

Exhibit to Agenda Item #3a

Energy Delivery & Operations 2023 Proposed Budget.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, November 8, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

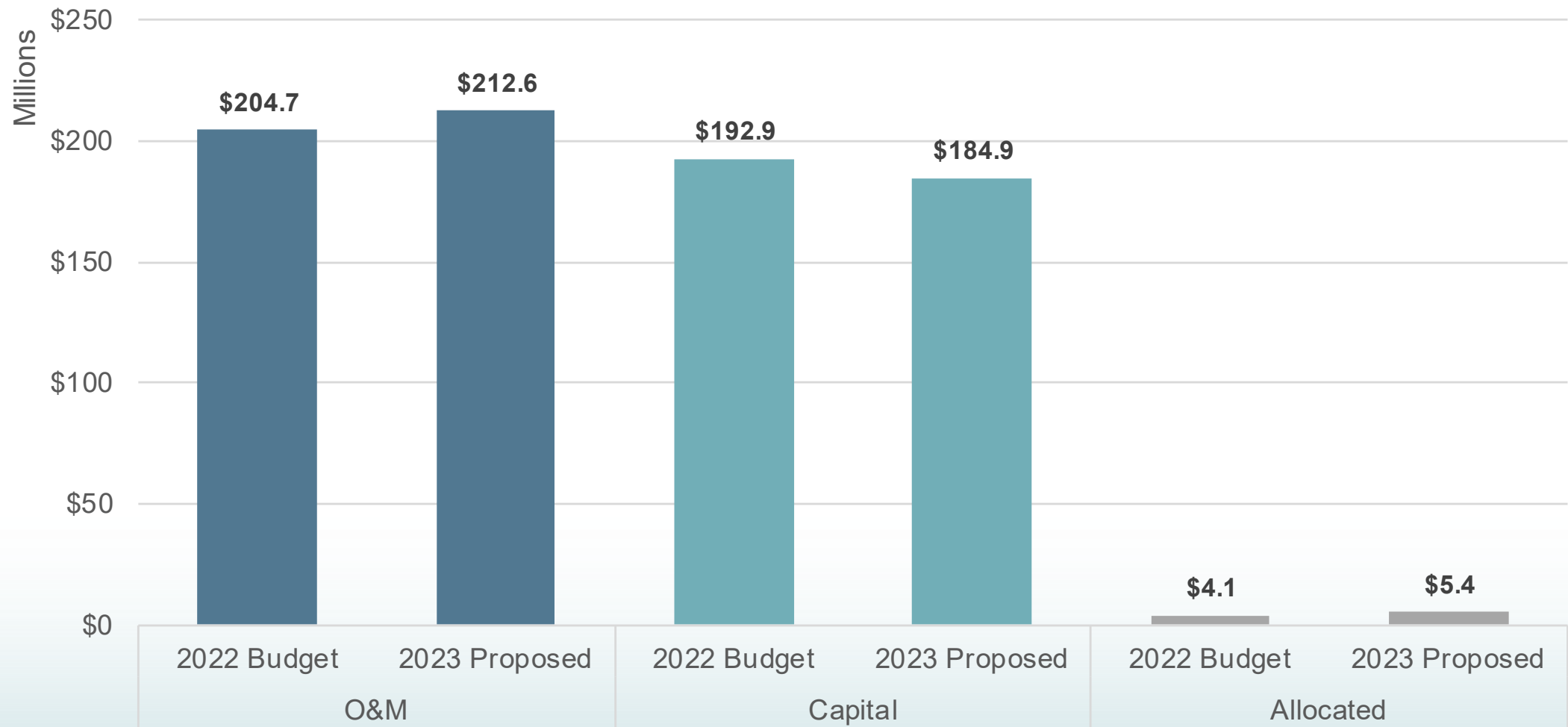
Energy Delivery & Operations 2023 Proposed Budget & Initiatives

Frankie McDermott
Chief Operating Officer

Energy Delivery & Operations

Customer & Community Services	Energy Delivery & Operations	Zero Carbon Energy Solutions	Enterprise Strategy	Information Technology	Workforce, Diversity & Inclusion	Corporate / Enterprise
Customer Experience Delivery	Transmission Planning & Operations	Power Generation	Resource Strategy	Applications	People Services & Strategies	Governance
Customer Operations	Distribution Planning & Ops	Advanced Energy Solutions	Revenue Strategy	Infrastructure & Operations	Diversity, Equity & Inclusion	Finance
Community Energy Services	Line Assets	Commodity, Procurement & Sales	Customer & Grid Strategy	Strategy & Innovation	Sustainable Communities	Legal, Gov't Affairs & Reliability Compliance
Commercial Dev. & Solutions	Substation, Telecom & Network	New Business Development	Enterprise Prioritization	Strategic Initiatives & Operational Tech.		Facilities, Security & Emergency Operations
Business Performance & Optimization	Strategic Services & PMO			Cybersecurity		Procurement, Warehouse & Fleet
	Environmental, Real Estate & Safety					Comms. Marketing & Community Relations
	Operational Excellence					Enterprise Affairs

2023 Proposed Budget



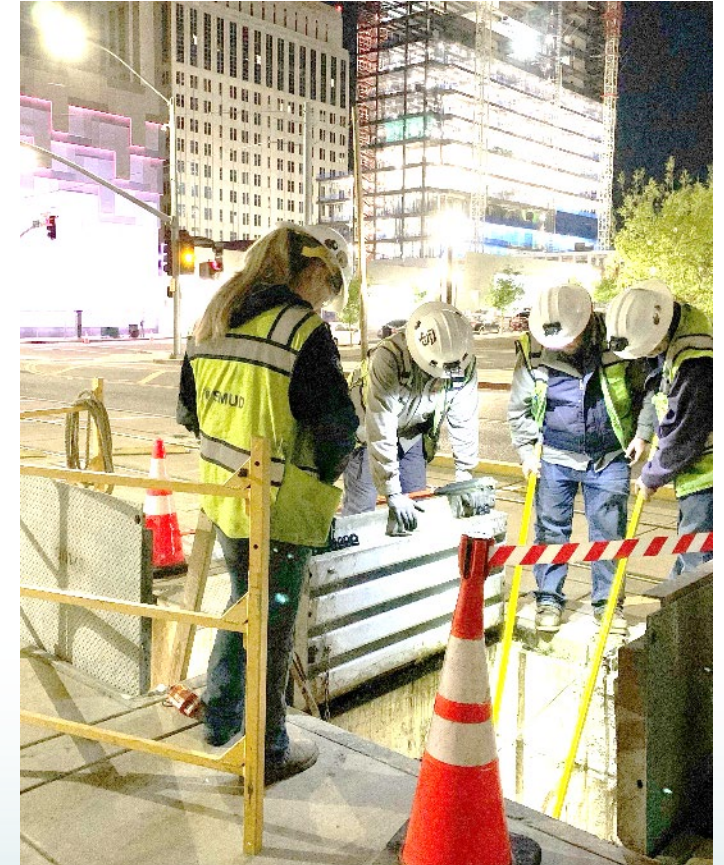


Infrastructure Investment

Alignment to Strategic Direction: SD-4 SD-6 SD-8 SD-11 SD-14 SD-16 SD-17

Economic growth, external market conditions, and infrastructure investments are driving our 2023 budget

- Safety is our top priority
- Changing landscape of residential and commercial demand
- Grid modernization
- Investments driven by growth and reliability
- Accelerating Operational Excellence across the enterprise
- Workforce strategy



Substation Electrical Foreman performing 21kV switching for Sacramento County



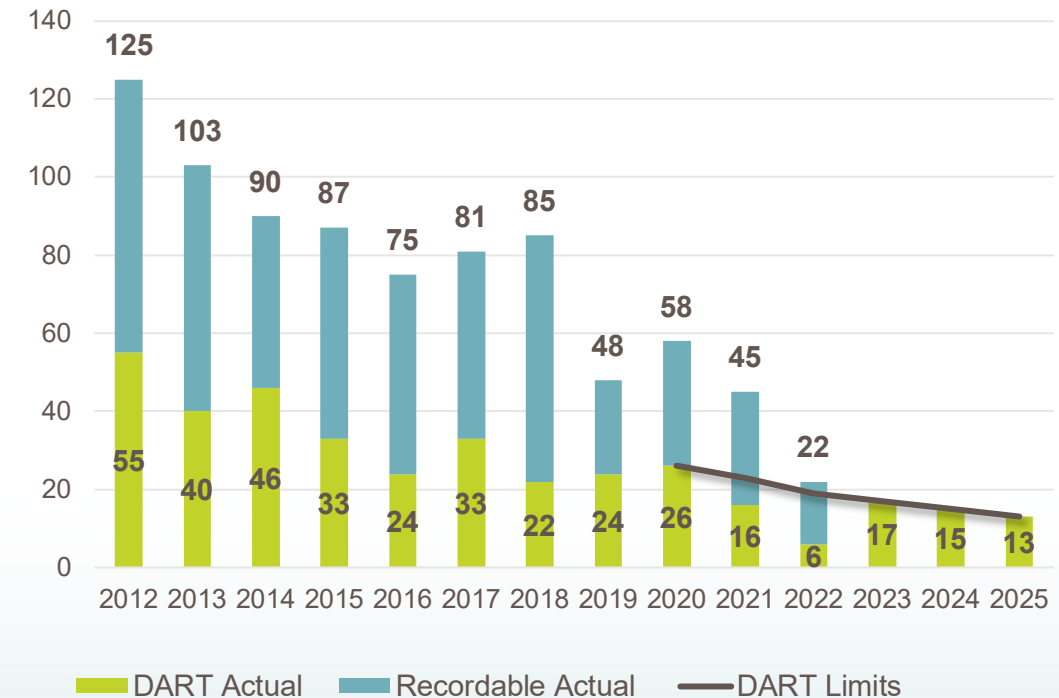
Infrastructure Investment

Alignment to Strategic Direction: SD-4 SD-6 SD-8 SD-11 SD-14 SD-16 SD-17

Safety is the cornerstone of all that we do

- Safety for Life culture
- Soft tissue/ergonomics, Serious Injury Fatality (SIF) mitigation enhancements
- Safety Management System (SMS)
- Contractor and Public Safety
- Safety principles integration into evolving workforce
- Operational support during adverse events

DART Count and OSHA Recordable 2012-2022





Infrastructure Investment

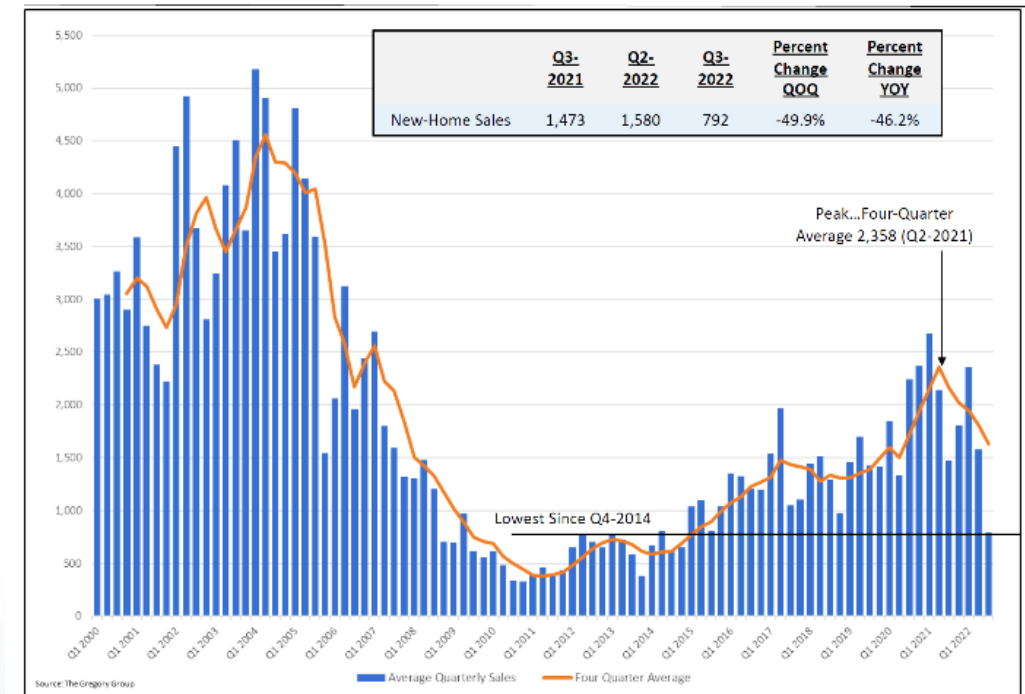
Alignment to Strategic Direction: SD-4 SD-6 SD-8 SD-11 SD-14 SD-16 SD-17

Economic growth, external market conditions, and infrastructure investments are driving our 2023 budget

- Residential development slowing, while commercial development maintains current pace
- Increased electrification
- Cost increases for material and labor
- Supply chain constraints
- Large increase in Substation work in 2023/2024
 - The 2023 budget includes the beginning stages of large multi-year projects which will see significant capital investments in 2024 and beyond

Quarterly New-Home Sales

The Gregory Group





Infrastructure Investment

Alignment to Strategic Direction: SD-4 SD-6 SD-8 SD-11 SD-14 SD-16 SD-17

Transforming and maintaining a safe and reliable grid

- Transmission & Distribution Substation additions and asset replacements
 - Substation Transformers & Circuit Breakers
- Cable & pole replacement programs
- Wildfire Mitigation Plan
- Vegetation Management
- Utilize advanced technologies to improve imagery and inspection in our maintenance processes



Service Crew performing meter & service work



Infrastructure Investment

Alignment to Strategic Direction: SD-4 SD-6 SD-8 SD-11 SD-14 SD-16 SD-17

Transforming and maintaining a safe and reliable grid

- Substation projects – 34 construction projects in 2023, which is a 42% increase over the 24 projects completed in 2022
- Load growth - 6 projects
 - Delta Shores, Meister-Lonetree, Station H, Whiterock-Sunrise Bank #2, Rio Del Oro, Cordova Hills
- Reliability - 28 projects
 - Examples include Station G, Hurley Bus-Tie, Fienza – Albatross, Requa-Fawn #2, Truxel #2, White Rock Folsom #2
- 40 additional projects that begin design and engineering work in 2023 and construction in 2024 and beyond (e.g. Elverta Bulk Substation)



Switchgear building installation at Station G



Infrastructure Investment

Alignment to Strategic Direction: SD-4 SD-6 SD-8 SD-11 SD-14 SD-16 SD-17

Workforce Optimization is improving efficiencies and reducing costs

Workforce Optimization (WFO)

- Improved work cycle times with dynamic scheduling and a reduction in manual processes
- Realized annual savings of \$3.4M to date, with \$37.5M projected over the next 5 years
- Implemented Use Cases for 7 work groups and integrations with SAP and Documentum (Document Management)
- Planning for additional 14 work groups



Substation Electrical Foreman Using WFO Solution While in the Field



Zero Carbon Plan

Alignment to Strategic Direction: SD-2 SD-3 SD-7 SD-9 SD-10 SD-19

Enterprise-wide Operational Excellence (OpEx)

2022 OpEx Results Achieved by the Business Units

- 183 initiatives focusing on cost reductions, efficiency/productivity gains, increased revenue/income, and/or cost avoidance:
 - \$99.2M in Completed Initiatives through September 2022
 - \$54.6M of Additional In-Flight Initiatives being pursued

2023 Focus Areas

- Execute high-impact cost & efficiency improvement initiatives
- Align OpEx processes to company, business unit, and individual performance goals
- Implement Enterprise level productivity & efficiency metrics with industry benchmarks
- Drive Operational Excellence skill development



A collaborative effort between Energy Trading & Contracts and Power Generation earlier this year led to an estimated \$1.2 million in savings and increased operational flexibility at Icehouse and Union Valley Reservoirs in the UARP



Zero Carbon Plan

Alignment to Strategic Direction: SD-2 SD-3 SD-7 SD-9 SD-10 SD-19

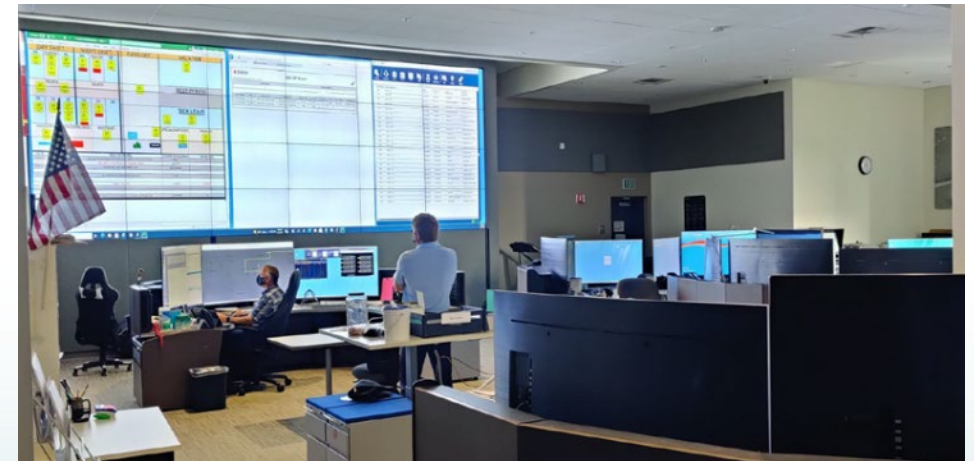
Grid Modernization

Foundational

- Advanced Distribution Management System (ADMS) and Distributed Energy Resource Management System (DERMS) Phase 2
- Annual reliability assessment for Zero Carbon Plan
- integrated Distribution Resource Plan (iDRP)

Transformational

- Utility scale renewable interconnections
- Behind the Meter (BTM) Distributed Energy Resources (DERs)





Zero Carbon Plan

Alignment to Strategic Direction: SD-2 SD-3 SD-7 SD-9 SD-10 SD-19

Environmental Leadership

- Sustainable Operations Plan
- Habitat Conservation Plan
- Remediation Efforts/cleanup
- Substation/other California Environmental Quality Act (CEQA)
- Environmental Compliance and Permit Support
- Thermal Transition Team





Community Impact

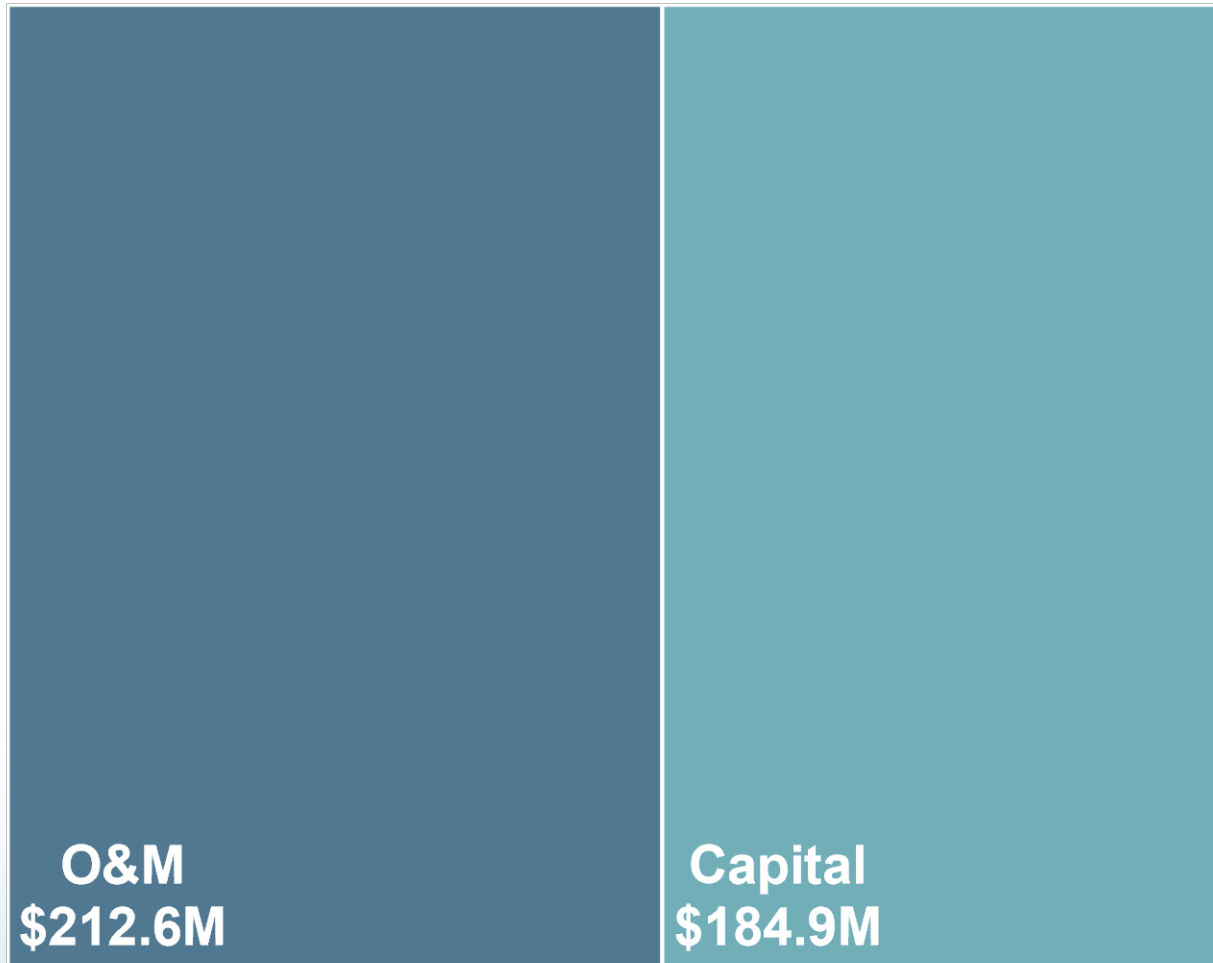
Alignment to Strategic Direction: SD-5 SD-13 SD-15

Workforce Strategy

- Tight labor market for skilled trades
- Sustainable local workforce
- Creating new pathways to SMUD opportunities
- Building our skilled workforce through our entry level and Apprentice programs
- Powering Careers, a skilled trades program in partnership with our community:
 - Six-week program
 - Partnering with other companies
 - SMUD extended Utility Assistant jobs to 6 of the 16 program graduates



2023 Proposed Budget



Major Budget Items

O&M – Major O&M Categories

- Grid Line
 - Vegetation Management: \$59.0M
 - Corrective Maintenance: \$28.1M
 - Field Operations: \$12.6M
- Transmission Planning & Operations: \$30.2M
- Distribution Planning & Operations: \$21.6M
- Substation Design, Preventative and Corrective Maintenance: \$19.1M

Capital – Major Capital Categories

- Grid Line
 - Distribution Projects: \$33.1M
 - New Services: \$23.7M
 - Pole Replacements: \$21.8M
 - Cable Replacement: \$18.4M
- Substation
 - Substation Improvements: \$26.8M
 - Substation Capacity: \$19.2M
 - Substation Modification: \$12.4M

Questions?