

**BOARD FINANCE COMMITTEE REVIEW**

**2022 PROPOSED BUDGET**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
FINANCING AUTHORITY**

**November 2021**

SACRAMENTO MUNICIPAL UTILITY  
DISTRICT FINANCIAL AUTHORITY (SFA):

Campbell Power Plant (includes McClellan Power Plant)

Carson Power Plant

Cosumnes Power Plant

Procter & Gamble Power Plant



**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY**  
P.O. Box 15830, Sacramento, CA 95852-1830

Cosumnes Power Plant

October 21, 2021  
SFA 21-007

**TO: JPA COMMISSION**

**SUBJECT: 2022 PROPOSED JPA BUDGETS (as follows):**  
**SFA – Campbell Power Plant Budget (includes McClellan Power Plant)**  
**SFA – Carson Power Plant Budget**  
**SFA – Cosumnes Power Plant Budget**  
**SFA – Procter Power Plant Budget**

We are pleased to present the proposed 2022 Operating Budgets for the Sacramento Municipal Utility District Financing Authority (SFA). These budgets represent the anticipated expenses for the operation of the SFA fleet.

The Operating Budgets for the Authority for the period of January 1, 2022 to December 31, 2022 totals \$243,161,507 for Operations & Maintenance, \$7,878,318 for Administrative & General, \$11,420,500 for Principal & Interest and \$19,630,935 for Capital Expenditures. The Budgets' assumptions and supporting financial schedules are included for your information and review. Should you have any questions regarding these proposed 2022 Operating Budgets, please don't hesitate to contact me at (916) 732-5055.

Sincerely,

Joyce Hribar  
Manager, Thermal Generation Assets

**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY**  
**2022**  
**BUDGET SUMMARY**

	2021 BUDGET	2022 BUDGET	NET CHANGE PERCENT
<b>GENERATION (MWh)</b>	4,610,564	5,476,312	19%
<b>FUEL</b>			
Natural Gas Expenses	\$102,543,176	\$141,846,012	38%
Biogas Expense	\$55,642,771	\$54,770,608	-2%
Natural Gas Commodity (\$/MMBtu)	\$2.31	\$2.71	17%
Digester Gas for Generation	\$0	\$0	
Digester Gas for Resale	\$1,513,272	\$641,108	-58%
Auxiliary Boiler Fuel Costs	\$1,381,124	\$308,694	-78%
<b>TOTAL FUEL EXPENSES</b>	<b>\$161,080,342</b>	<b>\$197,566,422</b>	<b>23%</b>
<b>PLANT OPERATION &amp; MAINTENANCE</b>			
Station Service Energy Costs	\$1,768,281	\$2,398,055	36%
Operator Fees & Bonus	\$31,535,397	\$30,975,505	-2%
Lease Engine Program	\$0	\$199,729	
Site Lease/Mitigation Fees	\$209,413	\$215,649	3%
JPA Administrative and Other Expenses	\$1,696,775	\$1,737,647	2%
Overhaul Expenses	\$8,994,000	\$10,068,500	12%
<b>TOTAL PLANT OPERATION &amp; MAINTENANCE</b>	<b>\$44,203,866</b>	<b>\$45,595,086</b>	<b>3%</b>
<b>TOTAL O&amp;M COSTS</b>	<b>\$205,284,208</b>	<b>\$243,161,507</b>	<b>18%</b>
<b>ADMINISTRATIVE &amp; GENERAL</b>			
SMUD Labor	\$1,697,851	\$1,843,870	9%
Outside Services, other Admin & General	\$361,932	\$158,585	-56%
Insurance	\$5,363,323	\$5,875,863	10%
<b>TOTAL ADMINISTRATIVE &amp; GENERAL</b>	<b>\$7,423,106</b>	<b>\$7,878,318</b>	<b>6%</b>
<b>INTEREST EXPENSE</b>			
Interest on Bonds	\$5,331,750	\$4,773,000	-10%
<b>DEBT SERVICE PRINCIPAL REPAYMENT</b>			
Bond Principal Set Aside	\$11,175,000	\$6,647,500	-41%
<b>TOTAL PRINCIPAL &amp; INTEREST</b>	<b>\$16,506,750</b>	<b>\$11,420,500</b>	<b>-31%</b>
<b>CAPITAL EXPENDITURES</b>			
PLANNED CAPITAL EXPENSES	\$1,362,255	\$19,630,935	1341%
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$1,362,255</b>	<b>\$19,630,935</b>	<b>1341%</b>

Sacramento Municipal Utility District  
Financing Authority (SFA)  
Draft 2022 Budget

Campbell Power Plant Budget  
(includes McClellan Power Plant)

## **2022 SFA - CAMPBELL / MCCLELLAN BUDGET**

The Sacramento Power Authority (SPA) was a Joint Powers Agency(JPA) formed in 1993 by Sacramento Municipal Utility District (SMUD) and the SMUD Financing Authority (SFA) for the purpose of acquiring, constructing, financing and operating the SPA Cogeneration Project (Project). SPA sold Cogeneration Project Revenue Bonds (Bonds) in December 1995 and the proceeds have been used to construct the Project, also known as SPA Cogen III. Construction and start-up testing were completed in the third quarter of 1997 and commercial operation began on December 4, 1997. In April 2005, SPA sold Cogeneration Project Refunding Bonds (Refunding Bonds), completely retiring all previously issued bonds. In July 2015, SPA completely retired all of the outstanding Refunding Bonds and restructured the Power Purchase Agreement (PPA) between SPA and SMUD.

The Project is located at 3215 47<sup>th</sup> Avenue, Sacramento, CA. The plant consists of a 160 MW clean-burning gas-fired combined cycle turbine generator unit. Besides electricity, the plant is capable of generating steam, which could be sold to a suitable steam host. The plant's original steam host, Campbell Soup Supply Company, closed their factory in 2013 and no suitable replacement has been identified. The plant burns natural gas, which is supplied through natural gas pipelines owned and operated by SMUD. SMUD has designed and built transmission and telecommunications facilities to integrate the Project into SMUD's electrical system.

On May 11, 2007, SPA acquired ownership of the McClellan Gas Turbine (McClellan) facility from SMUD through an Asset Sales Agreement. At that time, the operation and maintenance of McClellan became a secondary function of the SPA. The McClellan gas turbine is a 72 MW simple cycle combustion turbine with both fast and black start capabilities. McClellan has been in commercial operation at the McClellan business park in Sacramento County since 1986. All of the electricity produced by McClellan is sold to SMUD.

On November 1, 2021, SPA will be transferring ownership of the SPA Cogeneration Project and McClellan Gas Turbine to SFA and renaming the plant names to Campbell Power Plant (Campbell) and McClellan Power Plant (McClellan), respectively.

This 2022 SFA - CAMPBELL / MCCLELLAN budget covers the expected financial operations of SFA and the Campbell and McClellan Power Plants from January 1, 2022 through December 31, 2022. The Budget is divided into two parts. The first part is the SFA - CAMPBELL / MCCLELLAN expense budget as shown on the Budget Summary. These budgets represent expenses to be incurred and/or paid by SFA in 2022 in the course of running Campbell and McClellan and conducting the business of SFA - CAMPBELL / MCCLELLAN. The second part of the budget lists capital and other expenditures proposed for 2022. Also included in this document is a pro forma financial statement. This statement incorporates SFA - CAMPBELL / MCCLELLAN's revenues and non-cash expenses such as depreciation to show the complete financial results of operations for the year.

The operation of SFA and Campbell and McClellan is governed by a series of agreements among the JPA members and outside parties. A description of these agreements follows:

**JOINT POWERS AGREEMENT (JPA)** between SMUD and SFA. SFA has no employees; SMUD will provide technical and administrative services for SFA pursuant to the PPA. The SFA Board consists of the SMUD Board.

**POWER PURCHASE AGREEMENT (PPA)** between SMUD and SFA. SFA has agreed to sell to SMUD and SMUD has agreed to purchase the energy and capacity from the Campbell and McClellan Power Plants. SMUD will pay SFA for its costs whether or not the plants are operating. This agreement will be in effect until terminated by SMUD. This agreement covers the terms of how Campbell and McClellan will be operated (SMUD will dispatch) and the calculation of payments from SMUD to SFA for operation of the Campbell and McClellan.

**GAS SUPPLY AGREEMENT (GSA)** between SMUD and SFA. SMUD will arrange for all natural gas supply and transportation requirements for Campbell and McClellan. SMUD will charge SFA for SMUD's actual supply and transportation costs properly allocable to each Campbell and McClellan.

**OPERATIONS & MANAGEMENT AGREEMENT (O&M AGREEMENT)** between SFA and EthosEnergy Power Plant Services (Ethos), the plant operator. SFA has contracted with Ethos to operate, repair, overhaul and maintain the Campbell and McClellan Power Plants for a five year term effective January 1, 2016, in exchange for payments tied to specified plant performance standards. On August 21, 2020 SFA exercised a one-sided renewal clause extending the agreement for a second five year term.

**GROUND LEASE AGREEMENT** between SMUD and SFA covers the terms of SFA's ground lease for the property on which the Campbell Power Plant is located.

**CAMPBELL POWER PLANT (INCLUDES McCLELLAN)**  
**2022**  
**BUDGET SUMMARY**

	2021 BUDGET	2022 BUDGET	NET CHANGE PERCENT
<b>GENERATION (MWh)</b>	277,082	590,901	113%
<b>FUEL</b>			
Gas Turbine Fuel Expenses	\$8,727,253	\$20,613,936	136%
Natural Gas Commodity (\$/MMBtu)	\$2.31	\$2.71	17%
Biogas Fuel Costs	\$0	\$0	
Auxiliary Boiler Fuel Costs	\$0	\$0	
<b>TOTAL FUEL EXPENSES</b>	<b>\$8,727,253</b>	<b>\$20,613,936</b>	<b>136%</b>
<b>PLANT OPERATION &amp; MAINTENANCE</b>			
Station Electrical Service	\$327,818	\$840,000	156%
Operator Fixed Fees	\$3,217,595	\$3,271,292	2%
Operator Reimbursable expenses	\$3,620,625	\$3,371,103	-7%
Operator Bonus	\$397,824	\$436,178	10%
JPA Administrative and Other Expenses	\$703,271	\$706,570	0%
Maintenance Overhaul Expenses	\$730,000	\$598,000	-18%
<b>TOTAL PLANT OPERATION &amp; MAINTENANCE</b>	<b>\$8,997,133</b>	<b>\$9,223,144</b>	<b>3%</b>
<b>TOTAL O&amp;M COSTS</b>	<b>\$17,724,386</b>	<b>\$29,837,079</b>	<b>68%</b>
<b>ADMINISTRATIVE &amp; GENERAL</b>			
SMUD Labor	\$474,172	\$526,788	11%
Outside Services	\$92,422	\$46,230	-50%
Insurance	\$1,129,121	\$1,237,024	10%
<b>TOTAL ADMINISTRATIVE &amp; GENERAL</b>	<b>\$1,695,714</b>	<b>\$1,810,041</b>	<b>7%</b>
<b>CAPITAL EXPENDITURES</b>			
Capital Overhaul/Improvements	\$0	\$0	
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	



## **2022 SFA - CAMPBELL / MCCLELLAN BUDGET ASSUMPTIONS**

The 2022 SFA - CAMPBELL / MCCLELLAN Budget is based on the following assumptions:

**PLANNED GENERATION** from Campbell and McClellan during the January 1, 2022 to December 31, 2022 budget period, as taken from SMUD's 2022 Resource Operating Plan (ROP), dated October 2021, is 571,749 MWh for Campbell and 19,152 MWh for McClellan, for a grand total of 590,901 MWh. Monthly generation is shown on the Operating Assumptions table later in this document.

**HEAT RATE** is based on loading assumptions from the ROP and averages 8,576 Btu/KWh for Campbell and 13,069 Btu/KWh for McClellan.

**NATURAL GAS PRICES** are based on SMUD's actual costs obligated to firm natural gas purchases and estimates for the non-firm portion prepared by SMUD's Energy Trading & Contracts group. The variable rate is based on the latest available PIRA forecast of commodity prices by month for 2022, plus 3.2% fuel use. The fixed component represents SFA - CAMPBELL / MCCLELLAN's pro rata share of fixed capacity costs on the ANG/NOVA/PGT interstate pipelines, and its pro rata share of depreciation, interest and O&M costs on SMUD's ownership interest in the PG&E Line 300/401 interstate pipeline and SMUD's local gas pipeline. The monthly prices are shown on the Operating Assumptions page.

**FIXED OPERATING FEE** to be paid from SFA to Ethos is based on the flat annual base operating fee per the O&M Agreement. This payment is assumed to cover all direct and indirect labor costs, including benefits, taxes, insurance, home office support, management and supervision incurred by Ethos. This payment escalates in future years at 2.5% per year in accordance with the existing O&M Agreement.

**NET DEPENDABLE CAPACITY (NDC)** for budget purposes is assumed to be 163.97 MW for Campbell and 72 MW for McClellan based on NDC tests performed during acceptance testing in 1997 and 2001, respectively.

**REIMBURSABLE OPERATING COSTS** to be paid from SFA to Ethos are based on estimated variable plant operating costs, excluding fuel, to be incurred by Ethos in 2022.

**MAINTENANCE/OVERHAUL EXPENSE** is based on direct SFA - CAMPBELL / MCCLELLAN expenditures for maintenance or overhaul activities or overhaul activities performed by Ethos, SMUD or an independent outside contractor. The total 2022 budget for maintenance / overhaul is \$9.223 million.

2022 CAMPBELL POWER PLANT (INCLUDES McCLELLAN) BUDGET DETAIL  
OPERATING ASSUMPTIONS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Resource Operating Plan:													
Combined Cycle Power Plants:													
Generation (MWh)	111,434	14,123	36,571	23,526	3,078	6,124	100,450	107,060	89,792	3,936	14,503	61,151	571,749
Natural Gas (1000's of MMBtu)	923	121	326	208	28	55	837	886	746	34	121	506	4,792
Biogas (1000's of MMBtu)	-	-	-	-	-	-	-	-	-	-	-	-	-
Model Average Heat Rate (Btu/kWH)	8,285	8,549	8,915	8,853	8,989	9,039	8,332	8,275	8,311	8,726	8,362	8,272	8,576
Combined Cycle Power Plant:													
Capacity (Megawatts Net)	159.80	159.80	159.80	159.80	169.80	169.80	169.80	169.80	169.80	159.80	159.80	159.80	163.97
Budgeted Net Heat Rate (Btu/kWH)	8,285	8,549	8,915	8,853	8,989	9,039	8,332	8,275	8,311	8,726	8,362	8,272	8,576
Availability (IEEE)	100%	79%	78%	100%	100%	100%	100%	100%	88%	83%	100%	100%	94%
Budgeted Capacity Factor	94%	13%	31%	20%	2%	5%	80%	85%	73%	3%	13%	51%	39%
McClellan Power Plant:													
Generation (MWh)	-	-	-	504	-	-	4,176	8,280	4,464	-	1,728	-	19,152
Natural Gas (1000's of MMBtu)	-	-	-	7	-	-	55	108	58	-	23	-	250
Model Average Heat Rate (Btu/kWH)	-	-	-	13,119	-	-	13,057	13,058	13,060	-	13,052	-	13,069
Simple Cycle Power Plant:													
Capacity (Megawatts Net)	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00	72.00
Budgeted Net Heat Rate (Btu/kWH)	-	-	-	13,119	-	-	13,057	13,058	13,060	-	13,052	-	13,069
Availability (IEEE)	100%	79%	100%	100%	100%	100%	100%	100%	88%	83%	100%	100%	96%

## **2022 SFA - CAMPBELL / MCCLELLAN BUDGET**

### **LINE ITEM DETAIL**

The following schedules show a monthly breakdown of the line items within the SFA - CAMPBELL / MCCLELLAN budget:

#### **FUEL EXPENSE**

This schedule shows detail of the budgeted expense for fuel to be burned at Campbell and McClellan.

Natural gas is the primary fuel for both Campbell and McClellan and will be procured by SMUD per the GSA. The gas will be delivered to each plant through SMUD's capacity interest on the ANG/NOVA/PGT and Line 300/401 interstate pipelines, or other contracted routes, and SMUD's local natural gas pipeline. The local natural gas pipeline, which became operational in April 1996, connects the Campbell Power Plant (and three other local gas-fired plants) to PG&E's interstate gas pipeline.

Under the GSA, SMUD will handle the actual procurement and transportation arrangements for SFA. The assumed variable cost for natural gas is taken from the latest available SMUD forecast. The fuel budget also includes a pro rata share of fixed costs incurred by SMUD to own and operate its interest in the PG&E Line 300/401 pipeline and its local natural gas pipeline which connects the local generation plants to PG&E's gas pipeline.

**2022 CAMPBELL POWER PLANT (INCLUDES McCLELLAN) BUDGET DETAIL**  
**FUEL EXPENSE**

Fuel Usage in Thousands of MMBtu/Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Combined Cycle Unit:</b>													
Comb Cycle Generation MWh Adjusted by 100%	111,434	14,123	36,571	23,526	3,078	6,124	100,450	107,060	89,792	3,936	14,503	61,151	571,749
Average Heat Rate Btu/kWh	8,285	8,549	8,915	8,853	8,989	9,039	8,332	8,275	8,311	8,726	8,362	8,272	8,576
Comb Cycle Fuel Usage (1000's of MMBtu)	923	121	326	208	28	55	837	886	746	34	121	506	4,792
Natural Gas Variable Price \$/MMBtu	\$4.25	\$3.30	\$2.27	\$0.49	\$0.40	\$2.33	\$3.26	\$3.48	\$3.23	\$3.46	\$2.83	\$3.19	\$2.71
<b>Peaker Unit:</b>													
McClellan Generation MWh	-	-	-	504	-	-	4,176	8,280	4,464	-	1,728	-	19,152
Average Heat Rate Btu/kWh	-	-	-	13,119	-	-	13,057	13,058	13,060	-	13,052	-	13,069
Peaker Natural Gas Usage (1000's of MMBtu)	-	-	-	7	-	-	55	108	58	-	23	-	250
Natural Gas Variable Price \$/MMBtu	\$4.25	\$3.30	\$2.27	\$0.49	\$0.40	\$2.33	\$3.26	\$3.48	\$3.23	\$3.46	\$2.83	\$3.19	\$2.71
Biogas Variable Expense (Commodity)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Natural Gas Variable Expense (Commodity)	\$3,928	\$398	\$740	\$106	\$11	\$129	\$2,907	\$3,457	\$2,600	\$119	\$408	\$1,612	\$16,414
<b>Demand, Storage, &amp; Procurement</b>													
Demand, Storage, & Procurement	\$149	\$149	\$149	\$149	\$149	\$149	\$149	\$149	\$149	\$149	\$149	\$149	\$1,788
Amortization of Deferred Capacity	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$100
<b>SMUD Fixed Gas Expenses:</b>													
SMUD Pipeline Depreciation	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$174
SMUD Pipeline Interest Charges	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$127
SMUD Pipeline O&M Charges	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$1,110
TOTAL SMUD Fixed Gas Expenses	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$118	\$1,411
<b>PG&amp;E Line 300/401:</b>													
Line 300/401 Investment Amortization	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$446
Line 300/401 Interest Charges	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$20	\$241
Line 300/401 Property Taxes	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$8	\$99
Line 300/401 O&M Charges	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$114
TOTAL PG&E Line 300/401	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$901
Combined Cycle Natural Gas Expenses	\$4,278	\$748	\$1,090	\$456	\$361	\$479	\$3,257	\$3,807	\$2,950	\$469	\$758	\$1,962	\$20,614
TOTAL FUEL EXPENSES	\$4,278	\$748	\$1,090	\$456	\$361	\$479	\$3,257	\$3,807	\$2,950	\$469	\$758	\$1,962	\$20,614

## **2022 SFA - CAMPBELL / MCCLELLAN BUDGET**

### **LINE ITEM DETAIL**

#### **PLANT OPERATIONS & MAINTENANCE**

**OPERATOR FEES:** The budget for operator fees and plant operating expenses represents fees to be paid to Ethos under the terms of the O&M Agreement, plus actual plant operating expenses incurred by Ethos and reimbursed from SFA without markup. The budget shows the portion paid to Ethos as an operating expense.

Under the terms of the O&M Agreement, Ethos is reimbursed for all plant operating and maintenance expenses, and repairs.

**PERFORMANCE BONUSES:** Ethos will earn performance bonuses under the O&M Agreement if the combined cycle Equivalent Forced Outage Factor is less than five percent (5%). Ethos will also earn bonuses for maintaining a peaking plant successful call-up ratio based on how successfully the unit starts and generates electricity when needed. The 2022 budget assumes that Ethos will successfully earn these bonuses.

**WATER/SEWAGE:** This represents the estimated cost of cooling and make-up water and sewage treatment and disposal required to operate the Campbell and McClellan Power Plants.

**STATION SERVICE ELECTRICITY:** SFA will pay SMUD under the terms of SMUD's Rules and Regulations for station service capacity and energy for Campbell and McClellan. Campbell and McClellan are connected to SMUD's system to insure that power is available to run plant systems during planned or unplanned outages.

**SITE LEASE:** This represents payments made by SFA to SMUD for the use of approximately 4.8 acres for the Campbell site under the Ground Lease Agreement.

**2022 SFA - CAMPBELL / MCCLELLAN BUDGET**  
**LINE ITEM DETAIL**

**OPERATING AND ADMINISTRATIVE COSTS**

**OPERATING EXPENSES:** Under the terms of the O&M Agreement and PPA, various tests (heat rate, NDC, etc.) of plant operations may be required by SMUD or SFA – CAMPBELL/MCCLELLAN during the year. This line item covers the estimated reimbursement to Ethos for performing such tests, or for other items not covered by the O&M Agreement.

2022 CAMPBELL POWER PLANT (INCLUDES McCLELLAN) BUDGET DETAIL  
PLANT OPERATION & MAINTENANCE

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Net Dependable Capacity CC (MW)	159.80	159.80	159.80	159.80	169.80	169.80	169.80	169.80	169.80	159.80	159.80	159.80	163.97
Monthly Operating Hours	697	88	229	147	18	36	592	631	529	25	91	383	3,465
OPERATOR FEES:													
Monthly Fixed Operating Fee	\$267	\$241	\$267	\$258	\$267	\$258	\$267	\$267	\$258	\$267	\$258	\$267	\$3,143
Reimbursable Operator Expenses	\$119	\$120	\$325	\$672	\$291	\$412	\$270	\$147	\$224	\$449	\$203	\$139	\$3,371
Availability Bonus	\$49	\$49	\$6	\$6	\$6	\$86	\$86	\$86	\$86	\$49	\$6	\$49	\$564
TOTAL OPERATOR FEES:	\$435	\$411	\$599	\$936	\$564	\$756	\$622	\$499	\$568	\$765	\$468	\$455	\$7,079
Overhaul Expenses	\$0	\$0	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$598
Operating Expenses (less Overhaul Expenses)	\$435	\$411	\$599	\$936	\$564	\$756	\$622	\$499	\$568	\$765	\$468	\$455	\$7,079
Station Service Energy Costs:	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$70	\$840
JPA Administrative and Other Expenses:													
Water	\$36	\$36	\$36	\$36	\$36	\$36	\$36	\$36	\$36	\$36	\$36	\$36	\$437
Sewage	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$42
Site Lease - pmt. based on acreage	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$75
Fiber Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EPA & State of CA Permit Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$30	\$92	\$0	\$0	\$30	\$0	\$152
JPA Administrative and Other Expenses Total:	\$46	\$46	\$46	\$46	\$46	\$46	\$76	\$139	\$46	\$46	\$76	\$46	\$707
TOTAL OPERATION & MAINTENANCE	\$551	\$527	\$715	\$1,651	\$681	\$872	\$768	\$708	\$684	\$881	\$614	\$572	\$9,223

## **2022 SFA - CAMPBELL / MCCLELLAN BUDGET**

### **LINE ITEM DETAIL**

#### **SMUD ADMINISTRATIVE & GENERAL**

Under the terms of the JPA, SMUD will provide staff to perform administrative and technical support services to SFA – CAMPBELL/MCCLELLAN and arrange for insurance coverage, and SMUD will be reimbursed for the cost of providing these services subject to available funds per the priority of distribution of SFA – CAMPBELL/MCCLELLAN revenues.

**INSURANCE:** SFA – CAMPBELL/MCCLELLAN is required to maintain comprehensive general liability, all risk property insurance, umbrella excess liability insurance, and such other insurance as deemed necessary or prudent. Under the terms of the PPA, SMUD arranges for SFA – CAMPBELL/MCCLELLAN's insurance.

**SMUD LABOR:** This line item represents the reimbursable portion of the cost of salaries and wages and associated employee benefits for SMUD employees from Power Generation, Projects Development, Gas Pipeline Operations, Treasury, Accounting, Risk Management, Budget Office, Legal, Electric System Design, and others who will perform administrative and technical support services for SFA - CAMPBELL / MCCLELLAN.

**OUTSIDE SERVICES:** SMUD will contract with engineering specialists to assist in technical engineering and regulatory compliance issues which arise during operation.

**INDEPENDENT AUDITOR:** SFA retains the services of an Independent Auditor to audit and certify the SFA financial statements and evaluate internal controls applicable to SFA.



2022 CAMPBELL POWER PLANT (INCLUDES McCLELLAN) BUDGET DETAIL  
ADMINISTRATIVE & GENERAL

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INSURANCE:	\$92	\$92	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$105	\$1,237
SMUD Administrative & General:													
Independent Engineer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Independent Auditor	\$0	\$14	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$20
SPA Insurance Vessel Inspection	\$0	\$0	\$0	\$7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7
Outside Services	\$1	\$1	\$1	\$1	\$1	\$1	\$7	\$1	\$1	\$1	\$1	\$1	\$19
TOTAL SMUD SUPPORT:	\$1	\$15	\$4	\$8	\$1	\$1	\$7	\$1	\$1	\$1	\$1	\$4	\$46
SMUD Labor	\$44	\$39	\$42	\$43	\$43	\$45	\$48	\$43	\$46	\$44	\$43	\$46	\$527
TOTAL ADMINISTRATIVE & GENERAL	\$136	\$146	\$152	\$157	\$150	\$152	\$160	\$150	\$153	\$151	\$149	\$155	\$1,810

**2022 SFA - CAMPBELL / MCCLELLAN BUDGET**  
**LINE ITEM DETAIL**

**CAPITAL EXPENDITURES**

SFA - CAMPBELL / MCCLELLAN has no planned Capital Expenditures for 2022.

**2022 CAMPBELL POWER PLANT (INCLUDES McCLELLAN) BUDGET DETAIL**  
**CAPITAL EXPENDITURES**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Plant Betterments (Released Fund):													
Plant Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Decommissioning Fund (Transfer)													
Total Plant Modifications & Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL O&M COSTS (Excluding Capital items)	\$4,965	\$1,421	\$1,956	\$2,263	\$1,191	\$1,502	\$4,186	\$4,665	\$3,786	\$1,501	\$1,521	\$2,688	\$31,647

## **2022 SFA - CAMPBELL / MCCLELLAN BUDGET PRO FORMA FINANCIAL SCHEDULES**

SFA – CAMPBELL/MCCLELLAN maintains its accounting records in accordance with Generally Accepted Accounting Principles and generally follows the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The following schedules are the Statements of Revenue, Expenses and changes in Net Position and Revenue Detail Schedule, which show the projected results of operations, for SFA - CAMPBELL / MCCLELLAN during the 2022 budget period based on the 2020 budget assumptions and expense and capital budgets.

### **REVENUE DETAIL**

The following schedule details expected SFA - CAMPBELL / MCCLELLAN Revenue during the 2022 budget period.

**ELECTRIC REVENUE:** Under the terms of the PPA, SMUD is obligated to make monthly capacity and energy payments to SFA - CAMPBELL / MCCLELLAN for capacity and energy provided by SFA - CAMPBELL / MCCLELLAN. These payments are based on certain assumptions and rates, which were detailed under Budget Assumptions. The Capacity Sales Revenue estimate assumes the plant operator will maintain the minimum availability factor for the combined cycle plant necessary to qualify for maximum payments.

**OPERATING PAYMENT:** Under the terms of the PPA, SMUD will pay SFA an amount equal to the sum of all costs and expenses payable by SFA pursuant to the Lease and Property Agreement, the O&M Agreement, the GSA, all insurance costs and any cost or expense otherwise incurred in the operation and maintenance of Campbell and McClellan, including capital improvements and overhaul expenses, plus \$200,000 per month to cover other SFA - CAMPBELL / MCCLELLAN obligations.

**INTEREST INCOME:** SFA - CAMPBELL / MCCLELLAN will earn interest on invested funds held as working capital. The budget assumes a 0% return on budgeted monies to be held in these funds.

2022 CAMPBELL POWER PLANT (INCLUDES McCLELLAN) BUDGET DETAIL  
ELECTRIC REVENUE DETAIL

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CAPACITY PAYMENT:													
Fixed Monthly fee	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
Fixed Payment	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$2,400
ENERGY PAYMENT:													
Fuel Supply Payment	\$4,278	\$748	\$1,090	\$456	\$361	\$479	\$3,257	\$3,807	\$2,950	\$469	\$758	\$1,962	\$20,614
Insurance			\$1,237										\$1,237
Operating Payment - Insurance	\$0	\$0	\$1,237	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,237
Operator fees	\$316	\$290	\$273	\$265	\$273	\$344	\$352	\$352	\$344	\$316	\$265	\$316	\$3,707
Operator Reimbursable expenses	\$119	\$120	\$325	\$672	\$291	\$412	\$270	\$147	\$224	\$449	\$203	\$139	\$3,371
Operator Reimbursable expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Lease	\$75												\$75
Fiber Lease	\$0												\$0
Variable Payment	\$510	\$411	\$599	\$936	\$564	\$756	\$622	\$499	\$568	\$765	\$468	\$455	\$7,154
TOTAL ENERGY PAYMENT	\$4,788	\$1,159	\$2,925	\$1,393	\$926	\$1,235	\$3,879	\$4,307	\$3,517	\$1,234	\$1,226	\$2,417	\$29,005
Overhaul	\$0	\$0	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$598
Other Costs	\$0	\$0	\$0	\$598	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$598
Capital Overhaul	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Payment - Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ELECTRICITY SALES REVENUE	\$4,988	\$1,359	\$3,125	\$2,191	\$1,126	\$1,435	\$4,079	\$4,507	\$3,717	\$1,434	\$1,426	\$2,617	\$32,003

## **2022 SFA - CAMPBELL / MCCLELLAN BUDGET PRO FORMA FINANCIAL STATEMENTS**

### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Pro Forma Statements of Revenues, Expenses and changes in Net Position is a projected summary of the results of operations prepared on a FERC basis for SFA - CAMPBELL / MCCLELLAN in 2022. The Statements of Revenues, Expenses and changes in Net Position incorporates revenues as shown on the Revenue Detail, expenses as shown on the Budget Summary, and non-cash expenses such as depreciation and amortization.

**DEPRECIATION** represents the pro rata expensing of the capital cost of Campbell and McClellan . Estimated service life is based on the remaining life of the Plants at the time a capital project is placed in service, the original life of the Plants being 30 years

SFA - CAMPBELL / MCCLELLAN is projecting a net loss of (\$9.129) million, a decrease of \$2.443 million over 2021. The decrease is primarily due to higher depreciation and lower margin.

**2022 CAMPBELL POWER PLANT (INCLUDES McCLELLAN) BUDGET**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION** For  
the Period January 1, 2022 to December 31, 2022

Dollars in Thousands

	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>
<b>OPERATING REVENUES:</b>		
Sale of Electricity	\$20,307	\$32,003
<b>TOTAL OPERATING REVENUES</b>	<b>20,307</b>	<b>32,003</b>
<b>OPERATING EXPENSES</b>		
Fuel	8,727	20,614
Production	8,997	9,223
Administrative & General	1,696	1,810
<b>Total Operations</b>	<b>19,420</b>	<b>31,647</b>
Depreciation	7,573	9,485
Amortization of Regulatory Asset-Debt Issuance	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>26,994</b>	<b>41,132</b>
<b>NET OPERATING INCOME</b>	<b>(6,686)</b>	<b>(9,129)</b>
<b>CHANGE IN NET POSITION</b>	<b>(\$6,686)</b>	<b>(\$9,129)</b>

Sacramento Municipal Utility District  
Financing Authority (SFA)  
Draft 2022 Budget

Carson Power Plant Budget



## **2022 SFA - CARSON BUDGET**

The Central Valley Financing Authority (CVFA) was a Joint Powers Agency (JPA) formed in 1992 by Sacramento Municipal Utility District (SMUD) and the Sacramento Regional County Sanitation District (SRCSD) for the purpose of acquiring, constructing, financing and operating the Carson Cogeneration Project (Project). CVFA sold Cogeneration Project Revenue Bonds (Bonds) in July 1993 and the proceeds have been used to construct the Project. Construction and start-up testing were completed in mid-1995 and commercial operation began in October 1995. In August 2009, CVFA sold Cogeneration Project Refunding Bonds (Refunding Bonds), completely retiring all previously issued bonds and restructuring the Power Purchase Agreement (PPA) between CVFA and SMUD. In September 2019, CVFA completely retired all of the outstanding Refunding Bonds and again restructured the PPA between CVFA and SMUD.

The Project is a cogeneration plant located adjacent to the SRCSD facility in southern Sacramento County. The plant consists of one clean-burning gas-fired combined cycle gas turbine generator unit, one steam turbine generator unit, and one simple cycle gas turbine for a combined capacity of 107.5 MW. Besides electricity, the Project generates steam that is sold to SRCSD and an adjacent ice producing facility owned by the Glacier Valley Ice Company (Glacier Ice). The units are permitted to burn both digester gas from the SRCSD facility, which was previously flared, and natural gas. SMUD has designed and built transmission and telecommunications facilities to integrate the Project into SMUD's electrical system. Since January 2012, CVFA has been cleaning the digester gas it receives from SRCSD to pipeline quality and selling it to SMUD for use in the Cosumnes Power Plant, where it can be used more efficiently.

On November 1, 2021, CVFA will be transferring ownership of the Carson Cogeneration Project to SFA and renaming the plant name to Carson Power Plant (Carson).

This 2022 SFA - CARSON budget covers the expected financial operations of SFA and the Carson Power Plant from January 1, 2022 through December 31, 2022. The budget is divided into two parts. The first part is the SFA – CARSON expense budget as shown on the Budget Summary. These budgets represent expenses to be incurred and/or paid by SFA in 2022 in the course of running Carson and conducting the business of SFA - CARSON. The second part of the budget lists capital and other expenditures proposed for 2022. Also included in this document is a pro forma financial statement. This statement incorporates SFA - CARSON revenues and non-cash expenses such as depreciation to show the complete financial results of operations for the year.

The operation of SFA and Carson is governed by a series of agreements among the JPA members and outside parties. A description of these agreements follows:

**JOINT POWERS AGREEMENT (JPA)** between SMUD and SRCSD. SFA has no employees; SMUD will provide technical and administrative services for SFA pursuant to the PPA. The SFA Board consists of the SMUD Board plus one non-voting member appointed by SRCSD.

**POWER PURCHASE AGREEMENT (PPA)** between SMUD and SFA. SFA has agreed to sell to SMUD and SMUD has agreed to purchase the energy and capacity from the Carson Power Plant. SMUD will pay SFA for its costs whether or not Carson is operating. This agreement will be in effect until terminated by SMUD. This agreement covers the terms of how Carson will be operated (SMUD will dispatch) and the calculation of payments from SMUD to SFA for operation of Carson.

**GAS SUPPLY AGREEMENT (GSA)** between SMUD and SFA. SMUD will arrange for all natural gas supply and transportation requirements for Carson. SMUD will charge SFA for SMUD's actual supply and transportation costs properly allocable to Carson.

**OPERATIONS & MAINTENANCE AGREEMENT (O&M AGREEMENT)** between SFA and EthosEnergy Power Plant Services (Ethos), the plant operator. SFA has contracted with Ethos to operate, repair, overhaul and maintain the Carson Power Plant for a five-year term effective January 1, 2016, in exchange for payments tied to specified plant performance standards. On August 21, 2020, SFA exercised a one-sided renewal clause extending the agreement for a second five year term.

**COMMODITY AGREEMENT** between SFA and SRCSD. This agreement covers the terms and conditions of the sale of digester gas from the SRCSD to SFA and the sale of steam from SFA to SRCSD.

**THERMAL ENERGY SALES AND SUBLEASE AGREEMENT** between SFA and Glacier Ice. This agreement covers the terms and conditions of energy sales from SFA to Glacier Ice. In September 2016, the second amendment to this agreement was signed wherein SFA replaced the steam driven refrigeration equipment with electrically driven motors. The electrification project was completed in February 2017.

**GROUND LEASE AGREEMENT** between SFA and SRCSD covers the terms of SFA's ground lease for the property on which the Carson Power Plant and Glacier Ice are located.

**CARSON POWER PLANT  
2022  
BUDGET SUMMARY**

	2021 BUDGET	2022 BUDGET	NET CHANGE PERCENT
<b>GENERATION (MWh)</b>	181,430	399,446	120%
<b>FUEL</b>			
Natural Gas Expenses	\$5,666,549	\$12,393,962	119%
Natural Gas Commodity (\$ /MMBtu)	\$2.31	\$2.71	17%
Digester Gas for Generation	\$0	\$0	0%
Digester Gas for Resale	\$1,513,272	\$641,108	-58%
<b>TOTAL FUEL EXPENSES</b>	<b>\$7,179,821</b>	<b>\$13,035,070</b>	<b>82%</b>
<b>PLANT OPERATION &amp; MAINTENANCE</b>			
Station Service Energy/Utilities	\$758,603	\$781,350	3%
Operator Fees	\$4,532,384	\$5,070,405	12%
Lease Engine Program	\$0	\$50,952	
Site Lease/Mitigation Fees	\$209,413	\$215,649	3%
JPA Administrative & Other Expenses	\$15,000	\$15,000	0%
Overhaul Expenses	\$170,000	\$325,000	91%
<b>TOTAL PLANT OPERATION &amp; MAINTENANCE</b>	<b>\$5,685,400</b>	<b>\$6,458,356</b>	<b>14%</b>
<b>TOTAL O&amp;M COSTS</b>	<b>\$12,865,220</b>	<b>\$19,493,426</b>	<b>52%</b>
<b>ADMINISTRATIVE &amp; GENERAL</b>			
SMUD Labor	\$447,815	\$485,581	8%
Outside Services	\$79,162	\$30,980	-61%
Insurance	\$940,934	\$1,030,853	10%
<b>TOTAL ADMINISTRATIVE &amp; GENERAL</b>	<b>\$1,467,911</b>	<b>\$1,547,414</b>	<b>5%</b>
<b>PLANNED CAPITAL EXPENSES</b>	<b>\$1,142,255</b>	<b>\$2,350,000</b>	<b>106%</b>
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$1,142,255</b>	<b>\$2,350,000</b>	<b>106%</b>

## **2022 SFA - CARSON BUDGET ASSUMPTIONS**

The 2022 SFA - CARSON Budget is based on the following assumptions:

**PLANNED GENERATION** from Carson during the January 1, 2022 to December 31, 2022 budget period, as taken from SMUD's 2022 Resource Operating Plan (ROP), dated October 2021, is 365,578 MWh for the combined cycle and 33,868 MWh for the Peaker, for a grand total of 399,446 MWh. Monthly generation is shown on the Operating Assumptions table later in this document.

**HEAT RATE** is based on loading assumptions from the ROP and averages 8280 Btu/KWh for the combined cycle and 10,541 Btu/KWh for the peaker.

**DIGESTER GAS** usage is based on the requirement that SFA - CARSON purchase no less than 90% of the digester gas made available by SRCSD. SFA - CARSON cleans the vast majority of this digester gas to pipeline quality standards and sells it to SMUD for use in another facility.

**NATURAL GAS PRICES** are based on SMUD's actual costs obligated to firm natural gas purchases and estimates for the non-firm portion prepared by SMUD's Energy Trading & Contracts group. The variable rate is based on the latest available Petroleum Industry Research Associates forecast of commodity prices by month for 2022, plus 3.2% fuel use. The fixed component represents SFA - CARSON's pro rata share of fixed capacity costs on the Alberta Gas Company/NOVA Corporation of Alberta/Pacifica Gas Transmission Company (ANG/NOVA/PGT) interstate pipelines, and its pro rata share of depreciation, interest and O&M costs on SMUD's ownership interest in the Pacific Gas & Electric (PG&E) Line 300/401 interstate pipeline and SMUD's local gas pipeline. The monthly prices are shown on the Operating Assumptions page.

**DIGESTER GAS PRICE** is based on the formula in the Commodity Agreement, which is based on the electricity price paid by SRCSD. The commodity price (including SRCSD's cleanup fee) is estimated at \$3.11/MMBtu for 2022. SFA - CARSON plans to spend an additional \$0.05/MMBtu to bring the digester gas to pipeline quality before selling it to SMUD.

**FIXED OPERATING FEE** to be paid from SFA to Ethos is based on the flat annual base operating fee per the O&M Agreement. This payment is assumed to cover all direct and indirect labor costs, including benefits, taxes, insurance, home office support, management and supervision incurred by Ethos. This payment escalates in future years at 2.5% per year in accordance with the existing O&M Agreement.

**NET DEPENDABLE CAPACITY (NDC)** for budget purposes for the Combined Cycle Plant is assumed to be 55.74 MW, based on NDC tests performed during acceptance testing in 1995. NDC for the Peaking Plant is assumed to be 42.5 MW.

**REIMBURSABLE OPERATING COSTS** to be paid from SFA to Ethos is based on estimated variable plant operating costs, excluding fuel, to be incurred by Ethos in 2022.

**MAINTENANCE/OVERHAUL EXPENSE** is based on direct SFA - CARSON expenditures for maintenance or overhaul activities performed by Ethos, SMUD or an independent outside contractor.

2022 CARSON POWER PLANT BUDGET DETAIL  
OPERATING ASSUMPTIONS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Resource Operating Plan:													
Combined Cycle Power Plant:													
Capacity (Megawatts Net)	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4	57.4
Generation (MWh)	40,040	19,393	26,993	33,877	18,451	5,649	38,987	41,845	38,106	35,940	28,416	37,883	365,578
Natural Gas (1000's of MMBtu)	331	159	226	284	156	47	323	347	316	293	232	309	3,022
Digester Gas (1000's of MMBtu)	-	-	-	-	-	-	-	-	-	-	-	-	-
Model Anticipated Average Heat Rate (Btu/kWH)	8,258	8,213	8,358	8,386	8,430	8,385	8,281	8,283	8,280	8,165	8,160	8,161	8,280
Budgeted Availability (IEEE)	97%	79%	82%	98%	97%	98%	97%	100%	98%	97%	100%	97%	95%
Peaking Power Plant:													
Capacity (Megawatts Net)	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5	42.5
Generation (MWh)	5,706	588	205	1,236	467	901	6,860	10,387	6,049	496	486	486	33,868
Natural Gas (1000's of MMBtu)	59	6	2	13	5	10	71	108	63	5	5	5	352
Model Anticipated Average Heat Rate (Btu/kWH)	10,364	10,594	10,342	10,554	10,902	10,646	10,314	10,350	10,358	10,679	10,708	10,685	10,541
Budgeted Availability (IEEE)	97%	79%	82%	98%	97%	98%	97%	100%	98%	97%	100%	97%	95%

## **2022 SFA - CARSON BUDGET**

### **LINE ITEM DETAIL**

The following schedule shows a monthly breakdown of the line items within the SFA - CARSON budget:

#### **FUEL EXPENSE**

This schedule shows detail of the budgeted expense for fuel to be burned at Carson.

Natural gas is the primary fuel for Carson and will be procured by SMUD per the GSA. The gas will be delivered to the plant through SMUD's capacity interest on the ANG/NOVA/PGT and Line 300/401 interstate pipelines, or other contracted routes, and SMUD's local natural gas pipeline. The local natural gas pipeline, which became operational in April 1996, connects the Carson Power Plant (and three other local gas-fired plants) to PG&E's interstate gas pipeline.

Under the GSA, SMUD will handle the actual procurement and transportation arrangements for SFA. The assumed price for natural gas is taken from the latest available SMUD forecast. The fuel budget also includes a pro rata share of fixed costs incurred by SMUD to own and operate its interest in the PG&E Line 300/401 pipeline and its local natural gas pipeline which connects the local generation plants to PG&E's gas pipeline.

Digester gas is produced at SRCSD's Wastewater Treatment Plant adjacent to the Carson Power Plant. This gas can either be cleaned to pipeline quality and sold to SMUD or utilized at SFA - CARSON as a supplemental fuel for Carson. The quantity of digester gas produced by SRCSD's Wastewater Treatment Plant and available for use by the Carson Power Plant is based on engineering estimates.

2022 CARSON POWER PLANT BUDGET DETAIL  
FUEL EXPENSE

Fuel Usage in Thousands of MMBtu/Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Combined Cycle Unit:													
Comb Cycle Generation MWh Adjusted by 100%	40,040	19,393	26,993	33,877	18,451	5,649	38,987	41,845	38,106	35,940	28,416	37,883	365,578
Average Heat Rate Btu/kWh	8,258	8,213	8,358	8,386	8,430	8,385	8,281	8,283	8,280	8,165	8,160	8,161	8,280
Comb Cycle Fuel Usage (1000's of MMBtu)	331	159	226	284	156	47	323	347	316	293	232	309	3,022
Comb Cycle Digester Gas Usage (1000's of MMBtu)	-	-	-	-	-	-	-	-	-	-	-	-	-
Auxiliary Boiler Fuel Usage (1000's of MMBtu)	1	11	16	9	13	12	9	9	3	2	1	5	91
Peaker Unit:													
Peaker Generation MWh Adjusted by 100%	5,706	588	205	1,236	467	901	6,860	10,387	6,049	496	486	486	33,868
Average Heat Rate Btu/kWh	10,364	10,594	10,342	10,554	10,902	10,646	10,314	10,350	10,358	10,679	10,708	10,685	10,541
Peaker Natural Gas Usage (1000's of MMBtu)	59	6	2	13	5	10	71	108	63	5	5	5	352
Total Digester Gas Usage (1000's of MMBtu)													
Digester Gas for Resale	-	-	-	-	-	-	34	34	33	34	33	34	202
Digester Gas Commodity \$/MMBtu	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11	\$3.11
Digester Gas Cleanup Cost \$/MMBtu	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05	\$0.05
Digester Gas Cleanup - depreciation \$/MMBtu	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35	\$1.35
Digester Gas Costs for Generation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Digester Gas Costs for Resale, excluding depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$108	\$108	\$105	\$108	\$105	\$108	\$641
Total Natural Gas Usage (thousands of MMBtu)													
Natural Gas Price Variable Component (\$/MMBtu)	\$4.25	\$3.30	\$2.27	\$0.49	\$0.40	\$2.33	\$3.26	\$3.48	\$3.23	\$3.46	\$2.83	\$3.19	\$2.71
Auxiliary Boiler Fuel Expenses	\$3	\$26	\$10	\$0	\$3	\$28	\$3	\$0	\$3	\$5	\$11	\$3	\$94
Natural Gas Variable Expenses (Commodity)	\$1,661	\$571	\$527	\$147	\$68	\$160	\$1,286	\$1,579	\$1,225	\$1,037	\$683	\$1,004	\$9,950
Demand, Storage, & Procurement													
	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$1,053
Amortization of Deferred Capacity													
	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$31
SMUD Fixed Gas Expenses:													
SMUD Pipeline Depreciation	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$103
SMUD Pipeline Interest Charges	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$75
SMUD Pipeline O&M Charges	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$54	\$654
TOTAL SMUD Fixed Gas Expenses	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$69	\$831
PG&E Line 300/401:													
Line 300/401 Investment Amortization	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$263
Line 300/401 Interest Charges	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$142
Line 300/401 Property Taxes	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$58
Line 300/401 O&M Charges	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$67
TOTAL PG&E Line 300/401	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$44	\$530
Natural Gas Expenses													
	\$1,865	\$775	\$731	\$351	\$272	\$364	\$1,490	\$1,783	\$1,428	\$1,241	\$886	\$1,208	\$12,394
SubTotal Fixed Fuel Costs													
	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$204	\$2,444
SubTotal Variable Fuel Costs													
	\$1,661	\$571	\$527	\$147	\$68	\$160	\$1,394	\$1,687	\$1,329	\$1,145	\$787	\$1,112	\$10,591
Line 300/401 capacity sales revenue													
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FUEL EXPENSES	\$1,865	\$775	\$731	\$351	\$272	\$364	\$1,598	\$1,891	\$1,533	\$1,349	\$991	\$1,316	\$13,035



## **2022 SFA - CARSON BUDGET LINE ITEM DETAIL**

### **PLANT OPERATIONS & MAINTENANCE**

**OPERATOR FEES:** The budget for operator fees and plant operating expenses represent fees paid to Ethos, under the terms of the O&M Agreement, plus actual variable plant operating expenses incurred by Ethos and reimbursed from SFA without markup. The budget shows the reimbursement to Ethos as an operating expense.

Under the terms of the O&M Agreement, Ethos is reimbursed for all plant operating and maintenance expenses and repairs.

**PERFORMANCE BONUSES:** Ethos will earn performance bonuses under the O&M Agreement if the combined cycle Equivalent Forced Outage Factor is less than five percent (5%). Ethos will also earn bonuses for maintaining a peaking plant successful call-up ratio based on how successfully the unit starts and generates electricity when needed. The 2022 budget assumes that Ethos will successfully earn these bonuses.

**SITE LEASE:** This line item represents the 2022 cost of site lease payments from SFA to SRCSD for plant site ground lease costs under the Ground Lease Agreement.

**STATION SERVICE ELECTRICITY:** SFA will pay SMUD under the terms of SMUD's Rules and Regulations for station service capacity and energy for Carson. Carson is connected to SMUD's system to insure that power is available to run plant systems during planned or unplanned outages.

## **2022 SFA - CARSON BUDGET LINE ITEM DETAIL**

### **OPERATING AND ADMINISTRATIVE COSTS**

**OPERATING COSTS:** Under the terms of the O&M Agreement and the PPA, various tests (heat rate, NDC, etc.) of Carson Power Plant operations may be required by SMUD or SFA - CARSON during the year. This line item covers the estimated reimbursement to Ethos for performing such tests, or for other items not covered by the O&M Agreement.

2022 CARSON POWER PLANT BUDGET DETAIL  
PLANT OPERATION & MAINTENANCE

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Net Dependable Capacity CC (MW)	57.40	57.40	57.40	57.40	57.40	57.40	57.40	57.40	57.40	57.40	57.40	57.40	57.40
Net Dependable Capacity PP (MW)	42.50	42.50	42.50	42.50	42.50	42.50	42.50	42.50	42.50	42.50	42.50	42.50	42.50
Net Dependable Capacity MW	99.90	99.90	99.90	99.90	99.90	99.90	99.90	99.90	99.90	99.90	99.90	99.90	99.90
Total Generation MWh	45,746	19,981	27,198	35,113	18,918	6,551	45,847	52,232	44,155	36,436	28,902	38,369	399,446
OPERATOR FEES:													
Fixed Fee Expenses	\$157	\$142	\$157	\$152	\$157	\$152	\$157	\$157	\$152	\$157	\$152	\$157	\$1,845
Availability Bonus - Combined Cycle	\$24	\$24	\$0	\$0	\$0	\$47	\$47	\$47	\$47	\$24	\$0	\$24	\$282
Availability Bonus - Peaker	\$13	\$13	\$6	\$6	\$6	\$13	\$13	\$13	\$13	\$13	\$6	\$13	\$128
Reimbursable Operator Expenses	\$148	\$219	\$508	\$165	\$448	\$154	\$171	\$152	\$171	\$180	\$348	\$152	\$2,815
Operator Fees	\$341	\$397	\$671	\$323	\$611	\$365	\$388	\$368	\$383	\$373	\$506	\$345	\$5,070
Overhaul Expenses	\$0	\$0	\$325	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$325
Site Lease	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$18	\$214
Swainson's Hawk Mitigation	\$0	\$0	\$0	\$0	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2
Lease Engine Program	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$5	\$0	\$0	\$51
SMAQMD Title V Permit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15	\$0	\$15
Annual CEC Energy Facility Compliance Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Station Service Electricity and Utilities	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$781
Station Service Electricity	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$65	\$781
Sewer Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL PLANT OPERATION & MAINTENANCE	\$429	\$485	\$1,084	\$411	\$700	\$454	\$476	\$456	\$471	\$462	\$604	\$428	\$6,458

## **2022 SFA – CARSON BUDGET LINE ITEM DETAIL**

### **SMUD ADMINISTRATIVE & GENERAL**

Under the terms of the JPA, SMUD will provide staff to perform administrative and technical support services to SFA - CARSON and arrange for insurance coverage, and SMUD will be reimbursed for the cost of providing these services subject to available funds per the priority of distribution of SFA - CARSON revenues.

**INSURANCE:** Under the terms of the Indenture, SFA - CARSON is required to maintain insurance as SMUD determines SFA - CARSON may reasonably require.

**SMUD LABOR:** This line item represents the reimbursable portion of the cost of salaries and wages and associated employee benefits for SMUD employees from Power Generation, Projects Development, Gas Pipeline Operations, Treasury, Accounting, Risk Management, Budget Office, Legal, Electric System Design, and others who will perform administrative and technical support services for SFA - CARSON.

**OUTSIDE SERVICES:** SMUD will contract with engineering specialists to assist in engineering, permitting and licensing, or other issues, which arise during operation.

**INDEPENDENT AUDITOR:** SFA retains the services of an Independent Auditor to audit and certify the SFA financial statements and evaluate internal controls applicable to SFA.

2022 CARSON POWER PLANT BUDGET DETAIL  
ADMINISTRATIVE & GENERAL

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INSURANCE:	\$76	\$76	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$88	\$1,031
SMUD Administrative & General:													
Independent Engineer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Independent Auditor	\$0	\$14	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$20
Outside Services (travel, vessel insp, etc.)	\$0	\$0	\$7	\$0	\$0	\$0	\$0	\$0	\$2	\$0	\$0	\$0	\$11
SMUD Administrative & General TOTAL:	\$0	\$14	\$10	\$0	\$0	\$0	\$0	\$0	\$2	\$0	\$0	\$3	\$31
SMUD Labor	\$40	\$37	\$40	\$41	\$39	\$43	\$43	\$39	\$43	\$39	\$40	\$42	\$486
TOTAL ADMINISTRATIVE & GENERAL	\$116	\$128	\$138	\$129	\$127	\$131	\$131	\$127	\$133	\$127	\$128	\$133	\$1,547

**2022 SFA - CARSON BUDGET  
LINE ITEM DETAIL**

**CAPITAL EXPENDITURES**

Please see attached schedule.

2022 CARSON POWER PLANT BUDGET DETAIL  
CAPITAL EXPENDITURES

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Capital Expenses													
Plant Betterments (Released Fund):													
SCR Nox/Catalyst			\$350										\$350
Combustion Turbine CTG1-Engine 185			\$2,000										\$2,000
Plant Betterments:	\$0	\$0	\$2,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,350
TOTAL CAPITAL EXPENSES	\$0	\$0	\$2,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,350
TOTAL O&M COSTS (Including Capital items)	\$2,411	\$1,388	\$4,303	\$891	\$1,099	\$948	\$2,205	\$2,474	\$2,137	\$1,937	\$1,722	\$1,876	\$23,391

## **2022 SFA - CARSON BUDGET**

### **PRO FORMA FINANCIAL SCHEDULES**

SFA - CARSON maintains its accounting records in accordance with Generally Accepted Accounting Principles and generally follows the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The following schedules are the Statements of Revenue, Expenses and Changes in Net Position and Revenue Detail Schedule, which show the projected results of operations for SFA – CARSON during the 2022 budget period based on the 2022 budget assumptions and expense and capital budgets.

#### **REVENUE DETAIL**

The following schedule details expected SFA - CARSON Revenue during the 2022 budget period.

**ELECTRIC REVENUE:** Under the terms of the PPA, SMUD is obligated to make monthly Financial and Operating payments to SFA - CARSON for capacity and energy provided by SFA - CARSON. These payments are based on certain assumptions and rates, which were detailed under Budget Assumptions.

**OPERATING PAYMENT:** Under the terms of the PPA, SMUD will pay SFA an amount equal to the sum of all costs and expenses payable by SFA pursuant to the Lease and Property Agreement, the O&M Agreement, GSA, the Commodity Agreement, all insurance costs and any cost or expense otherwise incurred in the operation and maintenance of Carson, including capital improvements and overhaul expenses, plus \$100,000 per month to cover other SFA - CARSON obligations.

**STEAM / ENERGY SALES REVENUE:** SFA - CARSON will sell process steam generated by the Carson Power Plant to SRCSD under the terms of the Commodity Agreement. Estimates derived from historical steam loads and steam tariff rates from these agreements have been used in the 2022 Budget. SFA - CARSON will sell energy (mechanical/steam) to Glacier Ice under the terms of the Second Amendment to the Thermal Energy Sales and Sublease Agreement between SFA - CARSON and Glacier Ice.

**DIGESTER GAS SALES REVENUE:** Since January 2012, SFA - CARSON has been cleaning the vast majority of all digester gas received from SRCSD to pipeline quality standards and reselling this gas to SMUD. SMUD has agreed to purchase the gas from SFA - CARSON for a fee which is sufficient to cover all purchase and cleaning expenses incurred.

**INTEREST INCOME:** SFA - CARSON will earn interest on invested funds held as working capital. The budget assumes a 0% return on budgeted monies to be held in these funds.



2022 CARSON POWER PLANT BUDGET DETAIL  
ELECTRIC REVENUE DETAIL

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Operating Payment													
Fixed Payment	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$1,200
Site Lease	\$214												\$214
O&M Agreement	\$341	\$397	\$671	\$323	\$611	\$365	\$388	\$368	\$383	\$373	\$506	\$345	\$5,070
Natural Gas Interconnection and Supply Agreement	\$1,865	\$775	\$731	\$351	\$272	\$364	\$1,490	\$1,783	\$1,428	\$1,241	\$886	\$1,208	\$12,394
Commodity Agreement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance Costs	\$0	\$0	\$1,031	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,031
Overhaul Costs	\$0	\$0	\$325	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$325
Capital	\$0	\$0	\$2,350	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,350
Other Operating Costs										\$51			\$51
TOTAL OPERATING REVENUE	\$2,520	\$1,272	\$5,207	\$774	\$982	\$829	\$1,978	\$2,251	\$1,911	\$1,765	\$1,492	\$1,653	\$22,635
AGGREGATE PAYMENT	\$2,520	\$1,272	\$5,207	\$774	\$982	\$829	\$1,978	\$2,251	\$1,911	\$1,765	\$1,492	\$1,653	\$22,635

**2022 CARSON POWER PLANT BUDGET DETAIL**  
**ENERGY SALES REVENUE ON STEAM & OTHER REVENUE DETAIL**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>ENERGY SALES REVENUE ON STEAM:</b>													
<b>GLACIER VALLEY ICE COMPANY:</b>													
KWh Sales per Load Fcst	437,934	437,934	437,934	437,934	437,934	437,934	437,934	437,934	437,934	437,934	437,934	437,934	\$5,255,208
\$ per KWh	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02	\$0.02
Glacier Energy Sales Revenue on Steam	\$8.61	\$8.61	\$8.61	\$8.61	\$8.61	\$8.61	\$8.61	\$9	\$9	\$9	\$9	\$9	\$103.3
Glacier Energy Fixed Fee	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.15	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$1.8
<b>SAC REG CTY SAN DIS (SRCSD):</b>													
SRCSD Steam Delivery (MMBtu)	22,516	19,146	21,742	17,017	7,323	20,104	20,050	19,929	15,328	14,598	18,205	22,545	218,503
Steam Price (\$/MMBtu)	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88	\$2.88
SRCSD Steam Sales Revenue	\$65	\$55	\$63	\$49	\$21	\$58	\$58	\$57	\$44	\$42	\$52	\$65	\$630
<b>TOTAL STEAM SALES (incl FIXED)</b>													
	\$74	\$64	\$71	\$58	\$30	\$67	\$67	\$66	\$53	\$51	\$61	\$74	\$735
<b>INTEREST INCOME &amp; OTHER</b>													
<b>Interest Income</b>													
Interest Income (Thousands \$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Digester Gas Sales Revenue</b>													
	\$23	\$23	\$23	\$23	\$23	\$23	\$131	\$131	\$127	\$131	\$127	\$131	\$915
<b>Glacier Valley Site Lease</b>													
	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6	\$5	\$5	\$5	\$5	\$55
<b>Total Interest &amp; Other Income</b>													
	\$27	\$27	\$27	\$27	\$27	\$27	\$135	\$135	\$132	\$135	\$132	\$135	\$970
<b>TOTAL REVENUE</b>													
	\$2,622	\$1,363	\$5,306	\$859	\$1,040	\$924	\$2,180	\$2,453	\$2,096	\$1,951	\$1,685	\$1,862	\$24,341

## **2022 SFA - CARSON BUDGET PRO FORMA FINANCIAL STATEMENTS**

### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Pro Forma Statements of Revenues, Expenses and Changes in Net Position is a projected summary of the results of operations prepared on a FERC basis for SFA - CARSON in 2022. The Statements of Revenues, Expenses and Changes in Net Position incorporates revenues as shown on the Revenue Detail, expenses as shown on the Budget Summary, and non-cash expenses such as depreciation and amortization.

**DEPRECIATION AND ACCRETION** represents the pro rata expensing of the capital cost of Carson and the amortization of an Asset Retirement Obligation related to the Carson's facilities. Estimated service life is based on the remaining life of the Plant at the time a capital project is placed in service, the original life of the Plant being 30 years.

**AMORTIZATION OF REGULATORY ASSET – DEBT ISSUANCE** represents the amortization of debt issuance costs related to the issuance of the Bonds. In 2013, SFA - CARSON adopted GASB No. 65, which changed how debt issuance costs were recorded. SFA - CARSON implemented GASB No. 62 which allowed SFA - CARSON to continue to amortize these costs. This resulted in the amortization being moved into the Operating Expense section of the Statements of Revenues, Expenses and Changes in Net Position. Any debt issuance costs incurred after January 1, 2022, will be expensed in the period incurred.

**AMORTIZATION OF BOND PREMIUM / DISCOUNT** represents amortization of any premiums or discounts related to the issuance of the Bonds. These costs are amortized to Interest Expense over the term of the Bonds.

**DEFEASANCE OF BONDS** was completed in 2019.

Carson Power Plant is projecting a net loss of (\$2.437) million, an increase of \$2.753 million over 2021. The increase is primarily due to lower depreciation/amortization and a year-over-year increase of \$1.208 million passthrough capital cost in revenue.

**2022 CARSON POWER PLANT BUDGET**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Period January 1, 2022 to December 31, 2022

Dollars in Thousands

	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>
<b>OPERATING REVENUES:</b>		
Sale of Electricity	\$13,860	\$22,635
Sale of Digester Gas	1,787	915
Sale of Steam / Energy	681	790
<b>TOTAL OPERATING REVENUES</b>	<b>16,329</b>	<b>24,341</b>
<b>OPERATING EXPENSES</b>		
Fuel	7,180	13,035
Production	5,685	6,458
Administrative & General	1,468	1,547
<b>Total Operations</b>	<b>14,333</b>	<b>21,041</b>
Depreciation and Amortization	7,186	5,736
Amortization of Regulatory Asset-Debt Issuance	0	0
<b>TOTAL OPERATING EXPENSES</b>	<b>21,519</b>	<b>26,777</b>
<b>NET OPERATING INCOME</b>	<b>(5,190)</b>	<b>(2,437)</b>
<b>CHANGE IN NET POSITION</b>	<b>(\$5,190)</b>	<b>(\$2,437)</b>

Sacramento Municipal Utility District  
Financing Authority (SFA)  
Draft 2022 Budget

Consumnes Power Plant

## **2022 SFA - COSUMNES BUDGET**

The Sacramento Municipal Utility District Financing Authority (SFA) is a Joint Powers Agency (JPA) formed in 2005 by Sacramento Municipal Utility District (SMUD) and the Modesto Irrigation District (MID) for the purpose of developing, financing, constructing and operating the Cosumnes Power Plant Project (Cosumnes). SFA sold Cosumnes Project Revenue Bonds (Bonds) in January 2006 and the proceeds have been used to construct Cosumnes. Cosumnes began commercial operations in February 2006. In June 2015, SFA sold Cosumnes Project Refunding Bonds (Refunding Bonds), completely retiring all previously issued bonds and restructuring the Power Purchase Agreement (PPA) between SFA and SMUD.

Cosumnes is located on a property adjacent to the decommissioned Rancho Seco Nuclear Generating Station near the town of Herald, in the County of Sacramento. The plant consists of two ultra-low emissions, F-class, high efficiency gas-fired combined cycle gas turbine generator units, two heat recovery boilers, and one steam turbine generator unit with a combined, net capacity of 602 MW. The plant burns natural gas, which is supplied through a natural gas pipeline owned and operated by SMUD. SMUD has designed and built transmission and telecommunications facilities to integrate the plant into SMUD's electrical system.

On November 1, 2021, SCA will be transferring ownership of the SCA Procter & Gamble Cogeneration Project to SFA; CVFA will be transferring ownership of the Carson Cogeneration Project to SFA; SPA will be transferring ownership of the SPA Cogeneration Project and McClellan Gas Turbine to SFA, and all plants will be renamed to Procter & Gamble Power Plant, Carson Power Plant, Campbell Power Plant, and McClellan Power Plant; respectively.

This 2022 SFA - COSUMNES budget covers the expected financial operations of SFA and the Cosumnes Power Plant from January 1, 2022 through December 31, 2022. The budget is divided into two parts. The first part is the SFA – COSUMNES expense budget as shown on the Budget Summary. These budgets represent expenses to be incurred and/or paid by SFA in 2022 in the course of running Cosumnes and conducting the business of SFA - COSUMNES. The second part of the budget lists capital and other expenditures proposed for 2022. Also included in this document is a pro forma financial statement. This statement incorporates SFA - COSUMNES revenues and non-cash expenses such as depreciation to show the complete financial results of operations for the year.

The operation of SFA and Cosumnes is governed by a series of agreements, among the JPA members and outside parties. A description of these agreements follows:

**JOINT POWERS AGREEMENT (JPA)** between SMUD and MID. SFA has no employees; SMUD will provide technical and administrative services for SFA pursuant to the PPA. The SFA Board consists primarily of the SMUD Board with one non-voting member representing MID.

**POWER PURCHASE AGREEMENT (PPA)** between SMUD and . SFA has agreed to sell to SMUD and SMUD has agreed to purchase the energy and capacity from the Cosumnes Power Plant. SMUD will pay SFA for its costs whether or not Cosumnes is operating. This agreement will be in effect until terminated by SMUD, but in no case before the bonds are paid in full. This agreement covers the terms of how the Project will be operated (SMUD will dispatch) and the calculation of payments from SMUD to SFA for operation of Cosumnes.

**GAS SUPPLY AGREEMENT (GSA)** between SMUD and SFA. SMUD will arrange for all-natural gas supply and transportation requirements for the SFA and SMUD will charge SFA for SMUD's actual supply and transportation costs properly allocable to Cosumnes.

**WATER SUPPLY AGREEMENT** between SMUD and SFA covers the terms under which SMUD supplies all water to Cosumnes.

**OPERATIONS & MANAGEMENT AGREEMENT (O&M AGREEMENT)** between SFA and Ethos Energy Power Plant Services (Ethos), the plant operator. SFA has contracted with Ethos to operate, repair, overhaul and maintain the Cosumnes Power Plant for a five-year term effective January 1, 2016, in exchange for payments tied to specified plant performance standards. On August 21, 2020 SFA exercised a one-sided renewal clause extending the agreement for a second five-year term.

**GROUND LEASE AGREEMENT** between SMUD and SFA covers the terms of SFA's ground lease for the property on which the Cosumnes Power Plant is located.

**INDENTURE OF TRUST (INDENTURE)** between SFA and U.S. Bank National Association. This agreement covers the terms and conditions of the Trust Estate executed on behalf of the bondholders. It secures and pledges revenues to the payment of principal and interest on the bonds and ensures compliance by SFA with all covenants contained therein.

**COSUMNES POWER PLANT  
2022  
BUDGET SUMMARY**

	2021 BUDGET	2022 BUDGET	NET CHANGE PERCENT
<b>GENERATION (MWh)</b>	3,697,986	3,761,012	2%
<b>FUEL</b>			
Combined Cycle Pipeline Gas Expenses	\$75,195,688	\$86,152,979	15%
Combined Cycle Biogas Expense	\$55,642,771	\$54,770,608	-2%
Natural Gas Commodity (\$/MMBtu)	\$2.31	\$2.71	17%
<b>TOTAL FUEL EXPENSES</b>	<b>\$130,838,460</b>	<b>\$140,923,587</b>	<b>8%</b>
<b>PLANT OPERATION &amp; MAINTENANCE</b>			
Station Electrical Service	\$300,000	\$383,400	28%
Operator Fixed Fees	\$4,041,978	\$4,141,146	2%
Operator Variable Fees	\$8,599,279	\$7,022,411	-18%
Operator Bonus	\$615,705	\$641,451	4%
JPA Administrative and Other Expenses	\$521,166	\$561,365	8%
Overhaul Expenses	\$1,544,000	\$8,445,500	447%
<b>TOTAL PLANT OPERATION &amp; MAINTENANCE</b>	<b>\$15,622,129</b>	<b>\$21,195,273</b>	<b>36%</b>
<b>TOTAL O&amp;M COSTS</b>	<b>\$146,460,588</b>	<b>\$162,118,859</b>	<b>11%</b>
<b>ADMINISTRATIVE &amp; GENERAL</b>			
SMUD Labor	\$332,117	\$381,289	15%
Outside Services	\$106,686	\$42,850	-60%
Insurance	\$2,070,055	\$2,267,877	10%
<b>TOTAL ADMINISTRATIVE &amp; GENERAL</b>	<b>\$2,508,857</b>	<b>\$2,692,016</b>	<b>7%</b>
<b>INTEREST EXPENSE</b>			
Interest on Bonds	\$5,331,750	\$4,773,000	-10%
<b>DEBT SERVICE PRINCIPAL REPAYMENT</b>			
Bond Principal Set Aside	\$11,175,000	\$6,647,500	-41%
<b>TOTAL PRINCIPAL &amp; INTEREST</b>	<b>\$16,506,750</b>	<b>\$11,420,500</b>	<b>-31%</b>
<b>CAPITAL EXPENDITURES</b>			
Capital Overhauls (from Overhaul Account)	\$0	\$0	
Capital Improvements	\$220,000	\$17,280,935	7755%
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$220,000</b>	<b>\$17,280,935</b>	<b>7755%</b>



## **2022 SFA - COSUMNES BUDGET ASSUMPTIONS**

The 2022 SFA - COSUMNES Budget is based on the following assumptions:

**PLANNED GENERATION** from Cosumnes during the January 1, 2022 to December 31, 2022 budget period, as taken from SMUD's 2022 Resource Operating Plan (ROP), dated October 2021, is 3,761,012 MWh. Monthly generation is shown on the Operating Assumptions table later in this document.

**HEAT RATE** is based on loading assumptions from the ROP, and averages 6,788 Btu/KWh for 2022.

**NATURAL GAS PRICES** are based on SMUD's actual costs obligated to firm natural gas purchases and estimates for the non-firm portion prepared by SMUD's Energy Trading & Contracts group. The variable rate is based on the latest available PIRA forecast of commodity prices by month for 2022, plus 3.2% fuel use. The fixed component represents SFA - COSUMNES's pro rata share of fixed capacity costs on the ANG/NOVA/PGT interstate pipelines, and its pro rata share of depreciation, interest and O&M costs on SMUD's ownership interest in the PG&E Line 300/401 interstate pipeline and SMUD's local gas pipeline. The monthly prices are shown on the Operating Assumptions page.

**FIXED OPERATING FEE** to be paid from SFA to Ethos is based on the flat annual base operating fee per the O&M Agreement. This payment is assumed to cover all direct and indirect labor costs, including benefits, taxes, insurance, home office support, management and supervision incurred by Ethos. This payment escalates in future years at 2.5% per year in accordance with the existing O&M Agreement.

**NET DEPENDABLE CAPACITY (NDC)** for budget purposes for the Combined Cycle Plant is 590.65 MW, based on NDC tests conducted during commissioning.

**REIMBURSABLE OPERATING COSTS** to be paid from SFA to Ethos is based on estimated variable plant operating costs, excluding fuel, to be incurred by the Ethos in 2022.

**MAINTENANCE/OVERHAUL EXPENSE** is based on direct SFA - COSUMNES expenditures for maintenance or overhaul activities performed by Ethos, SMUD or an independent outside contractor. The total 2022 budget for overhaul expenses is \$21.2 million to include CT3 Major Inspection, ST Aux Components, ST Valve Rotation, CT Aux. Components, & Oil Replacement for all units.

2022 COSUMNES POWER PLANT BUDGET DETAIL  
OPERATING ASSUMPTIONS

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Resource Operating Plan:													
Combined Cycle Power Plants:													
Generation (MWh)	415,860	326,190	118,733	59,980	113,162	304,074	397,852	418,426	346,567	417,514	405,241	437,412	3,761,012
Natural Gas (1000's of MMBtu)	2,403	1,846	407	37	390	1,680	2,249	2,386	1,921	2,382	2,316	2,517	20,534
CVFA Digester Gas (1000's of MMBtu)	-	-	-	-	-	-	34	34	33	34	33	34	202
Biogas (1000's of MMBtu)	397	358	397	384	397	384	397	397	384	397	384	397	4,672
Model Average Heat Rate (Btu/kWH)	6,732	6,757	6,768	7,021	6,951	6,787	6,736	6,733	6,747	6,737	6,745	6,739	6,788
Combined Cycle Power Plant													
Initial Capacity (Megawatts Net)	570.00	570.00	570.00	570.00	570.00	576.00	576.00	576.00	576.00	590.00	590.00	590.00	577.00
Budgeted Net Heat Rate (Btu/kWH)	6,732	6,757	6,768	7,021	6,951	6,787	6,736	6,733	6,747	6,737	6,745	6,739	6,788
Availability (IEEE)	100%	100%	60%	0%	61%	100%	100%	100%	89%	100%	100%	100%	84%

## **2022 SFA - COSUMNES BUDGET**

### **LINE ITEM DETAIL**

#### **PLANT OPERATIONS & MAINTENANCE**

**OPERATOR FEES:** The budget for operator fees and plant operating expenses represents fees to be paid to Ethos under the terms of the O&M Agreement, plus actual variable plant operating expenses incurred by Ethos and reimbursed from SFA without markup. The budget shows the reimbursement to Ethos as an operating expense.

Under the terms of the O&M Agreement, Ethos is reimbursed for all plant operating and maintenance expenses and repairs.

**FOLSOM SOUTH CANAL AND FREEPORT WATER CLEANING FEES:** Two notable changes to the operation of Cosumnes occurred in 2010. First, the Freeport Regional Water Authority (FRWA) completed their project to send Sacramento River water into the Folsom South Canal, significantly deteriorating the water quality delivered to Project while the Freeport water project is in service. FRWA has agreed to reimburse SMUD for all costs associated with cleaning this water and bringing it back to a usable condition. These expenses are shown under Other Operating Expenses and will be reimbursed to SFA by SMUD.

In October 2010, with the effective closure of Rancho Seco decommissioning activities, SFA assumed the responsibility for care, custody and control of the Folsom South Canal pumping station and the pipeline that delivers this water to Cosumnes. Ethos will operate the facilities and SMUD will reimburse SFA for all associated expenses.

**PERFORMANCE BONUSES:** Ethos will earn performance bonuses under the O&M Agreement if the combined cycle Equivalent Forced Outage Factor is less than five percent (5%). The 2022 budget assumes that Ethos will successfully earn these bonuses.

**WATER:** This line item represents the estimated cost of cooling and make-up water required to operate Cosumnes.

**STATION SERVICE ELECTRICITY:** SFA will pay SMUD under the terms of SMUD's Rules and Regulations for station service capacity and energy for Cosumnes. Cosumnes is connected to SMUD's system to insure that power is available to run plant systems during planned or unplanned outages.

**SITE LEASE:** This line item represents the 2022 cost of site lease payments from SFA to SMUD for plant site ground lease costs under the Ground Lease Agreement.

## **2022 SFA - COSUMNES BUDGET LINE ITEM DETAIL**

### **OPERATING AND ADMINISTRATIVE COSTS**

**OPERATING EXPENSES:** Under the terms of the O&M Agreement and the PPA, various tests (heat rate, NDC, etc.) of Cosumnes Power Plant operations may be required by SMUD or SFA - COSUMNES during the year. This line item covers the estimated reimbursement to Ethos for performing such tests, or for other items not covered by the O&M Agreement.

2022 COSUMNES POWER PLANT BUDGET DETAIL  
PLANT OPERATION & MAINTENANCE

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
OPERATOR FEES:													
Fixed Operating Fee	\$352	\$318	\$352	\$340	\$352	\$340	\$352	\$352	\$340	\$352	\$340	\$352	\$4,141
Availability Bonus	\$53	\$53	\$0	\$0	\$0	\$107	\$107	\$107	\$107	\$53	\$0	\$53	\$641
TOTAL OPERATOR FEES:	\$405	\$371	\$352	\$340	\$352	\$447	\$459	\$459	\$447	\$405	\$340	\$405	\$4,783
OTHER OPERATING EXPENSES:													
Reimbursable Operator expenses	\$405	\$442	\$521	\$2,469	\$317	\$404	\$327	\$329	\$340	\$501	\$367	\$359	\$6,782
Freeport Water Cleaning Fees	\$0	\$0	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$0	\$0	\$240
Overhaul Expenses (from Overhaul Account)	\$0	\$0	\$0	\$8,046	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,446
Operating Expenses (less Overhaul Expenses)	\$810	\$813	\$902	\$2,839	\$699	\$881	\$816	\$818	\$817	\$936	\$708	\$765	\$11,805
Station Service Energy Costs:	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$383
JPA Administrative and Other Expenses:													
Water Supply Fees	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$268
SMAQMD Title V Permit Fees	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$18
Water Rights Fees (R Seco, SWRCB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Site Lease - 15 acres	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$14	\$168
EPA & State of CA Permit Fees	\$3	\$4	\$3	\$3	\$3	\$3	\$3	\$77	\$3	\$3	\$3	\$3	\$108
JPA Administrative and Other Expenses Total:	\$40	\$42	\$40	\$40	\$40	\$40	\$40	\$115	\$40	\$40	\$40	\$40	\$561
TOTAL PLANT OPERATION & MAINTENANCE	\$883	\$887	\$975	\$10,957	\$1,172	\$954	\$888	\$965	\$890	\$1,008	\$780	\$837	\$21,195

## **2022 SFA - COSUMNES BUDGET**

### **LINE ITEM DETAIL**

The following schedules show a monthly breakdown of the line items within the SFA - COSUMNES budget:

#### **FUEL EXPENSE**

This schedule shows detail of the budgeted expense for fuel to be burned at Cosumnes.

Natural gas is the primary fuel for Cosumnes and will be procured by SMUD per the GSA. The gas will be delivered to the plant through SMUD's capacity interest on the ANG/NOVA/PGT and Line 300/401 interstate pipelines, or other contracted routes, and SMUD's local natural gas pipeline. The local natural gas pipeline connects the Cosumnes Power Plant (and three other local gas-fired cogeneration plants) to PG&E's interstate gas pipeline.

Under the GSA, SMUD will handle the actual procurement and transportation arrangements for SFA. The assumed variable cost for natural gas is taken from the latest available SMUD forecast. The fuel budget also includes a pro rata share of fixed costs incurred by SMUD to own and operate its interest in the PG&E Line 300/401 pipeline and its local natural gas pipeline which connects the local generation plants to PG&E's gas pipeline.

As part of SMUD's renewable energy portfolio, an ever-growing portion of the gas burned at Cosumnes comes from renewable sources like landfill and digester gas. SMUD maintains several contracts for purchasing landfill gas and designates most of this gas for use at Cosumnes. Since January 2012, the vast majority of all digester gas produced at the Sacramento Regional County Sanitation District's Wastewater Treatment Plant has been cleaned to pipeline quality and sent to Cosumnes for use in the gas turbines.

## 2022 COSUMNES POWER PLANT BUDGET DETAIL FUEL EXPENSE

Fuel Usage in Thousands of MMBtu/Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Combined Cycle Unit:</b>													
Comb Cycle Generation MWh Adjusted by 100%	415,860	326,190	118,733	59,980	113,162	304,074	397,852	418,426	346,567	417,514	405,241	437,412	3,761,012
Average Heat Rate Btu/kWh	6,732	6,757	6,768	7,021	6,951	6,787	6,736	6,733	6,747	6,737	6,745	6,739	6,788
Natural Gas Fuel Usage (1000's of MMBtu)	2,403	1,846	407	37	390	1,680	2,249	2,386	1,921	2,382	2,316	2,517	20,534
Natural Gas Variable Price \$/MMBtu	\$4.25	\$3.30	\$2.27	\$0.49	\$0.40	\$2.33	\$3.26	\$3.48	\$3.23	\$3.46	\$2.83	\$3.19	\$2.71
CVFA Digester Gas Variable Price (\$/MMBtu)	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17	\$3.17
Biogas Variable Price (\$/MMBtu)	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59	\$11.59
<b>Natural Gas Variable Expense</b>	<b>\$10,222</b>	<b>\$6,085</b>	<b>\$923</b>	<b>\$18</b>	<b>\$158</b>	<b>\$3,913</b>	<b>\$7,335</b>	<b>\$8,300</b>	<b>\$6,208</b>	<b>\$8,232</b>	<b>\$6,564</b>	<b>\$8,019</b>	<b>\$65,977</b>
<b>CVFA Digester Gas Variable Expense</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$108</b>	<b>\$108</b>	<b>\$105</b>	<b>\$108</b>	<b>\$105</b>	<b>\$108</b>	<b>\$641</b>
<b>Biogas Variable Expense (Commodity)</b>	<b>\$4,597</b>	<b>\$4,152</b>	<b>\$4,597</b>	<b>\$4,449</b>	<b>\$4,597</b>	<b>\$4,449</b>	<b>\$4,597</b>	<b>\$4,597</b>	<b>\$4,449</b>	<b>\$4,597</b>	<b>\$4,449</b>	<b>\$4,597</b>	<b>\$54,130</b>
<b>Total Variable Fuel Expense (Commodity)</b>	<b>\$14,819</b>	<b>\$10,237</b>	<b>\$5,520</b>	<b>\$4,467</b>	<b>\$4,755</b>	<b>\$8,362</b>	<b>\$12,040</b>	<b>\$13,005</b>	<b>\$10,761</b>	<b>\$12,938</b>	<b>\$11,117</b>	<b>\$12,724</b>	<b>\$120,747</b>
<b>Demand, Storage, &amp; Procurement</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$663</b>	<b>\$7,951</b>
<b>SMUD Fixed Gas Expenses:</b>													
SMUD Pipeline Depreciation	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$146	\$1,753
SMUD Pipeline Interest Charges	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$128	\$1,532
SMUD Pipeline O&M Charges	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$411	\$4,937
<b>TOTAL SMUD Fixed Gas Expenses</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$685</b>	<b>\$8,222</b>
<b>PG&amp;E Line 300/401:</b>													
Line 300/401 Investment Amortization	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$165	\$1,985
Line 300/401 Interest Charges	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$89	\$1,071
Line 300/401 Property Taxes	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$37	\$441
Line 300/401 O&M Charges	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$42	\$508
<b>TOTAL PG&amp;E Line 300/401</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$334</b>	<b>\$4,004</b>
Rosa Interest	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Rosa Depletion	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Rosa Unit total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
Combined Cycle Natural Gas Expenses	\$16,501	\$11,919	\$7,202	\$6,149	\$6,436	\$10,044	\$13,721	\$14,687	\$12,443	\$14,619	\$12,799	\$14,406	\$140,924
Line 300/401 capacity sales revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL FUEL EXPENSES</b>	<b>\$16,501</b>	<b>\$11,919</b>	<b>\$7,202</b>	<b>\$6,149</b>	<b>\$6,436</b>	<b>\$10,044</b>	<b>\$13,721</b>	<b>\$14,687</b>	<b>\$12,443</b>	<b>\$14,619</b>	<b>\$12,799</b>	<b>\$14,406</b>	<b>\$140,924</b>

## **2022 SFA - COSUMNES BUDGET**

### **LINE ITEM DETAIL**

#### **SMUD ADMINISTRATIVE & GENERAL**

Under the terms of the JPA, SMUD will provide staff to perform administrative and technical support services to SFA - COSUMNES and arrange for insurance coverage, and SMUD will be reimbursed for the cost of providing these services subject to available funds per the priority of distribution of SFA - COSUMNES revenues.

**INSURANCE:** SFA - COSUMNES is required to maintain comprehensive general liability, all risk property insurance, umbrella excess liability insurance, and such other insurance as deemed necessary or prudent. Under the terms of the PPA, SMUD arranges for SFA - COSUMNES to maintain insurance.

**SMUD LABOR:** This line item represents the reimbursable portion of the cost of salaries and wages and associated employee benefits for SMUD employees from Power Generation, Projects Development, Gas Pipeline Operations, Treasury, Accounting, Risk Management, Budget Office, Legal, Electric System Design, and others who will perform administrative and technical support services for SFA - COSUMNES.

**OUTSIDE SERVICES:** SMUD will contract with engineering specialists to assist in technical engineering, permitting and licensing, or other issues which arise during operation.

**INDEPENDENT AUDITOR:** SFA retains the services of an Independent Auditor to audit and certify the SFA financial statements and evaluate internal controls applicable to SFA.



2022 COSUMNES POWER PLANT BUDGET DETAIL  
ADMINISTRATIVE & GENERAL

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
SMUD Administrative & General:													
Independent Engineer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Independent Auditor	\$0	\$14	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$20
SMUD Admin (travel, vessel insp, etc.)	\$1	\$4	\$1	\$1	\$1	\$1	\$3	\$1	\$1	\$5	\$1	\$1	\$23
TOTAL SUPPORT SERVICES:	\$1	\$18	\$4	\$1	\$1	\$1	\$3	\$1	\$1	\$5	\$1	\$4	\$43
Insurance	\$168	\$168	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$193	\$2,268
CPP's 50% share of Herald Fire Dept stipend	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SMUD Labor	\$31	\$27	\$33	\$33	\$31	\$34	\$31	\$33	\$31	\$32	\$34	\$29	\$381
TOTAL ADMINISTRATIVE & GENERAL	\$200	\$213	\$231	\$228	\$226	\$229	\$227	\$228	\$226	\$230	\$228	\$227	\$2,692

**2022 SFA - COSUMNES BUDGET  
LINE ITEM DETAIL**

**CAPITAL EXPENDITURES**

Please see attached schedule.

**2022 COSUMNES POWER PLANT BUDGET DETAIL**  
**CAPITAL EXPENDITURE DETAIL**

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## **2022 SFA - COSUMNES BUDGET**

### **LINE ITEM DETAIL**

#### **DEBT SERVICE**

In June 2015, SFA sold \$233.155 million in Refunding Bonds, completely retiring all previously outstanding SFA obligations.

**INTEREST ON SFA BONDS:** This line item represents accrued interest expense on the outstanding Refunding Bonds. At this time, there is a total outstanding balance of \$101.185 million on these bonds. A detailed annual interest and repayment schedule is presented on the following pages.

**PRINCIPAL REPAYMENTS - SFA BONDS:** Scheduled principal payment will be July 1, 2022 for \$11.45 Million and July 1, 2023 \$1.845 million. In anticipation of these and future scheduled principal payments, SFA includes 1/12 of the upcoming annual payment in each PPA billing beginning twelve months prior to the payment due date. This amount is shown in the Financial Payment calculation.

2022 COSUMNES POWER PLANT BUDGET DETAIL  
DEBT SERVICE

BOND PAYMENT				Bond				Bond					
Bond Payment Due:		Interest Due January 01, 2022		\$ 2,529,625				Principal Due July 1, 2022		\$11,450,000			
		Interest Due July 01, 2022		\$ 2,529,625									
		Interest Due January 01, 2023		\$ 2,243,375									
		Interest Due July 01, 2023		\$ 2,243,375				Principal Due July 1, 2023		\$1,845,000			
Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INTEREST ON SFA BONDS	\$422	\$422	\$422	\$422	\$422	\$422	\$374	\$374	\$374	\$374	\$374	\$374	\$4,773
Bond Principal Payment Accrual	\$954	\$954	\$954	\$954	\$954	\$954	\$154	\$154	\$154	\$154	\$154	\$154	\$6,648
DEBT SERVICE ACCRUALS	\$1,376	\$1,376	\$1,376	\$1,376	\$1,376	\$1,376	\$528	\$528	\$528	\$528	\$528	\$528	\$11,421
TOTAL O&M AND INTEREST:	\$422	\$422	\$422	\$422	\$422	\$422	\$374	\$374	\$374	\$374	\$374	\$374	\$4,773

**Debt Service  
SMUD Financing Authority  
Revenue Bonds  
2015 Series**

	<u>Period Ending</u>	<u>Principal</u>	<u>Interest</u>	Annual Interest	<u>Debt Service</u>	<u>Annual Debt Service</u>
	January 01, 2022		\$ 2,529,625		\$ 2,529,625	
2022	July 01, 2022	\$ 11,450,000	\$ 2,529,625	\$ 5,059,250	\$ 13,979,625	\$ 16,509,250
	January 01, 2023		\$ 2,243,375		\$ 2,243,375	
2023	July 01, 2023	\$ 1,845,000	\$ 2,243,375	\$ 4,486,750	\$ 4,088,375	\$ 6,331,750
	January 01, 2024		\$ 2,197,250		\$ 2,197,250	
2024	July 01, 2024	\$ 13,115,000	\$ 2,197,250	\$ 4,394,500	\$ 15,312,250	\$ 17,509,500
	January 01, 2025		\$ 1,869,375		\$ 1,869,375	
2025	July 01, 2025	\$ 14,270,000	\$ 1,869,375	\$ 3,738,750	\$ 16,139,375	\$ 18,008,750
	January 01, 2026		\$ 1,512,625		\$ 1,512,625	
2026	July 01, 2026	\$ 13,630,000	\$ 1,512,625	\$ 3,025,250	\$ 15,142,625	\$ 16,655,250
	January 01, 2027		\$ 1,171,875		\$ 1,171,875	
2027	July 01, 2027	\$ 13,065,000	\$ 1,171,875	\$ 2,343,750	\$ 14,236,875	\$ 15,408,750
	January 01, 2028		\$ 845,250		\$ 845,250	
2028	July 01, 2028	\$ 12,815,000	\$ 845,250	\$ 1,690,500	\$ 13,660,250	\$ 14,505,500
	January 01, 2029		\$ 524,875		\$ 524,875	
2029	July 01, 2029	\$ 15,460,000	\$ 524,875	\$ 1,049,750	\$ 15,984,875	\$ 16,509,750
	January 01, 2030		\$ 138,375		\$ 138,375	
2030	July 01, 2030	\$ 5,535,000	\$ 138,375	\$ 276,750	\$ 5,673,375	\$ 5,811,750
		<u>\$ 101,185,000</u>	<u>\$ 26,065,250</u>		<u>\$ 127,250,250</u>	<u>\$ 127,250,250</u>

## **2022 SFA - COSUMNES BUDGET**

### **PRO FORMA FINANCIAL SCHEDULES**

SFA - COSUMNES maintains its accounting records in accordance with Generally Accepted Accounting Principles and generally follows the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The following schedules are the Statements of Revenue, Expenses and changes in Net Position and Revenue Detail Schedule, which show the projected results of operations, for SFA - COSUMNES during the 2022 budget period based on the 2022 budget assumptions and expense and capital budgets.

#### **REVENUE DETAIL**

The following schedule details expected SFA - COSUMNES Revenue during the 2022 budget period.

**ELECTRIC REVENUE:** Under the terms of the PPA, SMUD is obligated to make monthly capacity and energy payments to SFA - COSUMNES for capacity and energy provided by SFA - COSUMNES. These payments are based on certain assumptions and rates, which were detailed under Budget Assumptions. The Capacity Sales Revenue estimate assumes the plant operator will maintain the minimum availability factor for the power plant necessary to qualify for maximum payments.

**FINANCIAL PAYMENT:** Under the terms of the PPA, SMUD will pay SFA - COSUMNES an amount equal to the sum of the Debt Service on the Bonds, all other payments relating to the Bonds or the Cosumnes required to be made under the Indenture, including without limitation, any Trustee fees and rebate amounts, and any other costs required to be paid or reimbursed to the Trustee or to other persons under or in respect of the Indenture or with respect to Debt Service or as otherwise required under the Indenture during the term hereof.

**OPERATING PAYMENT:** Under the terms of the PPA, SMUD will pay SFA - COSUMNES an amount equal to the sum of all costs and expenses payable by SFA - COSUMNES pursuant to the Lease and Property Agreement, the O&M Agreement, the Natural Gas Interconnection and Supply Agreement, all insurance costs and any cost or expense otherwise incurred in the operation and maintenance of Cosumnes, including capital improvements and overhaul expenses, plus \$200,000 per month to cover other SFA - COSUMNES obligations.

**INTEREST INCOME:** SFA - COSUMNES will earn interest on invested funds held as working capital. The budget assumes a 0% return on budgeted monies to be held in these funds.

2022 COSUMNES POWER PLANT BUDGET DETAIL  
ELECTRIC REVENUE DETAIL

	2022			Jan 1-Jun 30	Jul 1-Dec 31			2023			Jan 1-Jun 30		
	PPA Debt Service=			\$1,375,771	\$527,646						\$527,646		
Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
CAPACITY PAYMENT:													
Fixed Payment	200	200	200	200	200	200	200	200	200	200	200	200	\$2,400
Debt Service Component:													
Bond Debt Service	\$1,376	\$1,376	\$1,376	\$1,376	\$1,376	\$1,376	\$528	\$528	\$528	\$528	\$528	\$528	\$11,421
Multiplier	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	
Debt Service	\$1,376	\$1,376	\$1,376	\$1,376	\$1,376	\$1,376	\$528	\$528	\$528	\$528	\$528	\$528	\$11,421
TOTAL CAPACITY PAYMENT	\$1,576	\$1,576	\$1,576	\$1,576	\$1,576	\$1,576	\$728	\$728	\$728	\$728	\$728	\$728	\$13,821
ENERGY PAYMENT:													
Fuel Supply Payment	\$16,501	\$11,919	\$7,202	\$6,149	\$6,436	\$10,044	\$13,721	\$14,687	\$12,443	\$14,619	\$12,799	\$14,406	\$140,924
Variable Payment:													
Operator Fees	\$405	\$371	\$352	\$340	\$352	\$447	\$459	\$459	\$447	\$405	\$340	\$405	\$4,783
Reimbursable expenses	\$405	\$442	\$521	\$2,469	\$317	\$404	\$327	\$329	\$340	\$501	\$367	\$359	\$6,782
Overhaul costs	\$0	\$0	\$0	\$8,046	\$400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,446
Site Lease	\$168												\$168
Insurance			\$2,268										\$2,268
Water supply payment												\$268	\$268
Freeport Cleaning Fee Reimbursement	\$0	\$0	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$30	\$0	\$0	\$240
Capital Improvements	\$0	\$0	\$0	\$17,281	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,281
Capital Overhauls	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Variable Payment	\$979	\$813	\$3,170	\$28,166	\$1,099	\$881	\$816	\$818	\$817	\$936	\$708	\$1,032	\$40,235
TOTAL ENERGY PAYMENT	\$17,479	\$12,732	\$10,372	\$34,315	\$7,535	\$10,925	\$14,537	\$15,504	\$13,260	\$15,555	\$13,506	\$15,438	\$181,159
TOTAL ELECTRICITY SALES REVENUE	\$19,055	\$14,308	\$11,948	\$35,890	\$9,111	\$12,501	\$15,265	\$16,232	\$13,988	\$16,282	\$14,234	\$16,166	\$194,979



## **2022 SFA - COSUMNES BUDGET PRO FORMA FINANCIAL STATEMENTS**

### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Pro Forma Statements of Revenues, Expenses and changes in Net Position is a projected summary of the results of operations prepared on a FERC basis for SFA - COSUMNES in 2022. The Income Statement incorporates revenues as shown on the Revenue Detail, expenses as shown on the Budget Summary, and non-cash expenses such as depreciation and amortization.

**DEPRECIATION** represents the pro rata expensing of the capital cost of Cosumnes. Estimated service life is based on the remaining life of the Plant at the time a capital project is placed in service, the original life of the Plant being 30 years.

**AMORTIZATION OF REGULATORY ASSET – DEBT ISSUANCE** represents the amortization of debt issuance costs related to the issuance of the Refunding Bonds. In 2013, SFA - COSUMNES adopted GASB No. 65, which changed how debt issuance costs were recorded. SFA - COSUMNES implemented GASB No. 62 which allowed SFA - COSUMNES to continue to amortize these costs. This resulted in the amortization being moved into the Operating Expense section of the Statements of Revenues, Expenses and changes in Net Position. Any debt issuance costs incurred after January 1, 2022, will be expensed in the period incurred.

**AMORTIZATION OF PREMIUM / DISCOUNT** represents the amortization of any premiums or discounts related to the issuance of the Refunding Bonds. These costs are amortized to Interest Expense over the term of the Bonds.

Cosumnes Power Plant is projecting a net income of \$13.630 million, an increase of \$14.667 million over 2021. The increase is primarily due to a year-over-year increase of \$17.061 million passthrough capital costs in revenue, lower the depreciation/amortization and lower interest expense, partly offset by lower margin.

**2022 COSUMNES POWER PLANT BUDGET**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Period January 1, 2022 to December 31, 2022

Dollars in Thousands

	<b>2021 BUDGET</b>	<b>2022 BUDGET</b>
<b>OPERATING REVENUES:</b>		
Sale of Electricity	<b>\$167,149</b>	<b>\$194,979</b>
<b>TOTAL OPERATING REVENUES</b>	<b>167,149</b>	<b>194,979</b>
<b>OPERATING EXPENSES</b>		
Fuel	130,838	140,924
Production	15,622	21,195
Administrative & General	2,509	2,692
<b>Total Operations</b>	<b>148,969</b>	<b>164,811</b>
Depreciation	15,726	13,382
Amortization of Regulatory Asset-Debt Issuance	104	104
<b>TOTAL OPERATING EXPENSES</b>	<b>164,800</b>	<b>178,297</b>
<b>NET OPERATING INCOME</b>	<b>2,349</b>	<b>16,682</b>
<b>INTEREST EXPENSE</b>		
Interest on Long-Term Debt	5,332	4,773
Amortization of Premium/Discount Costs	(1,945)	(1,721)
<b>Net Interest Expense</b>	<b>3,386</b>	<b>3,052</b>
<b>CHANGE IN NET POSITION</b>	<b>(\$1,037)</b>	<b>\$13,630</b>

Sacramento Municipal Utility District  
Financing Authority (SFA)  
Draft 2022 Budget

Procter & Gamble Power Plant

## **2022 SFA - PROCTER & GAMBLE BUDGET**

The Sacramento Cogeneration Authority (SCA) was a Joint Powers Agency (JPA) formed in 1993 by Sacramento Municipal Utility District (SMUD) and the SMUD Financing Authority (SFA) for the purpose of acquiring, constructing, financing and operating the SCA Procter & Gamble Cogeneration Project (Project). SCA sold Cogeneration Project Revenue Bonds (Bonds) in May 1995 and the proceeds have been used to construct the Project. The Project has been in commercial operation since March 1, 1997. In August 2009, SCA sold Cogeneration Project Revenue Refunding Bonds (Refunding Bonds), completely retiring all previously issued Bonds and restructuring the Power Purchase Agreement (PPA) between SCA and SMUD. In September 2019, SCA completely retired all of the outstanding Refunding Bonds and again restructured the PPA between SCA and SMUD.

The Project, also known as SCA Cogen II, is located adjacent to the Procter & Gamble Manufacturing Company (Procter & Gamble) in Sacramento County. The plant consists of two clean-burning gas-fired combined cycle gas turbine generator units, one steam turbine generator unit, and one simple cycle gas turbine for a combined capacity of 190.3 MW. Besides electricity, the plant generates steam, which is sold to Procter & Gamble. The plant burns natural gas, which is supplied through a natural gas pipeline owned and operated by SMUD. SMUD has designed and built transmission and telecommunications facilities to integrate the plant into SMUD's electrical system.

On November 1, 2021, SCA will be transferring ownership of the SCA Procter & Gamble Cogeneration Project to SFA and renaming the plant name to Procter & Gamble Power Plant (Procter).

This 2022 SFA - PROCTER budget covers the expected financial operations of SFA and the Procter & Gamble Power Plant from January 1, 2022 through December 31, 2022. The budget is divided into two parts. The first part is the expense budget as shown on the Budget Summary. These budgets represent expenses to be incurred and/or paid by SFA in 2022 in the course of running Procter and conducting the business of SFA - PROCTER. The second part of the budget lists capital and other expenditures proposed for 2022. Also included in this document is a pro forma financial statement. This statement incorporates SFA - PROCTER revenues and non-cash expenses such as depreciation to show the complete financial results of operations for the year.

The operation of SFA and Procter is governed by a series of agreements among the JPA members and outside parties. A description of these agreements follows:

**JOINT POWERS AGREEMENT (JPA)** between SMUD and SFA. SFA has no employees; SMUD will provide technical and administrative services for SFA pursuant to the PPA. The SFA Board consists of the SMUD Board.

**POWER PURCHASE AGREEMENT (PPA)** between SMUD and SFA. SFA has agreed to sell to SMUD and SMUD has agreed to purchase the energy and capacity from the Procter & Gamble Power Plant. SMUD will pay SFA for its costs whether or not Procter is operating. This agreement will be in effect until terminated by SMUD. This agreement

covers the terms of how Procter will be operated (SMUD will dispatch) and the calculation of payments from SMUD to SFA for operation of Procter.

**GAS SUPPLY AGREEMENT (GSA)** between SMUD and SFA. SMUD will arrange for all natural gas supply and transportation requirements for SFA. SMUD will charge SFA for SMUD's actual supply and transportation costs properly allocable to Procter.

**OPERATIONS & MAINTENANCE AGREEMENT (O&M AGREEMENT)** between SFA and EthosEnergy Power Plant Services (Ethos), the plant operator. SFA has contracted with Ethos to operate, repair, overhaul and maintain the Procter & Gamble Power Plant for a five-year term effective January 1, 2016, in exchange for payments tied to specified plant performance standards. On August 21, 2020, SFA exercised a one-sided renewal clause extending the agreement for a second five-year term.

**STEAM SALES AGREEMENT** between SMUD and Procter & Gamble, and Steam Services Agreement assigning SMUD's rights to SFA. These agreements cover the terms and conditions of steam sales from SFA to Procter & Gamble.

**PROCTER & GAMBLE POWER PLANT**  
**2022**  
**BUDGET SUMMARY**

	2021 BUDGET	2022 BUDGET	NET CHANGE PERCENT
<b>GENERATION (MWh)</b>	454,067	724,954	60%
<b>FUEL</b>			
Combined Cycle Gas Expenses	\$12,389,525	\$20,813,041	68%
Peaker Plant Gas Expenses	\$564,161	\$1,872,095	232%
Natural Gas Commodity (\$ /MMBtu)	\$2.31	\$2.71	
Auxiliary Boiler Fuel Costs	\$1,381,124	\$308,694	-78%
<b>TOTAL FUEL EXPENSES</b>	<b>\$14,334,809</b>	<b>\$22,993,830</b>	<b>60%</b>
<b>PLANT OPERATION &amp; MAINTENANCE</b>			
Station Service Energy Costs	\$381,860	\$393,305	3%
Operator Fixed Fees	\$2,595,233	\$2,609,061	1%
Operator Reimbursable Expenses	\$3,080,146	\$3,610,174	17%
Operator Availability Bonus	\$834,628	\$802,283	-4%
Lease Engine Program	\$0	\$148,778	
JPA Administrative and Other Expenses	\$457,338	\$454,712	-1%
Engine Overhaul Expense	\$6,550,000	\$700,000	-89%
<b>TOTAL PLANT OPERATION &amp; MAINTENANCE</b>	<b>\$13,899,205</b>	<b>\$8,718,313</b>	<b>-37%</b>
<b>TOTAL O&amp;M COSTS</b>	<b>\$28,234,014</b>	<b>\$31,712,143</b>	<b>12%</b>
<b>ADMINISTRATIVE &amp; GENERAL</b>			
SMUD Labor	\$443,748	\$450,212	1%
SMUD Administrative & General	\$83,662	\$38,525	-54%
Insurance	\$1,223,214	\$1,340,109	10%
<b>TOTAL ADMINISTRATIVE &amp; GENERAL</b>	<b>\$1,750,624</b>	<b>\$1,828,846</b>	<b>4%</b>
<b>PLANNED CAPITAL EXPENSES</b>	<b>\$0</b>	<b>\$0</b>	
<b>TOTAL CAPITAL EXPENDITURES</b>	<b>\$0</b>	<b>\$0</b>	

## **2022 SFA - PROCTER BUDGET ASSUMPTIONS**

The 2022 SFA - PROCTER Budget is based on the following assumptions:

**PLANNED GENERATION** from Procter during the January 1, 2022 to December 31, 2022 budget period, as taken from SMUD's 2022 Resource Operating Plan (ROP), dated October 2021, is 676,498 MWh for the combined cycle and 48,456 MWh for the peaker, for a grand total of 724,954 MWh. Monthly generation is shown on the Operating Assumptions table later in this document.

**HEAT RATE** is based on loading assumptions from the ROP and averages 8,353 Btu/KWh for the combined cycle and 10,207 Btu/KWh for the peaker.

**NATURAL GAS PRICES** are based on SMUD's actual costs obligated to firm natural gas purchases and estimates for the non-firm portion prepared by SMUD's Energy Trading & Contracts group. The variable rate is based on the latest available Petroleum Industry Research Associates forecast of commodity prices by month for 2022, plus 3.2% fuel use. The fixed component represents SFA - PROCTER's pro rata share of fixed capacity costs on the Alberta Gas Company/NOVA Corporation of Alberta/Pacific Gas Transmission Company (ANG/NOVA/PGT) interstate pipelines, and its pro rata share of depreciation, interest and O&M costs on SMUD's ownership interest in the Pacific Gas & Electric (PG&E) Line 300/401 interstate pipeline and SMUD's local gas pipeline. The monthly prices are shown on the Operating Assumptions page.

**FIXED OPERATING FEE** to be paid from SFA to Ethos is based on the flat annual base operating fee per the O&M Agreement. This payment is assumed to cover all direct and indirect labor costs, including benefits, taxes, insurance, home office support, management and supervision incurred by Ethos. This payment escalates in future years at 2.5% per year in accordance with the existing O&M Agreement.

**NET DEPENDABLE CAPACITY (NDC)** for budget purposes for the Combined Cycle Plant is assumed to be 120.37 MW, based on NDC tests performed during acceptance testing in 1997. NDC for the Peaking Plant is assumed to be 44.0 MW.

**REIMBURSABLE OPERATING COSTS** to be paid from SFA to Ethos is based on estimated variable plant operating costs, excluding fuel, to be incurred by Ethos in 2022.

**STEAM SALES REVENUE** is based on estimates of steam delivery to Procter & Gamble and estimated prices per the Steam Sales Agreement.

**MAINTENANCE/OVERHAUL EXPENSE** The budget is based on direct SFA - PROCTER expenditures for scheduled maintenance or overhaul activities performed by Ethos, SMUD or an independent outside contractor.

**2022 PROCTER & GAMBLE POWER PLANT BUDGET DETAIL  
OPERATING ASSUMPTIONS**

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Resource Operating Plan:													
Combined Cycle Power Plant:													
Capacity (Megawatts Net)	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3
Generation (MWh)	61,878	51,512	60,329	34,518	27,679	32,045	71,611	76,443	71,196	53,316	65,810	70,160	676,498
Natural Gas (1000's of MMBtu)	521	427	505	290	234	271	597	635	592	443	546	581	5,643
Model Average Heat Rate (Btu/kWH)	8,423	8,295	8,365	8,405	8,438	8,454	8,333	8,308	8,317	8,316	8,302	8,285	8,353
Budgeted Availability (IEEE)	81%	97%	98%	79%	100%	98%	98%	100%	98%	82%	98%	98%	94%
Peaking Power Plant:													
Capacity (Megawatts Net)	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Generation (MWh)	7,751	2,982	2,295	1,798	2,178	1,367	10,898	10,073	7,265	597	600	654	48,456
Natural Gas (1000's of MMBtu)	78	30	23	18	22	14	109	101	74	6	6	7	490
Model Average Heat Rate (Btu/kWH)	10,078	10,038	10,091	10,263	10,326	10,407	10,022	10,033	10,172	10,412	10,402	10,242	10,207
Budgeted Availability (IEEE)	87%	100%	98%	79%	100%	98%	100%	100%	98%	82%	100%	98%	95%
Average Steam to P&G	55.7	45.1	49.8	35.2	48.5	46.6	47.9	45.3	45.2	44.5	47.7	49.9	46.8



## **2022 SFA - PROCTER BUDGET**

### **LINE ITEM DETAIL**

The following schedule shows a monthly breakdown of the line items within the SFA - PROCTER budget:

#### **FUEL EXPENSE**

This schedule shows detail of the budgeted expense for fuel to be burned at Procter.

Natural gas is the primary fuel for Procter and will be procured by SMUD per the GSA. The gas will be delivered to the plant through SMUD's capacity interest on the ANG/NOVA/PGT and Line 300/401 interstate pipelines, or other contracted routes, and SMUD's local natural gas pipeline. The local natural gas pipeline, which became operational in April 1996, connects the Procter & Gamble Power Plant (and three other local gas-fired power plants) to PG&E's interstate gas pipeline.

Under the GSA, SMUD will handle the actual procurement and transportation arrangements for the SFA. The assumed variable cost for natural gas is taken from the latest available SMUD forecast. The fuel budget also includes a pro rata share of fixed costs incurred by SMUD to own and operate its interest in the PG&E Line 300/401 pipeline and its local natural gas pipeline which connects the local generation plants to PG&E's gas pipeline.

## 2022 PROCTER & GAMBLE POWER PLANT BUDGET DETAIL

### FUEL EXPENSE

Fuel Usage in Thousands of MMBtu/Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>Combined Cycle Unit:</b>													
Comb Cycle Generation MWh Adjusted by 100%	61,878	51,512	60,329	34,518	27,679	32,045	71,611	76,443	71,196	53,316	65,810	70,160	676,498
Average Heat Rate Btu/kWh	8,423	8,295	8,365	8,405	8,438	8,454	8,333	8,308	8,317	8,316	8,302	8,285	8,353
Comb Cycle Fuel Usage (1000's of MMBtu)	521	427	505	290	234	271	597	635	592	443	546	581	5,643
<b>Peaker Unit:</b>													
Peaker Generation MWh Adjusted by 100%	7,751	2,982	2,295	1,798	2,178	1,367	10,898	10,073	7,265	597	600	654	48,456
Average Heat Rate Btu/kWh	10,078	10,038	10,091	10,263	10,326	10,407	10,022	10,033	10,172	10,412	10,402	10,242	10,207
Peaker Natural Gas Usage (1000's of MMBtu)	78	30	23	18	22	14	109	101	74	6	6	7	490
Auxiliary Boiler Fuel Usage (1000's of MMBtu)	0	10.064	8.088	26.56	33.288	24.792	0	0	0	12.296	0	0	115
<b>Total Fuel Usage (1000's of MMBtu)</b>	<b>599</b>	<b>467</b>	<b>536</b>	<b>335</b>	<b>289</b>	<b>310</b>	<b>706</b>	<b>736</b>	<b>666</b>	<b>462</b>	<b>553</b>	<b>588</b>	<b>6,248</b>
<b>Natural Gas Fuel Price \$ / MMBtu</b>	<b>\$4.25</b>	<b>\$3.30</b>	<b>\$2.27</b>	<b>\$0.49</b>	<b>\$0.40</b>	<b>\$2.33</b>	<b>\$3.26</b>	<b>\$3.48</b>	<b>\$3.23</b>	<b>\$3.46</b>	<b>\$2.83</b>	<b>\$3.19</b>	<b>\$2.71</b>
<b>Natural Gas Variable Expenses (Commodity)</b>	<b>\$2,550</b>	<b>\$1,541</b>	<b>\$1,216</b>	<b>\$166</b>	<b>\$117</b>	<b>\$722</b>	<b>\$2,302</b>	<b>\$2,560</b>	<b>\$2,152</b>	<b>\$1,596</b>	<b>\$1,566</b>	<b>\$1,873</b>	<b>\$18,361</b>
<b>Demand, Storage, &amp; Procurement</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$166</b>	<b>\$1,987</b>
<b>Amortization of Deferred Capacity</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$6</b>	<b>\$76</b>
<b>SMUD Fixed Gas Expenses:</b>													
SMUD Pipeline Depreciation	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$16	\$194
SMUD Pipeline Interest Charges	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$12	\$141
SMUD Pipeline O&M Charges	\$103	\$103	\$103	\$103	\$103	\$103	\$103	\$103	\$103	\$103	\$103	\$103	\$1,234
<b>TOTAL SMUD Fixed Gas Expenses</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$131</b>	<b>\$1,568</b>
<b>PG&amp;E Line 300/401:</b>													
Line 300/401 Investment Amortization	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$41	\$496
Line 300/401 Interest Charges	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$22	\$268
Line 300/401 Property Taxes	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$110
Line 300/401 O&M Charges	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$11	\$127
<b>TOTAL PG&amp;E Line 300/401</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$83</b>	<b>\$1,001</b>
<b>Auxiliary Boiler Fuel Expenses</b>	<b>\$0</b>	<b>\$41</b>	<b>\$24</b>	<b>\$44</b>	<b>\$58</b>	<b>\$89</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$53</b>	<b>\$0</b>	<b>\$0</b>	<b>\$309</b>
Variable Aux Boiler Fuel Expense	\$0	\$33	\$18	\$13	\$13	\$58	\$0	\$0	\$0	\$42	\$0	\$0	\$178
Fixed Aux Boiler Fuel Expense	\$0	\$8	\$6	\$31	\$44	\$31	\$0	\$0	\$0	\$10	\$0	\$0	\$130
<b>Combined Cycle Fuel Expenses</b>	<b>\$2,553</b>	<b>\$1,762</b>	<b>\$1,508</b>	<b>\$478</b>	<b>\$406</b>	<b>\$969</b>	<b>\$2,272</b>	<b>\$2,542</b>	<b>\$2,257</b>	<b>\$1,903</b>	<b>\$1,930</b>	<b>\$2,234</b>	<b>\$20,813</b>
Variable Combined Cycle Fuel Expenses	\$2,217	\$1,409	\$1,145	\$144	\$94	\$631	\$1,946	\$2,209	\$1,913	\$1,532	\$1,548	\$1,852	\$16,641
Fixed Combined Cycle Fuel Expenses	\$336	\$353	\$364	\$334	\$312	\$337	\$326	\$333	\$343	\$371	\$382	\$382	\$4,172
<b>Peaker Plant Fuel Expenses</b>	<b>\$383</b>	<b>\$123</b>	<b>\$69</b>	<b>\$30</b>	<b>\$39</b>	<b>\$51</b>	<b>\$416</b>	<b>\$405</b>	<b>\$282</b>	<b>\$27</b>	<b>\$22</b>	<b>\$26</b>	<b>\$1,872</b>
Variable Peaker Plant Fuel Expenses	\$332	\$99	\$53	\$9	\$9	\$33	\$356	\$352	\$239	\$21	\$18	\$21	\$1,542
Fixed Peaker Plant Fuel Expenses	\$50	\$25	\$17	\$21	\$30	\$18	\$60	\$53	\$43	\$5	\$4	\$4	\$330
Line 300/401 capacity sales revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL FUEL EXPENSES</b>	<b>\$2,936</b>	<b>\$1,927</b>	<b>\$1,602</b>	<b>\$552</b>	<b>\$503</b>	<b>\$1,108</b>	<b>\$2,688</b>	<b>\$2,946</b>	<b>\$2,538</b>	<b>\$1,982</b>	<b>\$1,952</b>	<b>\$2,259</b>	<b>\$22,994</b>

## **2022 SFA - PROCTER BUDGET LINE ITEM DETAIL**

### **PLANT OPERATIONS & MAINTENANCE**

**OPERATOR FEES:** The budget for operator fees and plant operating expenses represents fees to be paid to Ethos, under the terms of the O&M Agreement, plus actual variable plant operating expenses incurred by Ethos and reimbursed from SFA without markup. The budget shows the reimbursement to Ethos as an operating expense.

Under the terms of the O&M Agreement, Ethos is reimbursed for all plant operating and maintenance expenses and repairs.

**PERFORMANCE BONUSES:** Ethos will earn availability bonuses under the O&M Agreement if the combined cycle Equivalent Forced Outage Factor is less than five percent (5%). Ethos will also earn bonuses for the simple cycle Peaker unit for maintaining a successful call-up ratio based on how well the unit starts and generates electricity when requested. A No-Deviant Steam bonus is available based on how well the plant provides for the steam needs of the Procter & Gamble facility. The 2022 budget assumes that Ethos will successfully earn all bonuses.

**STATION SERVICE ELECTRICITY:** SFA will pay SMUD under the terms of SMUD's Rules and Regulations for station service capacity and energy for Procter. Procter is connected to SMUD's system to ensure that power is available to run plant systems during planned or unplanned outages.

**WATER:** This line item represents the estimated cost of cooling and make-up water required to operate Procter and auxiliary boiler.

**SEWER:** This line item represents the estimated cost of maintaining the plant's connection to the Sacramento County sanitary sewer and associated fees for disposal of wastewater.

## **2022 SFA - PROCTER BUDGET LINE ITEM DETAIL**

### **OPERATING AND ADMINISTRATIVE COSTS**

**OPERATING COSTS:** Under the terms of the O&M Agreement and PPA, various tests (heat rate, NDC, etc.) of Procter & Gamble Power Plant operations may be required by SMUD or SFA - PROCTER during the year. This line item covers the estimated reimbursement to Ethos for performing such tests or for other items not covered by the O&M Agreement.

## 2022 PROCTER & GAMBLE POWER PLANT BUDGET DETAIL PLANT OPERATION & MAINTENANCE

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Net Dependable Capacity CC (MW)	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3	120.3
Total Generation MWh (Combined & Peaker)	69,629	54,494	62,624	36,316	29,857	33,413	82,509	86,516	78,461	53,912	66,409	70,814	724,954
<b>OPERATOR FEES:</b>													
Fixed Fee Expenses	\$222	\$200	\$222	\$214	\$222	\$214	\$222	\$222	\$214	\$222	\$214	\$222	\$2,609
Reimbursable Operator Expenses	\$229	\$158	\$356	\$543	\$805	\$194	\$154	\$166	\$162	\$408	\$278	\$158	\$3,610
Availability Bonus - Combined Cycle	\$32	\$32	\$0	\$0	\$0	\$65	\$65	\$65	\$65	\$32	\$0	\$32	\$390
Availability Bonus - Peaker	\$13	\$13	\$6	\$6	\$6	\$13	\$13	\$13	\$13	\$13	\$6	\$13	\$128
Availability Bonus - No deviant steam	\$0	\$0	\$0	\$0	\$0	\$142	\$0	\$0	\$0	\$0	\$0	\$142	\$284
Overhaul Expenses	\$0	\$0	\$0	\$0	\$700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$700
Operator Fees (less Overhaul Expenses)	\$495	\$403	\$584	\$763	\$1,033	\$628	\$453	\$466	\$454	\$675	\$499	\$567	\$7,022
<b>OTHER OPERATING EXPENSES:</b>													
Lease Engine Program	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$0	\$0	\$149
Station Service Energy Costs:	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$33	\$393
Water	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$32	\$378
Sewer	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$47
SMAQMD Title V Permit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permit Fees (EPA, NPDES, State of CA)	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$30
Other Operating Expenses Total:	\$86	\$86	\$86	\$86	\$86	\$86	\$86	\$86	\$86	\$86	\$71	\$71	\$997
<b>TOTAL PLANT OPERATION &amp; MAINTENANCE</b>	<b>\$581</b>	<b>\$489</b>	<b>\$669</b>	<b>\$849</b>	<b>\$1,818</b>	<b>\$714</b>	<b>\$539</b>	<b>\$551</b>	<b>\$540</b>	<b>\$761</b>	<b>\$570</b>	<b>\$637</b>	<b>\$8,718</b>

## **2022 SFA - PROCTER BUDGET LINE ITEM DETAIL**

### **SMUD ADMINISTRATIVE & GENERAL**

Under the terms of the JPA, SMUD will provide staff to perform administrative and technical support services to SFA - PROCTER and arrange for insurance coverage, and SMUD will be reimbursed for the cost of providing these services subject to available funds per the priority of distribution of SFA - PROCTER revenues.

**INSURANCE:** Under the terms of the Indenture, SFA - PROCTER is required to maintain insurance as SMUD determines SFA - PROCTER may reasonably require.

**SMUD LABOR:** This line item represents the reimbursable portion of the cost of salaries and wages and associated employee benefits for SMUD employees from Power Generation, Projects Development, Gas Pipeline Operations, Treasury, Accounting, Risk Management, Budget Office, Legal, Electric System Design and others who will perform administrative and technical support services for SFA - PROCTER.

**OUTSIDE SERVICES:** SMUD will contract with engineering specialists to assist in engineering, permitting and licensing, or other issues which arise during operation.

**INDEPENDENT AUDITOR:** SFA retains the services of an Independent Auditor to audit and certify the SFA financial statements and evaluate internal controls applicable to SFA.

**2022 PROCTER & GAMBLE POWER PLANT BUDGET DETAIL**  
**ADMINISTRATIVE & GENERAL**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
INSURANCE (Property, B&M, and BI)	\$99	\$99	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$114	\$1,340
SMUD Administrative & General:													
Independent Engineer	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Independent Auditor	\$0	\$14	\$3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3	\$20
Outside Services (travel, vessel insp, WECC)	\$0	\$0	\$11	\$0	\$0	\$0	\$0	\$0	\$4	\$0	\$0	\$0	\$19
Telephone	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3
Postage (DHL)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Insurance Vessel Inspection	\$0	\$0	\$10	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10
WTUG Airfare	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1
Airfare - Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2	\$0	\$0	\$0	\$2
Lodging - Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$1
WTUG Training Registration	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Miscellaneous Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1	\$0	\$0	\$0	\$1
Meals - Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Ground Transportation - Travel	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SMUD Administrative & General TOTAL:	\$0	\$14	\$14	\$0	\$0	\$0	\$0	\$0	\$4	\$0	\$0	\$3	\$39
SMUD Labor - Direct	\$25	\$23	\$25	\$26	\$25	\$26	\$25	\$25	\$25	\$25	\$24	\$24	\$299
SMUD Labor - Indirect	\$4	\$4	\$3	\$3	\$4	\$4	\$6	\$3	\$4	\$3	\$6	\$6	\$52
Surcharges (rolls up into SMUD labor in budget book report)	\$8	\$7	\$8	\$8	\$8	\$10	\$10	\$8	\$10	\$8	\$7	\$8	\$100
SMUD Labor	\$37	\$34	\$36	\$38	\$37	\$39	\$41	\$36	\$39	\$37	\$37	\$39	\$450
TOTAL ADMINISTRATIVE & GENERAL	\$137	\$147	\$165	\$152	\$152	\$154	\$155	\$151	\$157	\$151	\$151	\$156	\$1,829

**2022 SFA - PROCTER BUDGET  
LINE ITEM DETAIL**

**CAPITAL EXPENDITURES**

SFA – PROCTER has no planned Capital Expenditures for 2022.



2022 PROCTER & GAMBLE POWER PLANT BUDGET DETAIL  
CAPITAL EXPENDITURES

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Capital Expenses													
Plant Betterments (Released Fund):													\$0
Planned Capital Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL O&M COSTS (Including Capital items)	\$3,654	\$2,563	\$2,436	\$1,553	\$2,473	\$1,976	\$3,382	\$3,648	\$3,235	\$2,894	\$2,673	\$3,053	\$33,541

## **2022 SFA - PROCTER BUDGET**

### **PRO FORMA FINANCIAL SCHEDULES**

SFA - PROCTER maintains its accounting records in accordance with Generally Accepted Accounting Principles and generally follows the Uniform System of Accounts for Public Utilities and Licensees prescribed by the Federal Energy Regulatory Commission (FERC). The following schedules are the Statements of Revenue, Expenses and Changes in Net Position and Revenue Detail Schedule, which show the projected results of operations, for SFA - PROCTER during the 2022 budget period based on the 2022 budget assumptions and expense and capital budgets.

#### **REVENUE DETAIL**

The following schedule details expected SFA - PROCTER Revenue during the 2022 budget period.

**ELECTRIC REVENUE:** Under the terms of the PPA, SMUD is obligated to make monthly Financial and Operating payments to SFA - PROCTER for capacity and energy provided by SFA - PROCTER. These payments are based on certain assumptions and rates, which were detailed under Budget Assumptions.

**OPERATING PAYMENT:** Under the terms of the PPA, SMUD will pay SFA an amount equal to the sum of all costs and expenses payable by the SFA pursuant to the Lease and Property Agreement, the O&M Agreement, the GSA, all insurance costs and any cost or expense otherwise incurred in the operation and maintenance of Procter, including capital improvements and overhaul expenses, plus \$130,000 per month to cover other SFA - PROCTER obligations.

**STEAM SALES REVENUE:** SFA - PROCTER will sell process steam generated by the plant to Procter & Gamble under the terms of the Steam Sales Agreement. Estimates derived from historical steam loads and steam tariff rates from this agreement have been used in the 2022 Budget.

**INTEREST INCOME:** SFA - PROCTER will earn interest on invested funds held as working capital. The budget assumes a 0% return on budgeted monies to be held in these funds.

2022 PROCTER & GAMBLE POWER PLANT BUDGET DETAIL  
ELECTRIC REVENUE DETAIL

	2022			5/1/21 - 4/30/22	5/1/22 - 4/30/23								
	PPA Debt Service=			\$0.00	\$0.00								
Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
FINANCIAL PAYMENT													
PPA Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL FINANCIAL PAYMENT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operating Payment													
Fixed Payment	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$130	\$1,560
O&M Agreement	\$495	\$403	\$584	\$763	\$1,033	\$628	\$453	\$466	\$454	\$675	\$499	\$567	\$7,022
Natural Gas Interconnection and Supply Agreement	\$2,936	\$1,927	\$1,602	\$552	\$503	\$1,108	\$2,688	\$2,946	\$2,538	\$1,982	\$1,952	\$2,259	\$22,994
Insurance Costs	\$0	\$0	\$1,320	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20	\$1,340
Overhaul Costs	\$0	\$0	\$0	\$0	\$700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$700
Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Costs										\$149			\$149
TOTOAL OPERATING PAYMENT	\$3,561	\$2,460	\$3,636	\$1,445	\$2,366	\$1,866	\$3,271	\$3,542	\$3,122	\$2,936	\$2,581	\$2,976	\$33,764
AGGREGATE PAYMENT	\$3,561	\$2,460	\$3,636	\$1,445	\$2,366	\$1,866	\$3,271	\$3,542	\$3,122	\$2,936	\$2,581	\$2,976	\$33,764

**2022 PROCTOR & GAMBLE POWER PLANT BUDGET DETAIL**  
**STEAM & OTHER REVENUE DETAIL**

Dollars in Thousands	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
<b>PROCTOR &amp; GAMBLE</b>													
PG&E Price Forecast (\$/MMBtu)	\$4.25	\$3.30	\$2.27	\$0.49	\$0.40	\$2.33	\$3.26	\$3.48	\$3.23	\$3.46	\$2.83	\$3.19	\$2.71
Steam Delivery (Klb / hour)	55.7	45.1	49.8	35.2	48.5	46.6	47.9	45.3	45.2	44.5	47.7	49.9	46.8
Operating Hours w/ availability @ 100%	744	672	744	720	744	720	744	744	720	744	720	744	8,760
Days in month	31	28	31	30	31	30	31	31	30	31	30	31	365
P & G Steam Delivery (million lb)	41	30	37	25	36	34	36	34	33	33	34	37	410
P & G Steam (Btu / lb)	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	1,205	14,460
P & G Steam Delivery (MMBtu)	49,900	36,536	44,620	30,522	43,454	40,456	42,961	40,630	39,198	39,877	41,376	44,692	494,223
Tier I Steam Price (\$/klb)	\$8.03	\$6.70	\$5.28	\$2.82	\$2.70	\$5.36	\$6.65	\$6.95	\$6.61	\$6.92	\$6.06	\$6.55	\$5.89
Tier II Steam Price (\$/klb)	\$5.67	\$4.49	\$3.23	\$1.04	\$0.93	\$3.30	\$4.45	\$4.72	\$4.41	\$4.69	\$3.92	\$4.36	\$3.77
P & G Steam Sales Revenue	\$306	\$202	\$181	\$80	\$87	\$173	\$225	\$226	\$209	\$222	\$199	\$227	\$2,337
Interest Income													
Interest Income (Thousands \$)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
STEAM, INTEREST, & OTHER REVENUE	\$306	\$202	\$181	\$80	\$87	\$173	\$225	\$226	\$209	\$222	\$199	\$227	\$2,337

## **2022 SFA - PROCTER BUDGET** **PRO FORMA FINANCIAL STATEMENTS**

### **STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The Pro Forma Statements of Revenues, Expenses and Changes in Net Position is a projected summary of the results of operations prepared on a FERC basis for SFA - PROCTER in 2022. The Statements of Revenues, Expenses and Changes in Net Position incorporates revenues as shown on the Revenue Detail, expenses as shown on the Budget Summary, and non-cash expenses such as depreciation and amortization.

**DEPRECIATION** represents the pro rata expensing of the capital cost of Procter. Estimated service life is based on the remaining life of the Plant at the time a capital project is placed in service, the original life of the Plant being 30 years.

**AMORTIZATION OF REGULATORY ASSET – DEBT ISSUANCE** represents the amortization of debt issuance costs related to the issuance of the Bonds. In 2013, SFA - PROCTER adopted GASB No. 65, which changed how debt issuance costs were recorded. SFA - PROCTER implemented GASB No. 62 which allowed SFA - PROCTER to continue to amortize these costs. This resulted in the amortization being moved into the Operating Expense section of the Statements of Revenues, Expenses and Changes in Net Position. Any debt issuance costs incurred after January 1, 2022, will be expensed in the period incurred.

**AMORTIZATION OF BOND PREMIUM / DISCOUNT** represents amortization of any premiums or discounts related to the issuance of the Bonds. These costs are amortized to Interest Expense over the term of the Bonds.

**DEFEASANCE OF BONDS** was completed in 2019.

SFA - PROCTER is projecting a net loss of (\$3.359) million, an increase of \$1.839 million over 2021. The increase is primarily due to lower depreciation, partly offset by lower margin.

# 2022 PROCTER & GAMBLE POWER PLANT BUDGET

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Period January 1, 2022 to December 31, 2022

Dollars in Thousands

	2021 BUDGET	2022 BUDGET
<b>OPERATING REVENUES:</b>		
Sale of Electricity	\$30,178	\$33,764
Sale of Steam	2,482	2,337
<b>TOTAL OPERATING REVENUES</b>	<b>32,660</b>	<b>36,101</b>
<b>OPERATING EXPENSES</b>		
Fuel	14,335	22,994
Production	13,899	8,718
Administrative & General	1,751	1,829
<b>Total Operations</b>	<b>29,985</b>	<b>33,541</b>
Depreciation	7,873	5,919
Amortization of Regulatory Asset-Debt Issuance		
<b>TOTAL OPERATING EXPENSES</b>	<b>37,857</b>	<b>39,460</b>
<b>NET OPERATING INCOME</b>	<b>(5,198)</b>	<b>(3,359)</b>
<b>CHANGE IN NET POSITION</b>	<b>(\$5,198)</b>	<b>(\$3,359)</b>

Sacramento Municipal Utility  
District Financing Authority (SFA)

Draft 2022 Budget Resolution

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

**BE IT RESOLVED BY THE COMMISSIONERS**  
**OF THE**  
**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY BUDGET:**

**Section 1.** This resolution may be referred to as the 2022 SFA budget resolution.

**Section 2.** There is hereby appropriated from the Revenue Fund, Operating Fund, Debt Service Fund, and other funds as appropriate, sufficient monies for the payment of demands against the Authority which relate to obligations incurred for the purposes and within the amount specified for such purposes in the following projection of the Authority's programs for the period January 1, 2022 through December 31, 2022.

Operation and Maintenance	\$ 243,161,507
Administrative & General	\$ 7,878,318
Principal and Interest	\$ 16,509,250
Capital Expenditures	\$ 19,630,935

There shall be deemed added to the O&M and Capital line items a +20% increase with no limit to a decrease in the Operations and Maintenance Expense line item, plus an additional \$2 million applicable to the overall budgets.

**Section 3.** Demands against the Authority may be paid without the prior specific approval of this Commission, if they relate to obligations incurred for the purpose and within the amounts specified in Section 2, provided such demands are



approved by the General Manager of the Authority, or his designee. It is the purpose and intent of this paragraph to delegate to the General Manager, or his designee, authority to make purchases, to negotiate and execute contracts, and expend funds in any manner necessary or appropriate to the administration of the business affairs of the Authority, within the amounts and for the purposes set forth above, subject to duly adopted delegations of authority.





SSS No.

BOD 2021-006

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

Finance &amp; Audit 2021

Board Meeting Date

N/A

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

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

**NARRATIVE:**

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

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

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

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

**Cost/Budgeted:** N/A

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

**Affected Parties:** Board of Directors and Executive Staff

**Coordination:** Donna Lofton, Special Assistant to the Board

**Presenter:** Rosanna Herber, Finance & Audit Committee Chair

**Additional Links:**

SUBJECT

Summary of Committee Direction

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.