

Exhibit to Agenda Item #5

SMUD 2023 Proposed Budget presentation follow up questions.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, November 15, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

2023 Budget Authorization

Commodity	\$485.0
Public Goods	75.5
Operating Expenses	692.8
Sub-Total	\$1,253.2
Debt Service	225.5
Capital and Reserve	624.9
Budget Resolution Amount	\$2,103.6

\$Millions

Funding to maintain SMUD's high reliability, decarbonize power supply, keep rates affordable, and deliver community value

2023 Budget Highlights

Operations & Maintenance (O&M) spending increasing \$33M (5%)

- **Priorities:** Community Initiatives, including new Community Impact Plan, Maintaining Operations, Transportation Electrification
- **Significant cost drivers:** Vegetation management, wildfire mitigation, cybersecurity, and property and casualty insurance

Public Good spending increasing \$12M (19%)

- **Priorities:** Building Electrification and carbon reducing programs such as energy Efficiency

2023 Budget Highlights continued

Business Investments (“capital”) of \$625M remain high to achieve compliance with California mandates and our Zero Carbon goals, as well as reliability and technology support

- **Solano Wind Farm expansion**
- **Country Acres Solar Project**
- **Completing Station G substation**
- **Substation H & Elverta Substation**
- **ESS Flow Battery Partnership Project**
- **New and continuing technology projects**
 - **OMS, DERMS, T3**
- **Thermal Maintenance & CPP repair**
- **Continued investments: poles, cable, new services, hydro generation, meters, new fleet vehicles**

2023 Budget – Pro Forma Income Statement

Customer and Other Revenues	\$1,729.4
Energy Supply Commodity Expenses	485.0
Net Power Margin	\$1,244.4
Operating Expenses	692.7
Public Good	109.8
Depreciation & Non-Cash	246.1
Interest Expense	95.5
Other Income	30.7
Net Income	\$131.0

\$Millions

Budget Maintains Key Financial Metrics

Key metrics balance short term and future financial health

Fixed charge: 2.08

Cash balance:

- As of December 2023, 151 days or \$452M, maintaining 150 days minimum

New Borrowing:

- Aim to pay for new investments (capital) with approximately 50% cash flow

- **SMUD is recognized as being a well-managed company by rating agencies: AA**
- **Our strong financial metrics provide stability to our customers and community during uncertain times**