

# Board of Directors Meeting Agenda

Date: September 15, 2022

Time: 5:30 p.m.

Location: Virtual Meeting (online)



## •**AMENDED AGENDA**

- Agenda Item 10 – Added Presentation re: SMUD’s Zero Carbon customer programs.**
- Removed Announcement of Sacramento Municipal Utility District Financing Authority (SFA) Special Meeting to follow SMUD Board of Directors Meeting.**

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

Pursuant to Government Code section 54953(e) and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are currently conducted solely via virtual (online/teleconference) meeting to align with state, local, and federal guidelines for the containment of the coronavirus.

Live video streams and indexed archives of meetings are available at:  
[http://smud.granicus.com/ViewPublisher.php?view\\_id=16](http://smud.granicus.com/ViewPublisher.php?view_id=16)

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

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

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

**September 15, 2022 – 5:30 p.m.**

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

**Webinar/Meeting ID: 160 324 7862**

**Passcode: 267770**

**Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)**

Call to Order.

a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

- a. Committee Chair report of September 13, 2022, Finance and Audit Committee
- b. Committee Chair report of September 14, 2022, Energy Resources & Customer Services Committee

**Items 6 and 7 were reviewed by the September 13, 2022, Finance and Audit Committee. Items 8 and 9 were reviewed by the September 14, 2022, Energy Resources & Customer Services Committee.**

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

**Consent Calendar:**

3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of August 16, 2022, through September 15, 2022.
4. Approval of the minutes of the regular meeting of August 18, 2022.
5. Approval of the minutes of the special meeting of August 18, 2022.
6. Approve amendment to SMUD's **Nonstock Security Pilot Project Program** to clarify the policy governing the acquisition of nonstock security. **Finance and Audit Committee 9/13. (Laura Lewis)**
7. Authorize the Chief Executive Officer and General Manager to:
  - a. Enter into a multi-year strategic collaboration with **ESS Tech, Inc. (ESS)** to accelerate adoption of long duration energy storage technology in SMUD's service territory; and
  - b. Enter into an acquisition agreement for nonstock security (e.g., warrants) in **ESS**, subject to the requirements of California Public Utilities Code section 12773 (MUD Act).

**Finance and Audit Committee 9/13. (Lora Anguay)**

8. Authorize the Chief Executive Officer and General Manager to:
  - a. Enter into (1) a contract with **Marin Clean Energy (MCE)** to provide **Community Choice Aggregation (CCA)** data management and related services and (2) vendor contracts to facilitate the ongoing operations of **MCE** provided that no individual contract shall exceed \$1 million; and
  - b. Enter into contracts for technology platform subscription services that support all **CCAs**, the fees of which are to be approved by the Board as part of the annual budget.

**Energy Resources & Customer Services Committee 9/14. (Brandy Bolden)**

9. Make findings pursuant to Government Code section 54953(e) to continue holding meetings virtually during proclaimed state of emergency (recurring item, every 30 days).  
**Energy Resources & Customer Services Committee 9/14. (Laura Lewis)**

\* \* \* \* \*

#### **Informational Items:**

- 10. Brief the Board on SMUD's Zero Carbon customer programs.

***Presenter: Ed Hamzawi***

11. Provide the Board with SMUD's financial results from the seven-month period ended July 31, 2022, and a summary of SMUD's current Power Supply Costs.

***Presenter: Lisa Limcaco***

12. Audit Reports: Community Funding; Greenergy Partner Plus Annual Verification; and Power Source Disclosure Program.

***Presenter: Claire Rogers***

\* \* \* \* \*

#### **Public Comment:**

13. Items not on the agenda.

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

14. Directors' Reports.
15. President's Report.
16. CEO's Report.
  - a. Board Video

#### **Summary of Board Direction**

\* \* \* \* \*

- **FOLLOWING ADJOURNMENT OF THE FOREGOING SMUD BOARD OF DIRECTORS MEETING, A SPECIAL MEETING OF THE FOLLOWING JOINT POWERS AGENCY WILL CONVENE:**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT FINANCING AUTHORITY**

\* \* \* \* \*

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

***The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In accordance with findings made by the Board pursuant to Government Code section 54953(e), these meetings will be held virtually (online).***

September 13, 2022	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
September 14, 2022	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
October 11, 2022	Strategic Development Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
October 12, 2022	Policy Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
October 18, 2022	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
October 19, 2022	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.

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

***The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In accordance with findings made by the Board pursuant to Government Code section 54953(e), these meeting will be held virtually (online).***

October 20, 2022

Virtual Meeting (online)

5:30 p.m.

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

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

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

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

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







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

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of August 16, 2022, through September 15, 2022.



Sacramento, California

August 18, 2022

The Board of Directors of the Sacramento Municipal Utility District met in regular session via virtual meeting (online) at 5:31 p.m.

Roll Call:

Presiding: President Rose

Present: Directors Bui-Thompson, Fishman, Herber, Kerth, Tamayo, and Sanborn

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

Director Herber shared the environmental tip.

President Rose called for approval of the agenda. Vice President Sanborn moved for approval of the agenda, Director Fishman seconded, and the agenda was unanimously approved.

President Rose then called for public comment for items on the agenda, but none were forthcoming.

President Rose then addressed the consent calendar consisting of Items 3 and 9.

Director Tamayo stated that he needed to revise his compensation sheet for July 21, 2022, to reflect that the 2030 Zero Carbon Plan Presentation to the Deerfield Mesa Grande Neighborhood Association had been canceled, and he apologized for not catching that during his review of the entries.

General Counsel Lewis advised that Agenda Item 3 could be moved to Discussion Calendar, where the Board could have a discussion on that correction.

President Rose announced that Agenda Item 3 would be moved to Discussion Calendar and then asked if there was a motion to approve the consent calendar as revised. Director Fishman moved for approval of the

consent calendar as revised, Director Tamayo seconded, and Resolution Nos.  
22-08-01 through 22-08-05 were unanimously approved.

**RESOLUTION NO. 22-08-01**

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

This Board accepts the monitoring report for **Strategic Direction SD-5, Customer Relations**, substantially in the form set forth in **Attachment A** hereto and made a part hereof.

Approved: August 18, 2022

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

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

### **OFFICE MEMORANDUM**

**TO:** Board of Directors

**DATE:** July 27, 2022

**FROM:** Claire Rogers *CR 7/27/22*

**SUBJECT: Audit Report No. 28007429**  
**Board Monitoring Report; SD-05: Customer Relations**

Audit and Quality Services (AQS) received the SD-05 *Customer Relations* 2021 Annual Board Monitoring Report and performed the following:

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

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

**CC:**

Paul Lau

# Board Monitoring Report 2021

## SD-5 Customer Relations



### 1) Background

Strategic Direction 5 states that:

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent.

In addition, the Board establishes an overall customer experience “value for what you pay” target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

- a) SMUD customers shall be treated in a respectful, dignified and civil manner.
- b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

### 2) Executive summary

To ensure customers are receiving the highest quality of service, SMUD measures the satisfaction of key interactions with SMUD: Outages, Tree Trimming, Bill Inquiries, New Connections, IVR Payments, and IVR Payment Arrangements.

In addition, we measure Value for What You Pay as value drives customer loyalty. Value is defined as the trade-off between the perceived benefits a customer gets to the cost they have to pay for the benefits. Knowing what customers value allows SMUD to tailor services, products, and offerings to sustain customer relationships as the utility market evolves. SMUD is measuring customer perceived value because SMUD believes it is an effective early indicator of customer loyalty. When customers have options to choose alternatives, whether alternatives in energy, energy advisement, and other related services, we want our customers to continue choosing SMUD.

High satisfaction in these key interactions below and a high Value for What You Pay score support SMUD’s purpose and vision to act in the best interests of our customers and community.



SMUD is in compliance with the policy and has exceeded the targets set forth by the Board in all instances for SD-5.

SMUD has exceeded the target of 95% with an overall Customer Satisfaction of 97%. All six components exceeded the expectation set.

SMUD achieved a 76% overall Value for What You Pay score, with neither Residential nor Commercial falling below their prescribed floors.

Metric		Status	Compliance
Customer Service Level	Overall Satisfaction	97%	Yes
	Tree Trimming	96%	
	New Connects	99%	
	Bill Inquiries	96%	
	Outage Communication	94%	
	IVR Payment	98%	
	IVR Payment Arrangement	93%	
Value for What You Pay Addendum	Overall VFP	76%	Yes
	Commercial	79%	
	Residential	73%	

#### **Respectful Customer Treatment:** Compliant

SMUD customers are treated in a respectful, dignified and civil manner. SMUD employees are trained to deliver quality customer experience through extensive, multi-channel employee competency development.

#### **Hearing Appeal Process:** Compliant

Customers are made aware of SMUD's Hearing and Appeal process through multiple channels. The back page of every paper bill describes the process. In addition, the process is described in detail on the SMUD website and is linked from the digital bill in My Account.

Link: <https://www.smud.org/assets/documents/pdf/Board-Meeting-Procedures.pdf>

Zero hearings were conducted in 2021, as staff successfully resolved all escalations within standard customer communication channels.

### 3) Additional supporting information

See Appendix A for supporting information.

<b>2021 Accomplishments</b>	<b>Supportive SD</b>
<b>Residential Accomplishments</b>	
+4,000 new EV residential rate participants	SD-5
+32,400 new SMUD app enrollments	SD-5
Developed and launched the Residential Charge@Home EV incentive program	SD-5
+11,500 Shade Trees planted	SD-5
+2,000 customers took steps to electrify their homes (Heat pump water heater, Induction Cooktop, and/or Heat Pump space heating)	SD-5
155 Electric Lawn Mower incentives claimed	SD-5
+1,000,000 Alerts sent (outage, threshold, mid bill)	SD-5
\$1.39M in SMUD Energy Store sales	SD-5
<b>Commercial Accomplishments</b>	
Incentivized the installation of 242 Level II EVSE handles and 58 DCFS	SD-5
SMUD provided advisory services to over 400 commercial customers through our Complete Energy Solutions (CES), Express Energy Solutions (EES), and Advanced Commercial Solutions (ACS) programs	SD-5
Business Energy Advisor microsite - Customer Digital Tool	SD-5
Self-service bill estimator tool was provided in My Account	SD-5

#### **Respectful Customer Treatment Supporting Information:**

**Virtual Classroom Training Attendees: 208**

**Web/ E-Learning: 806**

**Real Time Training – 2021 Bulletins: 111**

**Customer Journey Mapping and Design thinking sessions: 7 topics**

#### **4) Challenges**

The strength of our customer relationships and ability to consistently deliver on their expectations are critical to SMUD fulfilling on our 2030 Clean Energy Vision. We will need to reach a far greater quantity and types of customers than we've had to in the past, with prioritization on equity and customer inclusion. We recently restarted collections and late fees and launched several new programs. Additionally, rate increases are planned for the foreseeable future. Extra customer experience focus and options will be needed as we expand zero carbon programs, communicate rate changes, as well as face potential energy capacity and supply chain constraints. Investing in customer experience is critical to meet customers' core requirements while also building capabilities and solutions to support the zero carbon evolution.

#### **5) Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-5

## 6) Appendices

### Appendix A








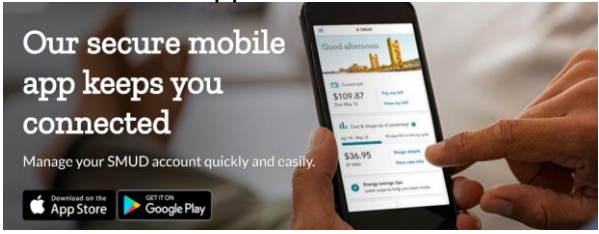
#### Customer Satisfaction

Overall Satisfaction	2021 97%	2020 97%	2019 97%
Tree Trimming	96%	95%	95%
New Connects	99%	99%	98%
Bill Inquires	96%	96%	96%
Outage	94%	95%	96%
IVR Payment	98%	97%	96%
IVR Payment Arrangement	93%	93%	98%





#### Value for What You Pay

VFP Segment Thresholds	2021 76%	2020 77%	2019 67%
<b>Commercial</b> 69% Minimum	79%	79%	69%
<b>Residential</b> 65% Minimum	73%	75%	66%

## Accomplishments – Residential

 <p><b>2,000+</b> took steps to electrify their homes (HVAC, cooktop, heat pump)</p>	<p><b>+11,500</b> shade trees planted</p> 
 <p><b>Charge@Home</b> Residential EV incentive program developed and launched</p>	 <p><b>+4,000</b> EV residential rate participants</p>
<p><b>155</b> Electric lawn Mower incentives</p> 	 <p><b>\$1.39M</b> in SMUD Energy Store Sales (items sold +4%, site visits +16%)</p>
 <p><b>+1,000,000</b> alerts sent (Outage, Threshold, and Mid bill)</p>	<p><b>32.4k</b> SMUD app enrollments</p> 

## Accomplishments – Commercial

 <p><b>Incentivized installations</b> - 242 Level II EVSE handles - 58 DCFS</p>	 <p><b>Self Service Bill Estimator tool</b> provided in My Account</p>
 <p><b>Advisory services</b> to over 400 commercial customers through CES, EES, and ACS programs</p>	<p><b>Business Energy Advisor microsite</b></p>  <p>Resource of information organized by industry and technology available to all commercial segments, but specifically implemented as a resource for small and midsize business customers.</p>

**RESOLUTION NO. 22-08-02**

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

This Board accepts the monitoring report for **Strategic Direction SD-15, Outreach and Communication**, substantially in the form set forth in **Attachment B** hereto and made a part hereof.

Approved: August 18, 2022

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

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

### **OFFICE MEMORANDUM**

**TO:** Board of Directors

**DATE:** July 27, 2022

**FROM:** Claire Rogers *CR 7/27/22*

**SUBJECT: Audit Report No. 28007430**  
**Board Monitoring Report; SD-15: Outreach and Communication**

Audit and Quality Services (AQS) received the SD-15 *Outreach and Communication* 2021 Annual Board Monitoring Report and performed the following:

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

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

**CC:**

Paul Lau

# **Board Monitoring Report 2021**

## **SD-15 Board Strategic Direction on Outreach and Communication**



### **1) Background**

Strategic Direction 15 states:

Providing broad outreach and communication to SMUD's customers and the community is a key value of SMUD.

Specifically:

- a. SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.
- b. SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.
- c. SMUD's communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.

### **2) Executive summary**

Strategic Direction 15 requires SMUD's communication and community outreach activities to reflect the diversity of SMUD and the community we serve, using a broad mix of communication channels. In accordance, we look at the level of our marketing and outreach activities by communication channel, as well as the customer awareness of various programs and services by ethnicity.

#### **SMUD is in compliance with SD-15 Outreach and Communication.**

In 2021, we found ourselves in the second year of the COVID-19 pandemic as we continued our "friendly reminder/here to help" campaigns while late fees, disconnects and collections were suspended. As the pandemic continued to impact everyday life for our customers, we continued to look for ways to give back through our outreach and communications. Some examples include CEO chats, non-profit spotlights, E-waste recycling drive, Diapers & Wipes drive to benefit an area non-profit, holiday gift drive and various on-site and off-site volunteer projects. We also continued to support the expanded guidelines for our Energy Assistance Program Rate (EAPR) discount for qualified low-income customers and targeted campaigns promoting our programs and services to customers most likely to benefit from them.

2021 was also the year our Chief Executive Officer and General Manager Paul Lau introduced his 2030 Clean Energy Vision and the 2030 Zero Carbon Plan was developed to achieve that vision of eliminating 100% of carbon emissions from SMUD's power supply by 2030 – the most aggressive clean energy goal of any large utility in the United States.



To support 2030 Clean Energy Vision and 2030 Zero Carbon Plan, we moved quickly to develop a broad-reaching, multi-media outreach and communication campaign to support the 2030 Zero Carbon Plan. In June 2021, we launched the first phase of the Clean PowerCity campaign and asked our customers to “join the charge” by taking simple actions to show their support for meeting the 2030 goal which directly impacts the health of our customers and the region. We had a second phase of the campaign in the fall through the end of the year. It was important for us to lay the foundation for this multi-year campaign, so we focused on why it’s important and why getting our customers to engage with this goal will help us all live in a Clean PowerCity.

We could be seen or heard in 15 customer-facing communication channels, including information in as many as 10 languages. We implemented over 20 marketing campaigns and participated in 1,364 community events, workshops, and partnerships. All of the events and partnerships included at least some cultural, ethnic and/or special populations, including LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM. See Appendices A and B.

Our activities accounted for more than 656,596,778 customer impressions in 2021. Of these, 344,713,308 were ethnic customer impressions. Just looking at TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 46 times in 2021.

We look at trends related to the overall awareness of a cross-section of SMUD’s programs and services, segmented by ethnicity. The segments include Asian Pacific Islander, Hispanic, Black and White. The programs measured are Rebates, Energy Assistance Program Rate (EAPR), Greenergy, Electric Vehicle (EV) discount rate, My Energy Tools, SMUD Energy Store and SMUD Mobile App. New in 2021, we began measuring awareness of the 2030 Zero Carbon Plan. See charts in Appendix B.

<b>SD Requirement</b>	<b>Program/ initiative/policy</b>	<b>Purpose</b>	<b>Outcome</b>	<b>Notes</b>
Education and tools to manage energy use	In 2021, we continued communications and outreach efforts about how SMUD is here to help with resources and tips for customers to manage energy use and their bills, while disconnects, late fees and connections remained suspended due to the COVID-19 pandemic. This also included more than 20 campaigns promoting customer programs and services. Some of those included EAPR, MED Rate, My Energy Tools and Bill Alerts, EVs/Drive Electric, Go Electric rebates, SMUD Energy	To provide customers with the education and tools for managing their energy use and their bills, in particular in relation to the pandemic and supporting our customers during times of uncertainty, while also engaging customers with tools to help them manage energy use in relation to reducing carbon.	Successfully implemented campaigns that informed our customers of resources and tools available to them. Also successfully participated in over 1,300 community events with employees volunteering more than 13,000 hours. Awareness of most programs and tools was mostly steady from 2020 to 2021, while there were some increases and decreases. All of the 1,364 events and partnerships included at least some cultural, ethnic and/or	Our Clean PowerCity campaign, which launched in support of the 2030 Zero Carbon Plan, also offers programs and services to help customers reduce energy use and reduce carbon.

	Store, Billing/Payment options including flexible payment arrangements, and Shade Trees.		special populations, including LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM. (Appendices A, B)	
Integrated and consistent communication that recognizes unique customer segments	Implemented communications, including collateral and advertisements in as many as 10 languages and in over a dozen communication channels to ensure we reach our customers in the channel they prefer, at the time they need it and with information specifically targeted to them. We also participated in hundreds of community events to reach our customer segments.	To have consistent, integrated messages available for various customer segments, including those based on ethnicity or those who may not see our messages in mainstream communication channels.	More than 344 million ethnic customer impressions, with all of the 1,364 community events we participated in including some cultural, ethnic and/or special populations. Special populations include arts, LGBTQ, low income, military, seniors, disabilities, education, environmental, health & safety and STEM. (see Appendices A, B).	
Broad mix of communication channels	In 2021, we used 15 customer-facing communication channels to reach our customers, including community outreach events and partnerships, digital and social media, broadcast and streaming media, billboards and bus boards, surveys, direct mail and email and the customer bill both paper and digital. By leveraging customer behavior data and using a broad mix of channels, we are able to reach customers in the communication channel they prefer with information that is pertinent to them. (See Appendix B)	To reach customers with our messages in the communication channels they prefer.	More than 656 million customer impressions across multiple communication channels and support of 1,364 community outreach events and partnerships in 2021 (see Appendices A, B).	

### 3) Additional supporting information for SD-15, Outreach and Communication

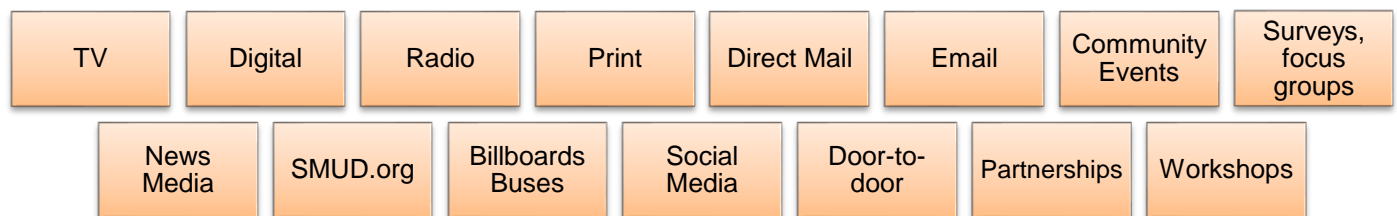
- a) SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.

In 2021, we developed and implemented over 20 marketing and communication campaigns, including:

- Clean PowerCity
- Bill Alerts/My Energy Tools
- Budget Billing & Custom Due Date
- Community-Owned, Not-For-Profit
- EAPR
- Economic Development
- Electric Vehicles
- EnergyHELP
- Go Electric rebates
- Greenergy
- HomePower
- Business Energy Advisor
- Paperless Billing/My Account
- Powering Futures
- Safety (Car Pole, Wildfire)
- SMUD Energy Store
- Shade Trees
- Shine Neighborhood Awards
- Time-of-Day Summer reminder
- Friendly reminder/We're here to help

**b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.**

In 2021, our marketing and communications could be seen and heard in as many as 10 languages in 15 customer-facing channels, including:



**c) SMUD's communication and community outreach activities shall reflect the diversity of SMUD. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD's major decisions and programs.**

With hundreds of events and sponsorships, millions of bill inserts and emails, tens of thousands of websites and multiple social media channels where customers could see our ads, and our schedule of TV, radio, and print advertisements, it's clear that we used a broad mix of channels to reach all of our customers in the channels they prefer. This includes in-language media such as TV, radio, print, digital and customer collateral in up to 10 languages or more.

These tactics account for 656,596,778 customer impressions in 2021. Of these, 344,713,308 were ethnic impressions. Just measuring TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 46 times in 2021.

- 11,933,368 bill package inserts
- 416 billboards, transit boards
- 123,343 websites & app's
- 25 broadcast & cable TV

- 1,364 sponsorships & events
- 13,738,177 emails
- 7 Social Media Channels
- 34 print publications
- 1,349,604 direct mail pieces
- 24 radio stations
- stations
- 13,358 volunteer hours
- 5,506 Clean PowerCity champions

#### 4) **Challenges**

In 2021, the COVID-19 pandemic continued to present some unique challenges related to how we communicate and reach our customers as well as the type of information and resources we are communicating. We continued to look for new opportunities including on-site and off-site outreach and volunteer efforts to support community organizations and our customers, as well as finding the right channels and tactics to reach our customers in an environment of shifting media/communication preferences while there was still a mix of stay-at-home orders for some as well as in-person for essential workers and others seeking assistance.

While we continued to work to communicate important information to help out customers during another pandemic year, we also needed to begin to build the foundation for the 2030 Zero Carbon Plan and eliminating carbon from our power supply in 2030. By launching our Clean PowerCity campaign, we had communications explaining why we needed to move on this important initiative now as it directly relates to the health and safety of our customers, communities and region. This required a very strategic approach to ensure all of our communications were complimentary of SMUD's overall goal to help our customers while being delivered at the right time for those customers most likely to benefit.

Our ongoing use of a broad mix of channels and tactics to ensure SMUD messages reach our customers in the communication channels they prefer. With customer communication channel preferences always evolving, we continue to look for new opportunities and channels to reach our customers. However, channels can be limited based on our service territory and especially when trying to reach customers that prefer communications in certain languages, we have limited opportunities.

Additionally, not all programs and services are intended for all customers, which is why target marketing and segmentation is necessary to reach customers most likely to qualify and benefit from a particular program or service.

#### 5) **Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-15 Outreach and Communication.

#### 6) **Appendices**

## APPENDIX A Community Outreach and Engagement

In 2021, we continued to be very active in the community through our support of efforts that improve the quality of life in our region. SMUD participated in 1,364 events and sponsorships, and SMUD employees volunteered 13,358 hours.

**1,364**  
**Total events & partnerships**

**13,358**  
**Total volunteer hours**

Following is the overview of total events, sponsorships, partnerships, workshops and other outreach that are included in total events and partnerships in 2021.

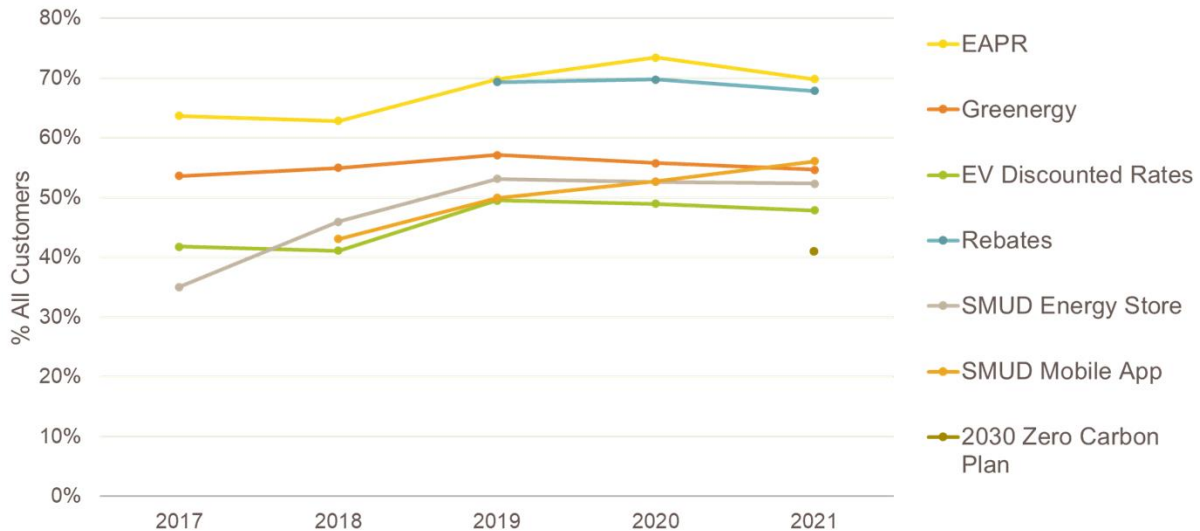
3	146	116	195
<ul style="list-style-type: none"> <li>• Business booths, tradeshow, and conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Business sponsorships, networking events, and mixers</li> </ul>	<ul style="list-style-type: none"> <li>• Community sponsorships, networking events, ads, or mixers</li> </ul>	<ul style="list-style-type: none"> <li>• Panels, presentations or committee meetings</li> </ul>
157	520	117	110
<ul style="list-style-type: none"> <li>• Partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Residential booths and community events or booths</li> </ul>	<ul style="list-style-type: none"> <li>• School outreach, education or career fairs</li> </ul>	<ul style="list-style-type: none"> <li>• Workshops</li> </ul>

## APPENDIX B

### Awareness of Programs by Ethnicity

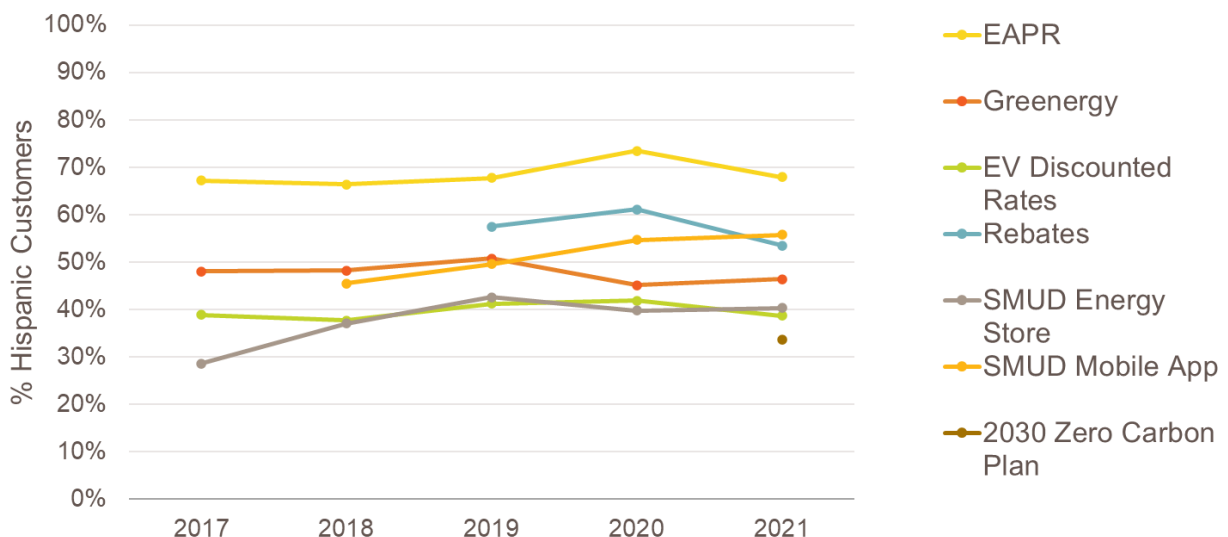
#### All Customers – Overall Awareness 2021

Here are the awareness trends over past five years for our entire customer base. From 2020 to 2021, most programs were steady. The SMUD App saw an increase while Energy Assistance Program Rate and Rebates saw a slight decrease but were steady when looking at three-year trends.



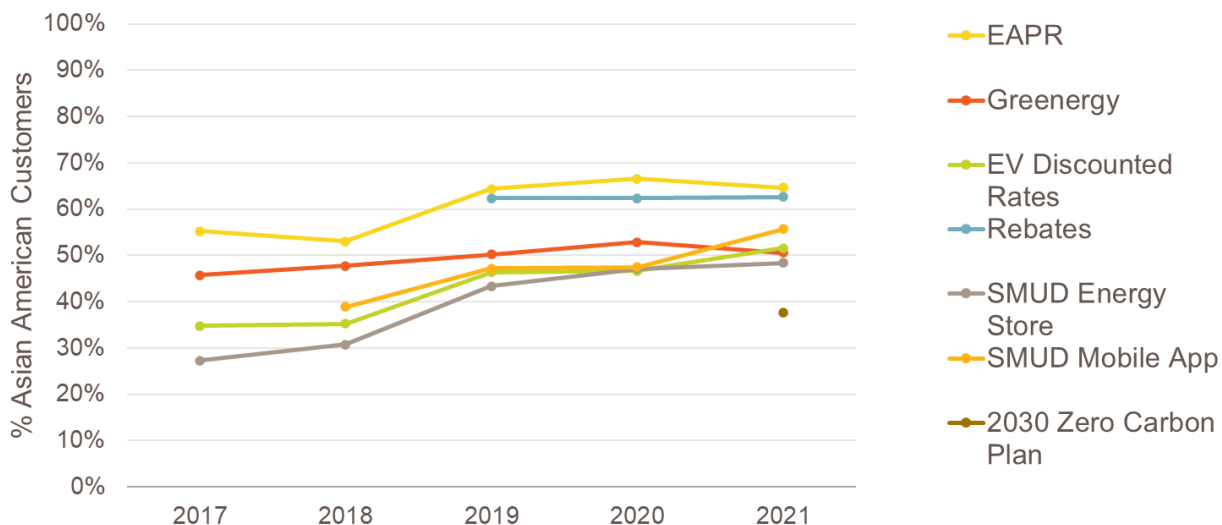
#### Hispanic or Latinx – Overall Awareness 2021

For Hispanic customers, most programs were consistent in awareness year-over-year and there was a slight decrease for Energy Assistance Program Rate and Rebates but were mostly steady when looking at three-year trends.



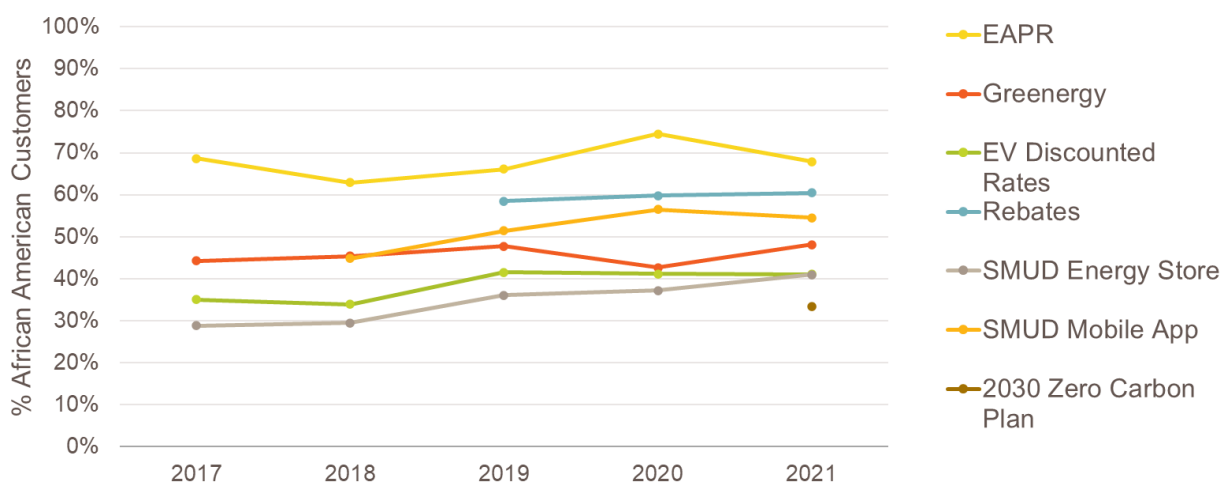
### Asian Pacific Islander – Overall Awareness 2021

For Asian Pacific Islander customers, we saw increases for SMUD Mobile App and Electric Vehicle Discounted Rates and slight decreases for Energy Assistance Program Rate and Greenergy but were mostly steady when looking at three-year trends. The rest were consistent year-over-year.



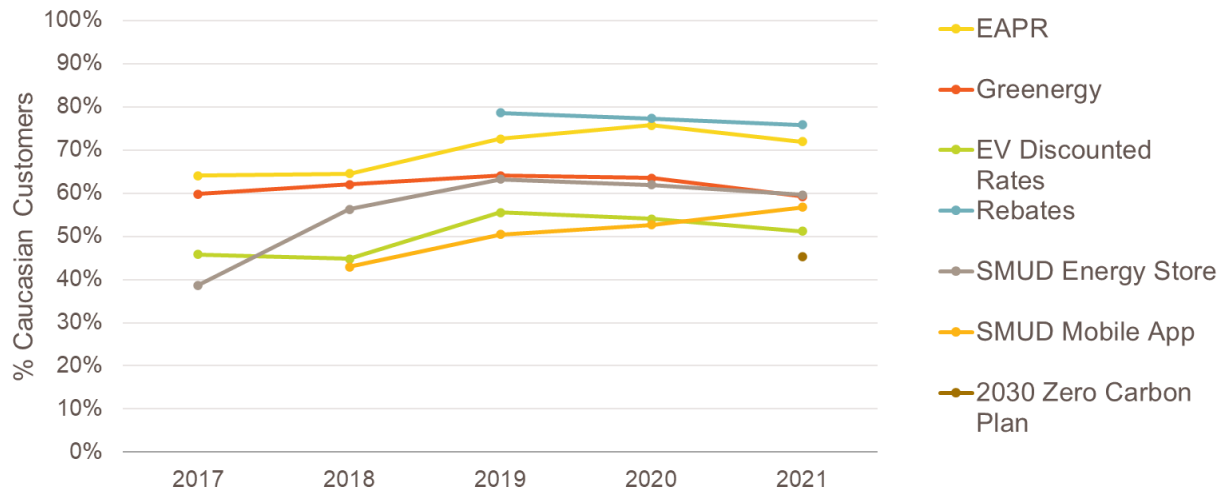
### Black – Overall Awareness 2021

For Black customers, awareness increased year over year for Greenergy and SMUD Energy Store and there was a slight decrease for Energy Assistance Program Rate but steady when looking at three-year trends. All other programs were consistent year-over-year.



### White – Overall Awareness 2021

For White customers, we saw an increase in awareness for the SMUD Mobile App while there was a slight decrease for Energy Assistance Program Rate, Greenergy and EV discounted rates but mostly steady when looking at three-year trends. All other programs were consistent year-over year.





## RESOLUTION NO. 22-08-03

**WHEREAS**, Contract No. 4500116976 with **IEC Corporation** (**IEC**), Contract No. 4500116978 with **Black & Veatch Corporation (Black & Veatch)**, and Contract No. 4500116974 with **AECOM Technical Services, Inc. (AECOM)** (collectively, the **Contracts**) were awarded on a competitive basis in June 2019 to provide renewable energy engineering services for the period from June 1, 2019, to August 30, 2022, with one optional three-year extension for an aggregate contract not-to-exceed amount of \$2 million; and

**WHEREAS**, SMUD's Power Generation Project Development Group has numerous renewables projects that are currently moving toward design and construction to meet the **2030 Zero Carbon Plan** timeline; and

**WHEREAS**, due to the limited number of internal staff and concurrent projects, SMUD will need to rely on independent contractors for Owners Engineering (OE) and Project Management (PM) engineering support services for a minimum of three large renewables projects; and

**WHEREAS**, these renewables projects are currently in the originating stage and will take three years to get through the design and construction phases; and

**WHEREAS**, **IEC**, **Black & Veatch**, and **AECOM** currently provide OE and PM engineering support services and have been performing exceptionally well since 2019; and

**WHEREAS**, increasing the aggregate contract amount for the **Contracts** will allow SMUD to continue forward without jeopardizing the ability to meet its 2030 goals; **NOW, THEREFORE**,

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

**Section 1.** That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to increase the aggregate contract not-to-exceed amount for renewable energy engineering services by \$4 million, from \$2 million to \$6 million, for Contract No. 4500116976 with **IEC Corporation**, Contract No. 4500116978 with **Black & Veatch Corporation**, and Contract No. 4500116974 with **AECOM Technical Services, Inc.** (collectively, the **Contracts**).

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

Approved: August 18, 2022

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

## **RESOLUTION NO. 22-08-04**

**WHEREAS**, in April 2022, SMUD issued Request for Proposal No. Doc 3419955087 (RFP) to solicit qualified firms to provide custodial services for SMUD facilities with mandatory requirements including compliance with the Living Wage Policy and minimum experience levels with data to support experience; and

**WHEREAS**, a mandatory pre-proposal walk-through was held on April 23, 2022; and

**WHEREAS**, five proposals submitted in response to the RFP were evaluated; **NOW, THEREFORE**,

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

**Section 1.** As a result of such examination, **Pride Industries One, Inc.** is hereby determined and declared to be the highest evaluated responsive proposer to provide custodial services for SMUD facilities.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to award a contract to **Pride Industries One, Inc.** to provide custodial services for SMUD facilities for a three-year term from September 1, 2022, to August 31, 2025, with two optional one-year extensions for a not-to-exceed amount \$13,000,000.

**Section 3.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the

contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.

Approved: August 18, 2022

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

## **RESOLUTION NO. 22-08-05**

**WHEREAS**, SMUD is committed to preserving public access and participation in meetings of the Board of Directors and to the safety of meeting attendees; and

**WHEREAS**, all meetings of the Board of Directors are open and public, as required by the Ralph M. Brown Act (Gov't Code, §§ 54950-54963) ("Brown Act"), so that any member of the public may attend, participate in, and watch SMUD's governing body conduct its business; and

**WHEREAS**, the newly enacted Government Code section 54953(e) authorizes a local agency's governing body, during a proclaimed state of emergency, to participate in its public meetings using remote teleconferencing without compliance with the requirements of Government Code section 54953(b)(3), under specified conditions; and

**WHEREAS**, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

**WHEREAS**, another condition is that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, on February 28, 2022, the California Department of Public Health rescinded the mask requirement effective March 1, 2022, for all individuals regardless of vaccination status and instead issued a strong recommendation that all persons, regardless of vaccine status, continue indoor masking; and

**WHEREAS**, the Sacramento County Department of Public Health on its Epidemiology COVID-19 Dashboard continues to show elevated case and death data, and this is supported by ongoing wastewater sampling; and

**WHEREAS**, Sacramento County currently has high community transmission rates for COVID-19 as defined by the Centers for Disease Control and Prevention, and all surrounding counties are also currently so classified; and

**WHEREAS**, on April 21, 2022, the California Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) re-adopted its workplace COVID-19 Emergency Temporary Standards (ETS), as modified, effective May 6, 2022, through December 31, 2022, including outbreak reporting; and

**WHEREAS**, SMUD is incrementally reintroducing staff to its administrative buildings, staff infections continue to be reported with some consistency, and, under the current schedule, the majority will not return to working on-site until August or September 2022; and

**WHEREAS**, SMUD Board and Committee meetings can last as long as four hours, with participants sitting in the same room sharing air the entire time; and

**WHEREAS**, it would be impractical for SMUD to take steps necessary to prevent imminent risks to the health and safety of attendees, such as by holding public meetings outdoors, ensuring public meeting attendees are vaccinated, have appropriate face coverings, and wear them consistent with public health guidance; and

**WHEREAS**, all meetings, agendas, meeting dates, times, and manner in which the public may participate in the public meetings of the SMUD Board and offer public comment by telephone or internet-based service options including video conference are posted on the SMUD website and physically outside of SMUD's Headquarters Building; and

**WHEREAS**, by Resolution No. 21-10-01 adopted on October 12, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 21-10-03 adopted on October 21, 2021, this Board made findings that requisite conditions exist for the SMUD

Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 21-11-05 adopted on November 18, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 21-12-04 adopted on December 9, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-03-01 adopted on March 8, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-03-03 adopted on March 17, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-04-01 adopted on April 13, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-04-03 adopted on April 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-05-06 adopted on May 19, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-06-02 adopted on June 16, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-07-02 adopted on July 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; **NOW, THEREFORE**,

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

**Section 1.** Risks to Health and Safety of Attendees. The Board has reconsidered the circumstances of the state of emergency and hereby finds that the state of emergency continues to directly impact the ability of the members to meet safely in person and holding SMUD Board meetings in person would present imminent risks to the health and safety of attendees.

**Section 2.** Remote Teleconference Meetings. SMUD staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with section 54953(e) and other applicable provisions of the Brown Act.

**Section 3.** Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) September 17, 2022, or (ii) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3)



to extend the time during which the SMUD Board may continue to teleconference  
without compliance with paragraph (3) of subdivision (b) of section 54953.

Approved: August 18, 2022

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

President Rose then addressed Discussion Calendar Item 3, to approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of July 16, 2022, through August 15, 2022.

President Rose stated that compensation for Director Tamayo would be revised on July 21, 2022, to strike the 2030 Zero Carbon Plan Presentation to the Deerfield Mesa Grande Neighborhood Association.

No public comment was forthcoming for Discussion Calendar Item 3.

There being no further discussion, Vice President Sanborn moved for approval of Discussion Calendar Item 3, Director Herber seconded, and Resolution No. 22-08-06 was unanimously approved.

**RESOLUTION NO. 22-08-06**

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of July 16, 2022, through August 15, 2022.

Approved: August 18, 2022

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

President Rose then turned to agenda item 10, statements from the public regarding items not on the agenda. He stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

No public comment was received for agenda item 10.

President Rose then turned to Directors' Reports.

Director Bui-Thompson reported on her attendance at the Rancho Cordova Chamber of Commerce Elected Officials Reception. She then reported on her attendance at the Hispanic Chamber's Jalapeño Classic and closed by reporting on her attendance at the State Fair where she visited SMUD's Clean PowerCity booth.

Director Fishman reported on his participation in the Sacramento Tree Foundation's NeighborWoods Summit. He also reported on his meeting with docents from the Crocker Art Museum at the SMUD Headquarters Building where they filmed a retrospective on Wayne Thiebaud. He reported on his attendance at the California Energy Efficiency and Renewable Technology (CEERT) Clean Power Champion Awards, where he saw many colleagues including former Board member and now California Public Utilities Commission (CPUC) Commissioner Genevieve Shiroma as well as former Board member Ed Smeloff, who was one of the award recipients. He closed by noting that the Raley's at the corner of Arden and Eastern would be re-opening the following morning after having done some renovations and working with SMUD to create a more energy efficient building.

Director Herber reported on her attendance at the State of the County where Supervisor Don Nottoli gave his last speech as County Supervisor. She thanked Mr. Nottoli for his 20 years of service. She reported on her attendance at a neighborhood watch meeting organized by Nancy Fox at Edie MacDonald Park in Elk Grove where different providers including utility, law enforcement, fire protection and others had been invited to talk about working together to keep the neighborhood safe. She reported on her attendance at the

Sacramento Region Business BBQ on the Ranch and at a 2030 Zero Carbon Plan Community Meeting. She then reported on her attendance at a Center for Workers' Rights event and at the Curtis Park Neighborhood Electric Star meeting. She closed by announcing that the Sacramento History Museum, for which she is a Board member, would be hosting the Burnett Awards on October 6, 2022.

Director Kerth noted that his report would be short because he had been on vacation and was out of the area for a number of great events. He complimented staff for their work at the State Fair and the Clean PowerCity message. He reported on his attendance at the Sacramento Region Business BBQ on the Ranch and closed by reporting on his attendance at the CEERT Awards and congratulated Ed Smeloff for receiving one of the awards.

Director Tamayo reported that he continues to meet with various neighborhood leaders in his ward and on his participation in the SMUD Electric Vehicle (EV) event at McClatchy Park where he got to show off his Nissan Leaf and SMUD license plate. He reported on his attendance at the Hispanic Chamber's ACCESO Grant Recipient event that helped small businesses that had suffered losses during the pandemic. He closed by reporting on his attendance at the Apple Hill Growers Farm to Fork event in Camino.

Vice President Sanborn reported on her attendance at the Rancho Cordova Chamber event as well as the Best of Citrus Heights Chamber event where she accepted the Best Utility Award on behalf of SMUD. She then reported on her attendance at the Sacramento Region Business BBQ on the Ranch as well as the CEERT Awards. She closed by reporting that Kent Lace had installed a heat pump that will save him 45% on his energy, and she looked forward to his future report on how much energy he had saved.

President Rose reported on his virtual attendance at an AB 617 Air Quality Neighborhood Community meeting where they will be kicking off Phase 2 related to air quality monitoring. He reported on his attendance at the El Dorado County Chamber of Commerce meeting at a networking event at Wakamatsu Farm. He reported on his attendance at the Western Service Workers'

Association dinner and the Citrus Heights Elected Officials mixer. He reported on his attendance at the Valley Vision Energy, Construction and Utility Advisory Committee. He closed by acknowledging the recent hot weather and thanked staff for keeping the lights on.

Paul Lau, Chief Executive Officer and General Manager, reported on the following items:

1) **Heat Wave**. As you know, it has been a HOT week in Sacramento. We always watch the weather closely and take action early when we see hot temperatures on the horizon. Being prepared means making sure we have adequate resources and also customer outreach. We shared ways customers can conserve energy and stay cool, which we know is good for customers' bills, for the grid and the environment. This preparation is helping us successfully navigate the most significant heat wave of the summer. We are also thankful that wildfires have not impacted our facilities or power resources this summer. And the unexpected cloud cover on Wednesday helped, too. SMUD reached this summer's peak load of 2901 MW on August 16th, and met all of our customer's energy needs. (All-time peak load of 3299 MW in July 2006.) We expect to meet our peak loads and customer's needs through this heat wave, which will see temperatures drop below triple digits over the weekend.

2) **Electric Vehicle (EV) Ride & Drive**. We were excited to get back out into the community at three recent EV Ride & Drive events that drove home the benefits of going electric. These are great opportunities for customers to ask questions, and even more importantly road test an EV. We held these hands-on events in Elk Grove, Oak Park and Arden Fair Mall. The Arden event also included free State Fair tickets to interested participants. We were thrilled to be back in-person engaging

with the community, while making sure all COVID safety protocols were in place. All told, we reached about 550 people who we hope will be EV drivers – and customers on SMUD's EV rate -- in the near future.

3) **EV Smart Charging Pilot.** There is even more EV news to share. This week, we launched our Managed Electric Vehicle (EV) Smart Charging Pilot. It is a collaboration with BMW of North America, Ford and General Motors. The pilot program will help EV customers align their charging needs to the time of day it is most affordable, which benefits the grid. As you know, EVs and smart charging support our 2030 goal of zero emissions from our power supply – so this pilot aligns perfectly.

4) **Elk Grove Food Bank.** Summer means the California State Fair, and I am happy to share an update on SMUD's Giving Mondays that supported the Elk Grove Food Bank. I am happy to report the partnership was a huge success! SMUD Giving Mondays Food Drive took place on July 18th and 25th. Each person that donated three non-perishable food items received free admission to the State Fair. All told, we brought in 24,665 pounds of food for the Elk Grove Food Bank! I would like to thank staff that organized and staffed the event and to members of the Board and our executive team who braved the heat to volunteer at this important community event.

5) **Awards.** In other good news, the number of awards we have already received in 2022 is approaching our total received in all of 2021. SMUD continues to rank among the best in a variety of fields. Industry communications leader Ragan awarded our SMUD Cares program 1st place in the employee volunteer category of the 2022 CSR & Diversity Awards. With this honor, we joined honorees like ESPN, the American Medical Association and Hyatt Hotels Corporation. Another big

recognition was given by the NorCal Association of Energy Engineers. Our Rancho Seco tour focusing on the future of nuclear power received the award for Excellence in Advancement of Public Education of Carbon-Free Energy. The entire team deserves kudos. We could not be prouder.

- 6) **Board Video.** Today's video highlights the latest in our series of Road To Zero videos. It showcases the work we are doing to remove all carbon emissions from our Fleet by 2030.

President Rose requested the Summary of Board Direction, but there were no items.

No further business appearing, President Rose adjourned the meeting at 6:18 p.m.

Approved:

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President

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Secretary





Sacramento, California

August 18, 2022

The Board of Directors of the Sacramento Municipal Utility District met in special session via virtual meeting (online) at 6:23 p.m.

Roll Call:

Presiding: President Rose

Present: Directors Bui-Thompson, Fishman, Herber, Kerth, Tamayo, and Sanborn

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

President Rose called for approval of the agenda. Director Herber moved for approval of the agenda, Director Kerth seconded, and the agenda was unanimously approved.

President Rose then turned to Discussion Calendar Item 2, to appoint the following persons who filed the only declaration of candidacy for SMUD Wards 6 and 7 to serve on the SMUD Board of Directors for the four-year term commencing January 1, 2023, through December 31, 2026, pursuant to section 11852.5 of the Public Utilities Code: Ward 6, Dave Tamayo, and Ward 7, Heidi Sanborn.

President Rose asked General Counsel Lewis to give some background on the item.

Ms. Lewis stated that SMUD had received the Certificate of Facts from the Sacramento County Registrar confirming that only one candidate filed for Ward 6 and Ward 7, so pursuant to state law, the County had requested the Board to appoint Dave Tamayo as Director for Ward 6 and Heidi Sanborn as Director for Ward 7 to serve four-year terms commencing January 1, 2023, through December 31, 2026.

Vice President Sanborn asked about whether there was an urgency to the requested action.

Ms. Lewis confirmed that under the statute, after SMUD receives the Certificate of Facts, there is approximately one week to make the appointment.

Director Herber moved for approval of the Discussion Calendar Item 2, and Director Fishman seconded.

Director Tamayo stated that the requested action was a ministerial act that saves SMUD quite a bit of money by avoiding the expenditure of paying the County for the cost of the election since there would only be one person on the ballot.

Ms. Lewis stated that it saves a considerable amount of money.

No public comment was forthcoming on Discussion Calendar Item 2.

There being no further discussion, President Rose called for the vote, and Resolution No. 22-08-07 was unanimously approved.

**RESOLUTION NO. 22-08-07**

**WHEREAS**, Section 11852.5 of the Public Utilities Code, provides that the county elections official shall submit a Certificate of Facts to the SMUD Board when no one or only one person has filed for candidacy in a particular ward by 5:00 p.m. on the 83<sup>rd</sup> day prior to the fixed day for the general election; and

**WHEREAS**, Section 11852.5 further states that, at the time that it submits the Certificate of Facts, the county elections official shall inform the Board that it may make an appointment if only one person has filed a declaration of candidacy for a ward; and

**WHEREAS**, the 83<sup>rd</sup> day prior to the day for the general election fell on August 17, 2022; and

**WHEREAS**, the county elections official has delivered a Certificate of Facts to SMUD stating that, as of August 17, 2022, only one person filed a declaration of candidacy for **Wards 6 and 7** and requesting that the Board make an appointment; and

**WHEREAS**, the Board must make the appointment at a special or regular meeting on or before the 76<sup>th</sup> day prior to the general election; and

**WHEREAS**, making the appointment will save SMUD ratepayers the expense of an election in a circumstance in which the candidates were unopposed; and

**WHEREAS**, the Board convened a special meeting on August 18, 2022, for the purpose of making the appointments; **NOW, THEREFORE,**

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

That this Board hereby acknowledges receipt of the Certificate of Facts set forth in **Attachment A** from the county elections official, and pursuant to Section 11852.5 of the California Public Utilities Code hereby appoints the following persons to serve as members of the SMUD Board of Directors for the Wards indicated, and who shall take office and serve exactly as if elected at the general district election:

**Ward 6** Dave Tamayo

January 1, 2023 – December 31, 2026

**Ward 7** Heidi Sanborn

January 1, 2023 – December 31, 2026

Approved: August 18, 2022

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



# COUNTY OF SACRAMENTO VOTER REGISTRATION AND ELECTIONS

## CERTIFICATE OF FACTS

STATE OF CALIFORNIA

County of Sacramento

} ss.

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the offices of **Director, Sacramento Municipal Utility District Wards 6 and 7** did not exceed the number of offices to be filled at the November 8, 2022 General Election.

### Ward 6

Number of positions: 1

Number of qualified candidates: 1

### Ward 7

Number of positions: 1

Number of qualified candidates: 1

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or division if elected by division, requesting that the General Election be held has not been presented to me.

In accordance with §11852.5 of the Public Utilities Code, I hereby request Sacramento Municipal Utility District board will appoint to such office the following persons who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the General Election.

David Tamayo – Ward 6

Heidi Katrina Sanborn – Ward 7

Witness My Hand and Seal this 17<sup>th</sup> day of August, 2022.

COURTNEY BAILEY-KANELOS  
REGISTRAR OF VOTERS  
County of Sacramento  
State of California

President Rose then turned to agenda item 3, statements from the public regarding items not on the agenda. He stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

No public comment was received for agenda item 3.

No further business appearing, President Rose adjourned the meeting at 6:31 p.m.

Approved:

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President

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Secretary





# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 09/13/22

Board Meeting Date  
September 15, 2022

TO				TO			
1.	Jennifer Davidson	6.					
2.	Lora Anguay	7.					
3.	Scott Martin	8.					
4.		9.	<b>Legal</b>				
5.		10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b> <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b> <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>					
FROM (IPR) Gigi Capuyan		DEPARTMENT Legal Department					
		MAIL STOP B406	EXT. 5670				
DATE SENT 08/31/22							

**Requested Action:** Approve amendment to SMUD's **Nonstock Security Pilot Project Program** to clarify the policy governing the acquisition of nonstock security.

**Summary:** In September 2019, the Legislature approved Assembly Bill 689 amending section 12773 of the California Public Utilities Code ("MUD Act") effective January 1, 2020, to January 1, 2025, granting SMUD authority to hold nonstock security in a corporation or other private entity if the security is acquired as part of a procurement of goods or services from that entity, provided no separate funding is expended solely for the nonstock security, and not more than three nonstock security acquisitions are made during the effective period.

By Resolution No. 20-12-11, adopted on December 10, 2020, the Board authorized SMUD to operate a pilot project and policy governing the acquisition of nonstock security, the Nonstock Security Pilot Project Program, from January 1, 2020, to January 1, 2025.

SMUD policy for the acquisition of nonstock security is set forth in the Nonstock Security Pilot Project Program guidelines. Minor changes to the guidelines are requested in Section 2. Definitions to define "Financial Interest" (which had been undefined).

Additionally, Section 3. of the Nonstock Security Pilot Project Program, Conflict of interest, includes detailed requirements to address the Legislature's concern of financial self-dealing, as it may relate to SMUD's authority to acquire nonstock security. The provision states, in part, that "non-public information received by SMUD may not be used to make decisions concerning the acquisition or sale of the security issued to SMUD." The intent of this language was not to prevent SMUD from using due diligence to determine whether to enter into a particular acquisition. Accordingly, to ensure the guidelines both allow for the acquisition of the nonstock security interest while also prohibiting insider trading and to conform with conflict of interest laws applicable to public agency officials, staff recommends a revision to Section 3. to clarify the strict parameters for SMUD's use of non-public information.

A redline copy of the proposed revisions to the Nonstock Security Pilot Project Program is attached, as well as a "clean" copy.

**Board Policy:** SD-10, Innovation; SD-13, Economic Development Policy, SD-19, Diversified Business; GP-3, Board Job Description – j) Take such other actions as may be required by law.

**Benefits:** Clarifies acceptable use of non-public information to allow SMUD to undertake due diligence for potential acquisitions.

**Cost/Budgeted:** There is no budgetary impact associated with this requested policy revision.

**Alternatives:** A revision must be made to clarify the use of non-public information to allow SMUD to carry out its duties.

**Affected Parties:** Resource and New Business Strategy, Treasury, Accounting, Legal

**Coordination:** Resource and New Business Strategy, Treasury, Accounting, Legal

**Presenter:** Joe Schofield, Deputy General Counsel – Corporate Legal

**Additional Links:**

SUBJECT

**Amendment to Nonstock Security Pilot Project Program**

ITEM NO. (FOR LEGAL USE ONLY)

**6**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

## **Nonstock Security Pilot Project Program Sacramento Municipal Utility District**

### **Pilot Project Program Description**

1. **Purpose:** To provide an opportunity for a return on investment from SMUD's contribution to the development of goods or services procured from a corporation or private entity, consistent with Strategic Directives (SD-10: Innovation, SD-13: Economic Development, and SD-19: Diversified Business).

2. **Definitions:**

Acquisition – An act of obtaining an asset.

Financial Interest – Any monetary interest that is equal to or exceeds the ownership of 3 percent of the shares of a corporation for profit, provided that the total annual income to them from dividends, including the value of stock dividends, from the corporation does not exceed 5 percent of their total annual income, and any other payments made to them by the corporation do not exceed 5 percent of their total annual income.

Nonstock Security – A “security,” as defined in Section 25019 of the California Corporations Code, that is not a stock.

Stock – A distinct type of security that specifically includes an ownership interest in a corporation, where the owner is entitled to participate in: (i) the company's management (e.g., has a voting right); (ii) a proportionate share of profits; and (iii) distribution of assets upon dissolution of the company. Its unit of measurement is the share.

3. **Conflict of interest:** To avoid any potential conflict or perceived conflict of interest and to prevent violations of applicable conflict of interest rules including Cal. Gov't Code § 1090, et seq.; the Political Reform Act (Cal. Gov't Code § 81000, et seq.); and the Fair Political Practices Commission Regulations (Cal. Code of Regulations § 18700, et seq.), SMUD shall not enter into an agreement to acquire a nonstock security interest in a corporation or private entity under any of the following situations:
  - a. A board member, or spouse or dependent child of the board member, has a financial interest in the corporation or private entity.

- b. A board member, or spouse or dependent child of the board member, has a personal or familial relationship with any officer or employee of the corporation or private entity.
- c. An executive officer of SMUD, or spouse or dependent child of the officer, has a financial interest in the corporation or private entity.

Board members and certain other SMUD staff are each to file annually a Statement of Economic Interests (Form 700) to ensure that those public agency officials are disclosing certain financial interests in a manner that is transparent. It also serves as a reminder for public agency officials and employees to abstain from participating in decisions, including agreements, that could enhance their personal finances in a manner that is inconsistent with law or policy.

Prior to entering into an acquisition agreement, SMUD shall review Board members' most recent financial disclosure filing for potential financial conflicts of interest related to the acquisition.

Further, existing federal and state laws prohibit individuals from purchasing or selling a security when that individual knows material, non-public information about a company which would significantly affect the market price of the security in that company (e.g., company stock price). To avoid any appearance or accusation of insider trading, SMUD shall not use such material non-public information for any purpose other than to evaluate the proposed transaction including, but not limited to, the acquisition of nonstock security interest in such corporation or private entity. In addition, SMUD shall not trade (purchase or sell) the securities of such corporation or private entity so long as it is in possession of such material information that has not first been made public~~received by SMUD may not be used to make decisions concerning the acquisition or sale of the security issued to SMUD.~~

4. **Determination of how much of nonstock security to accept:** Prior to SMUD's acquiring any nonstock security, the Business Unit initiating the procurement of the underlying goods or services shall, in consultation with New Business Development and Treasury Departments, ensure that:
  - a. SMUD, overall, receives a reasonable return for SMUD's investment, considering, at a minimum, the value of the following: (i) use of any SMUD intellectual property; (ii) SMUD's investment of staff time; and (iii) use of SMUD facilities for field testing; and

- b. The value of the nonstock security acquisition does not unduly influence the amount paid for the associated goods and services.

- 5. **Payment of associated goods or services:** SMUD may only hold nonstock security in a corporation or private entity if acquired as part of a procurement of goods or services from that entity. The price paid for such goods or services should not be increased due to the availability of acquiring nonstock security in that corporation or private entity. SMUD is not “purchasing” the nonstock security, so no cash will be exchanged solely for the acquisition of the nonstock security. Any acquisition of nonstock security is incidental to the procurement of goods or services.
- 6. **Approval for acquisition:** The Chief Executive Officer and General Manager shall seek Board approval prior to entering into an acquisition agreement.
- 7. **Reporting to the Board:** Staff shall report annually to the Board on the status of this Pilot Project Program and any related acquisitions.
- 8. **Management of Security:** All decisions and administrative actions concerning the management of any security issued to SMUD by a corporation or other private entity shall be recommended by the Chief Financial Officer or her delegee and approved by the Board. This includes decisions on when the security will be exercised or converted to cash. The Chief Financial Officer shall carry out this function consistent with her delegated investment authority.
- 9. **Distribution of Security Interest:** Upon such time that SMUD’s security interest is sold for cash, the proceeds will be received and recorded by SMUD accounting, indicating the source of funds. SMUD’s subsequent use of any cash proceeds shall be in accordance with SMUD policies and to benefit SMUD ratepayers.
- 10. **Related Reference:** SD-10 Innovation; SD-13 Economic Development; SD-19 Diversified Business; BL-8 Procurement; BL-14 Products, Services and Programs

## **Nonstock Security Pilot Project Program Sacramento Municipal Utility District**

### **Pilot Project Program Description**

1. **Purpose:** To provide an opportunity for a return on investment from SMUD's contribution to the development of goods or services procured from a corporation or private entity, consistent with Strategic Directives (SD-10: Innovation, SD-13: Economic Development, and SD-19: Diversified Business).

2. **Definitions:**

Acquisition – An act of obtaining an asset.

Financial Interest – Any monetary interest that is equal to or exceeds the ownership of 3 percent of the shares of a corporation for profit, provided that the total annual income to them from dividends, including the value of stock dividends, from the corporation does not exceed 5 percent of their total annual income, and any other payments made to them by the corporation do not exceed 5 percent of their total annual income.

Nonstock Security – A “security,” as defined in Section 25019 of the California Corporations Code, that is not a stock.

Stock – A distinct type of security that specifically includes an ownership interest in a corporation, where the owner is entitled to participate in: (i) the company's management (e.g., has a voting right); (ii) a proportionate share of profits; and (iii) distribution of assets upon dissolution of the company. Its unit of measurement is the share.

3. **Conflict of interest:** To avoid any potential conflict or perceived conflict of interest and to prevent violations of applicable conflict of interest rules including Cal. Gov't Code § 1090, et seq.; the Political Reform Act (Cal. Gov't Code § 81000, et seq.); and the Fair Political Practices Commission Regulations (Cal. Code of Regulations § 18700, et seq.), SMUD shall not enter into an agreement to acquire a nonstock security interest in a corporation or private entity under any of the following situations:
  - a. A board member, or spouse or dependent child of the board member, has a financial interest in the corporation or private entity.

- b. A board member, or spouse or dependent child of the board member, has a personal or familial relationship with any officer or employee of the corporation or private entity.
- c. An executive officer of SMUD, or spouse or dependent child of the officer, has a financial interest in the corporation or private entity.

Board members and certain other SMUD staff are each to file annually a Statement of Economic Interests (Form 700) to ensure that those public agency officials are disclosing certain financial interests in a manner that is transparent. It also serves as a reminder for public agency officials and employees to abstain from participating in decisions, including agreements, that could enhance their personal finances in a manner that is inconsistent with law or policy.

Prior to entering into an acquisition agreement, SMUD shall review Board members' most recent financial disclosure filing for potential financial conflicts of interest related to the acquisition.

Further, existing federal and state laws prohibit individuals from purchasing or selling a security when that individual knows material, non-public information about a company which would significantly affect the market price of the security in that company (e.g., company stock price). To avoid any appearance or accusation of insider trading, SMUD shall not use such material non-public information for any purpose other than to evaluate the proposed transaction including, but not limited to, the acquisition of nonstock security interest in such corporation or private entity. In addition, SMUD shall not trade (purchase or sell) the securities of such corporation or private entity so long as it is in possession of such material information that has not first been made public.

- 4. **Determination of how much of nonstock security to accept:** Prior to SMUD's acquiring any nonstock security, the Business Unit initiating the procurement of the underlying goods or services shall, in consultation with New Business Development and Treasury Departments, ensure that:
  - a. SMUD, overall, receives a reasonable return for SMUD's investment, considering, at a minimum, the value of the following: (i) use of any SMUD intellectual property; (ii) SMUD's investment of staff time; and (iii) use of SMUD facilities for field testing; and
  - b. The value of the nonstock security acquisition does not unduly influence the amount paid for the associated goods and services.

5. **Payment of associated goods or services:** SMUD may only hold nonstock security in a corporation or private entity if acquired as part of a procurement of goods or services from that entity. The price paid for such goods or services should not be increased due to the availability of acquiring nonstock security in that corporation or private entity. SMUD is not “purchasing” the nonstock security, so no cash will be exchanged solely for the acquisition of the nonstock security. Any acquisition of nonstock security is incidental to the procurement of goods or services.
6. **Approval for acquisition:** The Chief Executive Officer and General Manager shall seek Board approval prior to entering into an acquisition agreement.
7. **Reporting to the Board:** Staff shall report annually to the Board on the status of this Pilot Project Program and any related acquisitions.
8. **Management of Security:** All decisions and administrative actions concerning the management of any security issued to SMUD by a corporation or other private entity shall be recommended by the Chief Financial Officer or her delegee and approved by the Board. This includes decisions on when the security will be exercised or converted to cash. The Chief Financial Officer shall carry out this function consistent with her delegated investment authority.
9. **Distribution of Security Interest:** Upon such time that SMUD’s security interest is sold for cash, the proceeds will be received and recorded by SMUD accounting, indicating the source of funds. SMUD’s subsequent use of any cash proceeds shall be in accordance with SMUD policies and to benefit SMUD ratepayers.
10. **Related Reference:** SD-10 Innovation; SD-13 Economic Development; SD-19 Diversified Business; BL-8 Procurement; BL-14 Products, Services and Programs



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

**WHEREAS**, in September 2019, the Legislature approved Assembly Bill 689 amending section 12773 of the California Public Utilities Code (“MUD Act”) effective January 1, 2020, to January 1, 2025, granting SMUD authority to hold nonstock security in a corporation or other private entity if the security is acquired as part of a procurement of goods or services from that entity, provided no separate funding is expended solely for the nonstock security, and not more than three nonstock security acquisitions are made during the effective period; and

**WHEREAS**, by Resolution No. 20-12-11, adopted on December 10, 2020, this Board authorized SMUD to operate a pilot project and policy governing the acquisition of nonstock security, the **Nonstock Security Pilot Project Program (“Policy”)**, from January 1, 2020, to January 1, 2025; and

**WHEREAS**, SMUD policy for the acquisition of nonstock security is set forth in the **Policy** guidelines and minor changes to the guidelines are requested in **Section 2. Definitions** to define “Financial Interest” (which had previously been undefined); and

**WHEREAS**, **Section 3. Conflict of interest** of the **Policy** includes detailed requirements to address the Legislature’s concern of financial self-dealing, as it may relate to SMUD’s authority to acquire nonstock security; and

**WHEREAS**, as currently written, **Section 3.** may broadly prevent SMUD from using reasonable and lawful due diligence to determine whether to enter into a particular acquisition; and

**WHEREAS**, staff's recommendation is to revise **Section 2.** of the **Policy** to define "Financial Interest" and **Section 3.** of the **Policy** to clarify the strict parameters under which SMUD may use non-public information, and to ensure the **Policy** both allows for informed acquisition of the nonstock security while affirmatively prohibiting insider trading; **NOW, THEREFORE**,

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

**Section 1.** This Board approves the revisions to **Section 2. Definitions** and **Section 3. Conflict of interest** of the **Nonstock Security Pilot Project Program ("Policy")**, substantially in the form as set forth in **Attachment \_\_\_\_**, with all other **Policy** provisions remaining in full force and effect.



SSS No. LEG 2022-0120

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 09/13/22  
Board Meeting Date  
September 15, 2022

TO					TO						
1.	Jennifer Davidson				6.						
2.	Lora Anguay				7.						
3.	Scott Martin				8.						
4.					9.	Legal					
5.					10.	CEO & General Manager					
Consent Calendar		X	Yes	No If no, schedule a dry run presentation.		Budgeted		X	Yes	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Jenny Richards				DEPARTMENT Supply Chain Services				MAIL STOP EA404		EXT. 5949	
								DATE SENT 08/19/22			

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to:

- Enter into a multi-year strategic collaboration with ESS Tech, Inc. ("ESS") to accelerate adoption of long duration energy storage technology in SMUD's service territory; and
- Enter into an acquisition agreement for nonstock security (e.g., warrants) in ESS, subject to the requirements of California Public Utilities Code section 12773 ("MUD Act").

**Summary:** SMUD is poised to enter into a new strategic collaboration with ESS Tech, Inc. ("ESS") in accordance with Board-Staff Linkage BL-14, Delegation to the Chief Executive Officer and General Manager with Respect to Products, Services and Programs (BL-14) to accelerate the adoption of long duration energy storage technology in SMUD's service territory in support of the 2030 Zero Carbon Plan. The goals of the collaboration include, neighborhood and critical infrastructure resiliency, reducing thermal generation, maximizing local solar generation and utilization, and supporting workforce development.

ESS designs, builds and deploys environmentally sustainable, low-cost, iron flow batteries for long-duration commercial and utility-scale energy storage applications requiring flexible energy capacity. ESS technology uses earth-abundant iron, salt, and water for the electrolyte, resulting in an environmentally benign, long-life energy storage solution for renewable energy infrastructure. ESS enables utilities to make the transition to more flexible non-lithium-ion storage that is better suited for the grid and environment.

Under the joint collaboration agreement, SMUD and ESS will work together on a multi-year project that may culminate in an aggregate phased deployment of up to 200MW/2GWh of long duration energy storage by 2028. As part of SMUD's procurement of ESS technology and equipment, SMUD will acquire nonstock security in ESS. The collaboration with ESS and associated acquisition of nonstock security in the company is in the best interest of SMUD, its ratepayers and the community as it will: (1) promote carbon reduction, clean energy, and other environmentally sustainable technologies that will help foster a better environment for the Sacramento community and beyond; (2) fairly compensate ratepayers for their community investment in such technologies by creating a revenue stream that may potentially offset future rate increases; and (3) encourage economic development which may lead to job growth in the Sacramento region.

In accordance with the MUD Act and in compliance with the SMUD Board policy, as memorialized in the Nonstock Security Pilot Project Program guidelines, SMUD is seeking Board approval to authorize the CEO/GM to accept nonstock security and execute on its first nonstock security acquisition agreement with ESS.

**Board Policy:** BL-14, Delegation to the CEO/GM with Respect to Products, Services and Programs; SD-10, Innovation; (Number & Title) SD-13, Economic Development Policy; SD-19, Diversified Business

**Benefits:** Supports the 2030 Zero Carbon Plan; creates revenue stream that may potentially offset future rate increases; and encourages economic development.

**Cost/Budgeted:** None. MUD Act requires that no separate funding may be expended solely for the nonstock security.

**Alternatives:** Enter into the anticipated joint collaboration agreement with ESS without acquiring nonstock security in the company, and pursue other revenue share options. This is not the ideal option, as the ability to acquire nonstock security in ESS affords potentially higher financial benefits to SMUD in return for SMUD's investment in ESS technology.

**Affected Parties:** Power Generation, Supply Chain Services, and Treasury.

**Coordination:** Power Generation, New Business Development, Treasury, Supply Chain Services, and Legal.

**Presenter:** Mark Rawson, Manager, New Business Development

**Additional Links:**

SUBJECT

**Contract with ESS Tech, Inc. & Nonstock Security Acquisition**

ITEM NO. (FOR LEGAL USE ONLY)

**7**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

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

**WHEREAS**, by Resolution No. 20-12-11, adopted on December 10, 2020, and pursuant to California Public Utilities Code section 12773 (the “MUD Act”), this Board established SMUD’s **Nonstock Security Pilot Project Program** whereby SMUD may hold nonstock security in a corporation or other private entity if acquired as part of a procurement of goods or services from that entity; and

**WHEREAS**, SMUD is poised to enter into a new strategic collaboration with **ESS Tech, Inc. (ESS)**, in accordance with **Board-Staff Linkage BL-14, Delegation to the Chief Executive Officer and General Manager with Respect to Products, Services and Programs (BL-14)** to accelerate the adoption of long duration energy storage technology in SMUD’s service territory in support of SMUD’s **2030 Zero Carbon Plan**; and

**WHEREAS**, as part of SMUD’s procurement of **ESS** technology and equipment, SMUD will acquire nonstock security in **ESS** in compliance with the requirements contained in SMUD’s **Nonstock Security Pilot Project Program**; and

**WHEREAS**, **ESS** designs, builds and deploys environmentally sustainable, low-cost iron flow batteries for long-duration commercial and utility scale energy storage applications requiring flexible energy capacity; and

**WHEREAS**, the goals of the collaboration with **ESS** include neighborhood and critical infrastructure resiliency, reducing thermal generation, maximizing local solar generation and utilization, and supporting workforce development; and

**WHEREAS**, under the joint collaboration agreement, SMUD and **ESS** will work together on a multi-year project that may culminate in an aggregate phased deployment of up to 200MW/2GWh of long duration energy storage by 2028; and

**WHEREAS**, this Board finds the collaboration with **ESS** and associated acquisition of nonstock security to be consistent with the public purpose of SMUD, as a Municipal Utility District; and

**WHEREAS**, this Board finds the nonstock security acquisition in **ESS**, as part of the procurement of **ESS** equipment and services, is in the best interests of SMUD, its ratepayers and the community as it will (1) promote carbon reduction, clean energy, and other environmentally sustainable technologies that will help foster a better environment for the Sacramento community and beyond, (2) fairly compensate ratepayers for their community investment in such technologies by creating a revenue stream that may potentially offset future rate increases, and (3) encourage economic development which may lead to job growth in the Sacramento region; **NOW, THEREFORE**,

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

**Section 1.** That this Board authorizes the Chief Executive Officer and General Manager, or his designee, to enter into a joint collaboration agreement with **ESS Tech, Inc. (ESS)** to accelerate adoption of long duration energy storage technology in SMUD's service territory.

**Section 2.** That this Board authorizes the Chief Executive Officer and General Manager, or his designee, to enter into, on behalf of SMUD, an acquisition agreement for nonstock security in **ESS**, subject to the requirements of California Public Utilities Code section 12773.

**Section 3.** The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the agreements that, in his prudent judgment: (a) further the primary purpose of the agreements; (b) are intended to provide a net benefit to SMUD; and (c) for, the acquisition agreement, do not exceed the authorized amounts stated in California Public Utilities Code section 12773.





# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

ERCS – 09/14/22

Board Meeting Date

September 15, 2022

TO				TO			
1.	Tracy Carlson	6.					
2.	Brandy Bolden	7.					
3.	Jennifer Davidson	8.					
4.	Lora Anguay	9.	<b>Legal</b>				
5.	Suresh Kotha	10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b> <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b> <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>					
FROM (IPR) Ali Crawford		DEPARTMENT Community Energy Services					
		MAIL STOP A276	EXT. 5676				
		DATE SENT 08/24/22					

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to:

- a) Enter into (1) a contract with Marin Clean Energy (MCE) to provide Community Choice Aggregation (CCA) data management and related services, and (2) vendor contracts to facilitate the ongoing operations of MCE provided that no individual contract shall exceed \$1 million; and
- b) Enter into contracts for technology platform subscription services that support all CCAs, the fees of which are to be approved by the Board as part of the annual budget.

**Summary:** Community Choice Aggregation (CCA) was created in California by Assembly Bill 117 (2002), which authorized local governments to aggregate customer electric load and purchase electricity for customers in the service territories of investor-owned utilities. MCE is a CCA established in 2010 by a joint powers authority which serves approximately 588,000 residential and commercial electricity customers across a service area comprised of 37 communities in four counties: Contra Costa, Marin, Napa, and Solano.

SMUD has significant experience performing the services required by MCE making SMUD a logical provider. For more than 75 years as a community-owned electric utility, SMUD has performed many of the same services for its own service territory, and since 2018 has provided similar services to other CCAs, including Valley Clean Energy (VCE) and East Bay Community Energy (EBCE).

SMUD submitted a comprehensive proposal to MCE in response to a Request for Proposals (RFP). The proposed services include data management, billing, analytics, systems assessment and other related consulting services. MCE selected SMUD as the winner on July 5, 2022, and the MCE Board's vote to award SMUD the contract is scheduled for September 15, 2022. Staff believes providing MCE services will present both net financial benefits for SMUD, as well as foster public power and regional clean energy solutions. The proposed services will leverage the systems and services already in place for VCE and EBCE, which include technology platform subscription services which are critical to maintaining the CCA business and require contract subscriptions, which the annual fees for such contracts will be included as part of the Board's annual budget approval. Leveraging existing systems and services contributes to increased net revenue for SMUD and economies of scale in our CCA service offerings, and transitioning at this time from separate CCA-specific delegations to a general CCA delegation for technology platform contracts is in the best interests of SMUD. SMUD will ensure that its financial viability, internal operations, and customer service portfolio are not adversely affected by providing MCE services.

**Board Policy:** SD-2, Competitive Rates, by providing access to a new business opportunity which will create revenue that will help keep SMUD's rate low; SD-7, Environmental Leadership, by helping MCE decarbonize and develop clean energy solutions; SD-11, Public Power Business Model, by assisting other local government entities to provide the benefits of public power to their communities; SD-19, Diversified Business, by broadening and diversifying the products and services we offer to generate new revenues that contribute to SMUD's long-term financial health.

**Benefits:** This contract expands the services that SMUD provides to CCAs to include analytics services and introduces additional potential sources of CCA revenue for SMUD.

**Cost/Budgeted:** Costs included in budget.

**Alternatives:** The alternative would be to bring the MCE contract and vendor procurements to the Board for approval, which could delay SMUD's ability to provide services in a timely manner, potentially not meeting MCE's end-of-year implementation deadline and the transition to SMUD's service beginning January 1, 2023.

**Affected Parties:** Community Energy Services, Information Technology, MCE, MCE customers

**Coordination:** Community Energy Services, Information Technology, MCE, MCE customers

**Presenter:** Tracy Carlson, Director, Customer Care

SUBJECT

**Master Services Agreement between Marin Clean Energy and SMUD**

ITEM NO. (FOR LEGAL USE ONLY)

**8a**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

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

**WHEREAS**, Community Choice Aggregation (CCA) was created in California by Assembly Bill 117 (2002), which authorized local governments to aggregate customer electric load and purchase electricity for customers in the service territories of investor-owned utilities; and

**WHEREAS, Marin Clean Energy (MCE)** is a CCA established in 2010 by a joint powers authority which serves approximately 588,000 residential and commercial electricity customers across a service area comprised of 37 communities in four counties: Contra Costa, Marin, Napa, and Solano; and

**WHEREAS**, for more than 75 years as a community-owned electric utility, SMUD has performed many of the same services for our own service territory required by **MCE**, and since 2018 has provided similar services for other CCAs include **Valley Clean Energy (VCE)** and **East Bay Community Energy (EBCE)**; and

**WHEREAS**, SMUD submitted a comprehensive proposal in response to a Request for Proposals for services including data management, billing, analytics, systems assessment and other related consulting services; and

**WHEREAS, MCE** selected SMUD as the winner on July 5, 2022, and the **MCE** Board's vote to award SMUD the contract is scheduled for September 15, 2022; and

**WHEREAS**, staff believes providing **MCE** services will present both net financial benefits for SMUD, as well as foster public power and regional clean energy solutions; and

**WHEREAS**, the proposed services leverage the systems and services already in place for **VCE** and **EBCE**, which contribute to increased net revenue for SMUD and economies of scale in our CCA service offerings; and

**WHEREAS**, SMUD will ensure that our financial viability, internal operations, and customer service portfolios are not adversely affected by providing **MCE** services; and

**WHEREAS**, the Municipal Utility District Act (MUD Act) grants SMUD broad authority to provide services related to light, heat, and power, and take all acts necessary and convenient for the full exercise of the powers therein; and

**WHEREAS**, the MUD Act authorizes SMUD to provide competitive services and commodities within or outside of our service territory; and

**WHEREAS**, providing services to **MCE** to meet their energy objectives is a valid exercise of SMUD's authority; and

**WHEREAS**, SMUD will ensure that our financial viability, internal operations, and customer service portfolio are not adversely affected by providing **MCE** services; **NOW, THEREFORE**,

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

**Section 1.** The Chief Executive Officer and General Manager, or his designee, is authorized to enter into a contract with the **Marin Clean Energy (MCE)** to provide Community Choice Aggregation (CCA) data management and related services.

**Section 2.** The Chief Executive Officer and General Manager, or his designee, is authorized to enter into vendor contracts to facilitate the ongoing operations of **MCE** provided that no individual contract shall exceed \$1 million.



# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

ERCS – 09/14/22

Board Meeting Date

September 15, 2022

TO				TO			
1.	Tracy Carlson	6.					
2.	Brandy Bolden	7.					
3.	Jennifer Davidson	8.					
4.	Lora Anguay	9.	<b>Legal</b>				
5.	Suresh Kotha	10.	<b>CEO &amp; General Manager</b>				
<b>Consent Calendar</b> <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b> <input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>					
FROM (IPR) Ali Crawford		DEPARTMENT Community Energy Services					
		MAIL STOP A276	EXT. 5676				
		DATE SENT 08/24/22					

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to:

- a) Enter into (1) a contract with Marin Clean Energy (MCE) to provide Community Choice Aggregation (CCA) data management and related services, and (2) vendor contracts to facilitate the ongoing operations of MCE provided that no individual contract shall exceed \$1 million; and
- b) Enter into contracts for technology platform subscription services that support all CCAs, the fees of which are to be approved by the Board as part of the annual budget.

**Summary:** Community Choice Aggregation (CCA) was created in California by Assembly Bill 117 (2002), which authorized local governments to aggregate customer electric load and purchase electricity for customers in the service territories of investor-owned utilities. MCE is a CCA established in 2010 by a joint powers authority which serves approximately 588,000 residential and commercial electricity customers across a service area comprised of 37 communities in four counties: Contra Costa, Marin, Napa, and Solano.

SMUD has significant experience performing the services required by MCE making SMUD a logical provider. For more than 75 years as a community-owned electric utility, SMUD has performed many of the same services for its own service territory, and since 2018 has provided similar services to other CCAs, including Valley Clean Energy (VCE) and East Bay Community Energy (EBCE).

SMUD submitted a comprehensive proposal to MCE in response to a Request for Proposals (RFP). The proposed services include data management, billing, analytics, systems assessment and other related consulting services. MCE selected SMUD as the winner on July 5, 2022, and the MCE Board's vote to award SMUD the contract is scheduled for September 15, 2022. Staff believes providing MCE services will present both net financial benefits for SMUD, as well as foster public power and regional clean energy solutions. The proposed services will leverage the systems and services already in place for VCE and EBCE, which include technology platform subscription services which are critical to maintaining the CCA business and require contract subscriptions, which the annual fees for such contracts will be included as part of the Board's annual budget approval. Leveraging existing systems and services contributes to increased net revenue for SMUD and economies of scale in our CCA service offerings, and transitioning at this time from separate CCA-specific delegations to a general CCA delegation for technology platform contracts is in the best interests of SMUD. SMUD will ensure that its financial viability, internal operations, and customer service portfolio are not adversely affected by providing MCE services.

**Board Policy:** SD-2, Competitive Rates, by providing access to a new business opportunity which will create revenue that will help keep SMUD's rate low; SD-7, Environmental Leadership, by helping MCE decarbonize and develop clean energy solutions; SD-11, Public Power Business Model, by assisting other local government entities to provide the benefits of public power to their communities; SD-19, Diversified Business, by broadening and diversifying the products and services we offer to generate new revenues that contribute to SMUD's long-term financial health.

**Benefits:** This contract expands the services that SMUD provides to CCAs to include analytics services and introduces additional potential sources of CCA revenue for SMUD.

**Cost/Budgeted:** Costs included in budget.

**Alternatives:** The alternative would be to bring the MCE contract and vendor procurements to the Board for approval, which could delay SMUD's ability to provide services in a timely manner, potentially not meeting MCE's end-of-year implementation deadline and the transition to SMUD's service beginning January 1, 2023.

**Affected Parties:** Community Energy Services, Information Technology, MCE, MCE customers

**Coordination:** Community Energy Services, Information Technology, MCE, MCE customers

**Presenter:** Tracy Carlson, Director, Customer Care

SUBJECT

**Master Services Agreement between Marin Clean Energy and SMUD**

ITEM NO. (FOR LEGAL USE ONLY)

**8b**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



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

**WHEREAS**, Community Choice Aggregation (CCA) was created in California by Assembly Bill 117 (2002), which authorized local governments to aggregate customer electric load and purchase electricity for customers in the service territories of investor-owned utilities; and

**WHEREAS**, since 2018, SMUD has provided data management services to CCAs, including Valley Clean Energy and East Bay Community Energy, and plans to expand such services to Marin Clean Energy and potentially other CCAs in the future; and

**WHEREAS**, in conjunction with the provision of data management services, SMUD has entered into contracts for technology platform subscription services (**Agreements**) to support SMUD's CCA business; and

**WHEREAS**, the original subscription terms of these **Agreements** are approaching expiration and these **Agreements** are critical to maintaining the CCA business; and

**WHEREAS**, leveraging existing systems and services contributes to increased net revenue for SMUD and economies of scale in our CCA service offerings; and

**WHEREAS**, transitioning at this time from separate CCA-specific delegations to a general CCA delegation for technology platform subscription services contracts is in the best interests of SMUD; and

**WHEREAS**, staff recommends entering into contracts for technology platform subscription services until such time as it is determined to be in the best interests of SMUD to change or no longer support the CCA business model; and

**WHEREAS**, subscription fees for future years will be approved by the Board as part of the annual budget; **NOW, THEREFORE**,

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

**Section 1.** That this Board authorizes the Chief Executive Officer and General Manager, or his designee, to negotiate and enter into Community Choice Aggregation (CCA) technology platform subscription services that support all CCAs for whom SMUD provides services.

**Section 2.** Subscription fees for future years will be approved by this Board with the approval of the annual budget.



# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

ERCS – 09/14/22

Board Meeting Date

September 15, 2022

TO					TO							
1.	Frankie McDermott				6.							
2.	Brandy Bolden				7.							
3.	Lora Anguay				8.							
4.	Suresh Kotha				9.	<b>Legal</b>						
5.					10.	<b>CEO &amp; General Manager</b>						
<b>Consent Calendar</b>		<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>		<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Joe Schofield					DEPARTMENT Legal Department					MAIL STOP B406	EXT. 5446	DATE SENT 09/01/22
<b>NARRATIVE:</b>												
<p><b>Requested Action:</b> Make findings pursuant to Government Code section 54953(e) to continue meetings via virtual (online/teleconference) meeting for the next 30 days.</p> <p><b>Summary:</b> Pursuant to Executive Order N-29-20 issued on March 17, 2020, and Executive Order N-35-20 issued on March 21, 2020, as well as the Emergency Board Meeting Procedures adopted by this Board via Resolution No. 20-06-08 on June 18, 2020, this Board has conducted regular Board meetings and other public meetings via remote (online/teleconference) meetings.</p> <p>On September 16, 2021, Governor Newsom signed Assembly Bill 361 (AB 361), which became effective immediately upon signature, containing language that eased Brown Act requirements to allow local agencies to meet remotely. AB 361 allows meetings to continue to be conducted by teleconference, similar to the process used during the current COVID-19 pandemic, but only when there is a declared state of emergency when the local governing body makes findings that there are imminent health risks to meeting in person.</p> <p>On February 25, 2022, Executive Order N-04-22 was issued leaving the California State of Emergency due to the threat of COVID-19 in effect for the foreseeable future. Though the State of Emergency remains in effect, mask mandates have been dropped locally and at the State level.</p> <p>On April 21, 2022, CAL/OSHA re-adopted its workplace COVID-19 Emergency Temporary Standards (ETS), as modified, effective May 6, 2022, through December 31, 2022, including outbreak reporting; SMUD staff continue to report COVID-19 infections, though at a decreasing rate; the lack of a requirement to sign in at SMUD Board meetings with contact information could make contact tracing nearly impossible; and the most recently reported COVID-19 data published, by the Sacramento County Department of Public Health on its Epidemiology COVID-19 Dashboard, and covering the period up to August 31, 2022, indicated a local COVID-19 case rate of 16.9% and 4 deaths since the last update. Sacramento County is currently in the medium severity tier for COVID-19 with surrounding counties being in the high and medium tiers. Wastewater testing for the presence of COVID-19 in the Sacramento sewershed indicates levels that, as of late August, were slightly lower than the dominant strain at the peak of the Delta variant. Moreover, when SMUD Board and Committee meetings were held in person, they could last as long as four hours with all participants in a single room. And although we could space out participants, they would still be breathing one another's respirated air for what could be a lengthy period of time.</p> <p>By Resolution 21-10-01 adopted on October 12, 2021, Resolution No. 21-10-03 adopted on October 21, 2021, Resolution No. 21-11-05 adopted on November 18, 2021, Resolution No. 21-12-04 adopted on December 9, 2021, Resolution No. 22-03-01 adopted on March 8, 2022, Resolution No. 22-03-03 adopted on March 17, 2022, Resolution No. 22-04-01 adopted on April 13, 2022, Resolution No. 22-04-03 adopted on April 21, 2022, Resolution No. 22-05-06 adopted on May 19, 2022, Resolution No. 22-06-02 adopted on June 16, 2022, Resolution No. 22-07-02 adopted on July 21, 2022, and Resolution No. 22-08-05 adopted on August 18, 2022, this Board has previously made findings to continue to hold regular Board meetings and other public meetings via solely virtual (online/teleconference) format.</p>												

Staff's recommendation is to continue to hold regular Board meetings and other public meetings via solely virtual (online/teleconference) meeting and continue to monitor developments related to the COVID-19 pandemic. Pursuant to Government Code section 54953(e), this Board must make findings every 30 days that conditions warrant continuing to meet virtually instead of in-person.

- Board Policy:** Governance Process GP-3, Board Job Description – j) Take such other actions as may be required by law.  
*(Number & Title)*
- Benefits:** Making the determination to continue remote meetings will allow for efficient conduct of SMUD business.
- Cost/Budgeted:** Contained in Business Unit budget for internal labor.
- Alternatives:** Take no action and comply with all original Brown Act requirements.
- Affected Parties:** SMUD, Board of Directors, Public
- Coordination:** Executive Office, Board Office, Legal Department, Information Technology, Communications
- Presenter:** Laura Lewis, Chief Legal & Government Affairs Officer

**Additional Links:**

SUBJECT

**Make Findings to Continue Online/Teleconference Meetings**

ITEM NO. (FOR LEGAL USE ONLY)

**9**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

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

**WHEREAS**, SMUD is committed to preserving public access and participation in meetings of the Board of Directors and to the safety of meeting attendees; and

**WHEREAS**, all meetings of the Board of Directors are open and public, as required by the Ralph M. Brown Act (Gov't Code, §§ 54950-54963) ("Brown Act"), so that any member of the public may attend, participate in, and watch SMUD's governing body conduct its business; and

**WHEREAS**, the newly enacted Government Code section 54953(e) authorizes a local agency's governing body, during a proclaimed state of emergency, to participate in its public meetings using remote teleconferencing without compliance with the requirements of Government Code section 54953(b)(3), under specified conditions; and

**WHEREAS**, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

**WHEREAS**, another condition is that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees; and

**WHEREAS**, on February 28, 2022, the California Department of Public Health rescinded the mask requirement effective March 1, 2022, for all individuals

regardless of vaccination status and instead issued a strong recommendation that all persons, regardless of vaccine status, continue indoor masking; and

**WHEREAS**, the Sacramento County Department of Public Health on its Epidemiology COVID-19 Dashboard continues to show elevated case and death data, and this is supported by ongoing wastewater sampling; and

**WHEREAS**, Sacramento County currently has medium community transmission rates for COVID-19 as defined by the Centers for Disease Control and Prevention, and all surrounding counties are classified as medium to high; and

**WHEREAS**, on April 21, 2022, the California Department of Industrial Relations, Division of Occupational Safety and Health (Cal/OSHA) re-adopted its workplace COVID-19 Emergency Temporary Standards (ETS), as modified, effective May 6, 2022, through December 31, 2022, including outbreak reporting; and

**WHEREAS**, SMUD is incrementally reintroducing staff to its administrative buildings, staff infections continue to be reported with some consistency, and, under the current schedule, the majority will not return to working on-site until August or September 2022; and

**WHEREAS**, SMUD Board and Committee meetings can last as long as four hours, with participants sitting in the same room sharing air the entire time; and

**WHEREAS**, it would be impractical for SMUD to take steps necessary to prevent imminent risks to the health and safety of attendees, such as by holding public meetings outdoors, ensuring public meeting attendees are vaccinated, have appropriate face coverings, and wear them consistent with public health guidance; and

**WHEREAS**, all meetings, agendas, meeting dates, times, and manner in which the public may participate in the public meetings of the SMUD Board and offer public comment by telephone or internet-based service options including video conference are posted on the SMUD website and physically outside of SMUD's Headquarters Building; and

**WHEREAS**, by Resolution No. 21-10-01 adopted on October 12, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 21-10-03 adopted on October 21, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 21-11-05 adopted on November 18, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 21-12-04 adopted on December 9, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-03-01 adopted on March 8, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct



remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-03-03 adopted on March 17, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-04-01 adopted on April 13, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-04-03 adopted on April 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-05-06 adopted on May 19, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-06-02 adopted on June 16, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-07-02 adopted on July 21, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

**WHEREAS**, by Resolution No. 22-08-05 adopted on August 18, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; **NOW, THEREFORE**,

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

**Section 1.** Risks to Health and Safety of Attendees. The Board has reconsidered the circumstances of the state of emergency and hereby finds that the state of emergency continues to directly impact the ability of the members to meet safely in person and holding SMUD Board meetings in person would present imminent risks to the health and safety of attendees.

**Section 2.** Remote Teleconference Meetings. SMUD staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with section 54953(e) and other applicable provisions of the Brown Act.

**Section 3.** Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) October 15, 2022, or (ii) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which

the SMUD Board may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.



SSS No. AES22-100

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting &amp; Date

N/A

Board Meeting Date

September 15, 2022

TO				TO						
1.	Ed Hamzawi			6.						
2.	Lora Anguay			7.						
3.	Farres Everly			8.						
4.	Frankie McDermott			9.	Legal					
5.	Scott Martin			10.	CEO & General Manager					
Consent Calendar		Yes	X	No If no, schedule a dry run presentation.		Budgeted	Yes	X	No (If no, explain in Cost/Budgeted section.)	
FROM (IPR) Ed Hamzawi				DEPARTMENT: Advanced Energy Solutions				MAIL STOP A203	EXT. 5449	DATE SENT 8/12/2022

**NARRATIVE: Green Pricing Customer Programs****Requested Action:** Brief the Board on SMUD's Zero Carbon customer programs.

**Summary:** This update will provide the Board with an overview of current and upcoming customer programs implemented to support the goals of the 2030 Zero Carbon Plan. The update will include a review of program options by portfolio as well as cross-cutting initiatives and provide the Board with status updates of year-to-date and forecasted accomplishments and metrics.

**Board Policy:** **SD-7, Environmental Leadership:** Promote the efficient use of energy by our customers; Advance the electrification of vehicles, buildings, and equipment.

**SD-9, Resource Planning:** Pursue energy efficiency and electrification from buildings and vehicles.

**Benefits:** Support the Zero Carbon goal to reduce carbon emissions by 356,000 metric tons from buildings and 1,000,000 metric tons from transportation by 2030.

**Cost/Budgeted:** Informational item only.

**Alternatives:** Receive information via written report.

**Affected Parties:** Residential and commercial customers

**Coordination:** Zero Carbon Energy Solutions

**Presenter:** Ed Hamzawi-Director, Advanced Energy Solutions

**Additional Links:**

SUBJECT

**Zero Carbon Customer Program Update**

ITEM NO. (FOR LEGAL USE ONLY)

**10**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No.
CFO 21-018

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date
Board Meeting Date September 15, 2022

TO				TO						
1.	Jennifer Davidson			6.						
2.				7.						
3.				8.						
4.				9.	Legal					
5.				10.	CEO & General Manager					
Consent Calendar		Yes	No If no, schedule a dry run presentation.		Budgeted		Yes	No (If no, explain in Cost/Budgeted section.)		
FROM (IPR) Lisa Limcaco				DEPARTMENT Accounting				MAIL STOP B352	EXT. 6957	DATE SENT 8/2/22

**NARRATIVE:**

**Requested Action:** Provide the Board with SMUD's financial results for the year-to-date period in 2022, and a summary of SMUD's current Power Supply Costs.

**Summary:** Staff will present SMUD's financial results for the year-to-date period in 2022, and a summary of SMUD's current Power Supply Costs to the Board of Directors.

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

**Benefits:** Provides Board members with information regarding SMUD's financial condition and SMUD's current power supply costs.

**Cost/Budgeted:** N/A

**Alternatives:** N/A

**Affected Parties:** Accounting

**Coordination:** Accounting

**Presenter:** Lisa Limcaco

**Additional Links:**

SUBJECT	SMUD's 2022 Year-to-Date Financial Results & Power Supply Costs	ITEM NO. (FOR LEGAL USE ONLY) <b>11</b>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
OFFICE MEMORANDUM**

TO: Distribution

DATE: August 31, 2022  
ACC 22-019

FROM: Kathy Ketchum / Lisa Limcaco

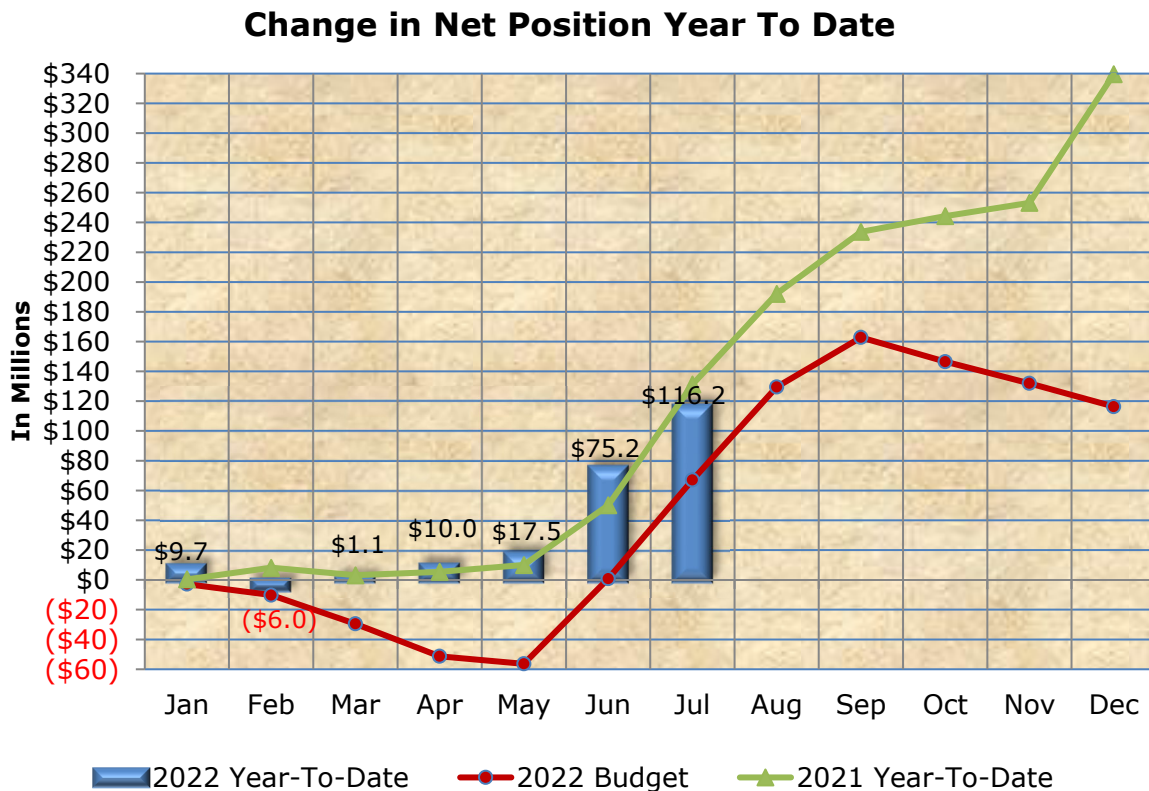
**SUBJECT: JULY 2022 FINANCIAL RESULTS AND OPERATIONS DATA**

We are attaching the financial and operating reports for the seven months of 2022. They include sales and generation statistics and other selected data.

The change in net position is an increase of \$116.2 million compared to a budgeted increase of \$67.1 million, resulting in a favorable variance of \$49.1 million.

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

- 1) Budgeted electric revenues are based on the Forecast of Revenues by the Pricing Department, adjusted for unbilled revenues; and
- 2) Budgeted operating expenses reflect the 2022 Budget approved by the Board of Directors on December 9, 2021.





**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
EXECUTIVE SUMMARY  
For the Seven Months Ended July 31, 2022**

Net Position

- The change in net position is an increase of \$116.2 million compared to a budgeted increase of \$67.1 million, resulting in a favorable variance of \$49.1 million.

Revenues

- Revenues from sales to customers were \$895.5 million, which was \$37.0 million higher than planned.
  - The increase is primarily due to higher commercial customer revenues of \$27.6 million, higher residential sales of \$10.6 million, and lower provision for uncollectible accounts of \$11.0 million, offset by a \$13.3 million year-to-date adjustment of commercial customer revenues related to the 2021 estimated unbilled revenues.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB] - 32) were \$12.0 million. This is due to carbon allowances sold through the state sanctioned quarterly auctions.
- Low Carbon Fuel Standard (LCFS) revenues were \$5.4 million, which was \$5.6 million lower than planned due to a decrease in price per credit and the timing of credit sales.
- Non-cash revenues transferred to the rate stabilization fund were \$17.5 million, of which \$12.1 million was for AB-32 and \$5.4 million was for LCFS. Funds are deferred until SMUD has qualified program expenses (projects that reduce carbon emissions or electric vehicle programs) to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund were \$29.7 million, of which \$25.1 million was for revenue recognized for the annual Hydro rate adjustment and \$4.6 million was for revenues recognized from LCFS electric vehicle programs expenses.

Commodities, Purchased Power and Production

*Overall, load was higher than planned. Both thermal and hydro generation were lower than planned due to Cosumnes Power Plant outage and precipitation levels, respectively. This resulted in lower fuel usage, decreased net price per MMBTU (due to increased fuel sales), and additional purchased power expense.*

- SMUD's generation was lower by 1,082 GWh (28.3 percent); JPA and other generation was lower by 815 GWh (27.5 percent); and Hydro generation was lower by 267 GWh (31.3 percent).
- Purchased power expense of \$352.2 million, less surplus power sales of \$76.6 million, was \$275.6 million, which was \$144.7 million higher than planned. Purchased power expense increased because of higher prices of \$76.6 million and higher quantities purchased of \$68.1 million due to the procuring of replacement power for the Cosumnes Power Plant (CPP) unplanned outage.
- Production operations cost of \$219.4 million, less surplus gas sales of \$117.8 million, was \$101.6 million, which was \$44.6 million lower than planned.
  - Fuel costs of \$137.9 million, less surplus gas sales of \$117.8 million, was \$20.1 million, which was \$56.3 million lower than planned. This is primarily due to lower fuel prices of \$38.5 million and lower fuel usage of \$17.8 million. Lower fuel usage is primarily due to the CPP unplanned outage. The lower price variance is due to surplus gas sales, natural gas hedging activities, and higher sales price per Renewable Identification Number (RIN), which resulted in sales of \$3.1 million higher than planned.
  - Offset by higher carbon allowances of \$5.7 million due to higher Calpine purchases due to lower hydro and thermal generation.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment revenue was \$529.9 million, which was \$51.5 million lower than planned. The power margin as a percentage of sales to customers was 59.2 percent, which was 8.6 percent lower than planned. This is primarily due to the additional purchased power for the replacement power for the unplanned outage at CPP.

Other Operating Expenses

- All other operating expenses were \$443.4 million, which was \$69.4 million lower than planned.
  - Transmission and distribution operation expenses were higher by \$4.2 million primarily due to higher TANC management expenses.
  - Customer accounts expenses were \$4.8 million lower than planned primarily in Revenue Assurance due to vacancies and labor charged out to projects.

- Customer service and information expenses were \$11.7 million lower than planned primarily due to lower than anticipated transportation electrification expenses due to a DOE grant not awarded for the Equity EV program, customer program expenses are lower due to supply chain issues and delays that affected customer participation, lower load management program expenses due to delayed launch of My Energy Optimizer, and lower Greenergy Recs and Carbon Offsets.
- Administrative and General expenses were down \$3.9 million primarily due to lower labor in new business development and enterprise strategy and lower outside services in market development.
- Public good expenses were \$7.6 million lower than planned primarily due to a delay in Storage and Generation Research Projects, research and development labor being charged to technology areas, lower than plan incentives in Energy Storage and EV's, and overall fewer projects completed than planned.
- Transmission and distribution maintenance expenses were \$5.1 million higher than planned. This is primarily due to higher service reconnect and repair expenses and underground line corrective maintenance caused by completing more work than planned for year-to-date, and higher station equipment preventative maintenance and onboarding/training of 13 new apprentices.
- Negative non-cash amortization of pension and other post-employment benefits (OPEB) was \$53.2 million lower than planned, which resulted in a positive impact to net position. This is due to Governmental Accounting Standards Board (GASB) 68 Pension and GASB 75 OPEB negative amortizations.

#### Non-operating Revenues and Expenses

Other revenue, net, was \$17.9 million higher than planned primarily due to higher investment revenue of \$11.6 million due to natural gas hedging activities, \$2.8 million higher contributions in aid of construction due to differences between accounting treatment of offsets and amounts recorded for budget purposes, \$1.9 million higher interest income, and \$1.1 million due to a refund stemming from prior years purchased power expense related to the Simpson Biomass contract that ended in 2021.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Month Ended July 31, 2022  
(thousands of dollars)

	Actual	Budget	Over (Under)	Percent of Increase (Decrease)
<b>OPERATING REVENUES</b>				
Sales to customers	\$ 191,166	\$ 189,177	\$ 1,989	1.1 %
Sales of surplus power	23,218	29,678	(6,460)	(21.8)
Sales of surplus gas	19,118	-	19,118	*
LCFS revenue	4,275	1,656	2,619	158.2
Other electric revenue	3,838	2,544	1,294	50.9
Revenue to rate stabilization fund	(4,275)	-	(4,275)	*
Revenue from rate stabilization fund	1,914	-	1,914	*
Total operating revenues	239,254	223,055	16,199	7.3
<b>OPERATING EXPENSES</b>				
Operations				
Purchased power	103,432	48,776	54,656	112.1
Production	31,282	27,636	3,646	13.2
Transmission and distribution	9,103	6,495	2,608	40.2
Customer accounts	4,322	5,251	(929)	(17.7)
Customer service and information	5,804	7,119	(1,315)	(18.5)
Administrative and general	11,323	13,551	(2,228)	(16.4)
Public good	3,437	5,399	(1,962)	(36.3)
Total operations	168,703	114,227	54,476	47.7
Maintenance				
Production	3,046	2,166	880	40.6
Transmission and distribution	11,776	10,819	957	8.8
Total maintenance	14,822	12,985	1,837	14.1
Depreciation and amortization				
Depreciation	18,497	18,820	(323)	(1.7)
Amortization of pension and OPEB	(6,515)	1,087	(7,602)	(699.4)
Amortization of regulatory asset	3,229	2,881	348	12.1
Total depreciation and amortization	15,211	22,788	(7,577)	(33.2)
Total operating expenses	198,736	150,000	48,736	32.5
<b>OPERATING INCOME</b>	40,518	73,055	(32,537)	(44.5)
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Other revenues/(expenses)				
Interest income	1,188	313	875	279.6
Investment revenue (expense)	4,676	(173)	4,849	*
Other income (expense) - net	716	664	52	7.8
Unrealized holding gains (losses)	370	-	370	*
Revenue - CIAC	1,568	1,163	405	34.8
Total other revenues	8,518	1,967	6,551	333.0
Interest charges				
Interest on long-term debt	7,997	8,560	(563)	(6.6)
Interest on commercial paper	5	172	(167)	(97.1)
Total interest charges	8,002	8,732	(730)	(8.4)
<b>CHANGE IN NET POSITION</b>	\$ 41,034	\$ 66,290	\$ (25,256)	(38.1) %

\* Equals 1000% or greater.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Seven Months Ended July 31, 2022  
(thousands of dollars)

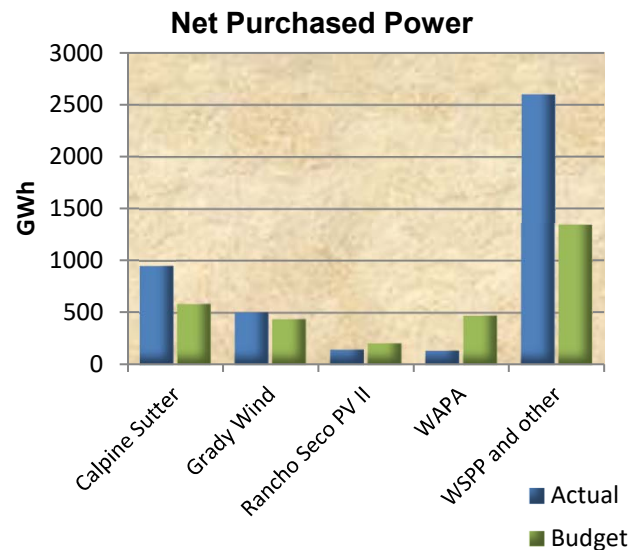
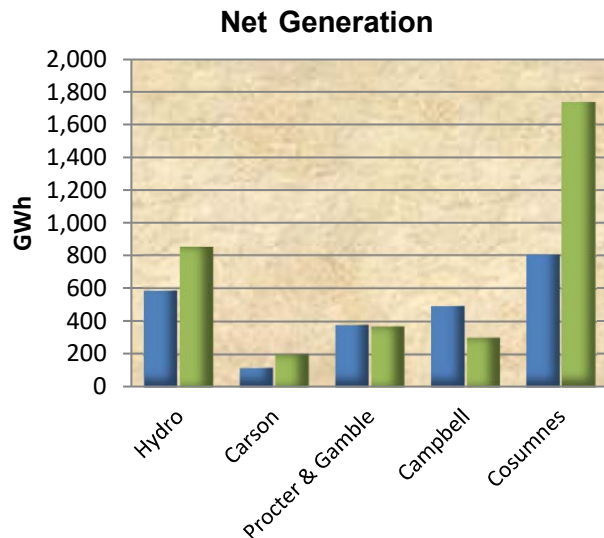
	Actual	Budget	Over (Under)	Percent of Increase (Decrease)
<b>OPERATING REVENUES</b>				
Sales to customers	\$ 895,472	\$ 858,497	\$ 36,975	4.3 %
Sales of surplus power	76,673	108,230	(31,557)	(29.2)
Sales of surplus gas	117,817	-	117,817	*
AB32 revenue	12,000	-	12,000	*
LCFS revenue	5,382	10,997	(5,615)	(51.1)
Other electric revenue	24,641	19,845	4,796	24.2
Revenue to rate stabilization fund	(17,462)	-	(17,462)	*
Revenue from rate stabilization fund	29,741	-	29,741	*
Total operating revenues	1,144,264	997,569	146,695	14.7
<b>OPERATING EXPENSES</b>				
Operations				
Purchased power	352,236	239,056	113,180	47.3
Production	219,415	146,204	73,211	50.1
Transmission and distribution	51,111	46,922	4,189	8.9
Customer accounts	30,082	34,852	(4,770)	(13.7)
Customer service and information	36,668	48,413	(11,745)	(24.3)
Administrative and general	94,407	98,292	(3,885)	(4.0)
Public good	26,151	33,738	(7,587)	(22.5)
Total operations	810,070	647,477	162,593	25.1
Maintenance				
Production	28,748	28,284	464	1.6
Transmission and distribution	70,978	65,856	5,122	7.8
Total maintenance	99,726	94,140	5,586	5.9
Depreciation and amortization				
Depreciation	129,350	128,703	647	0.5
Amortization of pension and OPEB	(45,607)	7,607	(53,214)	(699.5)
Amortization of regulatory asset	21,515	20,166	1,349	6.7
Total depreciation and amortization	105,258	156,476	(51,218)	(32.7)
Total operating expenses	1,015,054	898,093	116,961	13.0
<b>OPERATING INCOME</b>	129,210	99,476	29,734	29.9
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Other revenues/(expenses)				
Interest income	4,243	2,332	1,911	81.9
Investment revenue (expense)	10,542	(1,208)	11,750	972.7
Other income (expense) - net	22,270	19,971	2,299	11.5
Unrealized holding gains (losses)	(856)	-	(856)	*
Revenue - CIAC	10,880	8,128	2,752	33.9
Total other revenues	47,079	29,223	17,856	61.1
Interest charges				
Interest on long-term debt	59,444	60,412	(968)	(1.6)
Interest on commercial paper	655	1,187	(532)	(44.8)
Total interest charges	60,099	61,599	(1,500)	(2.4)
<b>CHANGE IN NET POSITION</b>	\$ 116,190	\$ 67,100	\$ 49,090	73.2 %

\* Equals 1000% or greater.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET  
For the Period Ended July 31, 2022**

Sources of Energy (GWh)	Month		Increase (Decrease)	Year to Date		Increase (Decrease)
	Actual	Budget	Percentage	Actual	Budget	Percentage
Net Generated						
Hydro	78	138	(43.5)	585	852	(31.3)
Carson Power Plant	28	46	(39.1)	117	199	(41.2)
Procter & Gamble Power Plant	64	83	(22.9)	378	369	2.4
Campbell Power Plant	93	105	(11.4)	491	300	63.7
Cosumnes Power Plant	16	398	(96.0)	805	1,736	(53.6)
Other	94	81	16.0	360	362	(0.6)
Total net generation	373	851	(56.2)	2,736	3,818	(28.3)
Purchased Power less transmission losses:						
CalEnergy	19	19	0.0	135	130	3.8
Calpine Sutter	159	157	1.3	952	585	62.7
Drew Solar	-	31	(100.0)	-	172	(100.0)
Feed in Tariff	25	25	0.0	139	135	3.0
Grady Wind	50	69	(27.5)	506	441	14.7
Rancho Seco PV II	26	39	(33.3)	146	209	(30.1)
WAPA	36	126	(71.4)	136	474	(71.3)
WSPP and other	628	73	760.3	2,600	1,346	93.2
Other long term power	63	68	(7.4)	345	397	(13.1)
Total net purchases	1,006	607	65.7	4,959	3,889	27.5
Total sources of energy	1,379	1,458	(5.4)	7,695	7,707	(0.2)
Uses of energy:						
SMUD electric sales and usage	1,074	1,091	(1.6)	5,955	5,734	3.9
Surplus power sales	263	337	(22.0)	1,518	1,627	(6.7)
System losses	42	30	40.0	222	346	(35.8)
Total uses of energy	1,379	1,458	(5.4) %	7,695	7,707	(0.2) %

\* Change equals 1000% or more.



Net generation is lower than planned for the seven-month period.

- Hydro generation is lower than planned (31.3 percent).
- JPA generation is lower than planned (31.2 percent).

Purchased power, less surplus power sales, is higher than plan (52.1 percent).

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF NET POSITION**  
**July 31, 2022 and 2021**  
**(thousands of dollars)**

	<u>Total</u>						
	SMUD	Cosumnes	NCEA	NCGA #1	Intercompany Eliminations	2022	2021
<b>ELECTRIC UTILITY PLANT</b>							
Plant in service, original cost	\$ 5,844,160	\$ 946,971	\$ -	\$ -	\$ -	\$ 6,791,131	\$ 6,450,988
Less accumulated depreciation	2,765,637	664,977	-	-	-	3,430,614	3,238,700
Plant in service -net	3,078,523	281,994	-	-	-	3,360,517	3,212,288
Construction work in progress	504,515	14,827	-	-	-	519,342	560,699
Investment in Joint Power Agencies	309,652	-	-	-	(282,667)	26,985	22,549
Total electric utility plant -net	3,892,690	296,821	-	-	(282,667)	3,906,844	3,795,536
<b>RESTRICTED ASSETS</b>							
Revenue bond reserves	2,931	-	-	-	-	2,931	3,813
Restricted for payment of debt service	128,660	-	-	-	-	128,660	129,884
JPA funds	-	902	5,810	2,259	-	8,971	8,576
Nuclear decommissioning trust fund	8,888	-	-	-	-	8,888	8,874
Rate stabilization fund	176,713	-	-	-	-	176,713	159,922
Net pension asset	61,942	-	-	-	-	61,942	-
Net OPEB asset	34,223	-	-	-	-	34,223	770
Other funds	20,854	-	3,000	-	-	23,854	22,719
Due (to) from unrestricted funds (decommissioning)	(6,684)	-	-	-	-	(6,684)	(6,684)
Due (to) from restricted funds (decommissioning)	6,684	-	-	-	-	6,684	6,684
Less current portion	(139,454)	(902)	(8,810)	(2,259)	-	(151,425)	(158,340)
Total restricted assets	294,757	-	-	-	-	294,757	176,218
<b>CURRENT ASSETS</b>							
Cash, cash equivalents and investments							
Unrestricted	466,118	55,802	-	-	-	521,920	550,108
Restricted	139,454	902	8,810	2,259	-	151,425	158,340
Accounts receivable -net	319,882	26,036	4,415	2,376	(22,815)	329,895	303,697
Energy efficiency loans due within one year	201	-	-	-	-	201	2,691
Interest receivable	1,723	46	-	2	-	1,771	958
Regulatory costs to be recovered within one year	12,129	104	-	105	-	12,338	36,902
Derivative financial instruments maturing within in one year	116,397	-	-	-	-	116,397	40,625
Inventories	84,695	19,570	-	-	-	104,265	95,063
Prepaid gas to be delivered within one year	-	-	3,896	23,964	-	27,860	24,965
Prepayments and other	28,457	6,784	16	16	-	35,273	32,483
Total current assets	1,169,056	109,244	17,137	28,722	(22,815)	1,301,345	1,245,832
<b>NONCURRENT ASSETS</b>							
Regulatory costs for future recovery							
Decommissioning	72,947	-	-	-	-	72,947	79,240
Pension	330,612	-	-	-	-	330,612	347,639
OPEB	273,559	-	-	-	-	273,559	286,332
Bond Issues	-	722	-	410	-	1,132	1,342
Derivative financial instruments	2,392	-	-	-	-	2,392	5,921
Derivative financial instruments	110,373	-	-	-	-	110,373	29,352
Prepaid gas	-	-	526,998	123,317	-	650,315	678,175
Prepaid power and capacity	259	-	-	-	-	259	467
Energy efficiency loans -net	790	-	-	-	-	790	9,956
Other	70,470	4	-	61	-	70,535	47,491
Total noncurrent assets	861,402	726	526,998	123,788	-	1,512,914	1,485,915
<b>TOTAL ASSETS</b>	<b>\$ 6,217,905</b>	<b>\$ 406,791</b>	<b>\$ 544,135</b>	<b>\$ 152,510</b>	<b>\$ (305,482)</b>	<b>\$ 7,015,860</b>	<b>\$ 6,703,501</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Accumulated decrease in fair value of hedging derivatives	16,777	-	-	-	-	16,777	27,602
Deferred pension outflows	77,512	-	-	-	-	77,512	192,458
Deferred OPEB outflows	22,655	-	-	-	-	22,655	24,448
Deferred ARO outflows	-	1,516	-	-	-	1,516	1,531
Unamortized bond losses - other	8,004	1,310	-	-	-	9,314	13,628
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>124,948</b>	<b>2,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,774</b>	<b>259,667</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 6,342,853</b>	<b>\$ 409,617</b>	<b>\$ 544,135</b>	<b>\$ 152,510</b>	<b>\$ (305,482)</b>	<b>\$ 7,143,634</b>	<b>\$ 6,963,168</b>

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF NET POSITION**  
**July 31, 2022 and 2021**  
**(thousands of dollars)**

	<u>Total</u>						
	SMUD	Cosumnes	NCEA	NCGA #1	Intercompany Eliminations	2022	2021
<b>LONG-TERM DEBT -NET</b>	\$ 2,232,600	\$ 96,345	\$ 548,932	\$ 120,070	\$ -	\$ 2,997,947	3,181,883
<b>CURRENT LIABILITIES</b>							
Accounts payable	131,215	8,638	1,804	242	(31)	141,869	99,707
Purchased power payable	113,242	206	-	-	(22,784)	90,664	48,091
Credit support collateral obligation	7,967	-	-	-	-	7,967	3,885
Long-term debt due within one year	101,075	1,845	-	22,865	-	125,785	130,925
Accrued decommissioning	6,889	-	-	-	-	6,889	6,751
Interest payable	41,639	374	1,813	270	-	44,096	46,584
Accrued salaries and compensated absences	50,513	-	-	-	-	50,513	45,780
Derivative financial instruments maturing within one year	14,340	-	-	-	-	14,340	15,708
Customer deposits	1,645	-	-	-	-	1,645	2,286
Other	44,479	-	-	-	-	44,479	26,596
Total current liabilities	513,004	11,063	3,617	23,377	(22,815)	528,247	426,313
<b>NONCURRENT LIABILITIES</b>							
Accrued decommissioning - net	75,151	9,021	-	-	-	84,172	90,063
Derivative financial instruments	6,743	-	-	-	-	6,743	18,796
Net pension liability	-	-	-	-	-	-	393,557
Net OPEB liability	-	-	-	-	-	-	23,263
Other	79,318	-	161	-	-	79,480	92,608
Total noncurrent liabilities	161,212	9,021	161	-	-	170,395	618,287
<b>TOTAL LIABILITIES</b>	<b>2,906,816</b>	<b>116,429</b>	<b>552,710</b>	<b>143,447</b>	<b>(22,815)</b>	<b>3,696,589</b>	<b>4,226,483</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Accumulated increase in fair value of hedging derivatives	200,296	-	-	-	-	200,296	69,137
Deferred pension inflows	195,906	-	-	-	-	195,906	5,922
Deferred OPEB inflows	76,431	-	-	-	-	76,431	47,933
Regulatory credits	549,411	-	-	-	-	549,411	511,596
Unamortized bond gains - other	8,357	-	-	-	-	8,357	9,851
Unearned revenue	3,331	25	-	-	-	3,356	3,484
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,033,732</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,033,757</b>	<b>647,923</b>
<b>NET POSITION</b>							
Balance at beginning of year	2,292,641	283,722	(6,565)	9,838	(282,539)	2,297,097	1,957,512
Net increase (decrease) for the year	109,663	9,441	(1,144)	(239)	(1,531)	116,190	131,250
Member contributions (distributions) -net	-	-	(866)	(536)	1,403	-	-
<b>TOTAL NET POSITION</b>	<b>2,402,304</b>	<b>293,163</b>	<b>(8,575)</b>	<b>9,063</b>	<b>(282,667)</b>	<b>2,413,287</b>	<b>2,088,762</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 6,342,852</b>	<b>\$ 409,617</b>	<b>\$ 544,135</b>	<b>\$ 152,510</b>	<b>\$ (305,482)</b>	<b>\$ 7,143,633</b>	<b>\$ 6,963,168</b>

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**For the Period Ended July 31, 2022**  
**(thousands of dollars)**

	Month	Year to Date
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 156,406	\$ 853,068
Receipts from surplus power and gas sales	41,835	189,895
Other receipts	8,892	96,920
Payments to employees - payroll and other	(43,251)	(239,098)
Payments for wholesale power and gas purchases	(88,403)	(438,354)
Payments to vendors/others	(73,317)	(251,697)
Net cash provided by operating activities	2,162	210,734
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of debt	(20,550)	(20,550)
Interest on debt	(12,636)	(27,031)
Net cash used in noncapital financing activities	(33,186)	(47,581)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Construction expenditures	(27,498)	(200,087)
Contributions in aid of construction	2,197	15,622
Net proceeds from bond issues	-	150,711
Repayments and refundings of debt	(29,120)	(180,643)
Other receipts	(2,366)	2,540
Interest on debt	(3,995)	(63,072)
Net cash used in capital and related financing activities	(60,782)	(274,929)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales and maturities of securities	39,804	219,568
Purchases of securities	(161,933)	(572,247)
Interest and dividends received	1,226	3,390
Investment revenue/expenses - net	4,662	10,504
Net cash used in investing activities	(116,241)	(338,785)
Net decrease in cash and cash equivalents	(208,047)	(450,561)
Cash and cash equivalents at the beginning of the month and year	546,134	788,648
Cash and cash equivalents at July 31, 2022	\$ 338,087	\$ 338,087
Cash and cash equivalents included in:		
Unrestricted cash and cash equivalents	\$ 230,112	\$ 230,112
Restricted and designated cash and cash equivalents	15,111	15,111
Restricted and designated assets (a component of the total of \$294,757 at July 31, 2022)	92,864	92,864
Cash and cash equivalents at July 31, 2022	\$ 338,087	\$ 338,087





SSS No. AQS 2022-7

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
N/ABoard Meeting Date  
September 15, 2022

TO					TO														
1.	Dr. Markisha Webster				6.														
2.	Brandy Bolden				7.														
3.	Lora Anguay				8.														
4.	Scott Martin				9.	<b>Legal</b>													
5.	Suresh Kotha				10.	<b>CEO &amp; General Manager</b>													
<b>Consent Calendar</b>		<input type="checkbox"/>	<b>Yes</b>	<input checked="" type="checkbox"/> <b>No</b>	<i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<input type="checkbox"/>	<b>Yes</b>	<b>No</b> (If no, explain in Cost/Budgeted section.)									
FROM (IPR) Claire Rogers					DEPARTMENT Audit and Quality Services					MAIL STOP ME-2	EXT. 7122	DATE SENT 9/2/22							
<b>NARRATIVE:</b>																			
<b>Requested Action:</b>		Informational agenda item to provide Board Members with the opportunity to ask questions and/or discuss recent reports issued by Audit and Quality Services.																	
<b>Summary:</b>		Reports Issued by Audit and Quality Services:																	
<table border="0"> <thead> <tr> <th style="text-align: left;"><u>Title</u></th> <th style="text-align: right;"><u>Report Number</u></th> </tr> </thead> <tbody> <tr> <td>• Community Funding .....</td> <td style="text-align: right;">28007323</td> </tr> <tr> <td>• Greenergy Partner Plus Annual Verification.....</td> <td style="text-align: right;">28007462</td> </tr> <tr> <td>• Power Source Disclosure Program.....</td> <td style="text-align: right;">28007463</td> </tr> </tbody> </table>												<u>Title</u>	<u>Report Number</u>	• Community Funding .....	28007323	• Greenergy Partner Plus Annual Verification.....	28007462	• Power Source Disclosure Program.....	28007463
<u>Title</u>	<u>Report Number</u>																		
• Community Funding .....	28007323																		
• Greenergy Partner Plus Annual Verification.....	28007462																		
• Power Source Disclosure Program.....	28007463																		
<b>Board Policy:</b>		Board-Staff Linkage, Board-Internal Auditor Relationship (BL-3)																	
<i>(Number &amp; Title)</i>																			
<b>Benefits:</b>		n/a																	
<b>Cost/Budgeted:</b>		n/a																	
<b>Alternatives:</b>		n/a																	
<b>Affected Parties:</b>		Board, Internal Auditor																	
<b>Coordination:</b>		n/a																	
<b>Presenter:</b>		Claire Rogers																	
<b>Additional Links</b>																			

SUBJECT

Reports Issued by Audit and Quality Services

ITEM NO. (FOR LEGAL USE ONLY)

12

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

# Community Funding

## Executive Summary

Audit and Quality Services (AQS) has completed a review of SMUD's Community Funding. This audit was included in the 2022 AQS Audit Plan.

As part of SMUD's commitment to building sustainable communities through continued strategic partnerships, education, outreach, and support for small businesses, it established the Sustainable Communities Initiative in 2018. SMUD's Community Relations group oversees most of SMUD's external outreach and engagement activities, including Community Engagement and Sponsorships, which supports efforts that improve the quality of life in the Sacramento region and align with SMUD's key values.

AQS completed a review of a sample of Sustainable Communities partnership agreements and found that they consistently included standard language for outreach-related deliverables that allows them to leverage partnership opportunities when they arise and to provide the partner some flexibility in meeting the needs of the community. We also identified requirements that partners submit quarterly status reports, and Sustainable Communities monitors progress through email and phone conversations which are documented on the Sustainable Communities dashboard. Our review of Community Engagement sponsorships noted that the deliverables associated with each sponsorship were identified and documented and invoice payments to the sponsors were properly approved. However, opportunities exist to enhance the Sustainable Communities partnership agreement process. These include modifying partnership agreement language to ensure it more clearly describes the projects or programs being funded, identifying the monetary value of the deliverables in partnership agreements, and updating tracking documentation so that all tasks and deliverables are tracked to completion. In addition, we noted Sustainable Communities is in the process of working with Legal to clarify their delegated authority to enter into partnership agreements and to approve invoices, as this was not formally established when Sustainable Communities was formed.

AQS recognizes that the COVID-19 pandemic had a significant impact on the region's community organizations, and we commend Sustainable Communities' and Community Engagement's flexibility and commitment to providing continued support to their community partners during that time. We would like to thank Sustainable Communities and Community Engagement for their cooperation and support in conducting the audit.

# Audit & Quality Services

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## Community Funding

Audit Report 28007323



# Community Funding

## Audit & Quality Services Report

### Background:

As part of SMUD's commitment to building sustainable communities through continued strategic partnerships, education, outreach, and support for small businesses, it established the Sustainable Communities Initiative. Sustainable Communities is driven by the Board's Vision Statement, which states that SMUD's vision is to be a trusted and powerful partner in achieving an inclusive, zero carbon economy, and will leverage its relationships to enhance community vitality for all. By investing in underserved neighborhoods and working with community partners, SMUD is part of a larger regional mission to deliver energy, health, housing, transportation, education, and economic development solutions to support sustainable communities. Sustainable Communities was established in 2018 to leverage the strong work SMUD had already done in the community; in 2020, Shine Awards, Regional Workforce Development, Economic Development and Partnerships, Supplier Education and Economic Development (SEED), and the Community Education and Technology Center were transitioned to Sustainable Communities to enable its long-term formalization with an even more focused approach to bring programs and services to communities that have traditionally been left behind.

SMUD's Community Relations group oversees most of SMUD's external outreach and engagement activities, including Community Engagement and Sponsorships. SMUD gives back to the community by supporting efforts that improve the quality of life in our region; through financial support, employee volunteerism, and partnerships with our customers, non-profit organizations, and community groups, SMUD supports causes that make a difference and align with its key values.

### Scope:

For the purposes of this audit, "Community Funding" refers to payments to community organizations through partnership agreements or sponsorships. The scope of this audit included all documentation and processes related to the funding of community organizations by Sustainable Communities and Community Engagement between 2019 and 2021. This included all funding agreements (specifically, partnership agreements and sponsorships), funding applications, tracking spreadsheets or dashboards, monitoring reports, and invoices.

### Objectives:

The objectives of this audit were to:

1. Evaluate the process for reviewing, selecting, and formalizing funded community partnerships, and determine whether the funded activities are clearly identified, allowable, and adequately documented; and
2. Evaluate the process for monitoring community partner funding agreements to ensure that partners fulfill funding requirements and that payments to the community partner are appropriate.

**Summary:**

AQS interviewed staff from Sustainable Communities and Community Engagement to learn about processes related to community funding. We reviewed all policies and procedures related to community funding, as well as relevant SMUD Board Policies. We also reviewed a sample of Sustainable Communities partnership agreements—including Economic Development agreements, Education and Technology agreements, and Shine awards—as well as a sample of Community Engagement sponsorships. Finally, we reviewed all documentation associated with these agreements and sponsorships, such as funding applications, monitoring and tracking information, and invoices.

AQS reviewed 16 Sustainable Communities partnership agreements and 16 Community Engagement sponsorships to determine whether the funded activities are clearly identified, allowable, and adequately documented. Community Engagement's funding agreements include sponsorships for specific events. While Sustainable Communities partnership agreements consistently included standard language for outreach-related deliverables, this language was not always specifically modified to include additional projects or programs that Sustainable Communities agreed to fund. Additionally, the standard language is silent on the assignment of values of each deliverable and as a result, values of each deliverable were not included in the partnership agreements. Our review of Community Engagement sponsorships found that the deliverables associated with each sponsorship were identified and documented, and invoice payments to the sponsors were properly approved.

AQS also reviewed the monitoring documentation associated with the Community Engagement sponsorships and the Sustainable Communities partnership agreements that included a project scope to determine whether the partner organizations fulfilled their funding requirements and payments to the partner were appropriate. Sustainable Communities requires that partners submit quarterly status reports that are supposed to indicate the partner's progress on its funded project and to communicate any obstacles they may be facing. Sustainable Communities also logs notes about their communication with the partners in the Sustainable Communities dashboard for organizational transparency, and shares the dashboard with SMUD's executives on a weekly basis. We reviewed the quarterly reports and dashboard notes but were not always able to determine the specific project deliverables and the extent to which projects were completed. Finally, we noted Sustainable Communities is in the process of working with Legal to clarify their delegated authority to enter into partnership agreements and to approve invoices as this was not formally established when Sustainable Communities was formed.

**Conclusion:**

Both Sustainable Communities and Community Engagement appear to have established strong partnerships by investing in the community and connecting organizations with the resources they need. Sustainable Communities could improve its partnership agreements process by ensuring all funded programs and projects are included in the agreement's scope, and identifying the monetary value of all deliverables included in the agreement. Sustainable Communities could also improve their tracking

documentation process by including all of the tasks and deliverables associated with each partnership agreement and when they were completed. Sustainable Communities should also consider working with Procurement and referring to the Procurement Manual to ensure all of the required standard elements of a valid contract are included in their partnership agreements and for contract management guidance.

AQS recognizes that the COVID-19 pandemic had a significant impact on the region's community organizations, and we commend Sustainable Communities' and Community Engagement's flexibility and commitment to providing continued support to their community partners during that time. We would like to thank Sustainable Communities and Community Engagement for their cooperation and support in conducting the audit.

# Community Funding Observations

Observation 1 Partnership Agreement Scope			
Risk Ranking	Category	Department(s) Responsible	Planned Completion Date
Medium	Process Improvement	Sustainable Communities	April 28, 2023
<b>Effects:</b> Sustainable Communities' partners may be unable to demonstrate that they have met the terms of their agreement.			



Observation 2 Partnership Agreement Monitoring			
Risk Ranking	Category	Department(s) Responsible	Planned Completion Date
Medium	Process Improvement	Sustainable Communities	April 28, 2023

<b>Effect:</b> Sustainable Communities may not have documentation demonstrating that the partnership agreement deliverables were completed.

## Appendix A - Observation Definitions

**Observation:** Audit observations are risk ranked using the guidance below and focused on policy, compliance and operational improvement opportunities of the audited area.

### Risk Rankings:

#### Extremely High

- Material loss of assets or financial impact; or
- Severe legal, regulatory or compliance sanctions; or
- Cessation of business services for the foreseeable future; or
- Critical impact in achieving SMUD's goals and objectives; or
- Major deterioration in customer metrics and surveys. Irreparable negative media coverage and damage to SMUD's reputation; or
- Widespread loss of confidence from employees. Unable to fill critical positions for a long period of time

#### High

- Significant loss of assets or financial impact; or
- Significant legal, regulatory or compliance sanctions; or
- Widespread disruption of service levels and interruption of business functions; or
- Significant delays or modification of operational goals and objectives; or
- Significant deterioration in customer metrics and surveys; Significant negative media and erosion of trust; or
- Significant loss of confidence from employees. Significant increase in unanticipated employee separations. Slight impact to fill critical positions

#### Medium

- Moderate loss of assets or financial impact; or
- Moderate legal, regulatory or compliance sanctions; or
- Moderate operational impact to service levels or business disruption; or
- Moderate delays or modification to goals and objectives; or
- Moderate decline in customer metrics and surveys. Modest negative media; or
- Moderate loss of confidence from employees. Moderate increase in unanticipated employee separations. Little to no impact to critical positions

#### Low

- Minor loss of assets or financial impact; or
- Minor legal, regulatory or compliance sanctions; or
- Minor operational impact to service levels and business activity; or
- Minor delays or modifications to goals and objectives; or
- Slight decline in customer metrics and surveys. Limited public criticism; or
- Minor loss of confidence from employees. Slight increase in unanticipated employee separations. No impact to critical positions

### Components:

Criteria – The standards, measures, or expectations used in making an evaluation and/or verification (the correct state)

Conditions – The situation that you found, supported by evidence and characterized by facts, measurements, examples, etc. (the current state)

Causes – The reasons for the difference between expected and actual conditions

Effects – The actual or potential risks or exposure the organization faces if the causes and the conditions continue.

# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** August 23, 2022

Audit Report #28007462

**FROM:** Claire Rogers

**SUBJECT:** Greenergy Partner Plus Program Verification — Agreed-Upon Procedures

Audit and Quality Services (AQS) has performed the procedures enumerated below, which were agreed to by SMUD and the Center for Resource Solutions (CRS), to verify SMUD's compliance with annual reporting requirements of the CRS' Greenergy Partner Plus Program Verification for the year ended December 31, 2021. SMUD's management is responsible for compliance with the annual reporting requirements of the CRS' Greenergy Partner Plus Program Verification.

The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures include, but are not limited to:

- Validation and recalculation of Partner Plus retail sales;
- Validation and recalculation of Partner Plus Product resource supply, or renewable energy credits (RECs), retired in the Western Electric Coordinating Council (WECC) WREGIS tracking system database;
- Validation and recalculation of Partner Plus Product Content Labels.

Based on the Verification Audit Protocol for Greenergy Partner Plus Program Verification Project and the results of the Agreed-Upon Procedures, AQS asserts that SMUD has no exceptions with regard to its compliance of the verification reporting requirements put forth in the Verification Audit Protocol.

The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. AQS was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on SMUD's compliance to the annual reporting requirements of the CRS' Greenergy Partner Plus Program Verification. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to SMUD and CRS.

# **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

## ***Office Memorandum***

**TO:** Board of Directors

**DATE:** September 2, 2022  
Audit Report #28007463

**FROM:** Claire Rogers

**SUBJECT:** California Energy Commission's (CEC's) Power Source Disclosure Program (PSD) and Power Content Label (PCL)

Audit and Quality Services (AQS) has performed the CEC's Agreed-Up Upon Procedures required by California Code of Regulations, Title 20, Section 1394, as amended.

California law requires retail suppliers of electricity to disclose to consumers accurate, reliable, and simple-to-understand information on the sources of energy used to generate the electricity being used. This is done annually via the Power Source Disclosure (PSD) annual reports, which are detailed listings of power purchases and resales, and the Power Content Label (PCL). The PCL in Attachment 1 shows the sources of power SMUD discloses to its customers.

AQS reviewed the 2021 Annual PSD and PCL reports for the calendar year ending December 31, 2021, and verified, on a sample basis, the actual MWh procured by generating facilities. The source documentation reviewed included internal generation reports from SMUD's Energy Management System (EMS), Western Renewable Energy Generation Information System (WREGIS) database, internally prepared supporting spreadsheets, and external invoices.

The engagement to apply the agreed-upon procedures was performed in accordance with the standards established by the American Institute of Certified Public Accountants. AQS was not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the annual reporting related to the 2021 PSD and PCL reports. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

Attachments:

Attachment 1, SMUD 2021 Power Content Label

**Attachment 1**  
**SMUD 2021 Power Content Label**

2021 POWER CONTENT LABEL														
Sacramento Municipal Utility District														
smud.org/SMUDPCL														
Greenhouse Gas Emissions Intensity (lbs CO <sub>2</sub> e/MWh)							Energy Resources	SMUD General Mix	Greenenergy PartnerPlus	Greenenergy Partner	SolarShares Commercial	SolarShares Neighborhood 19J	SolarShares Neighborhood	2021 CA Power Mix
SMUD General Mix	Greenenergy PartnerPlus	Greenenergy Partner	SolarShares Commercial	SolarShares Neighborhood 19J	SolarShares Neighborhood	2021 CA Utility Average	Eligible Renewable <sup>1</sup>	29.6%	85.0%	0.0%	100.0%	100.0%	100.0%	33.6%
							Biomass & Biowaste	4.9%	0.0%	0.0%	0.0%	0.0%	0.0%	2.3%
							Geothermal	3.3%	0.0%	0.0%	0.0%	0.0%	0.0%	4.8%
							Eligible Hydroelectric	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	1.0%
							Solar	3.2%	82.1%	0.0%	100.0%	100.0%	100.0%	14.2%
							Wind	17.7%	22.9%	0.0%	0.0%	0.0%	0.0%	11.4%
							Coal	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%
							Large Hydroelectric	17.7%	15.0%	0.0%	0.0%	0.0%	0.0%	9.2%
							Natural Gas	51.4%	0.0%	0.0%	0.0%	0.0%	0.0%	37.9%
							Nuclear	0.8%	0.0%	0.0%	0.0%	0.0%	0.0%	9.3%
							Other	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.2%
							Unspecified Power <sup>2</sup>	0.5%	0.0%	100.0%	0.0%	0.0%	0.0%	6.8%
							TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Percentage of Retail Sales Covered by Retired Unbundled RECs <sup>3</sup> :								1%	0%	100%	0%	0%	0%	
<sup>1</sup> The eligible renewable percentage above does not reflect RPS compliance, which is determined using a different methodology.														
<sup>2</sup> Unspecified power is electricity that has been purchased through open market transactions and is not traceable to a specific generation source.														
<sup>3</sup> Renewable energy credits (RECs) are tracking instruments issued for renewable generation. Unbundled renewable energy credits (RECs) represent renewable generation that was not delivered to serve retail sales. Unbundled RECs are not reflected in the power mix or GHG emissions intensities above.														
If you are a participant in a product that shows a "Percentage of Retail Sales Covered by Retired Unbundled RECs", SMUD purchased unbundled RECs to match all or a portion of your energy usage. For more information about the renewable sources of these unbundled RECs, please refer to our webpage listed above.														
Some customers may be served by more than one electricity portfolio.														
For specific information about this electricity portfolio, contact:								Sacramento Municipal Utility District (SMUD) 888-742-7683						
For general information about the Power Content Label, visit:								<a href="http://www.energy.ca.gov/pcl/">http://www.energy.ca.gov/pcl/</a>						
For additional questions, please contact the California Energy Commission at:								Toll-free in California: 844-454-2906 Outside California: 916-653-0237						