <b>08-10-09</b>
Revision Date: <b>March 5, 2009</b>	Resolution No. <b>09-03-06</b>
Revision Date: <b>February 3, 2011</b>	Resolution No. <b>11-02-02</b>
Revision Date: <b>January 16, 2014</b>	Resolution No. <b>14-01-05</b>
Revision Date: <b>July 17, 2014</b>	Resolution No. <b>14-07-03</b>
Revision Date: <b>September 21, 2017</b>	Resolution No. <b>17-09-10</b>
Revision Date: <b>February 18, 2021</b>	Resolution No. <b>21-02-XX</b>

To accomplish its strategic leadership consistent with Board policies, the Board will develop and follow an annual work plan that ensures the Board: (i) focuses on the results the Board wants the organization to achieve; (ii) defines the conditions of SMUD that it considers acceptable and unacceptable; (iii) meets its other obligations as stated by law or policy; and (iv) continually improves its performance through education, feedback, and deliberation. The Board work plan shall guide SMUD staff in preparing the agendas for regular board meetings and standing committee meetings.

Specifically:

1) Board Work Plan

- a) The Board will develop each year a list of topics and issues that it wishes to explore in the coming years and maintain a work plan that will be regularly reviewed by the Board or a standing committee.

- b) The Board President shall ensure that the Board's agendas meet the goals of the annual work plan.

## 2) Board Agendas

- a) Board agendas shall be posted on the SMUD website at [www.smud.org](http://www.smud.org) least 72 hours prior to a regular Board meeting and at least 24 hours before a special Board meeting.
- b) Only members of the Board and the Chief Executive Officer and General Manager (CEO/GM) and his or her designees may place items on the Board agenda.
- c) Items for placement on the agenda fall into the following categories:
  - Items generated by SMUD management;
  - Items placed on the agenda by a Board member;
  - Presentations by outside persons or agencies that have received approval for placement on an agenda from the Board President (see Meeting Procedures of the SMUD Board of Directors for details).
- d) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a Board meeting.
- e) When a Board member wishes to invite people to make a presentation at a Board meeting, the Board member should coordinate with the Board President and CEO/GM. When a Board member invites people to speak at a Board meeting during the public comment period, the Board member should notify the Board President in advance of the meeting to ensure the efficient management of public comment.
- f) Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member, prior to a motion and a second on the consent calendar.
- g) A Board member may propose at the beginning of the meeting to pull an item from the agenda. Upon a motion and a second, the Board may vote to approve the agenda as revised.
- h) Matters not on the agenda for a regular meeting will not be considered by the Board at that meeting except: (1) upon determination by a majority of the Board that an emergency situation exists, severely impairing public health and/or safety; or (2) upon a determination by a two-thirds vote of the Board or by a unanimous vote if less than two-thirds of the members are present, that the need to take action arose subsequent to the agenda being posted; or (3) as otherwise permitted under the Ralph M. Brown Act of the California Government Code.

- i) Whenever an item has been approved for consideration by the Board under paragraph 2) h) of this policy, the Board President will read, upon introducing the item for Board consideration, a brief summary which shall include the subject title, a short explanation of the subject matter, and, if any, the recommendation.
- j) Matters on the agenda for regular meetings which have not been considered and acted upon at such meetings or continued to a subsequent meeting will be deemed continued to the following regular meeting until they can be relisted as a regular item.
- k) Whenever the Board fails to take action on an item on the Board's agenda, the Board will set a date for reconsideration of the item. If for any reason the Board fails to set such a date, the Board Secretary will list all such items as a "pending item" on the action item section of the next regular agenda for which the Board Secretary is accepting items.

### 3) Committee Agendas

- a) Committee agendas shall be posted on the SMUD website at [www.smud.org](http://www.smud.org) least 72 hours prior to the committee meeting.
- b) Items may be placed on a committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO/GM and his or her designees.
- c) To the extent possible, when the Board conducts its regular review of the Board Work Plan, a Board member should notify the other Board members if the member intends to place an item on the agenda for discussion at a committee meeting.
- d) When a Board member wishes to invite people to make a presentation at a committee meeting, the Board member should coordinate with the committee chair and the CEO/GM. When a Board member invites people to speak at a committee meeting during the public comment period, the Board member should notify the committee chair in advance of the meeting to ensure the efficient management of public comment.
- e) Members of the public may request the opportunity to be listed on a committee agenda for purposes of making a presentation at a committee meeting on matters within SMUD's jurisdiction. The committee chair will review all complete presentation requests and may, at his or her discretion, direct the responsible staff to list the presentation on the committee's agenda. (See Meeting Procedures of the SMUD Board of Directors for details).

4) Issuance of Agendas:

- a) The Board Secretary's office, under the direction of the CEO/GM and the Board President, shall prepare and issue an agenda for each regular meeting and special meeting of the Board.
- b) The Executive Management team, under the direction of the CEO/GM and in coordination with the standing committee chairs, shall prepare and issue an agenda for each standing committee meeting.
- c) Proposed Board agendas will be reviewed by the Board President and proposed committee agendas will be reviewed by the committee chair prior to the development of the relevant public notices.

**Monitoring Method: Board Report**  
**Frequency: Annual**

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board approves the revisions to **Governance Process GP-4**,  
**Agenda Planning**, substantially in the form as set forth in **Attachment \_\_\_\_**.





SSS No. LEG 2021-0013

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy Committee – 02/10/21  
Board Meeting Date  
February 18, 2021

TO				TO				
1.	Jennifer Davidson			6.				
2.	Stephen Clemons			7.				
3.				8.				
4.				9.	Legal			
5.				10.	CEO & General Manager			
Consent Calendar		X	Yes	No If no, schedule a dry run presentation.		Budgeted	Yes	No (If no, explain in Cost/Budgeted section.)
FROM (IPR) Laura Lewis				DEPARTMENT Office of the General Counsel			MAIL STOP B308	EXT. 6123
							DATE SENT 01/29/21	

**NARRATIVE:**

**Requested Action:** Approve proposed revisions to **Meeting Procedures of the SMUD Board of Directors.**

**Summary:** The Municipal Utility District (MUD) Act section 11908 requires this Board to establish rules for its proceedings. The Board conducted a holistic review of Board policies facilitated by Board consultant, Eric Douglas. Changes were recommended to the existing Meeting Procedures of the SMUD Board of Directors (Board Meeting Procedures) and presented at the September 8, 2020, Strategic Development Committee. The Board requested that the changes be brought back to a future committee meeting for further discussion. A redline copy of the updated proposed revisions to the Board Meeting Procedures is attached.

**Board Policy:** GP-3, Board Job Description, subsection j), "Take such other actions as required by law."  
(Number & Title)

**Benefits:** Clarifies procedures for conducting Board and Committee meetings and to allow the Board the opportunity to make corrections, additions, or changes if necessary.

**Cost/Budgeted:** This item has no direct budgetary impact.

**Alternatives:** Maintain the existing Board Meeting Procedures.

**Affected Parties:** Board of Directors

**Coordination:** Board Office, Executive Office, Legal

**Presenter:** Eric Douglas, Leading Resources, Inc.

**Additional Links:**

SUBJECT

Revisions to Board Meeting Procedures

ITEM NO. (FOR LEGAL USE ONLY)

9

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**Meeting Procedures of the SMUD Board of Directors**

2019-2021 Edition

Supersedes all previous versions

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## INTRODUCTION

### Welcome Statement

Welcome to the Board of Directors meeting. These procedures are designed to assist the community in understanding how the Sacramento Municipal Utility District (SMUD) Board of Directors conducts its meetings. Copies of the Meeting Procedures are available upon request through the office of the SMUD Board Secretary or on the internet at [www.smud.org](http://www.smud.org).

### Authority

The Board of Directors governs SMUD and is its policy-making body. The Board appoints a Chief Executive Officer and General Manager responsible for SMUD's operations.

### Board Tenure

The Board of Directors is comprised of seven members elected by ward to represent different geographic areas of the Sacramento region. The Directors serve four-year terms which are staggered.

### Board Governance Policies

The Board of Directors operates under a set of governance policies. The governance policies define the Board's purpose and how it operates; SMUD's vision and strategic direction; and its links and delegations to staff. Copies of the Board governance policies are available upon request through the office of the SMUD Board Secretary or on the internet at [www.smud.org](http://www.smud.org).

These meeting procedures complement the Board's policies, but do not supersede them. If there is an inconsistency between any of the Board's policies and these meeting procedures, the Board's policies control.

## CHAPTER I – BOARD MEETINGS

### Rule 1.0 Time and Place

(a) Regular Board meetings occur the third Thursday of the month except that the regular meeting in December occurs the second Thursday of the month.

Unless otherwise designated on the Board meeting agenda. Regular meetings begin at 6:00 p.m. except that the regular meetings in January, April, July, and October begin at 9:00 a.m.

All regular meetings are held in the SMUD Auditorium at 6201 S Street, Sacramento, California, unless otherwise designated on the Board meeting agenda.

(b) In the event that the Thursday Board meeting falls on a legal holiday, unless otherwise determined by the Board President, that meeting will be held on the next business day following the holiday and begin at the time specified for that Board meeting.

(c) Any meeting or session of the Board may be adjourned for cause, in good faith, at any time, or from time-to-time, when necessary for the expeditious transaction of business.

(d) All meetings of the Board, including regular, special and emergency meetings, are called in accordance with the Ralph M. Brown Act, California Government Code Section 54950, *et seq.*

(e) Board members may participate in Board meetings by teleconferencing under the following conditions: (i) a quorum of the Board members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.

(f) Members of the public may audio or video record Board meetings provided that they do not block aisles, exits or interfere with public sight lines.

#### **Rule 1.1 Parliamentary Procedures**

In all cases not provided for by these meeting procedures, or by SMUD ordinance or resolution, parliamentary procedures will be in accordance with Robert's Rules of Order (current edition). The Board Secretary will act as parliamentarian to the Board.

#### **Rule 1.2 Order of Business**

Unless special circumstance apply, the regular order of business at each regular Board meeting is:

- (a) Call to Order
- (b) Pledge to the Flag
- (c) Roll Call
- (d) Cable Announcement
- (e) Customer Education Message

- (f) Approval of the Agenda
- (g) Approval of the Minutes
- (h) Committee Chair Reports
- (i) Statements from the Public (at the time the agenda item is considered)
- (j) Consent Calendar
- (k) Discussion Calendar
- (l) Public Comments (non-agenda items)
- (m) Directors' Reports
- (n) President's Report
- (o) CEO's Report
- (p) Adjournment

### **Rule 1.3 Quorum**

(a) Four members of the Board constitute a quorum for a regular, special or emergency Board meeting. No business will be acted upon until a quorum is present. No business will be conducted when the number of Board members is reduced below a quorum with the exception of information items. The presiding member of the Board meeting will note for the record when a Board member arrives late to a Board meeting or departs before adjournment.

(b) Whenever two-thirds of the Board membership or two-thirds vote is required for approval of a matter, at least five members or five votes will be required to approve the matter.

### **Rule 1.4 Presiding Officer and Selection of Officers**

(a) The President of the Board will preside over Board meetings. In the absence of the Board President, the Vice-President of the Board will preside at meetings. In the absence of both the Board President and the Vice-President, the members of the Board attending the meeting will choose a president pro tem who will preside at the meeting and will be determined as the first order of business.

(b) The Board President and Vice-President will serve one-year terms and will be selected through a nomination process which will be



conducted in December of each year. If no successor is named by the conclusion of the officer's term, the officer shall continue in office until a successor is named.

**Commented [LR1]:** This rule is duplicative of GP-5; I recommend cutting this section from meeting procedures.

## Rule 1.5 Public Participation

(a) Members of the public may attend any meeting of the Board of Directors except for closed sessions of the Board as determined by the Ralph M. Brown Act of the California Government Code. Members of the public are required to switch pagers, cellular phones and similar electronic devices to a silent or off mode during Board meetings.

(b) Members of the public may address the Board at a Board meeting on agenda items prior to or during the Board's consideration of that item, and on items of interest not on the agenda which are within SMUD's jurisdiction, except that no public comment will be taken on the form or content of the Board agenda itself except during the general public comment period.

~~(b) Pursuant to Rule 1.9(f) of these Procedures, only members of the Board, the CEO and General Manager, and the CEO and General Manager's designees may place items on the Board agenda. Accordingly, no public comment will be taken on the form or content of the agenda except during the general public comment period.~~

**Commented [LR2]:** Suggest removing this language because the language of Rule 1.9 would move to the revised GP-4.

(c) To facilitate the SMUD Board's conduct of business, members of the public that wish to address the Board will have up to three (3) minutes during general public comment period and up to three (3) minutes on any individual agenda item on which the Board will take action. The Consent Calendar is considered a single item, and speakers are subject to the three (3) minute limit for the entire Consent Calendar. Items listed on the agenda but on which no Board action will be taken, including without limitation, Committee reports, Directors' reports, and the CEO's report shall be addressed in the general public comment period, and will be subject to the three (3) minute limitation. In addition to the above time limits, the total time allotted to any individual speaker shall not exceed nine (9) minutes for an entire Board meeting.

(d) Notwithstanding the foregoing, the Board President may, in his or her discretion, and based upon factors such as the length of the agenda, the substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President. Speakers will be limited to the time allocated by the Board President and will not be allowed to accept time from other members of the public in attendance at the meeting.

(e) Public speakers are expected to exercise decorum when addressing the Board.

(f) Speakers are to direct their comments to the Board. The public comment periods are not intended to be "Question and Answer" periods or conversations with the SMUD Board or SMUD staff. For non-agenda items, the Board members may not engage in an active discussion of the matter and are limited to making a brief statement, asking clarifying questions or directing staff to follow up on a matter.

(g) Any person desiring to address the Board on an agenda item shall file a request to speak form with a Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Board on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking during the public comment period and on items on the agenda will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(h) In the event that any Board meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Board President, unless there is an objection by a majority of the Board members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Board President will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(i) At least fourteen (14) days in advance of a scheduled Board meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Board meeting on matters within the SMUD's jurisdiction. Presentation requests must be initiated in writing and submitted to the Board President through the Board office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter's name, address and telephone number;

(3) Any action(s) which the requestor wishes the Board to take;

(4) Amount of time requested, not to exceed 10 minutes;

(5) Desired Board meeting date.

The Board President will review all complete presentation requests and, may at his or her discretion, direct the Secretary of the Board to list the presentation on the Board's agenda. If the Board President denies a presentation request, the requesting party may address the Board at a meeting on a matter within SMUD's jurisdiction, subject to the three (3) minute time limitation.

**Commented [LR3]:** Suggest making a reference to this process in revised GP-4, but leaving all of this detailed language in Meeting Procedures.

(k) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(l) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Board meetings.

#### **Rule 1.6 Approval of Board Minutes**

The Board Secretary will provide a copy of the minutes of each regular meeting to each member of the Board with the next regular meeting agenda packet. The Board Secretary will provide a copy of the minutes of each special meeting at which Board action is taken to each member of the Board with the next month's regular meeting agenda packet. The minutes of the preceding meeting will not be read at any Board meeting unless a member of the Board requests it, but the Board President will inquire of the Board members whether there are corrections to the minutes. After any corrections have been made, the Board President will call for a motion to approve the minutes.

#### **Rule 1.7 Preservation of Minutes**

The minutes of the Board will be maintained by the Board Secretary as a corporate record. The minutes of each meeting will be signed by the Secretary and by the officer who presided at the Board meeting. The Secretary is charged with the custody of all papers, books and documents of the Board and will make the same available for public inspection at all reasonable times in accordance with the California Public Records Act.

#### **Rule 1.8 Taping and Web Streaming of Meetings**

The Board Secretary will arrange to have regular Board meetings video-recorded and cablecast on Metro Cable Channel 14, except for closed sessions. SMUD will store video-recordings of Board meetings for a period of four (4) years. Video of the regular Board meetings will be streamed live and, together with the

Board agenda, will be archived on the SMUD website for a one-year period.

#### **Rule 1.9 Agenda**

~~(a) The Secretary's office, under the direction of the CEO and General Manager, will prepare and issue an agenda for each Board meeting.~~

~~(b) Matters not on the agenda for a regular meeting will not be considered by the Board at that meeting except: (1) upon determination by a majority of the Board that an emergency situation exists, severely impairing public health and/or safety; or (2) upon a determination by a two-thirds vote of the Board or by a unanimous vote if less than two-thirds of the members are present, that the need to take action arose subsequent to the agenda being posted; or (3) as otherwise permitted under the Ralph M. Brown Act of the California Government Code.~~

~~(c) Matters on the agenda for regular meetings which have not been considered and acted upon at such meetings or continued to a subsequent meeting will be deemed continued to the following regular meeting until they can be relisted as a regular item under paragraph (a) of this rule.~~

~~(d) Whenever the Board fails to take action on an item on the Board's agenda, the Board will set a date for reconsideration of the item. If for any reason the Board fails to set such a date, the Board Secretary will list all such items as a "pending item" on the action item section of the next regular agenda for which the Board Secretary is accepting items.~~

~~(e) Whenever an item has been approved for consideration by the Board under paragraph (b) of this rule, the Board President will read, upon introducing the item for Board consideration, a brief summary which shall include the subject title, a short explanation of the subject matter, and, if any, the recommendation.~~

~~(f) The following persons are authorized to place matters on the regular agenda of the Board:~~

~~(1) Members of the Board;~~

~~(2) The CEO and General Manager, and his or her designees.~~

~~(g) Requests for placement of items on the Board's regular agenda may be placed on the Board's agenda or, if more appropriate, placed on the agenda of a Board Committee meeting (see Rule 1.9(a) and Rule 2.2(a)).~~

~~(h) Items for placement on the agenda fall into the following categories:~~

~~(1) Items generated by SMUD management;~~

~~(2) Presentations by outside persons or agencies that have received approval for placement on an agenda from the Board President;~~

~~(3) Items placed on the agenda by a Board member.~~

~~(i) It is the policy of the Board that, as a general rule, items scheduled for Board action (including items requested by a Board member) should first be presented to a Board Committee for review.~~

~~(j) Board member items for the regular Board meeting agenda will be provided to the Board office, CEO and General Manager's Office, or General Counsel's Office by 5 p.m. on the Wednesday of the week prior to the regular Board meeting.~~

~~(k)(i) Board agendas will be placed on the SMUD website in advance of the Board meeting.~~

**Commented [LR4]:** Suggest removing most of the language from here and incorporating into revised GP-4

#### **Rule 1.10 Addressing the Board President and Recognition to Speak**

(a) When any Board member is about to speak, he or she will seek recognition to speak from the Board President; and when two or more members address the Board President at the same time, the Board President will determine the speaking order. Once the Board President has recognized the right of the Board member to speak, the Board President will protect the speaker from disturbance or interference.

(b) The Board President will not recognize a member to speak again, except to answer questions, until all other Board members have had an opportunity to be heard.

(c) All members will have an opportunity to speak before the Board President enters debate on a regular item.

#### **Rule 1.11 Procedure Regarding Motions**

(a) **Motions in General:** A resolution, or any other action of the Board, may be proposed by any member including the Board President, by a motion to adopt. Such a motion, if seconded by a member, including the Board President, will be on the floor and must be considered; if not seconded, the motion is lost for lack of a second, and will be so declared by the Board President.

(b) **Amend a Motion:** A motion on the floor (with a second) may be amended at any time before adoption or rejection by an amendatory motion made by any member including the Board President.

An amendatory motion may be in the form of a substitute motion so that it replaces the original motion and can be adopted by a single vote, or it may be phrased so as to amend the original motion; if the substitute motion fails to carry, the original motion will then be voted upon; if the amendment is separately voted upon and is not adopted, the original motion will then be voted upon; if the amendment is adopted, the original motion as amended will then be voted upon.

(c) **Withdraw a Motion:** A motion may be withdrawn by the maker at any time before adoption or rejection with the consent of the second. The second to a motion may be withdrawn by the seconding member at any time before adoption or rejection of the motion; the motion will then be lost for lack of a second and so declared by the Board President unless seconded by another member.

(d) **Motion to Call the Question:** The purpose of a motion to call the question is to close debate and to vote immediately on a motion. After a motion has been seconded, any member may discuss or comment on the subject of the motion. When no member wishes to discuss or comment further, the Board President will call for a vote on the motion. At any time after a motion has been seconded, any member who has the floor, including the Board President, may move to call for the question. The Board President will then state, "the question has been called for." If four members, one of whom may be the Board President, then concur, the Board President will call for a vote on the motion. If less than four members concur, discussion of the motion will then continue until the question is again called for or discussion terminates and a vote is called for by the Board President.

(e) **Motion to Table:** The purpose of this motion is to terminate further consideration of the subject under discussion. At any time after a motion has been seconded, any member, including the Board President, may move to table the motion. If the tabling motion is seconded, the Board President will call for a vote on the tabling motion. If the tabling motion is adopted, the original motion will remain on the floor but may not again be considered at the meeting at which the tabling motion was adopted except following the adoption of a motion to remove the original motion from the table. The original motion may be considered and voted upon at the next regular meeting of the Board unless again tabled. If not considered at such meeting, it will be deemed lost. If the tabling motion is not adopted, consideration of the original motion will continue under these rules. For the purposes of this section, if the Board recesses the meeting at which a motion has been tabled, the reconvened meeting will be considered a separate meeting and the original motion may be considered and voted upon.

(f) **Motion to Reconsider a Vote:** A motion to reconsider the vote may be made by any member who voted with the prevailing side. No question can be twice reconsidered unless it was amended after its first consideration. A motion to

reconsider the vote may be made only at the meeting at which the original vote was taken or, if the Board recesses such meeting, at the reconvened meeting.

#### **Rule 1.12 Roll Call**

(a) The Chief Legal Officer and General Counsel will conduct a roll call at the beginning of each publicly noticed Board and Committee meeting.

(b) The roll need not be called in voting upon a motion except where specifically required by law or requested by a member. If the roll is not called, Board members will cast their votes electronically.

(c) Each roll call of the Board will be in ward order, except that the Board President will be called last.

#### **Rule 1.13 Overruling the Board President**

A decision of the Board President with respect to the interpretation, applicability or enforcement of these rules may be overruled by majority vote of the Board.

#### **Rule 1.14 Suspension of Rules**

Any permanent rule of the Board may be suspended temporarily by a majority of the Board, provided that the temporary suspension will apply only to the matter under immediate consideration, and in no case will it extend beyond an adjournment.

#### **Rule 1.15 Amendment of Board Meeting Procedures**

These meeting procedures may be amended by a majority vote of the Board.

### **CHAPTER II - COMMITTEES**

#### **Rule 2.0 Time and Place**

~~(a) Standing Committee meetings are generally scheduled monthly or as determined by the Committee chair in consultation with the Board President.~~

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**Commented [LR5]:** Suggest this be incorporated into GP-9, role of Committee Chairs

(~~ba~~) Whenever a standing Committee meeting is also noticed as a special Board Meeting, it shall be conducted as a Committee meeting and members of the Board that are not assigned to the Committee may attend and participate in the discussions, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, no Board action will be taken at a Committee meeting.

(~~eb~~) Board members may participate at Committee meetings by teleconferencing under the following conditions: (i) a quorum of the Committee members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.

(~~ec~~) Members of the public may audio or video record Committee meetings provided that they do not block aisles, exits or interfere with public sight lines.

### **Rule 2.1 Committee Agenda**

~~(a) The responsible SMUD Executive(s) in consultation with the Board Secretary's office will prepare and issue an agenda for each Committee meeting.~~

~~(b) Items may be placed on a Committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO and General Manager or his or her designee. Board member items for Committee agendas will be provided to the General Counsel's Office, CEO and General Manager's Office, or Board Office by Wednesday of the week prior to the scheduled Committee meeting.~~

~~(c)(a) The proposed agenda will be reviewed with the Committee Chair prior to the development of the Committee notice. Committee agendas will be placed on the SMUD website at least twenty-four (24) hours in advance of the Committee meeting.~~

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Commented [LR6]: Suggest removing most of this language from Meeting Procedures and put in the revised GP-4

### **Rule 2.2-1 Purpose and Quorum**

(a) Board Committees assist the Board by gaining education, considering alternatives and implications, preparing policy alternatives, and making recommendations to the full Board. As a general rule, matters to be considered by the Board will first be referred to a Committee.

(b) Two members of the Board will constitute a quorum for a Committee meeting. Where the number of Board members is reduced below a quorum during a Committee meeting, the Committee may continue to conduct business. Where a Committee lacks a quorum, the Board President, Board Vice-President or Committee Chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.

### **Rule 2.3 Preparation and Preservation of Minutes**



(a) Minutes of each Committee meeting will be prepared by the responsible Executive and reviewed by the Board Secretary. The presiding officer of the Committee will sign the minutes indicating approval of the minutes.

(b) The minutes of Committee meetings will be maintained by the Board Secretary as a corporate record.

#### **Rule 2.4 Taping and Web Streaming of Committee Meetings**

Committee meetings will be audio recorded and will be audio streamed live to the public and archived on the SMUD website for one (1) year. The audio recordings of Committee meetings will be maintained for a period of four (4) years.

#### **Rule 2.5 Public Participation**

(a) Members of the public may attend any Committee meeting of the Board. Members of the public are required to switch pagers, cellular phones and similar electronic devices to a silent or off mode during Committee meetings.

(b) Members of the public may address the Committee at a meeting on agenda items prior to or during the Committee's consideration of that item.

(c) Pursuant to Rule 2.1(b) of these Procedures, items may only be placed on a Committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO and General Manager or his or her designee. Accordingly, no public comment will be taken on the form or content of the agenda.

(d) Speakers will have up to three (3) minutes to address the Committee on items on the agenda; provided, however, the total time allotted to any individual speaker shall not exceed nine (9) minutes. The Board President may, in his or her discretion, and based upon factors such as the length of the agenda, the substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Committee Chair. Speakers will be limited to the time allocated by the Chair and will not be allowed to accept time from other members of the public in attendance at the meeting.

(e) Public speakers are expected to exercise decorum when addressing the Committee.

(f) Speakers are to direct their comments to the Committee. The public comment periods are not intended to be "Question and Answer" periods or conversations

with the SMUD Board or SMUD staff.

(g) Any person desiring to address the Committee on an agenda item shall file a request to speak form with the Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Committee on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Committee must hand the materials to the Security Officer who will distribute the written materials to the Committee and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(h) In the event that any Committee meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Committee Chair, unless there is an objection by a majority of the Committee members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Committee Chair will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(i) At least fourteen (14) days in advance of a Committee meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Committee meeting on matters within SMUD's jurisdiction. Presentation requests must be initiated in writing by any individual and submitted to the Committee Chair through the Board of Director's office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter's name, address and telephone number;
- (3) Any action(s) which the requestor wishes SMUD to take;
- (4) Amount of time requested, not to exceed 10 minutes;
- (5) Desired Committee meeting date.

The Committee Chair will review all complete presentation requests and, may at his or her discretion, direct the responsible staff to list the presentation on the Committee's agenda. If the Committee Chair denies a presentation request, the requesting party may address the Committee at a regular meeting subject to the three (3) minute time limitation.

**Commented [LR7]:** Suggest referencing this process in revised GP-4, but leaving the details here

j) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(k) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Committee meetings.

### **CHAPTER III – HEARINGS**

#### **Rule 3.0 Hearings – General Procedures**

(a) Hearings required by law will be held in compliance with the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) or other relevant statute, ordinance, or regulation. Unless otherwise required by applicable law, the procedures set forth in this Rule 3.0 shall apply to all SMUD Board hearings that do not involve a change in rates or rate structure.

(b) Any individual wishing to address the Board shall fill out a request to speak form and file the form with the Security Officer in attendance at the meeting. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential.

(c) Speakers will be called in an order determined by the Board President.

(d) Individuals will not be allowed to accept time from other individuals.

(e) Individuals may speak up to three (3) minutes. The Board President may, in his or her discretion and based upon factors such as the length of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President.

(f) The Board will consider any written testimony or reports of reasonable length submitted by the public in advance of the hearing.

(g) All exhibits, including documentary materials, will be retained by the Board Secretary as part of the record of the hearings and will be available and will be available to the public for inspection.

### **Rule 3.1 Hearings – Rate Process**

All rate hearings shall be conducted pursuant to the procedures set forth in Ordinance 15-1, attached hereto.

## **CHAPTER IV – CUSTOMER APPEALS OF DISPUTED BILLS**

### **Rule 4.0 Disputed Bill Appeals Procedure**

(a) Section 12823 of the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) establishes the rights of customers regarding disputed bills. For purposes of clarification, these procedures do not apply to the nonpayment of charges and fees by customers that do not dispute the accuracy of a bill.

(b) The following procedures shall govern the process by which a customer may file an appeal with the Board of Directors following an adverse determination by a SMUD Management Hearing Officer (Hearing Officer) under Section 12823(c) of the Municipal Utility District Act: .

(i) Following the SMUD Management Hearing, the Hearing Officer will mail his/her decision to the customer. Included in the mailing of the decision will be an appeal form and instructions on how the customer may appeal the decision to the Board of Directors. Under Rule and Regulation 10, Customer Services may include a request for payment of a deposit as evidence of good faith if such a deposit was not requested previously.

(ii) If the customer does not file an appeal form, the Hearing Officer's decision will be final. If the customer files an appeal form with Customer Services it must be received within ten (10) business days of the date of the Hearing Officer's letter or the customer's appeal will be rejected as untimely and the Hearing Officer's decision will be deemed final. Customer Services will notify the customer that the appeal is untimely. If the customer files an appeal form within 10 business days of the date of the Hearing Officer's letter, the appeal is considered timely. The appeal and appropriate documentation shall be forwarded to the appropriate SMUD Executive for processing, with a copy to the Board Office.

(iii) The Executive shall review the appeal, gather information and provide appropriate documentation to the Board Member for the ward in which the

appealing customer resides (service address for the account in question).

(iv) The Board Member for the ward in which the appealing customer resides (service address for the account in question) shall review the information and may elect to contact the customer for additional information.

(v) Once the Board Member's review is complete, the appeal, including the recommendation (if any) of the Board Member, will be placed on the agenda of the Board of Directors for an upcoming meeting of the Board of Directors. The Board Office will notify the customer in writing of the date that the appeal will be heard so that the customer may appear and be heard if he/she so desires.

(vi) The appeal shall be heard by the Board of Directors, and a final decision on the appeal shall be rendered by the Board of Directors. Customer Services shall notify the customer in writing of the Board's decision.

(vii) The Board's decision represents final agency action.

## **ORDINANCE NO. 15-1**

**WHEREAS**, the Board-appointed citizens' Rate Advisory Committee conducted a thorough review of the Sacramento Municipal Utility District's rates and, on September 27, 1991, submitted its Report and Recommendation to the Board of Directors concerning General Policy Frameworks for Rate-setting; and

**WHEREAS**, on December 19, 1991 the Board adopted Ordinance No. 91-1 to establish certain procedures that govern its rate-making process; and

**WHEREAS**, this Board has thoroughly reviewed its rate-making process and hereby determines it to be necessary and appropriate to amend the provisions of Ordinance No. 91-1 to clarify and update its rate-making process; NOW, THEREFORE:

### **BE IT ENACTED BY THE BOARD OF DIRECTORS OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** The following definitions are applicable for this Ordinance:

- (a) "Board" means the Sacramento Municipal Utility District Board of Directors.
- (b) "Business Day" means any day except Saturday, Sunday, or a legal holiday observed by SMUD.
- (c) "Code" means the California Public Utilities Code.
- (d) "Report" means the proposals in the General Manager's Report and Recommendation on Rates and Services, including any addenda or errata.

**Section 2.** The following procedures are hereby adopted for considering rate changes and conducting hearings thereon:

- (a) These procedures shall be in addition to the procedures outlined in Sections 14401 through 14403.5 of the Code; provided, that in the event of any inconsistency between the procedures adopted herein and the Code, the Code shall govern.
- (b) After the General Manager has released the Report, the public may have access, upon reasonable notice, to SMUD staff's supporting information and documents (excluding confidential information and other information protected from disclosure by law).
- (c) For any change to SMUD rates and charges that intends to increase or decrease revenue, the following requirements shall apply:

i. Public Workshops. No sooner than twenty (20) calendar days following release of the Report, the General Manager or his/her designees shall conduct at least two (2) public workshops.

ii. Public Hearings. No sooner than fourteen (14) calendar days following completion of the first two (2) public workshops, the Board shall conduct one or more public hearings on the proposed change in accordance with the requirements of the Code.

(d) For any change to SMUD rates and charges that does not intend to increase or decrease revenues, the following requirements apply:

i. Public Workshops. No sooner than ten (10) calendar days following release of the Report, the General Manager or his/her designees shall conduct at least two (2) public workshops.

ii. Public Hearings. No sooner than ten (10) calendar days following completion of the first two (2) public workshops, the Board shall conduct one or more public hearings on the proposed change in accordance with the requirements of the Code.

(e) Notwithstanding paragraphs (c) and (d), when unanticipated events cause a sudden and significant change in SMUD's financial condition requiring an immediate response to make changes to rates and charges, the Board shall conduct at least one public hearing on the proposed change no sooner than ten (10) calendar days following release of the Report in accordance with the requirements of the Code.

(f) Public Workshop Procedures. The public workshops shall serve as a forum for the public to question staff as to the recommended rate or rate structure, prior to the public hearing. During the public workshops, members of the public may ask questions and/or provide non-duplicative comments directly relevant to the Report. All workshops shall be recorded and transcribed. The General Manager or his/her designees may, in his/her discretion, set time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment.

(g) Public Hearing Procedures. During a public hearing, members of the public may provide non-duplicative testimony for up to three (3) minutes and shall have a full and fair opportunity to present comments, recommendations and alternatives for the Board's consideration. Speaking times may be extended at the discretion of the Board President. The Board President may, in his/her discretion, and based upon factors such as the number of public comment speaker cards submitted, depart from the above referenced time limit for individual speakers, set a cumulative time limit, or otherwise regulate public comment.

i. Members of the public that wish to address the Board with alternatives to the rate changes proposed in the Report and that desire additional time for public comment shall notify SMUD in writing at least ten (10) calendar days prior to

the public hearing(s). Such notice shall include the amount of time requested. The Board President may, in his/her discretion, grant additional time up to, but no more than, a total of twenty (20) minutes.

ii. Members of the public desiring to submit written materials are requested to do so at least five (5) business days prior to the public hearing(s).

iii. Notwithstanding any provision in this paragraph (g), the public hearing(s) shall be conducted in accordance with the Board's Meeting Procedures.

iv. The public hearing(s) shall be recorded and transcribed.

(h) Members of the public may submit questions related to the Report in writing at any time after release of the Report up until five (5) business days prior to the public hearing. To the extent practicable, SMUD staff shall respond to such questions in writing within five (5) business days of receipt. Questions received after 5:00 p.m. shall be deemed to have been received on the next business day. SMUD staff will provide notice in the event that complex questions require additional time.

(i) Written documents, including alternative rate proposals, made by members of the public that are directly relevant to the Report and submitted to SMUD shall be made available to the public on SMUD's web site.

(j) Once the public hearing(s) have concluded, the Board shall make available for public review and comment for a period of at least ten (10) calendar days a draft resolution containing its proposed rate decision and the basis for the decision. However, if the Report proposes changes to rates due to circumstances in paragraph (e), the public review and comment period is at least five (5) calendar days.

(k) Following completion of the public comment period, the Board may approve the proposed resolution. However, if the Board proposes any material modifications (i.e., modifications which change customer rates or billings) in the proposed resolution, such resolution as modified shall be made available for public review and comment for a period of at least ten (10) calendar days in normal circumstances; and at least five (5) calendar days if a change to rates is proposed due to circumstances in paragraph (e). The Board shall permit public testimony on the modified resolution prior to any Board action thereon. The final approved resolution shall contain the rate decision and basis for the decision.

(l) Written notices, questions, comments, and other materials submitted by members of the public to SMUD shall be delivered in person, by mail, by facsimile, or by electronic mail.

**Section 3.** This Ordinance, to the extent it is inconsistent with any prior SMUD resolutions or ordinances, supersedes and repeals such inconsistent resolutions and ordinances.



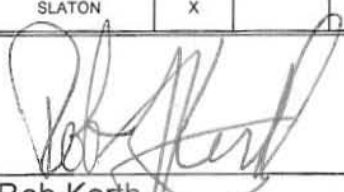
**Section 4.** Board rate decisions are promulgated pursuant to Code Sections 11883 and 11885 and such decisions are only reviewable pursuant to Section 14402 of the Code. Nothing contained herein is intended to change, modify, or provide any additional remedies at law or inequity to persons seeking to challenge a rate decision.

**Section 5.** This Ordinance supersedes Ordinance No. 91-1 and shall take effect upon completion of publication as required by Section 11910 of the Code.

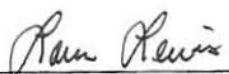
I hereby certify that the foregoing Ordinance was introduced at a regular meeting of the Sacramento Municipal Utility District's Board of Directors on the 5<sup>th</sup> day of March 2015, and was duly adopted on the 19<sup>th</sup> of March 2015 at a regular meeting of the Sacramento Municipal Utility District's Board of Directors.

Adopted: March 19, 2015 by the SMUD Board of Directors

INTRODUCED: DIRECTOR SHIROMA				
SECONDED: DIRECTOR TAYLOR				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
KERTH	X			
BUI-THOMPSON	X			
TAYLOR	X			
FISHMAN	X			
SHIROMA	X			
TAMAYO	X			
SLATON	X			

  
\_\_\_\_\_  
Rob Kerth  
President  
Board of Directors  
Sacramento Municipal Utility District

Attested:

  
\_\_\_\_\_  
Laura Lewis  
Secretary

# **Meeting Procedures of the SMUD Board of Directors**

2021 Edition

Supersedes all previous versions

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## **INTRODUCTION**

### **Welcome Statement**

Welcome to the Board of Directors meeting. These procedures are designed to assist the community in understanding how the Sacramento Municipal Utility District (SMUD) Board of Directors conducts its meetings. Copies of the Meeting Procedures are available upon request through the office of the SMUD Board Secretary or on the internet at [www.smud.org](http://www.smud.org).

### **Authority**

The Board of Directors governs SMUD and is its policy-making body. The Board appoints a Chief Executive Officer and General Manager responsible for SMUD's operations.

### **Board Tenure**

The Board of Directors is comprised of seven members elected by ward to represent different geographic areas of the Sacramento region. The Directors serve four-year terms which are staggered.

### **Board Governance Policies**

The Board of Directors operates under a set of governance policies. The governance policies define the Board's purpose and how it operates; SMUD's vision and strategic direction; and its links and delegations to staff. Copies of the Board governance policies are available upon request through the office of the SMUD Board Secretary or on the internet at [www.smud.org](http://www.smud.org).

These meeting procedures complement the Board's policies, but do not supersede them. If there is an inconsistency between any of the Board's policies and these meeting procedures, the Board's policies control.

## **CHAPTER I – BOARD MEETINGS**

### **Rule 1.0 Time and Place**

(a) Regular Board meetings occur the third Thursday of the month except that the regular meeting in December occurs the second Thursday of the month. Unless otherwise designated on the Board meeting agenda, regular meetings begin at 6:00 p.m. except that the regular meetings in January, April, July, and October begin at 9:00 a.m.

All regular meetings are held in the SMUD Auditorium at 6201 S Street, Sacramento, California, unless otherwise designated on the Board meeting agenda.

(b) In the event that the Thursday Board meeting falls on a legal holiday, unless otherwise determined by the Board President, that meeting will be held on the next business day following the holiday and begin at the time specified for that Board meeting.

(c) Any meeting or session of the Board may be adjourned for cause, in good faith, at any time, or from time-to-time, when necessary for the expeditious transaction of business.

(d) All meetings of the Board, including regular, special and emergency meetings, are called in accordance with the Ralph M. Brown Act, California Government Code Section 54950, *et seq.*

(e) Board members may participate in Board meetings by teleconferencing under the following conditions: (i) a quorum of the Board members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.

(f) Members of the public may audio or video record Board meetings provided that they do not block aisles, exits or interfere with public sight lines.

### **Rule 1.1 Parliamentary Procedures**

In all cases not provided for by these meeting procedures, or by SMUD ordinance or resolution, parliamentary procedures will be in accordance with Robert's Rules of Order (current edition). The Board Secretary will act as parliamentarian to the Board.

### **Rule 1.2 Order of Business**

Unless special circumstance apply, the regular order of business at each regular Board meeting is:

- (a) Call to Order
- (b) Pledge to the Flag
- (c) Roll Call
- (d) Cable Announcement
- (e) Customer Education Message

- (f) Approval of the Agenda
- (g) Approval of the Minutes
- (h) Committee Chair Reports
- (i) Statements from the Public (at the time the agenda item is considered)
- (j) Consent Calendar
- (k) Discussion Calendar
- (l) Public Comments (non-agenda items)
- (m) Directors' Reports
- (n) President's Report
- (o) CEO's Report
- (p) Adjournment

### **Rule 1.3 Quorum**

(a) Four members of the Board constitute a quorum for a regular, special or emergency Board meeting. No business will be acted upon until a quorum is present. No business will be conducted when the number of Board members is reduced below a quorum with the exception of information items. The presiding member of the Board meeting will note for the record when a Board member arrives late to a Board meeting or departs before adjournment.

(b) Whenever two-thirds of the Board membership or two-thirds vote is required for approval of a matter, at least five members or five votes will be required to approve the matter.

### **Rule 1.4 Presiding Officer and Selection of Officers**

(a) The President of the Board will preside over Board meetings. In the absence of the Board President, the Vice-President of the Board will preside at meetings. In the absence of both the Board President and the Vice-President, the members of the Board attending the meeting will choose a president pro tem who will preside at the meeting and will be determined as the first order of business.

(b) The Board President and Vice-President will serve one-year terms and will be selected through a nomination process which will be conducted in

December of each year. If no successor is named by the conclusion of the officer's term, the officer shall continue in office until a successor is named.

### **Rule 1.5 Public Participation**

(a) Members of the public may attend any meeting of the Board of Directors except for closed sessions of the Board as determined by the Ralph M. Brown Act of the California Government Code. Members of the public are required to switch pagers, cellular phones and similar electronic devices to a silent or off mode during Board meetings.

(b) Members of the public may address the Board at a Board meeting on agenda items prior to or during the Board's consideration of that item, and on items of interest not on the agenda which are within SMUD's jurisdiction, except that no public comment will be taken on the form or content of the Board agenda itself except during the general public comment period.

(c) To facilitate the SMUD Board's conduct of business, members of the public that wish to address the Board will have up to three (3) minutes during general public comment period and up to three (3) minutes on any individual agenda item on which the Board will take action. The Consent Calendar is considered a single item, and speakers are subject to the three (3) minute limit for the entire Consent Calendar. Items listed on the agenda but on which no Board action will be taken, including without limitation, Committee reports, Directors' reports, and the CEO's report shall be addressed in the general public comment period, and will be subject to the three (3) minute limitation. In addition to the above time limits, the total time allotted to any individual speaker shall not exceed nine (9) minutes for an entire Board meeting.

(d) Notwithstanding the foregoing, the Board President may, in his or her discretion, and based upon factors such as the length of the agenda, the substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President. Speakers will be limited to the time allocated by the Board President and will not be allowed to accept time from other members of the public in attendance at the meeting.

(e) Public speakers are expected to exercise decorum when addressing the Board.

(f) Speakers are to direct their comments to the Board. The public comment periods are not intended to be "Question and Answer" periods or conversations



with the SMUD Board or SMUD staff. For non-agenda items, the Board members may not engage in an active discussion of the matter and are limited to making a brief statement, asking clarifying questions or directing staff to follow up on a matter.

(g) Any person desiring to address the Board on an agenda item shall file a request to speak form with a Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Board on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking during the public comment period and on items on the agenda will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(h) In the event that any Board meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Board President, unless there is an objection by a majority of the Board members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Board President will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(i) At least fourteen (14) days in advance of a scheduled Board meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Board meeting on matters within the SMUD's jurisdiction. Presentation requests must be initiated in writing and submitted to the Board President through the Board office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter's name, address and telephone number;
- (3) Any action(s) which the requestor wishes the Board to take;
- (4) Amount of time requested, not to exceed 10 minutes;
- (5) Desired Board meeting date.

The Board President will review all complete presentation requests and, may at his or her discretion, direct the Secretary of the Board to list the presentation on the Board's agenda. If the Board President denies a presentation request, the requesting party may address the Board at a meeting on a matter within SMUD's jurisdiction, subject to the three (3) minute time limitation.

(k) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(l) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Board meetings.

### **Rule 1.6 Approval of Board Minutes**

The Board Secretary will provide a copy of the minutes of each regular meeting to each member of the Board with the next regular meeting agenda packet. The Board Secretary will provide a copy of the minutes of each special meeting at which Board action is taken to each member of the Board with the next month's regular meeting agenda packet. The minutes of the preceding meeting will not be read at any Board meeting unless a member of the Board requests it, but the Board President will inquire of the Board members whether there are corrections to the minutes. After any corrections have been made, the Board President will call for a motion to approve the minutes.

### **Rule 1.7 Preservation of Minutes**

The minutes of the Board will be maintained by the Board Secretary as a corporate record. The minutes of each meeting will be signed by the Secretary and by the officer who presided at the Board meeting. The Secretary is charged with the custody of all papers, books and documents of the Board and will make the same available for public inspection at all reasonable times in accordance with the California Public Records Act.

### **Rule 1.8 Taping and Web Streaming of Meetings**

The Board Secretary will arrange to have regular Board meetings video-recorded and cablecast on Metro Cable Channel 14, except for closed sessions. SMUD will store video-recordings of Board meetings for a period of four (4) years. Video of the regular Board meetings will be streamed live and, together with the Board agenda, will be archived on the SMUD website for a one-year period.

### **Rule 1.9 Addressing the Board President and Recognition to Speak**

(a) When any Board member is about to speak, he or she will seek recognition to speak from the Board President; and when two or more members address the

Board President at the same time, the Board President will determine the speaking order. Once the Board President has recognized the right of the Board member to speak, the Board President will protect the speaker from disturbance or interference.

(b) The Board President will not recognize a member to speak again, except to answer questions, until all other Board members have had an opportunity to be heard.

(c) All members will have an opportunity to speak before the Board President enters debate on a regular item.

### **Rule 1.10 Procedure Regarding Motions**

(a) **Motions in General:** A resolution, or any other action of the Board, may be proposed by any member including the Board President, by a motion to adopt. Such a motion, if seconded by a member, including the Board President, will be on the floor and must be considered; if not seconded, the motion is lost for lack of a second, and will be so declared by the Board President.

(b) **Amend a Motion:** A motion on the floor (with a second) may be amended at any time before adoption or rejection by an amendatory motion made by any member including the Board President.

An amendatory motion may be in the form of a substitute motion so that it replaces the original motion and can be adopted by a single vote, or it may be phrased so as to amend the original motion; if the substitute motion fails to carry, the original motion will then be voted upon; if the amendment is separately voted upon and is not adopted, the original motion will then be voted upon; if the amendment is adopted, the original motion as amended will then be voted upon.

(c) **Withdraw a Motion:** A motion may be withdrawn by the maker at any time before adoption or rejection with the consent of the second. The second to a motion may be withdrawn by the seconding member at any time before adoption or rejection of the motion; the motion will then be lost for lack of a second and so declared by the Board President unless seconded by another member.

(d) **Motion to Call the Question:** The purpose of a motion to call the question is to close debate and to vote immediately on a motion. After a motion has been seconded, any member may discuss or comment on the subject of the motion. When no member wishes to discuss or comment further, the Board President will call for a vote on the motion. At any time after a motion has been seconded, any member who has the floor, including the Board President, may move to call for the question. The Board President will then state, "the question has been called for." If four members, one of whom may be the Board President, then concur, the Board President will call for a vote on the motion. If less than four members

concur, discussion of the motion will then continue until the question is again called for or discussion terminates and a vote is called for by the Board President.

(e) **Motion to Table:** The purpose of this motion is to terminate further consideration of the subject under discussion. At any time after a motion has been seconded, any member, including the Board President, may move to table the motion. If the tabling motion is seconded, the Board President will call for a vote on the tabling motion. If the tabling motion is adopted, the original motion will remain on the floor but may not again be considered at the meeting at which the tabling motion was adopted except following the adoption of a motion to remove the original motion from the table. The original motion may be considered and voted upon at the next regular meeting of the Board unless again tabled. If not considered at such meeting, it will be deemed lost. If the tabling motion is not adopted, consideration of the original motion will continue under these rules. For the purposes of this section, if the Board recesses the meeting at which a motion has been tabled, the reconvened meeting will be considered a separate meeting and the original motion may be considered and voted upon.

(f) **Motion to Reconsider a Vote:** A motion to reconsider the vote may be made by any member who voted with the prevailing side. No question can be twice reconsidered unless it was amended after its first consideration. A motion to reconsider the vote may be made only at the meeting at which the original vote was taken or, if the Board recesses such meeting, at the reconvened meeting.

### **Rule 1.11 Roll Call**

(a) The Chief Legal Officer and General Counsel will conduct a roll call at the beginning of each publicly noticed Board and Committee meeting.

(b) The roll need not be called in voting upon a motion except where specifically required by law or requested by a member. If the roll is not called, Board members will cast their votes electronically.

(c) Each roll call of the Board will be in ward order, except that the Board President will be called last.

### **Rule 1.12 Overruling the Board President**

A decision of the Board President with respect to the interpretation, applicability or enforcement of these rules may be overruled by majority vote of the Board.

### **Rule 1.13 Suspension of Rules**

Any permanent rule of the Board may be suspended temporarily by a majority of the Board, provided that the temporary suspension will apply only to the matter

under immediate consideration, and in no case will it extend beyond an adjournment.

### **Rule 1.14 Amendment of Board Meeting Procedures**

These meeting procedures may be amended by a majority vote of the Board.

## **CHAPTER II - COMMITTEES**

### **Rule 2.0 Time and Place**

(a) Whenever a standing Committee meeting is also noticed as a special Board Meeting, it shall be conducted as a Committee meeting and members of the Board that are not assigned to the Committee may attend and participate in the discussions, whether or not a quorum of the Board is present. In order to preserve the function of the Committee as advisory to the Board, no Board action will be taken at a Committee meeting.

(b) Board members may participate at Committee meetings by teleconferencing under the following conditions: (i) a quorum of the Committee members are personally in attendance at the meeting; (ii) the teleconferencing Board member is unavailable to personally attend due to illness or is outside the boundaries of SMUD; (iii) the teleconferencing location is accessible to the public; and (iv) all other requirements of the Ralph M. Brown Act of the California Government Code are met.

(c) Members of the public may audio or video record Committee meetings provided that they do not block aisles, exits or interfere with public sight lines.

### **Rule 2.1 Purpose and Quorum**

(a) Board Committees assist the Board by gaining education, considering alternatives and implications, preparing policy alternatives, and making recommendations to the full Board. As a general rule, matters to be considered by the Board will first be referred to a Committee.

(b) Two members of the Board will constitute a quorum for a Committee meeting. Where the number of Board members is reduced below a quorum during a Committee meeting, the Committee may continue to conduct business. Where a Committee lacks a quorum, the Board President, Board Vice-President or Committee Chair, in that order, may appoint a non-committee Board member to serve on the Committee for that meeting.

## **Rule 2.2 Preparation and Preservation of Minutes**

(a) Minutes of each Committee meeting will be prepared by the responsible Executive and reviewed by the Board Secretary. The presiding officer of the Committee will sign the minutes indicating approval of the minutes.

(b) The minutes of Committee meetings will be maintained by the Board Secretary as a corporate record.

## **Rule 2.3 Taping and Web Streaming of Committee Meetings**

Committee meetings will be audio recorded and will be audio streamed live to the public and archived on the SMUD website for one (1) year. The audio recordings of Committee meetings will be maintained for a period of four (4) years.

## **Rule 2.4 Public Participation**

(a) Members of the public may attend any Committee meeting of the Board. Members of the public are required to switch pagers, cellular phones and similar electronic devices to a silent or off mode during Committee meetings.

(b) Members of the public may address the Committee at a meeting on agenda items prior to or during the Committee's consideration of that item.

(c) Pursuant to Rule 2.1(b) of these Procedures, items may only be placed on a Committee agenda either by a decision by the full Board, the Board President, a Board member, or by the CEO and General Manager or his or her designee. Accordingly, no public comment will be taken on the form or content of the agenda.

(d) Speakers will have up to three (3) minutes to address the Committee on items on the agenda; provided, however, the total time allotted to any individual speaker shall not exceed nine (9) minutes. The Board President may, in his or her discretion, and based upon factors such as the length of the agenda, the substance of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Committee Chair. Speakers will be limited to the time allocated by the Chair and will not be allowed to accept time from other members of the public in attendance at the meeting.

(e) Public speakers are expected to exercise decorum when addressing the Committee.

f) Speakers are to direct their comments to the Committee. The public comment periods are not intended to be “Question and Answer” periods or conversations with the SMUD Board or SMUD staff.

(g) Any person desiring to address the Committee on an agenda item shall file a request to speak form with the Security Officer present at the meeting prior to the time the matter is called. The speaker shall designate on the request to speak form whether the speaker intends to address the Committee on an item on the agenda or on a non-agenda item. Public speakers wishing to distribute written materials to the Committee must hand the materials to the Security Officer who will distribute the written materials to the Committee and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential. Public speakers speaking will not be allowed to use signs, posters, videos, taped recordings or overheads in making their public comments.

(h) In the event that any Committee meeting is willfully interrupted or disrupted by a person or by a group or groups of persons so as to render the orderly conduct of the meeting infeasible, the Committee Chair, unless there is an objection by a majority of the Committee members present, may order the person, group or groups of persons willfully interrupting the meeting to leave the meeting or be removed from the meeting. In such case, the Committee Chair will:

- (1) Notify the person, group, or groups of persons that they are in non-compliance with meeting procedures;
- (2) Request that they comply; and
- (3) Inform them of the consequence of non-compliance

(i) At least fourteen (14) days in advance of a Committee meeting, members of the public may request the opportunity to be listed on the agenda for purposes of making a presentation at a Committee meeting on matters within SMUD’s jurisdiction. Presentation requests must be initiated in writing by any individual and submitted to the Committee Chair through the Board of Director’s office. Requests must state the following information:

- (1) Subject matter;
- (2) Presenter’s name, address and telephone number;
- (3) Any action(s) which the requestor wishes SMUD to take;
- (4) Amount of time requested, not to exceed 10 minutes;
- (5) Desired Committee meeting date.

The Committee Chair will review all complete presentation requests and, may at his or her discretion, direct the responsible staff to list the presentation on the Committee's agenda. If the Committee Chair denies a presentation request, the requesting party may address the Committee at a regular meeting subject to the three (3) minute time limitation.

j) Members of the public are prohibited from bringing firearms, knives or other weapons of any kind, as well as bio-waste or bio-hazards, into the Board meeting room or any SMUD building.

(k) SMUD reserves the right to inspect packages, backpacks, purses, and similar containers prior to allowing members of the public entrance to Committee meetings.

### **CHAPTER III – HEARINGS**

#### **Rule 3.0 Hearings – General Procedures**

(a) Hearings required by law will be held in compliance with the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) or other relevant statute, ordinance, or regulation. Unless otherwise required by applicable law, the procedures set forth in this Rule 3.0 shall apply to all SMUD Board hearings that do not involve a change in rates or rate structure.

(b) Any individual wishing to address the Board shall fill out a request to speak form and file the form with the Security Officer in attendance at the meeting. Public speakers wishing to distribute written materials to the Board must hand the materials to the Security Officer who will distribute the written materials to the Board and staff. Distributed materials will be made a part of the record and will be available to the public for inspection, unless otherwise confidential.

(c) Speakers will be called in an order determined by the Board President.

(d) Individuals will not be allowed to accept time from other individuals.

(e) Individuals may speak up to three (3) minutes. The Board President may, in his or her discretion and based upon factors such as the length of the agenda, the number of public comment speaker cards submitted, and whether the Board is in danger of losing a quorum, depart from the above referenced time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment. Speaking times may be extended at the discretion of the Board President.

(f) The Board will consider any written testimony or reports of reasonable length submitted by the public in advance of the hearing.



(g) All exhibits, including documentary materials, will be retained by the Board Secretary as part of the record of the hearings and will be available and will be available to the public for inspection.

### **Rule 3.1 Hearings – Rate Process**

All rate hearings shall be conducted pursuant to the procedures set forth in Ordinance 15-1, attached hereto.

## **CHAPTER IV – CUSTOMER APPEALS OF DISPUTED BILLS**

### **Rule 4.0 Disputed Bill Appeals Procedure**

(a) Section 12823 of the Municipal Utility District Act (California Public Utilities Code § 11501, *et seq.*) establishes the rights of customers regarding disputed bills. For purposes of clarification, these procedures do not apply to the nonpayment of charges and fees by customers that do not dispute the accuracy of a bill.

(b) The following procedures shall govern the process by which a customer may file an appeal with the Board of Directors following an adverse determination by a SMUD Management Hearing Officer (Hearing Officer) under Section 12823(c) of the Municipal Utility District Act: .

(i) Following the SMUD Management Hearing, the Hearing Officer will mail his/her decision to the customer. Included in the mailing of the decision will be an appeal form and instructions on how the customer may appeal the decision to the Board of Directors. Under Rule and Regulation 10, Customer Services may include a request for payment of a deposit as evidence of good faith if such a deposit was not requested previously.

(ii) If the customer does not file an appeal form, the Hearing Officer's decision will be final. If the customer files an appeal form with Customer Services it must be received within ten (10) business days of the date of the Hearing Officer's letter or the customer's appeal will be rejected as untimely and the Hearing Officer's decision will be deemed final. Customer Services will notify the customer that the appeal is untimely. If the customer files an appeal form within 10 business days of the date of the Hearing Officer's letter, the appeal is considered timely. The appeal and appropriate documentation shall be forwarded to the appropriate SMUD Executive for processing, with a copy to the Board Office.

(iii) The Executive shall review the appeal, gather information and provide appropriate documentation to the Board Member for the ward in which the appealing customer resides (service address for the account in question).

(iv) The Board Member for the ward in which the appealing customer resides (service address for the account in question) shall review the information and may elect to contact the customer for additional information.

(v) Once the Board Member's review is complete, the appeal, including the recommendation (if any) of the Board Member, will be placed on the agenda of the Board of Directors for an upcoming meeting of the Board of Directors. The Board Office will notify the customer in writing of the date that the appeal will be heard so that the customer may appear and be heard if he/she so desires.

(vi) The appeal shall be heard by the Board of Directors, and a final decision on the appeal shall be rendered by the Board of Directors. Customer Services shall notify the customer in writing of the Board's decision.

(vii) The Board's decision represents final agency action.

## **ORDINANCE NO. 15-1**

**WHEREAS**, the Board-appointed citizens' Rate Advisory Committee conducted a thorough review of the Sacramento Municipal Utility District's rates and, on September 27, 1991, submitted its Report and Recommendation to the Board of Directors concerning General Policy Frameworks for Rate-setting; and

**WHEREAS**, on December 19, 1991 the Board adopted Ordinance No. 91-1 to establish certain procedures that govern its rate-making process; and

**WHEREAS**, this Board has thoroughly reviewed its rate-making process and hereby determines it to be necessary and appropriate to amend the provisions of Ordinance No. 91-1 to clarify and update its rate-making process; NOW, THEREFORE:

### **BE IT ENACTED BY THE BOARD OF DIRECTORS OF SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** The following definitions are applicable for this Ordinance:

- (a) "Board" means the Sacramento Municipal Utility District Board of Directors.
- (b) "Business Day" means any day except Saturday, Sunday, or a legal holiday observed by SMUD.
- (c) "Code" means the California Public Utilities Code.
- (d) "Report" means the proposals in the General Manager's Report and Recommendation on Rates and Services, including any addenda or errata.

**Section 2.** The following procedures are hereby adopted for considering rate changes and conducting hearings thereon:

- (a) These procedures shall be in addition to the procedures outlined in Sections 14401 through 14403.5 of the Code; provided, that in the event of any inconsistency between the procedures adopted herein and the Code, the Code shall govern.
- (b) After the General Manager has released the Report, the public may have access, upon reasonable notice, to SMUD staff's supporting information and documents (excluding confidential information and other information protected from disclosure by law).
- (c) For any change to SMUD rates and charges that intends to increase or decrease revenue, the following requirements shall apply:

i. Public Workshops. No sooner than twenty (20) calendar days following release of the Report, the General Manager or his/her designees shall conduct at least two (2) public workshops.

ii. Public Hearings. No sooner than fourteen (14) calendar days following completion of the first two (2) public workshops, the Board shall conduct one or more public hearings on the proposed change in accordance with the requirements of the Code.

(d) For any change to SMUD rates and charges that does not intend to increase or decrease revenues, the following requirements apply:

i. Public Workshops. No sooner than ten (10) calendar days following release of the Report, the General Manager or his/her designees shall conduct at least two (2) public workshops.

ii. Public Hearings. No sooner than ten (10) calendar days following completion of the first two (2) public workshops, the Board shall conduct one or more public hearings on the proposed change in accordance with the requirements of the Code.

(e) Notwithstanding paragraphs (c) and (d), when unanticipated events cause a sudden and significant change in SMUD's financial condition requiring an immediate response to make changes to rates and charges, the Board shall conduct at least one public hearing on the proposed change no sooner than ten (10) calendar days following release of the Report in accordance with the requirements of the Code.

(f) Public Workshop Procedures. The public workshops shall serve as a forum for the public to question staff as to the recommended rate or rate structure, prior to the public hearing. During the public workshops, members of the public may ask questions and/or provide non-duplicative comments directly relevant to the Report. All workshops shall be recorded and transcribed. The General Manager or his/her designees may, in his/her discretion, set time limits for individual speakers, establish a time limit for particular issues, set a cumulative time limit, or otherwise regulate public comment.

(g) Public Hearing Procedures. During a public hearing, members of the public may provide non-duplicative testimony for up to three (3) minutes and shall have a full and fair opportunity to present comments, recommendations and alternatives for the Board's consideration. Speaking times may be extended at the discretion of the Board President. The Board President may, in his/her discretion, and based upon factors such as the number of public comment speaker cards submitted, depart from the above referenced time limit for individual speakers, set a cumulative time limit, or otherwise regulate public comment.

i. Members of the public that wish to address the Board with alternatives to the rate changes proposed in the Report and that desire additional time for public comment shall notify SMUD in writing at least ten (10) calendar days prior to

the public hearing(s). Such notice shall include the amount of time requested. The Board President may, in his/her discretion, grant additional time up to, but no more than, a total of twenty (20) minutes.

ii. Members of the public desiring to submit written materials are requested to do so at least five (5) business days prior to the public hearing(s).

iii. Notwithstanding any provision in this paragraph (g), the public hearing(s) shall be conducted in accordance with the Board's Meeting Procedures.

iv. The public hearing(s) shall be recorded and transcribed.

(h) Members of the public may submit questions related to the Report in writing at any time after release of the Report up until five (5) business days prior to the public hearing. To the extent practicable, SMUD staff shall respond to such questions in writing within five (5) business days of receipt. Questions received after 5:00 p.m. shall be deemed to have been received on the next business day. SMUD staff will provide notice in the event that complex questions require additional time.

(i) Written documents, including alternative rate proposals, made by members of the public that are directly relevant to the Report and submitted to SMUD shall be made available to the public on SMUD's web site.

(j) Once the public hearing(s) have concluded, the Board shall make available for public review and comment for a period of at least ten (10) calendar days a draft resolution containing its proposed rate decision and the basis for the decision. However, if the Report proposes changes to rates due to circumstances in paragraph (e), the public review and comment period is at least five (5) calendar days.

(k) Following completion of the public comment period, the Board may approve the proposed resolution. However, if the Board proposes any material modifications (i.e., modifications which change customer rates or billings) in the proposed resolution, such resolution as modified shall be made available for public review and comment for a period of at least ten (10) calendar days in normal circumstances; and at least five (5) calendar days if a change to rates is proposed due to circumstances in paragraph (e). The Board shall permit public testimony on the modified resolution prior to any Board action thereon. The final approved resolution shall contain the rate decision and basis for the decision.

(l) Written notices, questions, comments, and other materials submitted by members of the public to SMUD shall be delivered in person, by mail, by facsimile, or by electronic mail.

**Section 3.** This Ordinance, to the extent it is inconsistent with any prior SMUD resolutions or ordinances, supersedes and repeals such inconsistent resolutions and ordinances.

**Section 4.** Board rate decisions are promulgated pursuant to Code Sections 11883 and 11885 and such decisions are only reviewable pursuant to Section 14402 of the Code. Nothing contained herein is intended to change, modify, or provide any additional remedies at law or inequity to persons seeking to challenge a rate decision.

**Section 5.** This Ordinance supersedes Ordinance No. 91-1 and shall take effect upon completion of publication as required by Section 11910 of the Code.

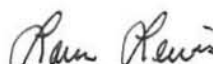
I hereby certify that the foregoing Ordinance was introduced at a regular meeting of the Sacramento Municipal Utility District's Board of Directors on the 5<sup>th</sup> day of March 2015, and was duly adopted on the 19<sup>th</sup> of March 2015 at a regular meeting of the Sacramento Municipal Utility District's Board of Directors.

Adopted: March 19, 2015 by the SMUD Board of Directors

INTRODUCED: DIRECTOR SHIROMA				
SECONDED: DIRECTOR TAYLOR				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
KERTH	X			
BUI-THOMPSON	X			
TAYLOR	X			
FISHMAN	X			
SHIROMA	X			
TAMAYO	X			
SLATON	X			

  
\_\_\_\_\_  
Rob Kerth  
President  
Board of Directors  
Sacramento Municipal Utility District

Attested:

  
\_\_\_\_\_  
Laura Lewis  
Secretary

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, California Public Utilities Code section 11908 requires this Board to establish rules for its proceedings; and

**WHEREAS**, it is prudent to revise the Meeting Procedures to reflect changes made by this Board to ensure the efficient conduct of meetings; **NOW**,

**THEREFORE**,

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** This Board adopts the 2021 Edition of the **Meeting Procedures of the SMUD Board of Directors**, substantially in the form set forth in **Attachment \_\_\_\_** hereto and made a part hereof.

**Section 2.** Prior versions of the Meeting Procedures of the SMUD Board of Directors are superseded in their entirety.





SSS No. LEG 2021-0014

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Policy Committee – 02/10/21  
Board Meeting Date  
February 18, 2021

TO				TO				
1.	Jennifer Davidson			6.				
2.	Stephen Clemons			7.				
3.				8.				
4.				9.	Legal			
5.				10.	CEO & General Manager			
Consent Calendar		X	Yes	No If no, schedule a dry run presentation.		Budgeted	Yes	No (If no, explain in Cost/Budgeted section.)
FROM (IPR) Laura Lewis				DEPARTMENT Office of the General Counsel			MAIL STOP B308	EXT. 6123
							DATE SENT 01/28/21	

**NARRATIVE:**

**Requested Action:** Approve proposed revisions to **Governance Process GP-9, Board Committee Chairs.**

**Summary:** The Board conducted a holistic review of Governance Process GP-9, Board Committee Chairs (GP-9) facilitated by Board consultant, Eric Douglas. Changes were recommended to the existing policy and presented at the September 8, 2020, Strategic Development Committee. The Board requested that the changes be brought back to a future Committee meeting for further discussion. A redline copy of the updated proposed revisions to GP-9 is attached, as well as a “clean” copy.

**Board Policy:** GP-1, Purpose of Board – Subsection a) Identify and define the purpose, values and vision of SMUD...and  
(Number & Title) communicate them in the form of policy.

**Benefits:** Enables Board Members to review the policy with the opportunity to make corrections, additions, or changes if necessary.

**Cost/Budgeted:** This item has no direct budgetary impact.

**Alternatives:** Maintain the existing policy.

**Affected Parties:** Board of Directors

**Coordination:** Board Office, Executive Office, Legal

**Presenter:** Eric Douglas, Leading Resources, Inc.

**Additional Links:**

SUBJECT

Revisions to GP-9, Board Committee Chairs

ITEM NO. (FOR LEGAL USE ONLY)

10

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

## SMUD BOARD POLICY

Category: **Governance Process**

Title: **Board Committee Chairs**

Policy Number: **GP-9**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

Revision Date: **June 3, 2004**

Resolution No. **04-06-07**

Revision Date: **January 12, 2006**

Resolution No. **06-01-06**

Revision Date: **February 18, 2021**

Resolution No. **21-02-XX**

The committee chairs shall preside over and facilitate committee meetings.

Specifically:

- a) Standing committee chairs shall approve the annual calendar of committee meetings.
- b) Standing Committee meetings are generally scheduled monthly or as determined by the Committee chair in consultation with the Board President and Board Office. [Moved from meeting procedures]
- c) Committee chairs shall reschedule and cancel meetings, in consultation with the Board President and Board Office.
- ~~e)d)~~ Committee chairs shall ensure that committee meetings focus on those issues which, according to Board policy, belong to the Board to decide.
- ~~d)e)~~ Committee chairs shall ensure that discussion is fair, open and thorough, but also timely, orderly, and kept to the point.
- ~~e)f)~~ Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.
- ~~f)g)~~ Committee chairs shall schedule and cancel meetings.

- g) Standing committee chairs shall review the committee agenda prior to circulation of the public notice of the meeting.

**Monitoring Method: Board Report**

**Frequency: Annual**

DRAFT

SMUD BOARD POLICY	
Category: <b>Governance Process</b>	Title: <b>Board Committee Chairs</b>
	Policy Number: <b>GP-9</b>
Date of Adoption: <b>December 19, 2002</b>	Resolution No. <b>02-12-14</b>
Revision Date: <b>October 16, 2003</b>	Resolution No. <b>03-10-14</b>
Revision Date: <b>June 3, 2004</b>	Resolution No. <b>04-06-07</b>
Revision Date: <b>January 12, 2006</b>	Resolution No. <b>06-01-06</b>
Revision Date: <b>February 18, 2021</b>	Resolution No. <b>21-02-XX</b>

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- f) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.
- g) Standing committee chairs shall review the committee agenda prior to circulation of the public notice of the meeting.

**Monitoring Method: Board Report**  
**Frequency: Annual**

**DRAFT**

RESOLUTION NO. \_\_\_\_\_

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

This Board approves the revisions to **Governance Process GP-9, Board  
Committee Chairs**, substantially in the form as set forth in **Attachment \_\_\_\_**.



SSS No.  
ET&C 21-004

## BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date  
ERCS February 17, 2021  
Board Meeting Date  
February 18, 2021

TO					TO								
1.	Chad Adair				6.	Brandy Bolden							
2.	Jon Olson				7.	Stephen Clemons							
3.	Scott Martin				8.	Frankie McDermott							
4.	Jessica Kasparian				9.	Legal							
5.	Jennifer Davidson				10.	CEO & General Manager							
Consent Calendar		X	Yes		No If no, schedule a dry run presentation.		Budgeted	X	Yes		No (If no, explain in Cost/Budgeted section.)		
FROM (IPR) Cesar Beltran					DEPARTMENT Energy Trading & Contracts					MAIL STOP A404		EXT. 6925	DATE SENT 1/28/2021

### NARRATIVE:

**Requested Action:** Authorize the CEO and GM, or his delegate, to execute a contract for Electric Service Base Resource with the United States Department of Energy Western Area Power Administration (WAPA) for a 30-year term of January 1, 2025, through December 31, 2054, with the option to reduce or terminate Base Resource Share, prior to the start date and approximately every 5 years thereafter, substantially in the form attached.

**Summary:** This is the replacement contract to the current WAPA Base Resource Agreement, which expires on 12/31/2024 and provides on average 648,000 MWh of California located hydroelectric power annually. The new agreement provides SMUD with a 24.96325% share of the Base Resource, subject to adjustment in 2040, which provides economic zero carbon power and will be a key contributor to achieving our 2030 Zero Carbon Plan. This energy resource also provides SMUD with valuable firm capacity and Resource Adequacy, maximizing summer peaking, subject to significant environmental constraints based on the variable nature of Northern California hydroelectric generation. Approximately 3% of Base Resource generation comes from small hydroelectric facilities which also qualify toward our California RPS (Renewables Portfolio Standard) requirements.

This is a so-called "take or pay" contract, with CVP (Central Valley Project) Customers required to pay their respective Base Resource percentage share of WAPA's Base Resource Costs independent of the volume of actual energy deliveries. The project economics are forecasted to be positive for the term of the agreement.

Given that this is a 30-year contract and that market conditions for energy may change during that period, the contract provides customers with the unilateral option to reduce Base Resource share or terminate the agreement approximately every 5 years. Further, the contract provides customers with the option to reduce their Base Resource percentage or terminate this Contract for any reason through June 30, 2024, which is 6 months prior to the start of the term of the agreement.

SMUD's status as a CVP customer provides separate significant transmission opportunities, under separate contracts with WAPA for additional consideration, to access economical & carbon free energy from the Pacific Northwest for delivery to SMUD.

**Board Policy:** SD-2, Competitive Rates: SD-7, Environmental Leadership: SD-9 Resource Planning: This contract provides economic zero carbon power and will be a key contributor to achieving our 2030 Zero Carbon Plan. Allows access to relatively low cost and carbon free power generated with California and delivered to SMUD. Also, allows access to transmission of power from the Pacific Northwest.

**Benefits:** The value of the market forecast for energy and capacity from this resource is expected to be positive for the 30-year life of the agreement. Also, the contract allows SMUD access to transmission agreements, providing both cost competitive and clean power supplies and avoids CAISO (California System Operator) transmission fees.

**Cost/Budgeted:** Starting in 2025, annual payments by SMUD are estimated at \$31,752,000 with a 2% annual escalation for the 30-year term of the agreement.

**Alternatives:** Rely on other sources for carbon free energy and associated transmission.

**Affected Parties:** Energy Trading & Contracts, Resource Planning and WAPA

**Coordination:** Energy Trading & Contracts, Resource Planning, Legal

**Presenter:** Cesar Beltran, Senior Originator

**Additional Links:**

SUBJECT

Execute a contract for Electric Service Base Resource, with Western Area Power  
Administration, for a 30-year term of 1/1/2025 thru 12/31/2054

ITEM NO. (FOR LEGAL USE ONLY)

11

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



**DRAFT**

Contract 20-SNR-02354

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION  
  
CONTRACT FOR ELECTRIC SERVICE  
BASE RESOURCE  
WITH  
  
SACRAMENTO MUNICIPAL UTILITY DISTRICT

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION

CONTRACT FOR ELECTRIC SERVICE  
BASE RESOURCE  
WITH

SACRAMENTO MUNICIPAL UTILITY DISTRICT

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Signature Clause  
Resolution/Certificate

General Power Contract Provisions

Exhibit A – Base Resource Percentage and Point(s) of Delivery  
Exhibit B – Exchange Program  
Exhibit C – Regulation and Reserves  
Exhibit D – Rate Schedule

UNITED STATES  
DEPARTMENT OF ENERGY  
WESTERN AREA POWER ADMINISTRATION  
SIERRA NEVADA REGION

CONTRACT FOR ELECTRIC SERVICE  
BASE RESOURCE  
WITH

SACRAMENTO MUNICIPAL UTILITY DISTRICT

1. **PREAMBLE:** This Contract is made this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, pursuant to the Acts of Congress approved June 17, 1902, (32 Stat. 388); August 26, 1937, (50 Stat. 844); August 4, 1939, (53 Stat. 1187); and August 4, 1977, (91 Stat. 565); and Acts amendatory or supplementary to the foregoing Acts; between the UNITED STATES OF AMERICA (United States), acting by and through the Administrator, Western Area Power Administration, Department of Energy, hereinafter called WAPA, represented by the officer executing this Contract, or a duly appointed successor, hereinafter called the Contracting Officer; and SACRAMENTO MUNICIPAL UTILITY DISTRICT, a Public Utility District, hereinafter called the Contractor or SMUD, its successors and assigns; each sometimes hereinafter individually called the Party, and both sometimes hereinafter collectively called the Parties.

2. **EXPLANATORY RECITALS:**

2.1 WAPA markets the surplus generation from, and operates a high-voltage transmission system as a part of, the Central Valley Project (CVP).

///

///

///

2.2 WAPA and the U.S. Department of the Interior, Bureau of Reclamation (Reclamation), have agreed to work together to efficiently serve Project Use and Preference Customer loads.

2.3 On August 15, 2017, WAPA's final 2025 Power Marketing Plan (Marketing Plan) was published in the Federal Register (82 FR 38675). The Marketing Plan sets forth how WAPA's Sierra Nevada Region will market the power generated from the CVP and Washoe Project.

2.4 The Marketing Plan provides that starting on January 1, 2025, WAPA will provide 98 percent of available CVP power to its existing Customers. Existing Customers will have the right to extend 98 percent of their current Base Resource percentage as provided in the Marketing Plan and under the terms and conditions of this Contract.

2.5 On June 17, 2019, WAPA's Notice of Final 2025 Resource Pool Allocations was published in the Federal Register (84 FR 28039), and SMUD received an allocation.

2.6 SMUD desires to purchase and WAPA is willing to provide a percentage of the Base Resource consistent with the Marketing Plan and the terms and conditions of this Contract.

2.7 Under the Marketing Plan, WAPA requires that its Customers schedule power in accordance with applicable operating requirements, including those of the balancing authority area operator and WAPA's sub-balancing authority area requirements.

///

2.8 WAPA markets power to Federal Preference Customers at the lowest possible rates consistent with sound business principles pursuant to Section 1.1 of Delegation Order 00-037.00B.

3. **AGREEMENT:**

The Parties agree to the terms and conditions set forth herein.

4. **EFFECTIVE DATE AND TERM OF CONTRACT:**

4.1 This Contract shall become effective on the date of execution and shall remain in effect until midnight of December 31, 2054, subject to prior termination as otherwise provided for herein.

4.2 SMUD may reduce its Base Resource percentage or terminate this Contract for any reason through June 30, 2024.

4.3 The date of initial service under this Contract is January 1, 2025.

5. **DEFINITION OF TERMS:**

As used herein, the following terms whether singular or plural, or used with or without initial capitalization, shall have the following meanings:

5.1 "Ancillary Services" means those services that are necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the transmission system in accordance with Good Utility Practice.

5.2 "BANC" means the Balancing Authority of Northern California or its successor.

///

1 5.3 “Base Resource” means CVP and Washoe Project power (capacity and  
2 energy) output determined by WAPA to be available for Customers, including the  
3 Environmental Attributes, only after meeting the requirements of Project Use and  
4 First Preference Customers, and any adjustments for maintenance, reserves,  
5 system losses, and certain ancillary services.  
6

7 5.4 “Base Resource Operating Capability” means that portion of the Maximum  
8 Operating Capability that WAPA determines to be available to Customers in any  
9 hour.  
10

11 5.5 “CAISO” means the California Independent System Operator or its  
12 successor.  
13

14 5.6 “Capacity” means the electrical capability of a generator, transformer,  
15 transmission circuit or other equipment.  
16

17 5.7 “Central Valley Project (CVP)” means the multipurpose Federal water  
18 development project extending from the Cascade Range in northern California to  
19 the plains along the Kern River, south of the City of Bakersfield.  
20

21 5.8 “Custom Product” means a combination of products and services which  
22 may be made available by WAPA per Customer request.  
23

24 5.9 “Customer” means an entity with a contract and receiving electric service  
25 from WAPA’s Sierra Nevada Region.  
26

26 ///

27 ///

28 ///

1 5.10 "Energy" means capacity measured in terms of the work it is capable of  
2 doing over a period of time; electric energy is usually measured in kilowatthours  
3 or megawatthours.

4  
5 5.11 "Environmental Attributes" means any and all credits, benefits, emissions  
6 reductions, offsets, and allowances, howsoever entitled, attributable to the Base  
7 Resource, and its avoided emission of pollutants.

8  
9 5.12 "FERC" means the Federal Energy Regulatory Commission or its  
10 successor.

11  
12 5.13 "First Preference Customer" means a Preference Customer within a  
13 county of origin (Trinity, Calaveras, and Tuolumne) as specified under the Trinity  
14 River Division Act (69 Stat. 719) and the New Melones Project provisions of the  
15 Flood Control Act of 1962 (76 Stat. 1173, 1191-1192).

16  
17 5.14 "Full Load Service Customer" means a Customer that will have its entire  
18 load at its delivery point(s) met by WAPA, and its Portfolio Manager functions for  
19 those delivery point(s) performed by WAPA.

20  
21 5.15 "Marketing Plan" means WAPA's final 2025 Power Marketing Plan for the  
22 Sierra Nevada Region.

23  
24 5.16 "Maximum Operating Capability" means the maximum electrical capability  
25 from CVP generation available to produce energy, capacity and/or provide  
26 ancillary services in any one or more hours.

27 ///

28 ///

1 5.17 "Minimum Base Resource" means the amount of Base Resource energy  
2 generated each hour as a result of CVP minimum water releases.

3  
4 5.18 "NERC" means the North American Electric Reliability Corporation or its  
5 successor.

6  
7 5.19 "Operating Reserves" means the combination of spinning and non-  
8 spinning reserves required to meet WECC, NERC, and operating requirements,  
9 including those of the balancing authority area or WAPA's sub-balancing  
10 authority area.

11  
12 5.20 "Portfolio Manager" means an entity responsible for determining balanced  
13 hourly load and resource schedules for a Customer.

14  
15 5.21 "Power" means capacity and energy.

16  
17 5.22 "Preference" means the requirements of Reclamation Law that provide for  
18 preference in the sale of Federal power be given to certain entities, such as  
19 governments (state, Federal and Native American), municipalities and other  
20 public corporations or agencies, and cooperatives and other nonprofit  
21 organizations financed in whole or in part by loans made pursuant to the Rural  
22 Electrification Act of 1936 (See, e.g., Reclamation Project Act of 1939,  
23 Section 9(c), 43 USC 485h(c)).

24  
25 5.23 "Primary Marketing Area" means the area generally encompassing  
26 northern and central California, extending from the Cascade Range to the  
27 Tehachapi Mountains and west-central Nevada.

28 ///



1 5.24 "Project Use" means power as defined by Reclamation Law and/or used to  
2 operate CVP and Washoe Project facilities.

3  
4 5.25 "Rate" means the monetary charge or the formula for computing such a  
5 charge for any electric service provided by WAPA, including but not limited to  
6 charges for capacity (or demand), energy, or transmission service; however, it  
7 does not include leasing fees, service facility charges, or other types of facility  
8 use charges. A Rate will be set forth in a Rate Schedule or in a contract.

9  
10 5.26 "Rate Adjustment" means a change in an existing Rate or Rates, or the  
11 establishment of a Rate or Rates for a new service. It does not include a change  
12 in Rate Schedule provisions or in contract terms, other than changes in the price  
13 per unit of service, nor does it include changes in the monetary charge pursuant  
14 to a formula stated in a Rate Schedule or a contract.

15  
16 5.27 "Rate Adjustment Procedures" means those procedures for Rate  
17 Adjustments developed by WAPA, Department of Energy (DOE) or FERC which  
18 include DOE Order 00-037.00B, DOE Order RA 6120-2, 10 CFR 903, and  
19 18 CFR 300, as may be amended.

20  
21 5.28 "Rate Effective Date" means the first date of the billing period to which a  
22 Rate Schedule or Rate Schedule extension applies. WAPA will provide notice to  
23 the Customers of the Rate Effective Date.

24  
25 5.29 "Rate Schedule" means a document identified such as a "Rate Schedule,"  
26 "Schedule of Rates," or "Schedule Rate" which designates the Rate or Rates  
27 applicable to a class of service specified therein and may contain other terms  
28 and conditions relating to the service. On the effective date of this Contract,

1 18 CFR 300.1(b)(6) provides FERC may not approve a WAPA Rate Schedule for  
2 a period that exceeds five (5) years. The Rate Schedule shall include the Rate  
3 Effective Date and the effective period of the Rate Schedule.

4  
5 5.30 "Regional Transmission Organization (RTO)" means an organization that  
6 meets the minimum characteristics and performs the minimum functions  
7 specified in FERC Order 2000, as that order may be amended or superseded.

8  
9 5.31 "Regulation" means the service provided by generating units equipped  
10 and operating with automatic generation control which will enable such units to  
11 respond to direct control signals in an upward or downward direction to match, on  
12 a real time basis, demand and resources, consistent with WECC, NERC, and the  
13 balancing authority area operator's criteria.

14  
15 5.32 "Scheduling Coordinator" means an entity that is responsible for providing  
16 hourly load and resource schedules to the balancing authority area operator or  
17 WAPA's sub-balancing authority area, in accordance with a FERC-approved tariff  
18 or WAPA's procedures and practices.

19  
20 5.33 "Variable Resource Customer" means a Customer that is responsible for  
21 managing its own energy portfolio.

22  
23 5.34 "Washoe Project" means the Federal water project located in the  
24 Lahontan Basin in west-central Nevada and east-central California.

25  
26 5.35 "WECC" means the Western Electricity Coordinating Council or its  
27 successor.

28 ///

1 6. **BASE RESOURCE ESTIMATES AND AVAILABILITY FORECAST:**

2 6.1 At the beginning of each water year, WAPA will post to WAPA's external  
3 website a five-year forecast of Base Resource Operating Capability estimated to  
4 be available, based on high, average, and low hydrological conditions. The  
5 forecast will contain the following information:

6 6.1.1 Maximum Operating Capability of the CVP for each month;

7 6.1.2 Energy required for estimated Project Use loads, First Preference  
8 Customers' loads, and ancillary service requirements.

9  
10 6.2 Each month, WAPA will post to WAPA's external website a monthly Base  
11 Resource forecast of Base Resource Operating Capability and energy estimated  
12 to be available for each month on a rolling twelve-month basis, based on high,  
13 average, and low hydrological conditions. The monthly forecast will contain the  
14 following information:

15 6.2.1 Maximum Operating Capability of the CVP for each month;

16 6.2.2 Energy required for estimated Project Use loads, First Preference  
17 Customers' loads, and ancillary service requirements.

18  
19 6.3 WAPA shall make reasonable efforts, within its control, to ensure the  
20 forecasted Base Resource will be available.

21  
22 7. **ELECTRIC SERVICE FURNISHED BY WAPA:**

23 7.1 SMUD will be entitled to receive a percentage of the Base Resource as  
24 set forth in Exhibit A.

25  
26 7.2 The estimated amount of energy available to SMUD shall be determined  
27 by multiplying its Base Resource percentage by the total amount of Base  
28 Resource energy available during that period.

1 7.3 The minimum amount of energy SMUD will be required to schedule for  
2 each hour shall be determined by multiplying its Base Resource percentage by  
3 the Minimum Base Resource, unless otherwise agreed to by WAPA. However, if  
4 SMUD does not have sufficient load to take its percentage of the Minimum Base  
5 Resource, any excess energy shall be made available to WAPA for the  
6 Exchange Program as described later in this Contract under Section 10 and  
7 Exhibit B.

8  
9 7.4 The maximum amount of energy SMUD may schedule in any hour shall  
10 be determined by multiplying its Base Resource percentage by the Base  
11 Resource Operating Capability. However, SMUD may schedule energy in  
12 excess of this maximum, if approved by WAPA, to accommodate purchases or  
13 exchanges from the Exchange Program.

14  
15 7.5 SMUD will be entitled to the benefit of available regulation and operating  
16 reserves from the CVP in proportion to its Base Resource percentage. The  
17 method for calculating regulation and operating reserves is set forth in Exhibit C.

18  
19 7.6 WAPA's obligation to provide SMUD's Base Resource is limited to the  
20 actual CVP generation available on a real-time basis. WAPA shall have no  
21 obligation to replace any Base Resource that is unavailable; for instance, Base  
22 Resource that is unavailable due to scheduled maintenance, system  
23 emergencies, forced outages, or other constraints. Any costs incurred by either  
24 Party as a result of deviations between actual and scheduled Base Resource  
25 energy shall be the responsibility of SMUD. WAPA will notify SMUD as soon as  
26 reasonably practicable of any situation that will impact the availability of the Base  
27 Resource, and will modify schedules accordingly, on a pro-rata basis.

28 ///

7.7 Due to the variable nature of the Base Resource, WAPA may provide a Custom Product upon a Customer's request. Any Custom Product will be the subject of a separate contractual arrangement.

8. **DELIVERY ARRANGEMENTS:**

8.1 WAPA will make SMUD's Base Resource available at the generator bus or such other delivery point(s) on the CVP transmission system as the Parties will mutually agree, as specified in Exhibit A. WAPA reserves Network Integration Transmission Service for the delivery of Base Resource on the CVP transmission system under its Open Access Transmission Tariff (OATT). The rates and terms of this service shall be in accordance with WAPA's then-current rate schedule and OATT.

8.2 If requested by WAPA, SMUD must provide written notification to WAPA by July 1, 2024, demonstrating that it has arranged for delivery of its Base Resource energy to its load. Such notification shall include both transmission and distribution level arrangements, as applicable. WAPA shall have no obligation to make Base Resource available to SMUD if delivery arrangements are not in effect. However, SMUD shall not be relieved of its obligation to pay its percentage share of the Base Resource during the time in which delivery arrangements are not in effect.

9. **SCHEDULING PROCEDURES, BUSINESS PRACTICES AND PROTOCOLS:**

9.1 All energy furnished by WAPA to SMUD will be provided on a scheduled basis. SMUD agrees to abide by the scheduling procedures, business practices and protocols of the applicable balancing authority area or WAPA's sub-balancing authority area, as set forth on WAPA's website. The Parties recognize that the scheduling procedures, business practices and protocols may require

1 modification from time-to-time to reflect updated operating procedures that may  
2 become applicable to the Parties. In such event, WAPA will make such changes  
3 in accordance with Section 17 of this Contract.  
4

5 9.2 Designation of Scheduling Coordinator (SC): If SMUD is required to have  
6 a Scheduling Coordinator; SMUD shall notify WAPA of its designated Scheduling  
7 Coordinator not less than ninety (90) days prior to the date of initial service under  
8 this Contract. In the event that SMUD's Scheduling Coordinator arrangement  
9 changes, SMUD shall notify WAPA in writing, not less than thirty (30) days prior  
10 to the change, unless a shorter notification period is agreed to by WAPA.  
11

12 9.3 **If WAPA is SMUD's Portfolio Manager, as set forth in a separate**  
13 **Custom Product Contract, all scheduling activities and responsibilities will**  
14 **be performed by WAPA on behalf of SMUD.** At such time as WAPA is no  
15 longer SMUD's Portfolio Manager, then SMUD will be responsible for  
16 performance of its duties under this Section 9.  
17

18 9.4 WAPA will provide Customers with the opportunity to comment on  
19 WAPA's maintenance and operations plans. WAPA will facilitate Customer  
20 meetings with the Bureau of Reclamation regarding cost and operation planning.  
21

22 9.5 In the event that SMUD does not abide by the protocols, business  
23 practices and procedures and WAPA incurs costs as a result, SMUD is  
24 responsible for and shall pay such costs.  
25

26 ///

27 ///

28 ///

///

10. **EXCHANGE PROGRAM:**

10.1 WAPA will establish and manage an Exchange Program to allow all Customers to fully and efficiently use their Base Resource percentage. The Exchange Program is a mechanism to:

10.1.1 Make available to WAPA, for provision to other Customers, any Base Resource energy a Customer cannot use on a pre-scheduled basis due to insufficient load; and

10.1.2 Help mitigate the costs incurred by a Customer for the power it is obligated to pay for, but may not be able to use.

10.2 Under the Exchange Program, all Base Resource energy in excess of SMUD's load will be retained by WAPA and offered by WAPA for sale to other Customers. SMUD may purchase energy from the Exchange Program. While WAPA's retention of excess Base Resource is mandatory, purchasing from the Exchange Program is voluntary.

10.3 The Exchange Program procedures are set forth in Exhibit B. WAPA may change the program and procedures of the Exchange Program in accordance with Section 17 of this Contract.

10.4 WAPA will also offer a seasonal Exchange Program. Under the seasonal Exchange Program, SMUD may elect to make available to WAPA that portion of its Base Resource percentage that it is unable to use due to insufficient load. SMUD, through WAPA, will be able to exchange its unusable Base Resource percentage with other Customers. Any Customer may submit a request to WAPA to exchange or purchase energy through the seasonal Exchange Program. Details of a seasonal exchange will be developed with the Customer upon request by that Customer.

10.5 Exchanges of the Base Resource between SMUD and others outside of the WAPA-managed Exchange Programs, or other WAPA-managed programs, are prohibited.

11. **INDEPENDENT SYSTEM OPERATOR OR REGIONAL TRANSMISSION ORGANIZATION:**

11.1 WAPA is a sub-balancing authority area within BANC. WAPA operates in conformance with its sub-balancing authority area and BANC's balancing authority area protocols, business practices and procedures. In the event of changes to any protocols, business practices and procedures, WAPA may make any changes necessary to this Contract to conform to the operating and scheduling protocols, business practices and procedures in accordance with Section 17 of this Contract.

11.2 The Parties understand that, in the future, WAPA may also change its operating configuration such as by: (1) joining an independent system operator or RTO or (2) participating in future markets such as energy imbalance markets; or (3) making system configurations to meet future operating requirements. In such an event, if WAPA is required to conform to the protocols, business practices or procedures, WAPA shall make changes to this Contract to conform to the terms and conditions required by such events in accordance with Section 17 of this Contract.

11.3 In the event that: 1) WAPA incurs costs from the balancing authority area, WAPA's sub-balancing authority area, CAISO, an RTO, or a different balancing authority area for serving SMUD's load; or 2) SMUD does not abide by the protocols business practices, or procedures of the balancing authority area, an RTO, or other balancing authority area operator that are applicable to WAPA and



WAPA incurs costs as a result, SMUD agrees to pay all such costs attributable to SMUD.

12. **WAPA RATES:**

12.1 The Base Resource will be provided on a take-or-pay basis. SMUD will be obligated to pay its Base Resource percentage share in accordance with the Rate Schedule attached hereto, whether or not it takes or uses its full Base Resource percentage.

12.2 SMUD shall pay for the electric service furnished hereunder in accordance with the Rates, charges, and conditions set forth in the CVP Schedule of Rates applicable to the Base Resource, effective January 1, 2025, or any superseding Rate Schedule.

12.3 Rates applicable under this Contract shall be subject to change by WAPA in accordance with appropriate Rate Adjustment Procedures. If, at any time, WAPA announces that it has received approval of a Rate Schedule, or extension of an existing Rate Schedule applicable to this Contract, or if a Rate Adjustment Procedure is amended, WAPA will promptly notify SMUD thereof.

12.4 SMUD, by providing written notice to WAPA within ninety (90) days after the Rate Effective Date of a Rate Schedule or Rate Schedule extension applicable to this Contract, may elect to reduce its Base Resource percentage or terminate this Contract. SMUD shall designate a Base Resource percentage reduction or termination effective date that will be effective on the last day of the billing month not later than two (2) years after the Rate Effective Date. If the termination effective date is after the Rate Effective Date, the new or extended Rates shall apply for service taken by SMUD until the termination effective date.

1 Once SMUD provides notice to terminate or reduce its Base Resource  
2 percentage, WAPA will begin the process to reallocate the Base Resource to  
3 other Preference Customers. SMUD may not revoke its notice to terminate or  
4 reduce its Base Resource unless WAPA provides written consent.

5  
6 12.5 Rates shall become effective under this Contract on the Rate Effective  
7 Date stated in a Rate notice.

8  
9 13. **INTEGRATED RESOURCE PLAN:**

10 13.1 In accordance with the Energy Policy Act of 1992, SMUD is required to  
11 meet the requirements of WAPA's Energy Planning and Management Program  
12 (EPAMP). To fulfill the requirements of EPAMP, SMUD must develop and  
13 submit an integrated resource plan or alternative report, as applicable. Specific  
14 EPAMP requirements are set forth in the Federal Register at (64 FR 62604) and  
15 may be found on WAPA's website. Failure to comply with WAPA's EPAMP  
16 requirements may result in penalties as specified therein. SMUD understands  
17 that WAPA may re-evaluate its EPAMP requirements and change them from  
18 time-to-time as appropriate. Such changes will be subject to a public process  
19 and publication in the Federal Register.

20  
21 13.2 Should the EPAMP requirements be eliminated, SMUD shall have no  
22 responsibilities under Section 13.1.

23  
24 14. **ADJUSTMENT OF BASE RESOURCE PERCENTAGE:**

25 14.1 Prior to the date of initial service, WAPA may adjust SMUD's Base  
26 Resource percentage, as set forth in Exhibit A herein, if WAPA determines that  
27 SMUD's Base Resource percentage is greater than its actual usage, as specified  
28 in the Marketing Plan.

1 14.2 After the date of initial service, WAPA may adjust SMUD's Base Resource  
2 percentage under any of the following conditions:

3 14.2.1 SMUD sells energy associated with its Base Resource  
4 percentage to another entity for resale by that entity;

5 14.2.2 SMUD uses the energy associated with its Base Resource  
6 percentage to serve loads outside of the Sierra Nevada Region's Primary  
7 Marketing Area;

8 14.2.3 SMUD's annual energy associated with its Base Resource  
9 percentage, is ten percent or more than its actual annual energy usage.  
10

11 14.3 If WAPA determines that SMUD has met any of the conditions in  
12 Section 14.2 above, WAPA will take the following steps:

13 14.3.1 Notify SMUD of the nature of the concern;

14 14.3.2 Analyze SMUD's usage of the energy associated with its Base  
15 Resource percentage and determine if an adjustment is necessary on a  
16 case-by-case basis, with due consideration of any circumstance that may  
17 have temporarily altered SMUD's energy usage;

18 14.3.3 If an adjustment is determined to be necessary, provide a 90-day  
19 written notice of such adjustment; and

20 14.3.4 Reduce or rescind SMUD's Base Resource percentage  
21 permanently on the effective date specified in the notice.  
22

23 15. **METERING AND POWER MEASUREMENT RESPONSIBILITIES:**

24 SMUD shall be responsible for electric power metering equipment requirements and  
25 power measurement data associated with the use of WAPA power under this Contract  
26 as follows:

27 15.1 Unless previously installed and furnished by WAPA, SMUD shall furnish,  
28 install, operate, maintain, and replace, meters and associated metering

1 equipment required for deliveries of WAPA power scheduled to each delivery  
2 point on the WAPA grid, the CAISO-controlled grid, a utility distribution company  
3 grid, or other electrical system, as may be applicable. Such meters shall comply  
4 with the all applicable meter requirements. For instance, meters on:

5 15.1.1 WAPA's system must meet WAPA's meter requirements;

6 15.1.2 CAISO's system must meet CAISO's meter requirements; and/or

7 15.1.3 Pacific Gas & Electric Company's (PG&E) system must meet  
8 PG&E's meter requirements.

9  
10 15.2 SMUD shall measure power deliveries and provide certified settlement-  
11 quality metering data to WAPA as requested. It is generally contemplated that  
12 WAPA will require this data on a monthly basis.

13  
14 15.3 If WAPA previously installed and furnished a meter to SMUD, WAPA shall  
15 be allowed unrestricted, unescorted access to its revenue meter equipment.  
16 SMUD shall provide a minimum of three (3) keys or the combination to SMUD's  
17 existing locks. Alternatively, WAPA may provide a WAPA-owned padlock(s).  
18 Access shall include all gates and/or doors required to access the metering  
19 equipment.

20  
21 15.4 Upon request by SMUD, to evidence receipt of the Environmental  
22 Attributes, WAPA shall timely provide meter data or other mutually agreed upon  
23 data to SMUD measuring the amount of CVP energy that is generated and  
24 delivered to SMUD. Upon mutual agreement of Customers, WAPA and  
25 Reclamation, such meters shall be modified or replaced to meet appropriate  
26 standards or requirements to convey CVP Environmental Attributes to  
27 Customers.

28 ///

16. **CHANGES IN ORGANIZATIONAL STATUS:**

16.1 If SMUD changes its organizational status or otherwise changes its obligation to supply electric power to Preference loads, WAPA reserves the right to adjust WAPA's power sales obligations under this Contract or to terminate this Contract, as WAPA deems appropriate. Changes in organizational status include but are not limited to:

16.1.1 Merging with another entity;

16.1.2 Acquiring or being acquired by another entity;

16.1.3 Creating a new entity from an existing one;

16.1.4 Joining or withdrawing from a member-based power supply organization; or

16.1.5 Adding or losing members from its membership organization.

16.2 For the purposes of this Section 16, a member is any Preference entity that is included in a membership, which has the responsibility of supplying power to the end-use consumer or Customer. Memberships include but are not limited to:

16.2.1 Municipality;

16.2.2 Cooperative;

16.2.3 Joint powers authority; or

16.2.4 Governmental agency.

16.3 For purposes of this Section 16, participation in a State promulgated direct access program shall not be deemed to be a change in a Customer's organizational status or its obligation to supply electric power to Preference loads.

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1 16.4 Prior to making an organizational change, SMUD may request an opinion  
2 from WAPA as to whether SMUD's proposed organizational change will result in  
3 an adjustment of SMUD's Base Resource percentage or termination under this  
4 Section 16. SMUD shall provide WAPA with all relevant documents and  
5 information regarding the proposed organizational change. Based on the  
6 documents and information furnished, WAPA will provide SMUD with an opinion.  
7

8 16.5 In addition to the above, if the change in organizational status results in a  
9 proposed transfer of the Contract, or any portion thereof, Section 37 of the  
10 General Power Contract Provisions (GPCP), "Transfer of Interest in Contract,"  
11 generally requires the Customer to obtain prior written approval from WAPA's  
12 Administrator. Organizational changes that typically propose transfer of the  
13 Contract, or a portion of the Contract, and require prior written approval from  
14 WAPA include but are not limited to:

15 16.5.1 Merging with another entity;

16 16.5.2 Acquiring or being acquired by another entity;

17 16.5.3 Joining an entity; and

18 16.5.4 Creating a new entity.  
19

20 17. **PROTOCOLS, BUSINESS PRACTICES AND PROCEDURES:**

21 WAPA reserves the right to make changes to protocols, business practices and  
22 procedures, as needed. Prior to making any changes, WAPA will provide notice to  
23 SMUD and provide SMUD with an opportunity to comment on such changes. WAPA  
24 will consider any comments made by SMUD before making any changes, and shall  
25 provide a written response to the comments. After a final decision is made by WAPA, if  
26 SMUD is not satisfied with the decision, SMUD shall have thirty (30) days from the date  
27 of WAPA's final decision to appeal the change to WAPA's Administrator. WAPA will not  
28 implement a change that has been appealed until a final decision by the Administrator.

1 Notwithstanding the provisions within this Section 17, SMUD shall retain its right to  
2 pursue other legal remedies available to it.

3  
4 18. **ENFORCEABILITY:**

5 It is not the intent of the Parties that this Contract confer any rights on third parties to  
6 enforce the provisions of this Contract except as required by law or express provision in  
7 this Contract. Except as provided in this Section 18, this Contract may be enforced, or  
8 caused to be enforced, only by WAPA or SMUD, or their successors or assigns.

9  
10 19. **GENERAL POWER CONTRACT PROVISIONS:**

11 The GPCP, effective September 1, 2007, attached hereto, are hereby made a part of  
12 this Contract, the same as if they had been expressly set forth herein; Except  
13 Section 11 shall not be applicable to this Contract. In the event of a conflict between  
14 the GPCP and the provisions in the body of this Contract, the Contract shall control.  
15 The usage of the term "Contractor" in the GPCP shall mean SMUD. The usage of the  
16 term "firm" in Articles 17 and 18 of the GPCP shall be deemed to be replaced with the  
17 words "Base Resource."

18  
19 20. **EXHIBITS MADE PART OF CONTRACT:**

20 Exhibit A (Base Resource Percentage and Point(s) of Delivery), Exhibit B (Exchange  
21 Program), Exhibit C (Regulation and Reserves), and Exhibit D (Rate Schedule) existing  
22 under this Contract may vary during the term hereof. Each of said exhibits shall  
23 become a part of this Contract during the term fixed by its provisions. Exhibits A, B, C,  
24 and D are attached hereto, and each shall be in force and effect in accordance with its  
25 terms until respectively superseded by a subsequent exhibit.

26 ///

27 ///

28 ///

21. **EXECUTION BY COUNTERPARTS:**

This Contract may be executed in any number of counterparts and, upon execution and delivery by each Party, the executed and delivered counterparts together shall have the same force and effect as an original instrument as if all Parties had signed the same instrument. Any signature page of this Contract may be detached by any counterpart of this Contract without impairing the legal effect of any signatures thereon, and may be attached to another counterpart of this Contract identical in form hereto, by having attached to it one or more signature pages.

22. **ELECTRONIC SIGNATURES:**

The Parties agree that this Contract may be executed by handwritten signature or digitally signed using Adobe Sign or Adobe E-Signature. An electronic or digital signature is the same as a handwritten signature and shall be considered valid and acceptable.

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1 **IN WITNESS WHEREOF**, the Parties have caused this Contract to be executed the day  
2 and year first above written.

3  
4 WESTERN AREA POWER ADMINISTRATION

5  
6 By:\_\_\_\_\_

7 Name: Arun K. Sethi

8 Title: Vice President of Power Marketing

9 for Sierra Nevada Region

10 Address: 114 Parkshore Drive

11 Folsom, CA 95630-4710

12  
13  
14  
15 SACRAMENTO MUNICIPAL  
16 UTILITY DISTRICT

17 By:\_\_\_\_\_

18 Attest: Name:\_\_\_\_\_

19 By:\_\_\_\_\_ Title:\_\_\_\_\_

20 Name:\_\_\_\_\_ Address:\_\_\_\_\_

21 Title:\_\_\_\_\_

SACRAMENTO MUNICIPAL UTILITY DISTRICT  
Resolution/Certificate

EXHIBIT A  
(Base Resource Percentage and Point(s) of Delivery)

1. This Exhibit A, to be effective under and as part of Contract 20-SNR-02354 (Contract), shall become effective upon execution of the Contract; and shall remain in effect until either superseded by another Exhibit A or termination of the Contract.
2. Pursuant to the Marketing Plan, SMUD's extended Base Resource percentage is 24.94590.
3. Pursuant to the Final 2025 Resource Pool Allocations, SMUD received 0.01735 percent of the Base Resource.
4. On the effective date of this Exhibit A, SMUD's percentage of the Base Resource is 24.96325.
5. SMUD's Base Resource percentage may be adjusted by WAPA as specified in the Contract.
6. SMUD's Base Resource percentage will be adjusted effective January 1, 2040, in accordance with the Marketing Plan, to establish the 2040 Resource Pool for new power allocations.
7. The point(s) of delivery on the CVP transmission system for SMUD's Base Resource shall be the Elverta 230-kV Substation, the Hurley 230-kV Substation, and Folsom 230-kV Substation, or as requested by SMUD and approved by WAPA.
8. All power deliveries provided under this Contract shall be adjusted for the applicable transformation and transmission losses on the 230-kV system. Additional transformation and/or transmission losses shall be applied to deliveries at other than the 230-kV level.
9. This Exhibit A shall be replaced by WAPA as necessary under the terms and conditions set forth in the Contract, and a signature is not required by either Party.

EXHIBIT B  
(Exchange Program)

1. This Exhibit B, to be effective under and as a part of Contract 20-SNR-02354, (Contract) shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit B or termination of the Contract.
2. SMUD is in agreement with the procedures set forth herein.
3. If necessary, WAPA retains the right to make subsequent revisions to Exhibit B after consultation with its Customers. At such time as WAPA promulgates a revision of this Exhibit B, SMUD shall have the option of either accepting the new revision to this Exhibit B or opting out of making purchases from the Exchange Program. If WAPA does not receive notice from SMUD opting out of making purchases from the Exchange Program within 30 days of SMUD's receipt of a revised Exhibit B, SMUD may automatically continue to make purchases from the Exchange Program if already participating.
4. Exchange Program:
  - 4.1 WAPA has established separate Exchange Program for the Full Load Service Customer group and the Variable Resource Customer group. A Customer cannot be in both the Full Load Service Customer group and the Variable Resource Customer group at the same time.
  - 4.2 The Exchange Program will take place on a pre-scheduled basis.
  - 4.3 Base Resource power in excess of a Customer's load in any hour will be distributed by WAPA in the applicable Exchange Program group (Full Load Service or Variable Resource).
  - 4.4 A Customer may choose whether to make purchases from the Exchange Program for its group. Participation in making purchases from the Exchange Program requires a Customer to accept Exchange Program power if it has load in that hour. However, even if a Customer chooses not to participate in making purchases, if that Customer's Base Resource amount exceeds its load in any hour, the excess will go into the Exchange Program for that Customer's group for that hour, for use by participating Customers with load not met by Base Resource power in that hour. In other words, the retention of Base Resource in excess of a Customer's load is mandatory, while participation in making purchases from the Exchange Program is voluntary.

4.5 If a Customer chooses not to make purchases from the Exchange Program, a written notice to that effect must be submitted to WAPA by November 1, 2024. Thereafter, a Customer must submit a written notice to WAPA at least one (1) month prior to changing its participation status; Except if a Customer has elected to make purchases from the Exchange Program and subsequently changes its participation status, the Customer must wait a minimum of one (1) year to again participate in the Exchange Program. Participation status will change on the first day of the month following the required notice period or the minimum one (1) year waiting period.

4.6 A Customer must use its Base Resource power prior to using any other source to meet its load, unless agreed to by WAPA in writing. A Customer participating in the Exchange Program must use Exchange Program power prior to any other source to meet its load, unless agreed to by WAPA in writing.

4.7 Each participating Customer in each group will receive an equal share in megawatts of that group's Exchange Program power available for that hour, up to the Customer's unmet load in that hour.

4.8 Any Exchange Program power that is excess to a Customer's unmet load will go back to the Exchange Program for the group to which the Customer belongs, for that same hour. This power will be reallocated to participating Customers in that group on an equal basis until either that group's Exchange Program has no remaining power in that hour, or no participating Customers in that group have unmet load in that hour.

4.9 If there is power remaining in the Full Load Service Exchange Program or the Variable Resource Exchange Program in any hour, and none of the participating Customers in that group have unmet load in that hour, the remaining power will go to the other group's Exchange Program for that same hour.

4.10 If, in any hour, no participating Customers have unmet load but there is power remaining in either group's Exchange Program, that power may be offered for sale by WAPA unless the amount of power is de minimis.

4.11 Customers' power bills will be adjusted to reflect transactions into and out of the Exchange Program.

EXHIBIT C  
(Regulation and Reserves)

1. This Exhibit C to be effective under and as a part of Contract 20-SNR-02354 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit C or termination of the Contract.
2. Definitions of Terms:
  - 2.1 Contingency Reserve: An additional amount of operating reserves sufficient to reduce Area Control Error (ACE) to zero in ten minutes following loss of generating capacity, which would result from the most severe single contingency. Contingency Reserves will consist of Spinning and Nonspinning Reserves.
  - 2.2 Frequency Response Reserves: Spinning Reserves which provide the required Frequency Response needed for the reliable operation of an interconnection. The energy is provided by the generator's governor's response to a frequency deviation from scheduled system frequency.
  - 2.3 Nonspinning Reserve: That operating reserve not connected to the system but capable of serving demand within ten minutes, or interruptible load that can be removed from the system within ten minutes.
  - 2.4 Spinning Reserve: Unloaded generation which is synchronized and ready to serve additional demand.
3. WAPA's Disposition of Contingency Reserves and Regulation:
  - 3.1 Contingency Reserves: WAPA will provide all Base Resource schedules with Contingency Reserves, including Spinning, Nonspinning, and Frequency Response Reserves. Contingency Reserves will be provided from CVP generation as available, or procured from other sources as necessary.
  - 3.2 Regulation: WAPA will not provide Regulation with Base Resource schedules. Any sales of Regulation by WAPA will be credited against the Power Revenue Requirement.

EXHIBIT D  
(Rate Schedule)

1. This Exhibit D to be effective under and as a part of Contract 20-SNR-02354 (Contract), shall become effective upon execution of the Contract; and, shall remain in effect until superseded by another Exhibit D or termination of the Contract.
2. The CVP Schedule of Rates for Base Resource and First Preference Power (CV-F13) begins on page 2 of this Exhibit D.
3. This Exhibit D shall be replaced by WAPA as necessary under the terms and conditions set forth in the Rate Schedule, and a signature is not required by either Party.

**RESOLUTION NO. \_\_\_\_\_**

**WHEREAS**, by Resolution No. 00-09-06, adopted September 7, 2000, this Board approved the **Contract for Electric Service Base Resource (Contract No. 00-SNR-00346)** with the United States Department of Energy **Western Area Power Administration (WAPA)**, which expires on December 31, 2024; and

**WHEREAS**, SMUD and other **WAPA** customers with similar contracts worked with **WAPA** to develop long-term Base Resource power supply contracts for post-2024 under **WAPA's 2025 Power Marketing Plan** which was established with the benefit of public input; and

**WHEREAS**, the new **Contract for Electric Service Base Resource (Contract No. 20-SNR-02354)** provides SMUD with an average of 648,000 MWh/year (24.96325% share of the Base Resource) for a 30-year term, subject to adjustment in 2040, which provides economic zero carbon power and will be a key contributor to achieving SMUD's **2030 Zero Carbon Plan**; and

**WHEREAS**, this energy resource also provides SMUD with valuable firm capacity and Resource Adequacy, maximizing summer peaking, subject to significant environmental constraints based on the variable nature of Northern California hydroelectric generation; and

**WHEREAS**, approximately three percent of Base Resource generation comes from small hydroelectric facilities which also qualify toward our California Renewables Portfolio Standard (RPS) requirements; and

**WHEREAS**, CVP economics are forecasted to be positive for the term of the agreement, but given that market conditions for energy may change during the



30-year term, **Contract No. 20-SNR-02354** provides customers with the unilateral option to reduce their Base Resource share or terminate the agreement approximately every five years; and

**WHEREAS, Contract No. 20-SNR-02354** also provides customers with the option to reduce their Base Resource percentage or terminate the contract for any reason through June 30, 2024, which is six months prior to the start of the term of the agreement; and

**WHEREAS**, SMUD's status as a CVP customer under **Contract No. 20-SNR-02354** provides significant additional transmission opportunities under separate contracts with **WAPA** to access economical and carbon free energy from the Pacific Northwest; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

**Section 1.** That the Chief Executive Officer and General Manager, or his designee, is hereby authorized to execute the **Contract for Electric Service Base Resource (Contract No. 20-SNR-02354)** with the United States Department of Energy **Western Area Power Administration (WAPA)** for a 30-year term of January 1, 2025, through December 31, 2054, with option to reduce or terminate Base Resource Share, prior to the start date and approximately every five years thereafter, substantially in the form of **Attachment \_\_\_\_** hereto.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the contract;

(b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.



SSS No.

CFO 20-016

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

N/A

Board Meeting Date

February 18, 2021

TO					TO									
1.	Gary King				6.									
2.	Jennifer Davidson				7.									
3.					8.									
4.					9.	Legal								
5.					10.	CEO & General Manager								
Consent Calendar					x	Yes	No If no, schedule a dry run presentation.			Budgeted	x	Yes	No (If no, explain in Cost/Budgeted section.)	
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)

12

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No. SCS 21-018

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
N/ABoard Meeting Date  
February 18, 2021

TO					TO						
1.	Robert Adams				6.						
2.	Casey Fallon				7.						
3.	Gary King				8.						
4.	Jennifer Davidson				9.	<b>Legal</b>					
5.					10.	<b>CEO/GM</b>					
<b>Consent Calendar</b>		<b>Yes</b>	<b>X</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>		<b>Yes</b>	<b>X</b>	<b>No</b> - informational item	
FROM (IPR) Rebecca Rodriguez				DEPARTMENT Procurement Operations				MAIL STOP EA404		EXT. 5648	
DATE SENT 2/2/2021											
<b>NARRATIVE:</b>											
<b>Requested Action:</b>		Informational Item – SMUD Procurement Quarterly Report – 4 <sup>th</sup> Quarter 2020									
<b>Summary:</b>		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.									
<b>Board Policy:</b> (Number & Title)		This report is provided to demonstrate compliance with SMUD Policy BL-8 and the following Policy Elements:									
		<ul style="list-style-type: none"> <li>• Competition</li> <li>• Direct Procurement</li> <li>• Sole Source Procurement</li> <li>• Inclusiveness</li> <li>• Environmental Procurement</li> <li>• Responsible Bidder</li> <li>• Best Value Procurement</li> <li>• Strategic Alliances</li> <li>• Protest Policy</li> </ul>									
<b>Benefits:</b>		Ensures compliance with Public Contracting and Best Value procurement principles.									
<b>Coordination:</b>		Procurement Operations, Board Office									
<b>Presenter:</b>		Casey Fallon, Director of Procurement, Warehouse & Fleet									

SUBJECT

SMUD Procurement Policy Quarterly Report – 4<sup>th</sup> Quarter 2020

ITEM NO. (FOR LEGAL USE ONLY)

13

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.