

Board of Directors Meeting Agenda

Date: March 15, 2023

Time: 6:00 p.m.

Location: SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, California

AGENDA

SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS MEETING SMUD HEADQUARTERS BUILDING AUDITORIUM – 6201 S STREET SACRAMENTO, CALIFORNIA

March 15, 2023 – 6:00 p.m.

Virtual Viewing or Attendance:

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

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

Webinar/Meeting ID: 160 188 6247

Passcode: 802592

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

Verbal Public Comment:

Members of the public may provide verbal public comment by:

- Registering in advance of a meeting by sending an email to PublicComment@smud.org, making sure to include the commenter's name, date of the meeting, and topic or agenda item for comment. Microphones will be enabled for virtual or telephonic attendees at the time public comment is called and when the commenter's name is announced.
- Completing a sign-up form at the table outside of the meeting room and giving it to a Security Guard.
- Using the "Raise Hand" feature in Zoom (or pressing *9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

Written Public Comment:

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to PublicComment@smud.org or by mailing or bringing physical copies to the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

Call to Order.

a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

- a. Committee Chair report of March 7, 2023, Strategic Development Committee
- b. Committee Chair report of March 9, 2023, Policy Committee
- c. Committee Chair report of March 14, 2023, Finance and Audit Committee

Item 5 was reviewed by the March 9, 2023, Policy Committee. Items 6 through 8 were reviewed by the March 14, 2023, Finance and Audit 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 February 16, 2023, through March 15, 2023.
- 4. Approval of the minutes of the meeting of February 16, 2023.
- 5. Accept the monitoring report for **Strategic Direction SD-6, Safety Leadership. Policy Committee 3/9. (Frankie McDermott)**
- 6. Approve side letter agreements related to the terms by which SMUD will pay towards employee uniform allowances for the purchase of flame-resistant clothing for the following bargaining units:
 - a. **International Brotherhood of Electrical Workers Local Union 1245 (IBEW); and**
 - b. **Organization of SMUD Employees (OSE).**

Finance and Audit Committee 3/14. (Jose Bodipo-Memba)

- 7. Authorize the Chief Executive Officer and General Manager to award a sole source contract to the **Sacramento Tree Foundation** to provide shade trees to SMUD customers during the period May 1, 2023, through April 30, 2026, for a not-to-exceed amount of \$3,876,000. **Finance and Audit Committee 3/14. (Lora Anguay)**
- 8. Approve Contract Change No. 1 to Contract No. 4600001124 with **Open Systems International, Inc.** to increase the contract amount by \$12,550,000, from \$10,256,189 to \$22,806,189, for the addition of a new outage management system. **Finance and Audit Committee 3/14. (Suresh Kotha)**

Informational Item:

- 9. Provide the Board an informational overview of an opportunity for SMUD to partner with **Calpine Corporation** on a grant application under which SMUD would purchase the output of a proposed **Carbon Capture and Storage** project at the **Sutter Energy Center. (Scott Martin, Lora Anguay)**

Presenters: Bryan Swann and Jon Olson

* * * * *

Public Comment:

10. Items not on the agenda.

Board and CEO Reports:

11. Directors' Reports.
12. President's Report.
13. CEO's Report.
a. Board Video

Summary of Board Direction

* * * * *

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

March 14, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium*	6:00 p.m.
April 11, 2023	Strategic Development Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
April 12, 2023	Policy Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
April 18, 2023	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.
April 19, 2023	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Auditorium	6:00 p.m.

* * * * *

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

April 20, 2023

Auditorium*

6:00 p.m.

**The Auditorium is located in the lobby of the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.

Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the smud.org website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

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 meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at 1-916-732-7143, no later than 48 hours before this 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 February 16, 2023, through March 15, 2023.

Sacramento, California

February 16, 2023

The Board of Directors of the Sacramento Municipal Utility District met in regular session via virtual meeting (online) at 5:29 p.m.

Roll Call:

Presiding: President Sanborn

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

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 Kerth shared the environmental tip.

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

Director Rose, Chair, presented the report on the Energy Resources & Customer Services Committee meeting held on February 15, 2023.

Director Tamayo, Chair, presented the report on the Policy Committee meeting held on February 8, 2023.

Director Kerth, Chair, presented the report on the Finance and Audit Committee meeting held on February 15, 2023.

President Sanborn then called for public comment for items on the agenda.

Public comment was received and read into the record for Consent Calendar Items 6 and 7, copies of which are attached to these minutes, from the following member of the public:

- Derek Cressman

President Sanborn then addressed the consent calendar consisting of Items 3 through 10. Director Fishman moved for approval of the consent

calendar, Director Tamayo seconded, and Resolution Nos. 23-02-01 through 23-02-06 were unanimously approved.

RESOLUTION NO. 23-02-01

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of January 16, 2023, through February 15, 2023.

Approved: February 16, 2023

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

RESOLUTION NO. 23-02-02

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

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

Approved: February 16, 2023

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

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: January 25, 2023

FROM: Claire Rogers *CR 1/25/23*

SUBJECT: Audit Report No. 28007581
Board Monitoring Report; SD-02: Competitive Rates

Audit and Quality Services (AQS) received the SD-02 *Competitive Rates* 2022 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 2022

SD-2, Competitive Rates



1. Background

Strategic Direction 2, Competitive Rates states that:

Maintaining competitive rates is a core value of SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rates shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
 - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
 - ii) Reduce consumption during periods of high system demand;
 - iii) Encourage energy efficiency, conservation, and carbon reduction;
 - iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications);
 - v) Minimize the rate of change in the transition from one rate design to another;
 - vi) Provide customers flexibility and choices;
 - vii) Be as simple and easy to understand as possible;
 - viii) Address the needs of people with low incomes and severe medical conditions; and
 - ix) Equitably allocate costs across and within customer classes.

2. Executive summary

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

As of December 31, 2022, SMUD's rates remain among the lowest in the state and on a system average rate basis are 45.5% below Pacific Gas & Electric (PG&E) Company's, which is better than the SD-2 target of at least 18% below on a system average rate basis. Residential average rates are at least 42.0% below PG&E's residential average rates. See Figure 1 below for details.

There was one rate increase to SMUD's rates in 2022. Rates for all customers were increased by 1.5% on March 1, 2022, as adopted by the Board on September 16, 2021. The overall rate advantage between SMUD and PG&E remains well above the SD-2 target of at least 18% on a system average basis.

Metric	2022 performance	2021 performance	5 year average
System average rates 18% below PG&E rates	45.5% below PG&E on a system average rate basis	37.0% below PG&E on a system average rate basis	37.6% below PG&E on a system average rate basis

2022 marked the beginning of several rate developments that will continue to balance the SD-2 requirements and help SMUD meet its 2030 Zero Carbon Plan goals. The Board approved the Solar and Storage Rate (SSR) that went into effect on March 1, 2022, as well as incentives for customers to install battery storage along with their solar system. Solar, coupled with battery storage, will provide greater value to customers while supporting the grid at peak times.

The Commercial Rate Restructure transition is continuing as scheduled and the optional residential Critical Peak Pricing (CPP) rate went live June 1, 2022. In addition, a Virtual Power Plant program known as My Energy Optimizer, a pilot commercial electric vehicle (EV) rate, new interconnection fees, and a Virtual Solar option for low-income multi-family affordable housing were implemented. All these new rates, rate changes and programs support SMUD's Zero Carbon Plan and provide customers more options to partner with SMUD to lower their carbon footprint and reduce costs.

The Time-of-Day (TOD) rate continues to encourage residential customers to shift usage out of the 5 p.m. to 8 p.m. peak time-period which was very helpful during the 2022 heat storm. On average, TOD rates deliver approximately 75-115MW of reduced load during SMUD's system peak. The Commercial Rate Restructure approved by the Board in 2019 began implementation in October 2021 and was successfully completed in the first quarter of 2022. The Commercial Rate Restructure better aligns the commercial rates to the cost to serve our customers and better aligns with SMUD's fixed and variable costs as a utility. Beginning in January 2023, NEM1 customers who installed their solar system prior to 2018 will be transitioned to either the current standard Time-of-Day (TOD) rate or the alternative fixed rate option based on Resolution No. 17-06-09 adopted by the Board on June 15, 2017. These customers will continue to receive full retail credits for the energy produced by their solar system under Rate Schedule NEM1 through 2030, unless the customer chooses to take advantage of SMUD incentives to add battery storage, modifies or replaces their existing system, or moves to a different home. This transition only affects the underlying retail rates the solar production is credited at. SMUD has communicated this upcoming rate change to the approximately 14,000 NEM 1 legacy customers and plans to execute the rate transition in January 2023.

3) Additional supporting information

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

SMUD continues to maintain average rates that are lower than PG&E's, both at a system level and by rate class. Figure 1 provides a detailed picture of the difference between SMUD's, and PG&E's projected average rates by rate class in 2022 as well as the difference between rates in 2021.

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

Customer		Rate Categories		Average Annual Rate		Difference	Difference
				PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2022	2022	2022	2021
Residential	Standard	E-1	TOD	\$0.3377	\$0.1757	-48.0%	-40.5%
	Low Income	CARE***	EAPR & EAPRMED**	\$0.2100	\$0.1218	-42.0%	-34.0%
All Residential				\$0.2932	\$0.1673	-42.9%	-35.4%
Small Commercial****	<= 20 kW	B-1	GFN, CITS-0	\$0.3252	\$0.1701	-47.7%	-40.8%
	21 - 299 kW	B-6	CITS-1	\$0.3098	\$0.1576	-49.1%	-41.3%
Medium Commercial****	300 - 499 kW	B-10	CITS-2, CITP-2	\$0.3016	\$0.1459	-51.6%	-41.7%
	500 - 999 kW	B-19	CITS-3, CITP-3, CITT-3	\$0.2605	\$0.1365	-47.6%	-36.8%
Large Commercial****	=> 1 MW	B-20	CITS-4, CITP-4, CITT-4	\$0.2060	\$0.1145	-44.4%	-31.5%
Lighting	Traffic Signals	TC-1	TS	\$0.3178	\$0.1346	-57.6%	-50.4%
	Street Lighting	various	SLS,NLGT	\$0.3668	\$0.1517	-58.6%	-47.5%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	\$0.2940	\$0.1510	-48.6%	-41.9%
System Average				\$0.2803	\$0.1526	-45.5%	-37.0%

Notes:

* Projected 2022 average prices for SMUD with rates effective 01/01/22 and 3/01/22. PG&E average prices in 2022 reflect rates effective 6/01/22, per Advice Letter 6603-E. The rate difference in year 2021 reflects PG&E average rates as of 12/1/21, per Advice Letter 6603-E dated 05/20/22, and SMUD rates effective 01-01-21 and 10-01-21.

** CARE vs EAPR includes EAPR & EAPRMED customers.

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

**** Commercial rates include WAPA credits.

As seen in Figure 1, the rate competitiveness by class varies for the different customer classes and is at least 42.0% below comparable PG&E class average rates. Since the creation of this annual monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E. See Appendix A for more details.

b) SMUD's rates shall be competitive with other local utilities on a system average basis.

SMUD's system average rate is competitive with other local utilities as shown in detail in Appendix B.

c) Reflect the cost of energy when it is used or exported to the SMUD grid

SMUD's TOD and restructured commercial rates are designed to more closely reflect the cost of energy when it is used, with prices highest during the Peak time periods when the cost of energy is highest. In September 2021, the Board approved the Solar and Storage Rate (SSR), which went into effect March 1, 2022. SSR compensates energy sent to SMUD's grid at the value of solar rate of 7.4 cents per kWh, as supported in the comprehensive 2020 value of solar + storage study.

d) Reduce consumption during periods of high system demand

Both the residential and commercial TOD rates send signals to customers to reduce their on-peak usage. The Peak time for residential customers is 5 p.m. to 8 p.m. while the Peak time for commercial customers under the restructured rates is 4 p.m. to 9 p.m. These Peak time periods reflect the highest \$/kWh to encourage customers to shift their energy usage outside of the Peak time-period to reduce system load and help with carbon reduction goals.

The optional residential Critical Peak Pricing (CPP) rate charges a premium on energy delivered during those few critical times during the summer with highest demand, which is expected to reduce energy consumption and carbon emissions when the grid is most stressed. Additionally, customers on the CPP rate receive a discount on energy delivered during the summer Off-Peak and Mid-Peak time periods, encouraging them to shift their energy use to times when the grid is less stressed and clean energy is more abundant.

e) Encourage energy efficiency, conservation, and carbon reduction

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

f) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications)

SSR was designed to work with a series of programs and incentives to help SMUD reach its 2030 Zero Carbon Plan. SMUD started the My Energy Optimizer (MEO) Starter incentives and will be offering more storage incentives to encourage customers to invest in storage, which could enable the customer to gain additional value from their investment. In addition to the storage incentives, the CPP rate will provide customers with solar and storage even more of an opportunity to increase the value of their system, by providing a significantly larger incentive to send power to the grid during critical events. The CPP rate will also encourage customers to adopt smart thermostats, as they may be able to save money on the CPP rate if they use the thermostats to adjust their energy usage.

Customers that live in low-income multi-family affordable housing will be able to receive the benefits of solar through the Virtual Solar option. In the Virtual Solar option, the building owner may install solar, and the benefits of that solar will be allocated to the residents, providing an avenue for customers to adopt solar even though they do not own their own home.

g) Minimize the rate of change in the transition from one rate design to another

SMUD follows this principle through gradualism and balance between rate implementation and customer satisfaction when making rate structure changes in combination with rate increases. For example, the Commercial Rate Restructure will be phased in over an 8-year period to mitigate bill impacts. Additionally, the implementation of the SSR rate was shifted from January to March 2022 to allow customers more time to adjust to the new rate. SSR was designed to minimize future transitions if the compensation rate adjusts – it will be adjusted every 4 years, and the adjustment is capped.

h) Provide customers flexibility and choices

SMUD provides flexibility and rate options to its customers. Residential customers may select custom due dates, budget billing, and net energy metering customers can choose between monthly or annual settlement options. Residential customers are placed on TOD, but they may select the fixed rate or the CPP rate. All customers may make online payments and set up billing alerts. In addition, qualified commercial customers moving to SMUD's service area may choose between two different Economic Development Rate discount structures, selecting the option that best suits their needs. In the summer of 2022, SMUD implemented a pilot commercial EV rate; the intent is to learn from the pilot and eventually develop a permanent optional EV rate to encourage EV adoption to support the 2030 Zero Carbon Plan.

SMUD is offering three levels of incentives for customers to install storage. The amount of the incentive increases depending on which programs the customers decide to participate in. The smallest incentive, MEO Starter, is for customers that do not wish to participate in a program, the next highest level MEO Partner, is for customers that want to participate in the CPP rate, and the highest incentive, MEO Partner+, is for customers that want to participate in the Virtual Power Plant program.

i) Be as simple and easy to understand as possible

SMUD works to make sure its many programs and rates are simple and easy to understand. For example, staff designed the TOD rate and restructured commercial rates to balance simplicity while still reflecting the cost of energy when it is used. Significant ongoing customer outreach will assist customers in understanding the new rate designs. Another example is the approach staff used to develop the new Virtual Solar option for low-income multi-family affordable housing. Virtual Solar was designed to be simple and easy to manage compared to the very complex billing mechanics from the prior Virtual Net Energy Metering programs.

j) Address the needs of people with low incomes and severe medical conditions

SMUD continues to address low-income customers and those with medical conditions. The Energy Assistance Program Rate (EAPR) and our Medical Equipment Discount Rate (MED Rate) offer customers a discount on their monthly energy costs for those that qualify. The discount for EAPR is determined by Federal Poverty Level (FPL) with the largest discount going to those in the lowest poverty level.

To better serve our customers during the COVID-19 pandemic, SMUD temporarily suspended disconnections and late fees for nonpayment for all customers. Late fees and disconnections resumed Q1 and Q2 2022, respectively. EAPR customers are no longer subject to collection fees including late, collection and/or reconnection fees. SMUD staff continues to work with customers on ways to pay their bills through a variety of payment options and financial assistance programs. In 2021, and 2022 SMUD secured \$41.3M and \$9.9M respectively in California Arrearage Payment Program (CAPP) funding that was applied to customers' unpaid bills, more than \$809k in Sacramento Emergency Rental Assistance (SERA), \$6.9M in HEAP, \$~731k in EnergyHELP and ~\$431k in other (Community Based Organizations, Churches, and Tribes) to support customers amid the ongoing challenges of the COVID-19 pandemic.

Additionally, to the EAPR and MED Rate discount program we have assisted more than 2,300 customers with energy education, energy efficient improvements and repairs, move them towards our Clean Energy Vision with Building and Transportation electrification improvements. These programs improve/reduce their overall energy burden and increase the comfort of their homes.

k) Equitably allocate costs across and within customer classes

To ensure costs are equitably allocated across and within customer classes, staff updates SMUD's marginal cost study and performs rate costing studies and value of solar studies prior to recommending rate structure changes, such as with TOD, the Commercial Rate Restructure and SSR.

4) Challenges

Rate Pressures

2022 was an extremely difficult year financially, with higher commodity costs relating to the Consumnes Power Plant outage, record breaking temperatures in summer, drought, higher commodity market prices, broad and pervasive inflation, and cost pressures from supply chain constraints. Although SMUD did not need to do an emergency rate process in 2022, these issues have reduced and, in some cases, depleted our financial reserves. Staff will bring the Board proposals in quarter two of 2023 to adjust rates for 2024 and 2025.

5) Recommendation

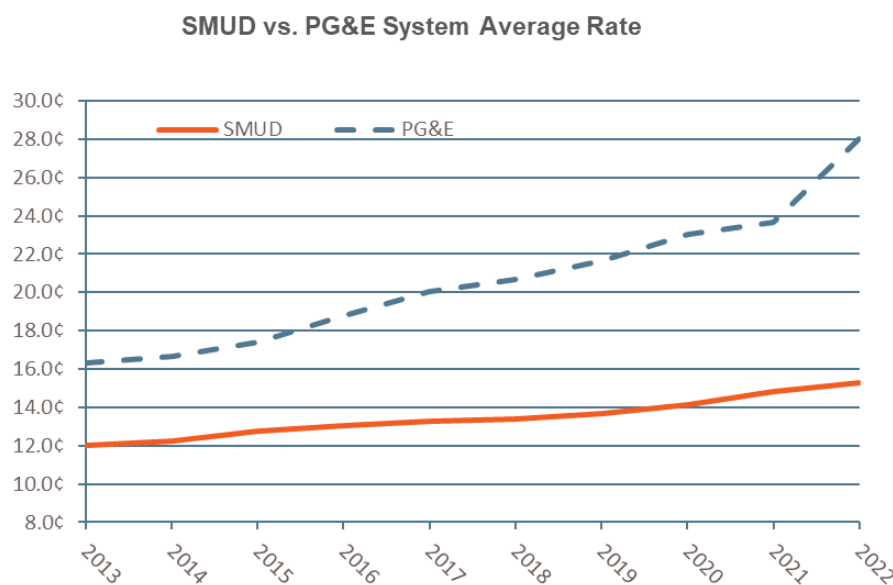
It is recommended that the Board accept the Monitoring Report for SD 2, Competitive Rates.

Appendices

Appendix A: Historical Rate Comparison with PG&E

Figure 2 compares SMUD and PG&E's system average rates for the past 10 years. SMUD's system average rates have averaged 33.7% below PG&E's since 2013.

Figure 2 – SMUD and PG&E Historical System Average Rate Comparison



Appendix B: Local Utility Rates

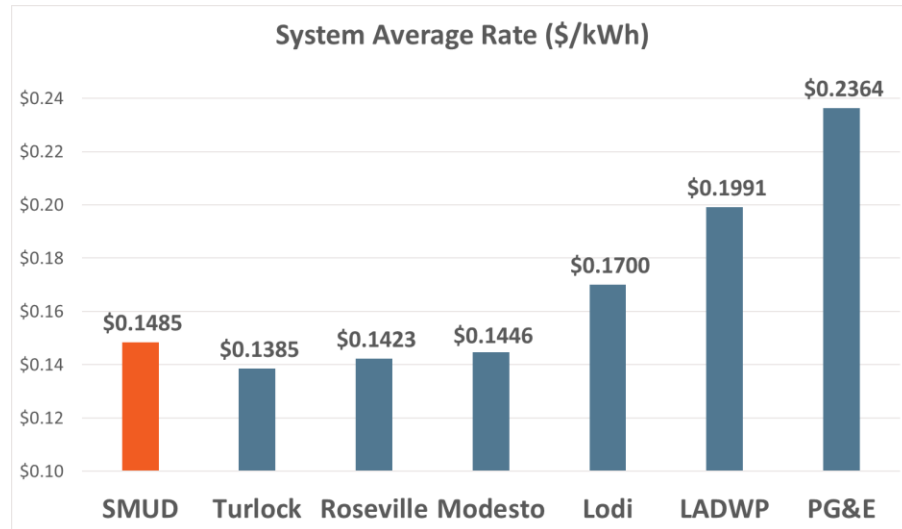
- **Modesto Irrigation District (MID):** MID has not had a rate increase since 2012. The Board recently approved two upcoming rate increases. There will be a 7.4% increase in 2023 and a 3.5% increase in 2024. The rate change included increasing the residential monthly fixed charge to \$30. Environmental Energy Adjustment is currently \$0.0066/kWh and the Capital Infrastructure Adjustment is currently at \$0.0028/kWh. MID recently adopted a pilot residential TOU rate for Electric Vehicle customers which has a fixed charge of \$30.00 per month as well as three time periods for summer and two for winter that differ in price. MID also instituted a grid access charge for NEM customers who install above 1 MW of solar capacity.
- **Turlock Irrigation District (TID):** TID has not had a base rate increase since 2015 and there is no plan to modify base rates in 2022 or 2023. However, like other utilities, TID has seen commodity costs significantly increase and has increased their Power Supply Adjustment (PSA) charge by \$.01/kWh or 2.85% on December 1, 2022.
- **Roseville Electric:** Roseville Electric approved a 2.6% rate increase effective January 1, 2022, and another 2.8% rate increase effective January 1, 2023. Roseville is also implementing an 8% energy surcharge that will be in effect from February 1, 2023, to December 31, 2024. Roseville has pass-through charges that adjust with costs, in addition to any rate increases.
- **Lodi Electric:** Lodi did not change their base rates in 2022 and they do not have any changes forecasted for 2023. Lodi has a monthly energy cost adjustment that adjusts as power costs

increase or decrease. The range of the energy cost adjustment for 2022 was -\$0.0087/kWh to \$0.0668/kWh a 38.9% average increase.

- **Los Angeles Department of Water and Power (LADWP).** LADWP did not have a rate increase in fiscal year 2021-2022. LADWP does have a pass-through charge that adjusts with costs, outside of any rate increases.

SMUD's system average rate remains competitive, as shown in Figure 3. Figure 3 uses data from the U.S. Energy Information Administration and 2021 is the most recent data available.

Figure 3 – 2021 Utility System Average Rate Comparison



Including pass-through mechanisms in rates is a common utility practice, allowing utilities to collect enough revenue to cover their costs without having to increase rates in a formal rate proceeding. SMUD has the Hydro Generation Adjustment, which allows for a small additional charge on customer bills in the event of less than median precipitation. Figure 4 details the pass-through mechanisms some of SMUD's neighboring utilities have as part of their rate structures.

Figure 4 – Utility Pass-through Mechanisms

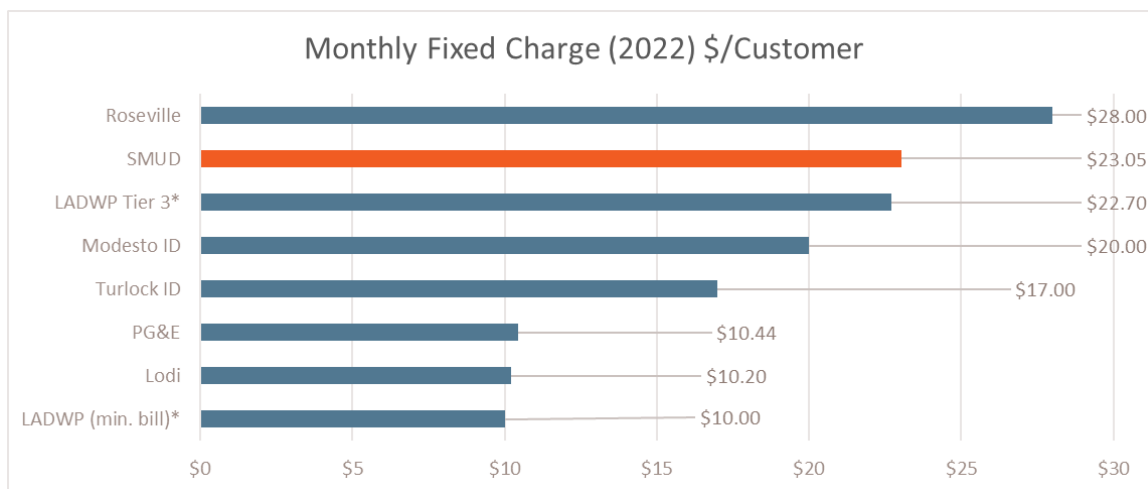
Utility	Pass through
SMUD	Hydroelectric Generation Adjustment
Modesto Irrigation District	Capital Infrastructure Adjustment
	Environmental Energy Adjustment
Turlock Irrigation District	Power Supply Adjustment
	Environmental Charge
	Public Benefits Surcharge
Roseville Electric	Renewable Energy Surcharge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

Reliability Cost Adjustment

* LADWP has other adjustments to reflect approved rate increases

Including a fixed charge amount on residential customers bills is also a common utility practice. The fixed charge allows for revenue collection for fixed assets that do not vary with electricity consumption. Figure 5 below outlines the fixed charge amount of SMUD's neighboring utilities.

Figure 5 – Monthly Residential Fixed Charge Amount



* Roseville Electric's customer charge will increase to \$30 in 2023.

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

*** Modesto ID's customer charge will increase to \$30 in 2023

Appendix C: PG&E Updates

Overview of PG&E's recent rate proceedings

In 2022 PG&E had three rate changes, increasing the system average rate in \$/kWh from \$0.2336 in 2021 to \$0.2803 in 2022 as shown in Figure 6.

Figure 6 – PG&E 2021-2022 Rate Changes

	PG&E Rate Changes in 2021 ⁽¹⁾				Annual	PG&E Rate Changes in 2022 ⁽¹⁾			Annual
	January	March	August	December	2021	January	March	June	2022
Rate Change (%)	0.10%	2.80%	0.30%	0.50%	3.73%	7.50%	10.50%	1.00%	19.98%
System Rate (\$/kWh)	\$0.2255	\$0.2319	\$0.2325	\$0.2336		\$0.2514	\$0.2776	\$0.2803	

(1) Includes California Climate Credit

PG&E Rate Increase Process

Every three to four years PG&E files a request with California Public Utilities Commission (CPUC) with their proposed rate increases. The CPUC will then either accept or modify the rate increases for those years. 50% of the requested revenue increases for 2023 through 2026 is for wildfire reduction work, including vegetation management programs. The following rate increases have been approved or proposed:

- 2022 – 4.85% (approved)
- 2023 – 9.6% (proposed)
- 2024 – 2.4% (proposed)
- 2025 – 1.9% (proposed)
- 2026 – 1.5% (proposed)

Additionally, PG&E does a “true-up” at the end of each year to adjust their revenue to match their costs. For instance, if their costs for the year exceeded their projected revenue, they will increase their rates to compensate.

The large increases for PG&E in 2022 were due to increased supply costs, wildfire prevention measures as well as settlements due to past wildfires.

PG&E Residential Time-of-Use Rate Transition

PG&E began transitioning residential customers to a default time-of-use rate (E-TOU-C) in 2020. The standard E-TOU-C rate has a peak time-period from 4 to 9 p.m. every day. Customers may choose from a selection of alternative rates, including an optional E-TOU-D (5-8 p.m.) rate which has a shorter 3-hour Peak time-period during weekdays only.

As of October 2022, approximately 50 percent of PG&E’s residential customers continue to take service on Schedule E-1 non-TOU, tiered monthly usage rates. Effective January 1, 2023, the High Usage Surcharge (HUS – third tier) is eliminated resulting in a simple 2-tiered rate that has a Tier 1 baseline quantity differentiated on climatic-conditions in the PG&E territory i.e., coastal, mountains, valley. Of the 50 percent, 2 million customers are still on E-1 because many of these customers were legally exempt from the default TOU transition by statute, that is, approximately 2.6 million customers were ineligible at the time of transition, or discretionarily excluded from the initial default TOU transitions.

Appendix D: Historical Rate Increases

Figure 7 shows that SMUD’s historical rate increases have tracked the Consumer Price Index (CPI) over the past 20 years. Figure 8 shows SMUD’s rate increases by year since 2002.

Figure 7 – Annual Rate Increase vs CPI

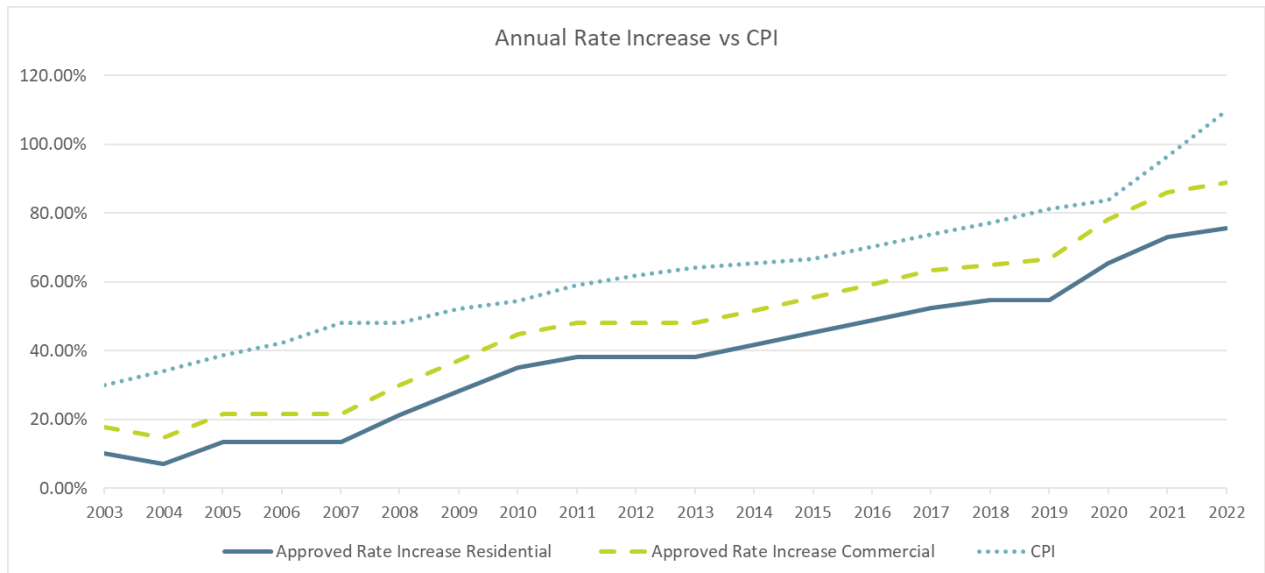


Figure 8 –Residential vs. Non-Residential Rate Increase and Energy Surcharge by Year

Year	Rate Increase		Energy Surcharge
	Residential	Non-Residential	
2000	0.00%	0.00%	N/A
2001	13.00%	21.00%*	N/A
2002	0.00%	0.00%	-2.60%
2003	0.00%	0.00%	N/A
2004	0.00%	0.00%	-2.70%
2005	6.00%	6.00%	N/A
2006	0.00%	0.00%	N/A
2007	0.00%	0.00%	N/A
2008	7.00%	7.00%	N/A
2009	5.50%	5.50%	N/A
2010	5.50%	5.50%	N/A
2011	2.25%	2.25%	N/A
2012	0.00%	0.00%	N/A
2013	0.00%	0.00%	N/A
2014	2.50%	2.50%	N/A
2015	2.50%	2.50%	N/A
2016	2.50%	2.50%	N/A
2017	2.50%	2.50%	N/A
2018	1.50%	1.00%	N/A
2019	0.00%	1.00%	N/A
1/1/2020	3.75%	3.75%	N/A
10/1/2020	3.00%	3.00%	N/A
1/1/2021	2.50%	2.50%	N/A
10/1/2021	2.00%	2.00%	N/A
3/1/2022	1.50%	1.50%	N/A
1/1/2023	2.00%	2.00%	N/A

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

RESOLUTION NO. 23-02-03

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

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

Approved: February 16, 2023

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

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: January 25, 2023

FROM: Claire Rogers *CR 1/25/23*

SUBJECT: Audit Report No. 28007582
Board Monitoring Report; SD-03: Access to Credit Markets

Audit and Quality Services (AQS) received the SD-03 *Access to Credit Markets* 2022 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 2022

SD-3 Board Strategic Direction on Access to Credit Markets



1. Background

Strategic Direction 3 on Access to Credit Markets states that:

Maintaining access to credit is a core value of SMUD.

Therefore:

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

2. Executive summary

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

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

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

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

Credit ratings heavily impact an organization's ability to borrow money in the municipal markets, as well as the interest rates they will be required to pay. Higher credit ratings translate into lower borrowing costs. For example, if SMUD's credit ratings were to fall into a lower category, from AA to A, the impact at today's rates would be approximately \$400k/year for every \$100 million borrowed. During a period of financial turmoil, as experienced in early 2020, higher credit ratings allowed SMUD to access credit markets sooner than lower rated utilities.

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

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

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

- a. Maintained key financial metrics, including a fixed charge ratio above the minimum policy target of 1.50 times.
 1. 2.42 times in 2021
 2. 1.65 times in 2022 (As of January 19, 2023)
 3. 2.08 times in 2023 (projected in 2023 Budget)
- b. Credit ratings were affirmed at 'AA' from S&P and Fitch, and Aa3 from Moody's, which is equivalent to AA-. Moody's changed SMUD's outlook from stable to positive.
- c. Successful refunding of the remaining 2012 Series Y bonds with the issuance of \$133 million of 2022 Series J Electric Revenue Bonds. This refunding transaction took advantage of lower interest rates and SMUD's strong credit ratings to lock in \$2.8 million in net present value cash flow savings per year from 2023 to 2031, for a total net present value savings of \$28.6 million. This transaction highlights our ability to access credit markets as a result of managing SMUD in a manner that invokes confidence from investors.
- d. Successfully renewed and restructured SMUD's \$400 million commercial paper program into a \$300 million commercial paper capacity with a \$100 million emergency line of credit. These facilities ensure SMUD's continued financial strength by providing quick access to financial resources from investors in the credit markets, as well as the ability to access direct bank financing through the \$100 million line of credit during periods of market disruption.
- e. Accessed credit markets with multiple issuances and rollovers of commercial paper totaling \$150 million outstanding by the end of 2022. The commercial paper issuances were to support SMUD's liquidity needs and capital improvement program.
- f. Made \$31 million in additional supplemental contributions to CalPERS as part of a 10-year pension funding strategy to eliminate our unfunded pension liability—an obligation rating agencies are increasingly focusing on in their reviews. Addressing the unfunded liability sooner will help control rate increases. These costs would continue to grow into the future since paying only the required minimum payments may not fully mitigate the compounding nature of the outstanding liability adequately. SMUD's most current valuations show the funded status of Other Post- Employment Benefits (OPEB) as of June 30, 2022, and Pension as of June 30, 2021, were of 98% and 100% funded, respectively.

Successfully renewed property and casualty insurance coverage programs at or below market rates. Despite the continuing constrained insurance market, SMUD was able to maintain its broad coverage terms and limits, including a \$255 million wildfire liability insurance program within which SMUD's self-insured retention decreased from an aggregate of \$74 million to \$62.5 million.

3. **Additional supporting information**

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

Financial Strengths:

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

- a. Strong financial operations management
- b. Strong financial performance with fixed charge ratio over 1.8x during the last 5 years
- c. Robust liquidity
- d. Low operating costs
- e. Competitive rates
- f. Diverse resource portfolio
- g. Favorable debt and liabilities profile
- h. Proactive planning and hedging practices
- i. Timely rate setting record
- j. Strong wildfire mitigation toolkit

Ratings Variables:

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

- k. Financial ratios and metrics
- l. Governance Structure and Management
- m. Rate Competitiveness
- n. Cost of production/purchased power (particularly with respect to higher cost renewables)
- o. Risk Management Practices
- p. Service area demographics
- q. Regulatory factors

4. Challenges:

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

- a. Wildfire liability and inverse condemnation exposure
- b. More significant capital spending affecting rate competitiveness and key financial metrics
- c. Substantially weakened competitive position or impaired ability to maintain liquidity and achieve fixed charge ratios commensurate with recent years' levels
- d. Prioritizing environmental goals or rate affordability over preservation of the financial profile

5. Recommendation:

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

RESOLUTION NO. 23-02-04

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

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

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

Section 1. This Board adopts the 2023 Edition of the **Meeting Procedures of the SMUD Board of Directors**, substantially in the form set forth in **Attachment C** hereto and made a part hereof.

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

Approved: February 16, 2023

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

Meeting Procedures of the SMUD Board of Directors

2023 Edition
Supersedes all previous versions

TABLE OF CONTENTS

INTRODUCTION	1
Welcome Statement	1
Authority	1
Board Tenure.....	1
Board Governance Policies	1
CHAPTER I – BOARD MEETINGS	1
Rule 1.0 Time and Place	1
Rule 1.1 Parliamentary Procedures.....	2
Rule 1.2 Order of Business.....	2
Rule 1.3 Quorum	3
Rule 1.4 Presiding Officer and Selection of Officers.....	3
Rule 1.5 Public Participation.....	4
Rule 1.6 Approval of Board Minutes	6
Rule 1.7 Preservation of Minutes.....	6
Rule 1.8 Taping and Web Streaming of Meetings	6
Rule 1.9 Addressing the Board President and Recognition to Speak.....	6
Rule 1.10 Procedure Regarding Motions.....	7
Rule 1.11 Roll Call.....	8
Rule 1.12 Overruling the Board President	8
Rule 1.13 Suspension of Rules	8
Rule 1.14 Amendment of Board Meeting Procedures	9
CHAPTER II - COMMITTEES.....	9
Rule 2.0 Time and Place	9
Rule 2.1 Purpose and Quorum.....	9
Rule 2.2 Preparation and Preservation of Minutes	9
Rule 2.3 Taping and Web Streaming of Committee Meetings.....	10
Rule 2.4 Public Participation.....	10
CHAPTER III – HEARINGS	12
Rule 3.0 Hearings – General Procedures.....	12

Rule 3.1 Hearings – Rate Process	13
CHAPTER IV – CUSTOMER APPEALS OF DISPUTED BILLS	13
Rule 4.0 Disputed Bill Appeals Procedure	13
ATTACHMENTS	
Ordinance 15-1	A-1

INTRODUCTION

Welcome Statement

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

Authority

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

Board Tenure

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

Board Governance Policies

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

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

CHAPTER I – BOARD MEETINGS

Rule 1.0 Time and Place

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

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

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

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

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

(e) Board members may participate in Board meetings through a telephone conference platform such as a computer or telephone in accordance with the Brown Act.

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

Rule 1.1 Parliamentary Procedures

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

Rule 1.2 Order of Business

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

- (a) Call to Order
- (b) Pledge to the Flag
- (c) Roll Call
- (d) Cable Announcement
- (e) Customer Education Message
- (f) Approval of the Agenda
- (g) Committee Chair Reports

- (h) Statements from the Public (at the time the agenda item is considered)
- (i) Consent Calendar
- (j) Discussion Calendar
- (k) Public Comments (non-agenda items)
- (l) Directors' Reports
- (m) President's Report
- (n) CEO's Report
- (o) Adjournment

Rule 1.3 Quorum

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

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

Rule 1.4 Presiding Officer and Selection of Officers

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

(b) The Board President and Vice-President will serve one-year terms and will be selected through a nomination process which will be conducted in December of each year. If no successor is named by the conclusion of the officer's term, the officer shall continue in office until a successor is named.

Rule 1.5 Public Participation

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

(b) Members of the public may address the Board through a teleconference platform such as computer or telephone in accordance with these procedures. Instructions for participation will be included on every meeting agenda.

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

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

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

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

(g) Speakers are to direct their comments to the Board. The public comment periods are not intended to be "Question and Answer" periods or conversations with the SMUD Board or SMUD staff. For non-agenda items, the Board members may not engage in an active discussion of the matter and are limited to

making a brief statement, asking clarifying questions or directing staff to follow up on a matter.

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

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

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

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

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

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

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

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

Rule 1.6 Approval of Board Minutes

The Board Secretary will provide a copy of the minutes of each regular meeting to each member of the Board with the next regular meeting agenda packet. The Board Secretary will provide a copy of the minutes of each special meeting at which Board action is taken to each member of the Board with the next month's regular meeting agenda packet. The minutes of the preceding meeting will be approved as part of the Consent Calendar unless a Board member requests a discussion of the item.

Rule 1.7 Preservation of Minutes

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

Rule 1.8 Taping and Web Streaming of Meetings

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

Rule 1.9 Addressing the Board President and Recognition to Speak

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

member to speak, the Board President will protect the speaker from disturbance or interference.

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

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

Rule 1.10 Procedure Regarding Motions

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

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

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

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

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

called for or discussion terminates and a vote is called for by the Board President.

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

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

Rule 1.11 Roll Call

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

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

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

Rule 1.12 Overruling the Board President

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

Rule 1.13 Suspension of Rules

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

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

Rule 1.14 Amendment of Board Meeting Procedures

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

CHAPTER II - COMMITTEES

Rule 2.0 Time and Place

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

(b) Committee members may participate in Board meetings through a telephone conference platform such as a computer or telephone in accordance with the Brown Act.

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

Rule 2.1 Purpose and Quorum

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

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

Rule 2.2 Preparation and Preservation of Minutes

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

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

Rule 2.3 Taping and Web Streaming of Committee Meetings

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

Rule 2.4 Public Participation

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

(b) Members of the public may address the Board through a teleconference platform such as computer or telephone in accordance with these procedures. Instructions for participation will be included on every meeting agenda.

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

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

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

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

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

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

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

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

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

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

The Committee Chair will review all complete presentation requests and, may at his or her discretion, direct the responsible staff to list the presentation on the

Committee's agenda. If the Committee Chair denies a presentation request, the requesting party may address the Committee at a regular meeting subject to the three (3) minute time limitation.

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

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

CHAPTER III – HEARINGS

Rule 3.0 Hearings – General Procedures

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

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

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

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

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

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

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

available to the public for inspection.

Rule 3.1 Hearings – Rate Process

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

CHAPTER IV – CUSTOMER APPEALS OF DISPUTED BILLS

Rule 4.0 Disputed Bill Appeals Procedure

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

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

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

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

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

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

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

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

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

ORDINANCE NO. 15-1

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

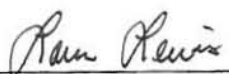
Adopted: March 19, 2015 by the SMUD Board of Directors

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



Rob Kerth
President
Board of Directors
Sacramento Municipal Utility District

Attested:



Laura Lewis
Secretary

RESOLUTION NO. 23-02-05

WHEREAS, the **California Surplus Land Act** (the Act) states that a “local agency” such as SMUD may only sell “land owned in fee simple ... for which the local agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use”; and

WHEREAS, the Act provides for a local agency’s governing body to designate such surplus land as “exempt surplus land,” with designated exemption classifications including sales that directly further the express purpose of the agency’s work and operations, land that a local agency is exchanging for another property necessary for the agency’s use, or land transferred to another local agency for its use; and

WHEREAS, SMUD owns 0.262 acres of vacant land in Sacramento County (APN 132-0332-014) located on the west side of Franklin Boulevard, north of Lambert Road in Elk Grove that was formerly the site for **Lambert Substation (Lambert Substation property)**; and

WHEREAS, SMUD entered into an agreement with the former landowner in which SMUD acquired the site for the new **Lambert Substation** in exchange for the former substation property; and

WHEREAS, SMUD owns 11.83 acres of former **City of Sacramento** landfill property along North B Street and 20th Street in Sacramento (APNs 001-0160-006, 001-0160-018, 001-0160-034), obtained by SMUD from the **City**, and upon which SMUD built and operated the **North City Substation (North City Substation property)**; and

WHEREAS, SMUD and the **City** executed the **Master Parcel Agreement** dated December 12, 2020, pursuant to which SMUD agreed to transfer the **North City Substation property** back to the **City** after capping the site consistent with state and local regulations to protect human health and the environment; and

WHEREAS, **City** staff have represented to SMUD that the property would be used for public recreation and open space purposes, including a bike trail; and

WHEREAS, SMUD decommissioned the North City Substation and relocated its operations to Station E, then capped the **North City Substation property** pursuant to a plan approved by the **County of Sacramento Department of Environmental Management**; and

WHEREAS, SMUD owns 19.74 acres of land located in Sacramento County (APNs 008-0010-090, 011-0073-001 to 011-0073-008, 011-0081-001 to 0081-003, and 011-0081-008) formerly operated as SMUD's **59th Street Corp Yard**; and

WHEREAS, after disposition, the **59th Street Corp Yard** property will be used to further SMUD's work by serving as an exemplar within the heart of SMUD's service territory of how mixed use developments can help achieve electrification and climate change goals, with the expectation of the property development being certified as Leadership in Energy and Environmental Design (LEED) silver, with a net zero certification, all-electric construction, exceedance of energy efficiency standards by at least 15%, participation in all applicable SMUD programs, and with installation of and operation of feasible battery storage; and

WHEREAS, the model development will serve substantial demonstration, exhibition, and educational purposes related to greenhouse gas emissions in SMUD's service territory, and thereby help achieve SMUD's **2030 Zero Carbon Plan**; and

WHEREAS, achievement of the **2030 Zero Carbon Plan** depends on, among other things, electrification, energy efficiency, and battery storage; and

WHEREAS, the development of the **59th Street Corp Yard** property will include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development and generate revenue to support SMUD's work or operations on the site, including environmental remediation, utility services, and energy storage and grid management; and

WHEREAS, staff recommends the **Lambert Substation property**, the **North City Substation property**, and the **59th Street Corp Yard** property be declared exempt surplus land; **NOW, THEREFORE**,

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

Section 1. That this Board finds that the former **Lambert Substation property** is being sold to the adjacent landowner as part of an exchange of property in order to obtain the new Lambert Substation property.

Section 2. That this Board finds that the former **North City Substation property** is being transferred to the City as a local agency that will use the property for its public purposes.

Section 3. That this Board finds that the sale of the fee interest in the **59th Street Corp Yard** property would serve demonstration, exhibition, and educational purposes related to greenhouse gas emissions by helping achieve the **2030 Zero Carbon Plan** and would support SMUD's work and operations on the site.

Section 4. That this Board declares the 0.262 acres of land in Sacramento County (APN 132-0332-014) located on the west side of Franklin Boulevard, north of Lambert Road in Elk Grove, the 11.83 acres of land in Sacramento County (APNs 001-0160-006, 001-0160-018, 001-0160-034) located along North B Street and 20th Street in Sacramento, and the 19.74 acres of land in Sacramento County (APNs 008-0010-090; 011-0073-001 to 011-0073-008; 011-0081-001 to 0081-003; 011-0081-008) formerly known as SMUD's 59th Street Corp Yard is exempt surplus land.

Approved: February 16, 2023

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

RESOLUTION NO. 23-02-06

WHEREAS, in October 2022, SMUD issued Request for Proposal No. Doc3676288134 (RFP) to solicit qualified firms to provide SMUD with Repair, Maintenance, Installation and Electrification Services for the Residential Equipment Efficiency and Low-Income Energy Saver Bundle Program; and

WHEREAS, two 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, **Eagle Systems International, Inc. dba Synergy Companies** and **Clarke & Rush Mechanical, Inc.** are hereby determined and declared to be the two highest evaluated responsive proposers for Heating, Ventilation and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services.

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to award contracts to **Eagle Systems International, Inc. dba Synergy Companies** and **Clarke & Rush Mechanical, Inc.** for Heating, Ventilation and Air Conditioning (HVAC) Plus Building and Transportation Electrification Services for a two-year term from February 20, 2023, to February 19, 2025, for a total aggregate contract not-to-exceed amount of \$12,000,000.

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 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: February 16, 2023

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

President Sanborn then turned to Discussion Calendar Item 11, to nominate a Board Member for the Sacramento Local Agency Formation Commission (LAFCo) Special District Advisory Committee.

General Counsel Lewis stated that SMUD had received an invitation from LAFCo to nominate a member of the Board to join the Special District Advisory Committee (SDAC). She stated the purpose of the SDAC is to provide LAFCo with input on issues related to special districts as well as to receive information on issues before LAFCo. She specified there are seven vacant seats for Office "B" for a two-year term (January 2023 – December 2024) and three seats for Office "A" for one year to complete the remainder of the two-year term (January 2022 – December 2023).

No public comment was forthcoming on Discussion Calendar Item 11.

After some discussion, Vice President Herber moved to nominate Director Rose for consideration by the LAFCo Sub-committee on Membership to serve on the Special District Advisory Committee Office "B" or Office "A," Director Tamayo seconded, and Resolution No. 23-02-07 was unanimously approved.

RESOLUTION NO. 23-02-07

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

That this Board nominates Director Rose for consideration by the
Sub-committee on Membership for **Sacramento Local Agency Formation
Commission's Special District Advisory Committee** to serve a two-year term
(1/23 – 12/24) for Office "B" or to serve the remainder of the two-year term
(1/22 – 1/23) for Office "A."

Approved: February 16, 2023

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

Director Rose thanked the Board for their support.

President Sanborn then turned to agenda item 12, statements from the public regarding items not on the agenda. She stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

No comments were received for items not on the agenda.

President Sanborn then turned to Directors' Reports.

Director Rose reported on his meeting with Folsom Sons in Retirement at the Folsom Community Center where he presented the 2030 Zero Carbon Plan. He also reported on his attendance at the DistribuTECH Conference.

Director Fishman reported he was pleased to serve as the master of ceremonies for Project R.I.D.E.'s Crab and Shrimp Feed. He stated he was also able to offer a welcome to the participants in SMUD's Youth Energy Summit and noted he was looking forward to the winning presentation being provided to the Board at a future Board meeting. He then reported that he had attended the Business Outlook provided to the Rancho Cordova Chamber of Commerce by Dr. Sanjay Varshney. He closed by reporting on his attendance at the CALSTART Policy Summit where President Sanborn had served as one of the panelists.

Vice President Herber reported on her attendance at the California Municipal Utilities Association (CMUA) Capitol Day. She thanked Steve Lins, Deputy General Counsel, for his and his staff's assistance with the meetings. She reported on her attendance at the Sacramento Metro Chamber of Commerce Annual Dinner and Business Awards, the Sacramento County Commission on the Status of Women and Girls event where Senator Angelique Ashby was also interviewed, and 350 Sacramento's Ode to Earth Showcase. She closed by reporting on her attendance at the SMUD Black Employees Resource Group's Heroes of Resistance presentation given by Dr. Markisha Webster.

Director Kerth reported on his attendance at DistribuTECH in San Diego and noted how the exhibits have changed over time from poles and wires to software and sensors and getting all of the various pieces to work together. He closed by reporting he had joined Assemblymember Kevin McCarty at a mobility center in Del Paso Heights to present a \$250,000 check to Simeon Gant, Board President of Green Technical Education & Employment, to help pay for the facility.

Director Tamayo reported on his attendance at a press conference for Aggie Square and the City of Sacramento's commitment and actions to executing a Community Benefits Agreement to help ensure investments continue to be made in the surrounding community of Aggie Square to reduce the impact of economic displacement. He then reported on his attendance at the Sacramento Chinese of Indochina Friendship Association's celebration of the Lunar New Year.

President Sanborn reported on her attendance at the North State Building Industry Association's installation of officers, as well as the Carmichael Chamber of Commerce meeting, where she delivered the keynote on the 2030 Zero Carbon Plan, and the Asian Chamber's Lunar New Year celebration. She reported she spoke at the Sacramento Metro Chamber of Commerce Annual Dinner and Business Awards. She then reported on her attendance at the Carmichael Rotary Crab Feed, the Association of Women in Water, Energy & Environment (AWWEE) Sunday Morning Zero-Waste Shopping event at the woman-owned Village General Store and Refillery in Roseville, and the DistribuTECH Conference. She closed by reporting in her participation as a panelist, along with Barry Broome of the Greater Sacramento Economic Council, at the CALSTART Policy Summit.

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

- 1) **Black History Month**. I would like to start tonight's report by recognizing Black History Month. I am excited about all that SMUD is doing. It is important to me that we come together as

an organization to celebrate Black History Month, not just to honor the achievements and contributions of African Americans, but to also commit to continuing to learn, listen and increase awareness about what it takes to be a more equitable society. In that vein, SMUD is supporting many of our community partners this month as they conduct activities throughout our region. Our Black Employee Resource Group has organized several activities to help employees celebrate. I am looking forward to speaking at their event on February 22 that will honor the 2nd and 4th African American linemen: Bishop Albert Galbraith and William Hunt Jr. They will share their stories and experiences about breaking barriers within the industry and employees will also hear spoken word from a local artist.

2) SMUD and Staff Recognition. Some other things to celebrate

include big recognitions for SMUD and our staff. First off, the *Sacramento Bee's* Equity Lab named Chief Diversity Officer Jose Bodipo-Memba as one of the Top 25 Latino Change Makers in our region. The *Bee* noted Jose's commitment to fostering an inclusive culture at SMUD and in the community by ensuring all voices are heard. Congratulations, Jose!

SMUD received a Culture Transformation Award from the Smart Energy Consumer Collaborative for our Community Impact Plan. It recognized the Plan's boots-on-the ground approach to addressing community issues and tackling our 2030 Zero Carbon Plan equitably. Thank you to President Sanborn for accepting that award on SMUD's behalf. SMUD also received right-of-way re-accreditation from the Right of Way Stewardship Council. It is the second time we have received this prestigious accreditation, which recognizes SMUD as a steward for sustainable integrated vegetation management on our electric transmission systems. SMUD is one of only seven utility

companies to achieve this recognition in North America. Having this recognition is great validation that our rigorous vegetation management program is one of the best in the nation.

3) **2023 Shine Awards.** This month, we announced the recipients of our 2023 Shine Awards. This time around, we are providing \$513,000 in funding for 22 nonprofit organizations to launch community-focused projects that all contribute to our 2030 Zero Carbon Plan. They include energy efficiency upgrades along business corridors, youth job readiness programs, habitat restoration and training for under-resourced community members who want to start their own businesses. We will all get the chance to congratulate the leaders of these Shine nonprofits when we formally recognize them at our April Board meeting.

4) **Industry Conferences.** We are excited to be supporting two major industry conferences later this year. The first is the Electric Vehicle Symposium & Exposition, or EVS36, in June. SMUD is a title sponsor of this international event addressing sustainable mobility. The event will bring over 2,000 attendees to Sacramento and over 400 exhibitors. Then, in September, we are the host utility for Transmission & Distribution (T&D) World. This conference attracts over 300 attendees from all over North America. Both conferences are being held at the SAFE Credit Union Convention Center. These conferences give opportunities to spotlight our 2030 Clean Energy Vision – as well as Sacramento – on a national and international stage.

5) **Board Video.** Tonight's video is a little different than the usual Board video you are used to seeing. It is a montage of three educational videos we created to share with our region's first responders. The videos, which are published on a dedicated webpage, are designed to support first responders in the field,

providing important safety information about responding to emergencies involving our equipment or facilities. The goal is to keep first responders and the community safe when facing a situation involving power. Our Safety team will soon roll out this fantastic educational resource with our local first responder agencies. The series was a collaborative effort by several SMUD departments and covers Electricity 101, Power Lines and Substations. This video includes highlights from each, and a peek at the website where they will live. First responders can easily access these videos 24/7 at smud.org/FirstResponder.

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

No further business appearing, President Sanborn adjourned the meeting at 6:12 p.m.

Approved:

President

Secretary

From: dc.derekcressman.com
To: [Public Comment](#)
Subject: [EXTERNAL] Public Comment Regarding Item 6 Monitoring Report for SD-2 Competitive Rates at the Feb 16th, 2023 Board Meeting
Date: Wednesday, February 15, 2023 3:09:47 PM

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear SMUD Board,

SMUD's revenue structure features unusually low rates per kWh and unusually high monthly fixed charges. SMUD's \$23.05 fixed charge is higher than any major electrical utility in California, with only Roseville coming in higher among neighboring utilities as noted in Figure 5 of Appendix B in the staff report. These high fixed fees are regressive. A low-income resident in a small studio apartment pays the same fixed fee as a high income resident in a 5,000 square foot mansion, and yet this fee is a much higher percentage of the studio apartment dweller's income. While all SMUD customers should pay fairly for our infrastructure costs, the current rate structure mistakes equality for equity by charging the same amount to customers who use the grid infrastructure differently. Charging the same fee to all customers is like charging a bicycle, Toyota Prius, and a semi-truck the same toll to cross a bridge. Moreover, the current rates undermine SMUD's stated objectives of reducing energy efficiency and conservation as well as the objective of encouraging cost effective and environmentally beneficial Distribute Energy Resources. With lower fixed fees and higher per kilowatt/hour rates, SMUD customers could more easily recoup investments in conservation and DERs. The Board should consider revenue neutral rate changes to incorporate lower fixed fees and higher \$/kWH rates, or perhaps a tiered system of fixed fees, to accomplish SMUD's target of rates 18 percent below PGE while providing greater equity and incentives for conservation. Thank you for your public service,

Derek Cressman

From: [dc derekcressman.com](mailto:dc.derekcressman.com)
To: [Public Comment](#)
Subject: [EXTERNAL] Public Comment Regarding Item 7 Monitoring Report for SD-3 Access to Credit Markets at the Feb 16th, 2023 Board Meeting
Date: Wednesday, February 15, 2023 3:09:47 PM

CAUTION: This email originated from outside of SMUD. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Board members,

SMUD prides itself in being a community owned non-profit, yet each year pays hundreds of millions of dollars to for-profit investors through the bond market who do not live in our community. The financial pressures and incentives placed upon SMUD as an organization from bond rating agencies to maintain or grow revenues are not dissimilar to the financial pressures placed on other utilities by shareholders. The bond market profits from industrial scale infrastructure investments it finances such as wind farms or power plants, but not distributed energy resources or conservation financed by SMUD customers, which is why SMUD's underwriting documents refer to SMUD's own customers who self-generate power through rooftop solar or other Distributed Energy Resources as competitors. SMUD board and staff should consider whether overreliance on the bond market has impacted the organizational culture of SMUD, causing it to view itself more as a business than a public service the way our fire departments, libraries, schools, and other government agencies do. Perhaps SMUD could consider alternate financing through a public bank direct financing from CALPERS or other public pension funds, or from SMUD customers themselves.

Thank you for your consideration and your public service,
Derek Cressman

SSS No. E,S,RES 23-02

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Policy Committee – 03/09/23
Board Meeting Date
March 15, 2023

TO				TO						
1.	Ellias van Ekelenburg			6.	Farres Everly					
2.	Claire Rogers			7.	Suresh Kotha					
3.	Frankie McDermott			8.						
4.	Jennifer Davidson			9.	Legal					
5.	Brandy Bolden			10.	CEO & General Manager					
Consent Calendar		<input checked="" type="checkbox"/>	Yes	No <i>If no, schedule a dry run presentation.</i>		Budgeted	<input checked="" type="checkbox"/>	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Ellias van Ekelenburg				DEPARTMENT Environmental, Health Safety and Real Estate Services				MAIL STOP B209	EXT. 7475	DATE SENT 02/09/2023

NARRATIVE:

Requested Action: Accept the monitoring report for **Strategic Direction SD-6, Safety Leadership.**

Summary: Report on the status of Strategic Direction SD-6, Safety Leadership, for safety performance from July through December of 2022. Report addresses safety leadership accomplishments during the last six months of the year, current Days Away Restricted Time numbers, and safety opportunities and challenges.

Board Policy: This report supports the SD-6 Core Value of Safety by providing a safety performance status.
(Number & Title)

Benefits: Provide the scheduled bi-annual monitoring report as requested by the Board of Directors and Executive Staff. The report provides an opportunity to make recommendations or policy revisions, as necessary.

Cost/Budgeted: None

Alternatives: Provide the Board monitoring report without a presentation.

Affected Parties: Board of Directors, Executive Staff

Coordination: Organization-wide

Presenter: Ellias van Ekelenburg, Director of Environmental, Safety, and Real Estate Services

Additional Links:

SUBJECT

SD-6 Monitoring Report - Safety Leadership

ITEM NO. (FOR LEGAL USE ONLY)

5

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: February 22, 2023

FROM: Claire Rogers *CR 2/22/23*

**SUBJECT: Audit Report No. 28007600
Board Monitoring Report; SD-06: Safety Leadership**

Audit and Quality Services (AQS) received the SD-06 *Safety Leadership* second-half 2022 Biannual Board Monitoring Report and performed the following:

- Selected a sample of statements and assertions in the report for review.
- Interviewed report contributors and verified the methodology used to prepare the statements in our sample.
- Validated the reasonableness of the statements in our sample based on the data or other support provided to us.

During the review, nothing came to AQS' attention that would suggest the items sampled within 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 3rd and 4th Quarters, 2022

Strategic Direction SD-6, Safety Leadership



1. Background

Strategic Direction SD-6, Safety Leadership states that:

Creating a safe environment for employees and the public is a core value of SMUD.

Through best practice methods and continuous improvement, SMUD will be recognized as a leader in employee safety while also assuring the safety of the public related to SMUD operations and facilities. SMUD commits to a proactive approach, including the active involvement of SMUD leadership, employees, contractors, and the community, as well as comprehensive monitoring of organizational and public safety performance.

Therefore, SMUD will continue to improve safety results to:

Workplace Safety

- a) Reduce SMUD's injury severity incidents to 13 or less than by 2025, as measured by OSHA's Days Away Restricted Time (DART), a rate that demonstrates top quartile safety performance for similar size utilities using the Bureau of Labor Statistics (BLS) work-related safety data.
- b) Provide timely, quality health care for injured employees that aids their recovery while maintaining positive financial performance of the workers' compensation program.

Contractor Safety

- a) Support contractors to reduce and eliminate potential hazards for Serious Injuries and/or Fatality (SIF) when conducting high risk work.

Public Safety

- a) Track and report injuries to the public related to SMUD operations or facilities.
- b) Implement measures to protect the public from injuries related to SMUD operations or facilities.

2. Executive Summary

SMUD is in compliance with the SD-6 direction and is in alignment with SMUD's new 5-year strategy of working toward a zero-incident culture.

Workplace Safety

SMUD recorded 26 OSHA Recordables injuries in 2022. This is a 42% decrease from last year (45 OSHA Recordables). Of the 26 injuries, 10 were DART (4 Lost Time & 6 Modified Duty injuries). This is a 38% decrease from last year (16 DART cases). These 10 DART cases result in a 0.48 DART historic low rate. This represents a continued decrease in injuries which allow us to meet our 2025 Target (See Appendix A).

Quality care of injured employees is measured through the Workers' Compensation program's performance, which is assessed annually by an independent actuary. SMUD continues to have a reduction in claims over the past three years, a reduction in injury frequency rates, and a reduction in indemnity benefits as presented below. *All rates noted are currently at historic lows. (See Appendix A).

This year has continued to present challenges with COVID-19. COVID -19 has not only impacted the way SMUD is getting work done but has also resulted in new and emerging legislation surrounding paid leave and workers' compensation liabilities for COVID related injuries. Despite these challenges SMUD's program remains strong and continues to lead when compared with similarly situated organizations. No COVID-19 claims were made in 2022. This positive trend has continued for SMUD throughout the pandemic.

Contractor Safety

Safety has completed **268** contractor site safety field visits thru the 4th Quarter of 2022. These visits focus on high hazard work performed on SMUD projects focusing on construction safety hazards, such as excavation, working at elevations, and in confined spaces to verify safe working practices by our contractor to reduce the potential for serious injuries or property damage. Contractor reported incidents require an investigation to be completed and typically will warrant additional site safety visits to verify corrective measures have been put into place to reduce further occurrences.

Public and Community Safety

SMUD tracks public and community incidents in the Safety Incident Tracking System (SITS) involving car-pole, electrical contact, dig-in incidents, and injuries to the public that are related to SMUD's operations or facilities. For 2022, there have been 313 incidents where the public struck a SMUD asset with a vehicle, with one fatality from such events. Ten electrical contacts were reported with one minor injury, and 96 dig-ins with no reported injuries.

During Q4, a new public safety campaign was established on Work Zone Awareness for SMUD employees. We will have posted throughout the service territory on 6 different outdoor billboards. The billboard slogan was, "Avoid distraction, crews in action." The Marketing and Communications team collaborated with Safety to develop a "Connections" Newsletter, an ENN Article, Social Media Posts and information on the lobby monitors, in the Customer Service Center. Feedback of the campaign was positively received.

3. Additional Supporting Information

The new SD-6 Safety Direction became effective February 2021. Our goal is to achieve the desired performance objectives by year-end 2025. This report summarizes the first half of the 2022 safety performance.

Safety Leadership. The Safety Team continues with its integration efforts to support Executive Leadership's 5-year plan that emphasizes zero incidents and injuries and a focus on a zero incident safety culture. SMUD's Chief Executive Officer (CEO) Paul Lau, re-emphasized the need to improve safety at SMUD with a greater focus of developing a "Safety for Life" culture, reducing the risk of serious injuries and fatalities, implementing a safety management system, and improving the analysis of injury and incident trends. These goals are outlined in SMUD's Safety Road Map.

Safety Management System (SMS). Five applications within the Safety Management System were activated in 2022. They include the following modules; Contractor Manager, Safety Data Sheets (SDS), Industrial Hygiene, Initial Injury Reports and Incident & Measurements which will replace core functions of the legacy Safety Incident Tracking System (SITS).

Safety Standards Development. The Safety Team has continued their efforts to improve the process of routing new or updated Health & Safety Standards to appropriate Directors for review, utilizing the SMS "Doc Manager" application. The first standard routed, utilizing this process was the PCB Health & Safety Standard. After identifying challenges from Directors using the SMS "Doc Manager", the Core Standards Team is actively pursuing the routing process used by the Sacramento Power Academy, at this time. In addition, the Team implemented updates issued from Cal/OSHA on the COVID-19 requirements, to ensure our Injury Illness Prevention Program (IIPP) and COVID-19 Appendix contains the most up-to-date regulatory requirements and is provided to all SMUD personnel in a timely manner.

Supervisor-Employee Interactions. Safety continues to strengthen its supervisor-employee interaction quality program. Improvements included moving data to the new Safety Management System (SMS). Emphasis is placed on field visits for work with the highest hazard potential. Team Members continued visiting various crews throughout SMUD, to assist with employee safety concerns, processes, procedures and equipment. For office personnel, an emphasis is placed on observing personnel pertaining to ergonomic risk, and slip/trip/fall hazards in walking areas. During 2022, a total of 14,574 Supervisor-Employee interactions were complete, which is 159% of the target amount.

Near Miss Reporting. Leadership continues to support and encourage near miss and positive observation/good catch reporting. During 2022, the Safety Incident Tracking System (SITS) and applications within the new Safety Management System, provided a method to track near miss and positive observation/good catch reporting. The goal of this process is to identify opportunities for learning, prior to an incident occurring. 87 near miss incidents were reported in 2022, 26 through the SITS applications and 61 in the new Safety Management System.

Contractor Safety. SMUD continues to use the ISNetwork system to evaluate our contractor's safety record and safety program. The Contractor Safety program focuses on SMUD contractors in Power Generation, Environmental Services, Line, Substation, and Vegetation management contractors that perform high risk work, such as high voltage work, working at heights, vegetation management, confined spaces, excavations, etc. Additionally, we have begun to integrate the use of the SMS system for use with SMUD

contractors, primarily for incident tracking, reporting and investigations as we move away from SITS.

SMUD currently has 80 contractors in the ISN system. During the past year we have expended our site safety evaluations performed on our high-risk contractors validate safety performance on the jobsites. For year end of 2022, 268 site safety evaluations have been completed and SMUD exceeded the 2022 target of 150 evaluations. We are also continuing to validate our pre-qualification criteria for contractor selection. SMUD's pre-qualification criteria focuses on Contractor Fatality History, OSHA Citation History, DART and Total Recordable Incident Rates (TRIR), Insurance Experience Ratio, Safety Culture Questions, and Safety Program Review.

In addition, SMUD Procurement and Safety have partnered together working on enhancing contract language as it relates to contractor safety requirements, Request for Proposal (RFP) templates for high-risk work and incorporating contractor safety as part of the onboarding process.

Safely Conducted Observations Reduce Common Hazards (SCORCH). A total of 2615 safety observations were completed by Office & Professional employees with an additional 2934 by field employees. Safety awareness campaigns related to **Eye Strain and Head/Neck Posture** were implemented to positively influence a change in behavior. Risk mitigation tips to promote elevated awareness for these behaviors included proper monitor and desk height, viewing distance recommendations, font, and display adjustments steps, setting reminders for micro stretch breaks and application of the 20-20-20 rule. (Every 20 minutes, look at an object 20ft away for 20 seconds)

Field employee campaigns focused on **Situational Awareness** from both an office ergonomic and surrounding environment perspective. Posture awareness tips and smart setup when attending virtual meetings or perform PC related task from the cab of the vehicle. This was due to a cultural shift in which employees were working remotely from their vehicles on a more frequent basis. It also included elevating behavior awareness for scanning and frequently updated information for potential moving and/or changing conditions related to the surrounding work environment or location. The value of early recognition for a potential hazard (vehicle, pedestrian, stray dogs, or weather related) can provide employees the space, visibility, and time to safely react to situations.

SCORCH Safety for Life promotions included its first Spring Cleaning event along with a Summer and Fall/Holiday photo contest. These events are geared to continuously promote SMUD's Safety for Life culture, expand use of behavior awareness beyond the work environment while providing non-process participating employees an influencing/fun-filled introduction to use of the (SMS) Safety Management System. Best practices obtained from attending Dekra's Safety in Action conference have been shared in team meetings and will be implemented as part of SCORCH's influencing behavior campaign set to start first quarter 2023.

4.0 Challenges

COVID-19. The safety of our employees is of utmost importance, we continue to monitor SMUD COVID-19 cases and manage prevention efforts. In 2022 SMUD Safety, People, Services, & Strategies, along with Communications revised the COVID-19 guidance to meet

regulation changes within the Cal-OSHA COVID non-emergency standard around facial covering, testing programs, quarantine, and isolation guidelines to protect employees, contractors, and the public. SMUD continues to provide employees with antigen testing at our EC-OC clinic. All employees are offered voluntary vaccines through company supplied medical providers such as Kaiser and United Health Care. Our third-party vendor Axiom Medical continues to handle employee contract tracing and the process has been working well. In 2022 over 550 onsite and hybrid employees reported positive cases.

Chronic Muscular Injuries. The SMUD Safety Team continues to work with business units to reduce all incidents. This year, the following actions were taken to focus on a reduction to chronic muscular injuries: SMUD leadership and employees worked together to continue to build trust. Safety continued to partner with SCORCH (behavior-based) committees to utilize data from home observations and what at-risks were trending. Safety then used this data for areas to focus on during ergo evaluations and quarterly safety meeting topics.

Safety has successfully rolled out the Concern Reporting app. to replace Service Now for ergonomic evaluation requests. Virtual and onsite evaluations have continued to meet the needs of the worker.

Safety continued crew and contractor safety field visits, getting eyes on work and ensuring our employees, contractors, customers and community are safe. The Safety team has made additional updates to safety standards and trainings both in person and virtual. In addition, SMUD progressed with its Injury Prevention Outpost program with continued implementation with Line division as well as expanded application into the Substation/Network, Warehouse and Power Generation work groups.

Wildfire Smoke. This year, in May and June, Safety held several Tabletop Exercises with our various leadership teams who have outdoor workers, to prepare for the use of the Purple Air monitoring system and reporting, in cab vehicle air filters, PPE, scheduling, and training as a different method to inform and assist with response of poor air quality days, should the need arise. We sent a voting email to all leadership to determine the need and interest of receiving Wildfire Smoke Alerts throughout the organization for these events. This year, to date, we have had 5 days of notifications, of which, were only provided to the UARP personnel due to the Oak and Electra Fires.

5. Recommendation

SMUD is committed to becoming a recognized leader in safety. Both SMUD's leadership team and employees recognize that to achieve success we must integrate safety into all that we do. It is recommended that the Board accept the Monitoring Report for SD-6.

6. Appendices - Business Segment Safety Program Improvement Initiatives

Energy Delivery and Operations (EDO). Grid Assets leadership is continuing its efforts to achieve World Class Safety with ongoing efforts, of encouraging field staff input and participation in Business Unit and Work Group specific Joint Labor Management Safety Committees (JLMSCs), which include representatives from Field, Supervision, Union, Warehouse, Fleet and Safety in attendance. The Quarterly Business Segment JLMSC continues with an “All field teams’ approach” at SMUD, allowing for the sharing of ideas and mitigation controls, of similar risks. Due to COVID-19 impacts, these meetings continue to be held via Teams. A few of the subjects addressed this year which directly affect field staff have been SMS roll out of the Concern Report App, SCORCH Observation App, and Monthly Vehicle Inspections and Housekeeping Inspections in the Inspection Tool App; FR Clothing product substitution with like products (in response to global supply chain issues) and vendor deliveries in the ECOC Yard vs. crews driving to the vendor store locations (a savings of over 200+ individual trips back and forth by crew members); procurement of a healthier electrolyte alternative and cooling hard hats for high heat in the summer months. Field crew response continues to be positive, for the safety improvements being made, recognized, and appreciated. Safety has continued to partner with ED&O field operations to roll out a highly effective, innovative field focused ergonomics program. Instead of having staff come in from the field to interact with the ergonomics specialist, the expert is going out to the job site. During this crew specific, 1-1 discussions various stretching techniques, ergo support tools are provided, and awkward postures are identified. This program started with the Line department and is quickly moving throughout the organization, including Fresh Pond and Warehouse.

Safety has continued to work with the SMUD Power Academy, through the COVID pandemic, reviewing internal and external safety training programs, to ensure continued consistency and quality. This year, the SMUD Power Academy has been invited to participate and collaborate in the Health & Safety Standards update reviews, for input and identification of training opportunities.

The Safety Team continues to provide required health and safety training to field employees, utilizing smaller class sizes, updated signage, use of temperature stations, improved sanitization, PPE, and pre shift wellness checks. This adjustment to the safety training delivery has prevented any COVID related illnesses spread or outbreaks by the field crews during their participation in SMUD Safety training at the Power Academy, ECOC, Fresh Pond, or other SMUD reporting facility.

Safety for Life. The Safety for Life events scheduled for 2022 were again postponed due to COVID-19. To ensure the Safety for Life culture continues to evolve during this time of social distancing and remote work, more emphasis will be placed on Safety for Life communications and testimonials. There were two employee shares this year in our Employee Safety for Life Newsletter. One newsletter was a personal share about how the wildfire smoke affected her and how she safely evacuated her home and the other was a share about an employee’s son being bitten by a rattlesnake bite which offered information about myths and how to keep others safe. The Safety team hosted three driving rodeos this year for the Telecom, Meter Reading and Energy Specialist teams and has one more scheduled in fourth quarter for the Facilities teams. Safety for Life Sparky’s Crew for SMUD children consisting of birthday cards, safety newsletters, postcards, and the safety calendar with children’s artwork, has continued throughout the pandemic.

Health and Wellness. Employee health and wellness has been top of mind with mental well-being becoming a main focus. Remote and hybrid work offered freedom and flexibility, but came with it, some barriers and challenges. During the pandemic, we learned about some unintended consequences of remote and hybrid work such as, developing unhealthy habits of living a more sedentary lifestyle. What's more, the isolation of working and living at home full-time left people wanting a stronger sense of community for support. Whether it's focused on sleep, nutrition or stress management, employees are seeking a more holistic approach to their health. Luckily, our wellness program embraces a holistic approach that includes physical, financial, social, spiritual, and emotional wellness to support positive behavioral changes. As more employees returned to the office, we provided the space for them to resume their routine towards a healthier and mentally balanced lifestyle. Health and Safety partnered with People, Services & Strategies to safely re-open the group exercise rooms and fitness centers. The group exercise room at East Campus and the Power House Trailer at HQ was updated to accommodate employees to come and perform stretching and light workouts. The fitness center was opened to allow more movement and activities to meet fitness goals. Wellness program activities focused on improving overall health, through on-line stretch breaks, workouts, nutritional seminars, and cooking demos, all to support physical health.

Zero Carbon Energy Solutions (ZCES). While COVID-19 restrictions have relaxed to a certain extent, Power Generation continues to prioritize employee safety while ensuring that critical work is completed.

Power Generation employees continued with their Savvy FIT Daily Dozen for soft tissue injury reduction and in Q3-4, ROC Injury Prevention specialists began meeting with Hydro employees at Fresh Pond and at the power plants during overhauls. As a result, soft tissue injuries continue to trend down.

In addition to the COVID-19 Pandemic, Power Generation has also responded to extreme high heat and wildfire smoke events. Multiple employees have been fit tested for N95 respirators, so they are able to respond to emergency call-outs.

In September 2022, Hydro Operations engaged with a 3rd party contractor to conduct an annual VPP comprehensive survey, a requirement to maintain Cal/OSHA VPP Star status. VPP is designed to recognize employers and their employees who have implemented safety and health programs that effectively prevent and control occupational hazards. These programs go beyond minimal Cal/OSHA standards and provide the best feasible protection at the site. Achieving this status ensures that Hydro will continue with safety process improvements with annual comprehensive safety audits performed by a third party.

Management commitment and employee participation are key elements in achieving VPP recognition. VPP establishments are considered leaders in the field of workplace safety and health.

Some of the major projects completed by Hydro employees include the Camino unit 1 generator repair; Slab Creek Dam tram access ladder and platform installation; Loon Lake fire system upgrade; Union Valley camera project completion; Loon Lake unit breaker replacement; Jaybird heaters upgrade and building automation; installation of Buck Island gate actuators

Customer & Community Services (CCS). Safety continues to work closely with CCS and Security to maintain safe operations of the CSC lobby. Safety was actively engaged in the parking lot construction project happening just in front of the lobby. Safety collaborated with CCS leadership, Security and Facilities to relocate the payment drop box over to the customer parking lot. We also teamed up with graphics to develop signs and posters that would direct customers to safely enter the parking lot and the CSC lobby. The security kiosk was temporarily moved for a project to update and reseal the windows above and behind security. It required blocking off a portion of the lobby and realigning how customers would come in and out of the CSC lobby safely. The front parking lot and windows projects were both completed safely without any major incidents.

Corporate Financial and Administrative Services (CFAS). Facilities and Safety successfully completed re-entry efforts. Facilities also continues to support Home-Based Agent workspace installations to ensure ergonomic comfort for employees working at home. Safety and Facilities printed individual QR Codes and placed inside SMUD Facilities vehicles for easy access to the Monthly Vehicle Inspections on SMS. Safety also hosted a Driving Rodeo for the Facilities work group in October and added an additional station to integrate the SMS Monthly Vehicle Inspection to provide one-on-one training. Facilities completed the ECOC Admin Building Roof Project and installed permanent anti-slip mats on the roof walkways to prevent slipping hazards on the roof due to cold weather and moisture. Facilities continues to support the SMUD 2030 Zero Carbon goal by supporting the installation of EV Charging infrastructure throughout SMUD campuses as a united effort with SMUD contractors.

The Sacramento area experienced record-breaking high temperatures throughout the region this year. Warehouse partnered with Safety in heat-illness prevention mitigations to ensure all field employees have access to cool water, portable shade, and UV skin protection. During days with high heat hazards, Warehouse provides electrolyte-replenishing beverages to field employees. Safety and Warehouse have collaborated with various business units to pilot new products to help combat heat illness. Hard-hats with advanced ventilation designs were piloted in an effort to improve the comfort of our field employees wearing mandatory personal protective equipment while performing essential work in high heat environments. Another piloted product was a different brand of electrolyte-replenishing powder packets convenient for field forces that offered greater hydration. Safety and Warehouse also collaborated on inspecting and purchasing new personal fall protection equipment for the Sacramento Power Academy Climbing School as a joint effort to ensure Climbing School students are using safe, effective, and readily available fall protection equipment.

Fleet and Safety collaborated in planning a fleet metric dashboard using data from Fleet's upcoming switch to Geotab as their new fleet tracking system. Fleet employees are participating in EV training courses customized to suit SMUD's needs in preparation for the transition to an all-electrified fleet by 2030.

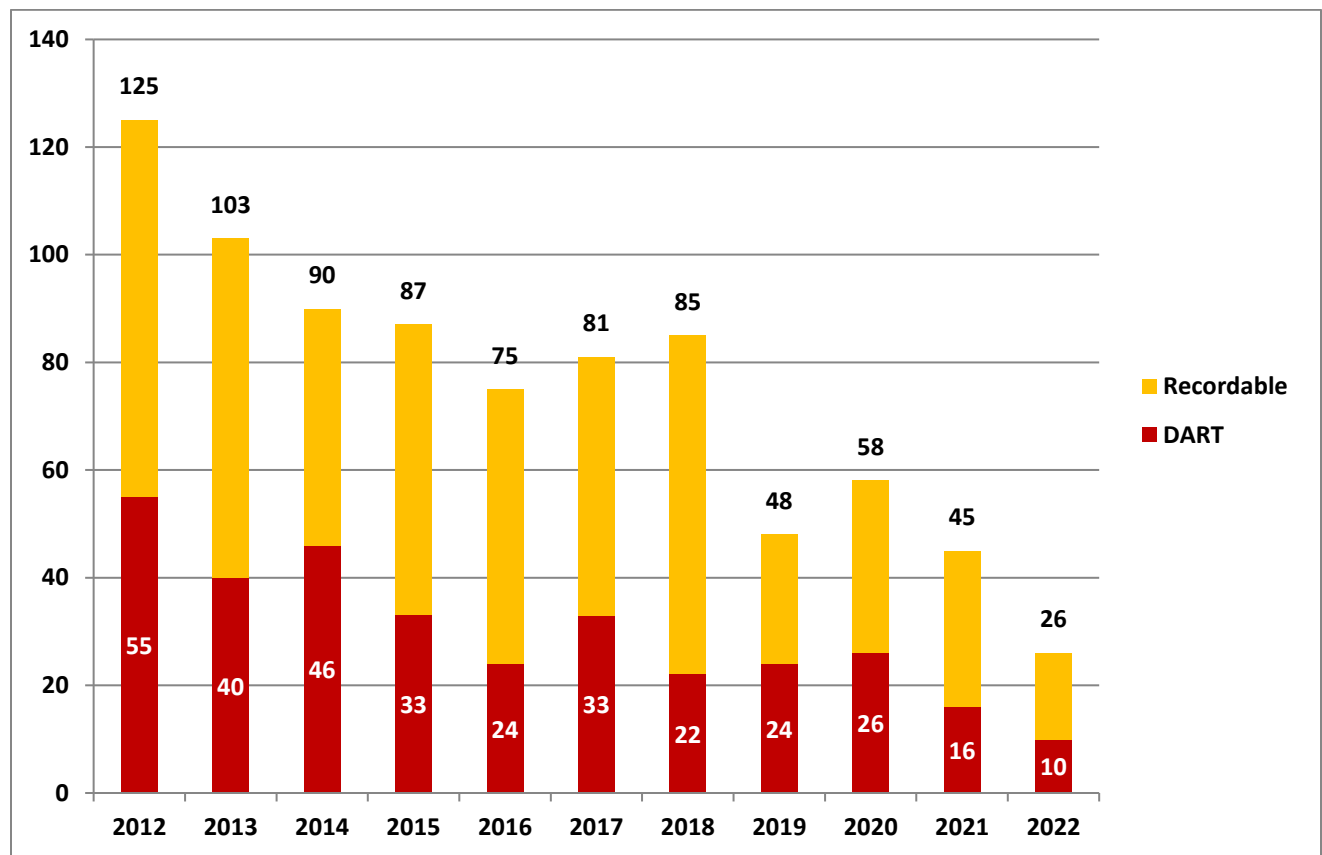
All business units continue to partner in a consultative collaborative development of a World Class Safety program as One SMUD. One project that continues to support onsite personnel and operations by the Facilities department is installation of a passive HVAC ionization system called, needlepoint bipolar ionization (NPBI). Thus far DSO and SPA operations have units installed. With additional areas of the campus being assessed. These

units have demonstrated performance in reducing indoor air particles during smoke wildfire events.

Driver Safety. As some COVID-19 requirements were lifted, there was an increase of in-person and face to face events and activities. Supervisors engage in more side by side ride alongs and safety was able to provide additional in-person class room and behind the wheel Smith System training. Driving Rodeos were in high demand and the new partnership with Safetyville turned out to be a big success. In 2022 Safety hosted four Driving Road events for Telecomm, Energy Specialists, Meter Techs and Facilities. The plan is to continue providing Driving Rodeos at Safetyville and having safety representatives for the participating business unit be present and actively engage with their work groups. Safety partnered with Security, Claims and IPPS to update the accident form to accurately reflect the reporting procedures and to dial 9-1-1 directly.

Appendix A

DART Count and OSHA Recordable 2012-2022



Workers' Compensation

	2018	2019	2020	2021	2022
No. of Claims	120	85	89	59	54*

(Medical & Indemnity)					
Incident rate per 100 employees	5.06	3.6	2.3	2.4	2.2*
Rates per \$100 payroll	0.98	0.94	0.94	0.85	0.67*

RESOLUTION NO. _____

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

This Board accepts the monitoring report for **Strategic Direction SD-6, Safety Leadership**, substantially in the form set forth in **Attachment __** hereto and made a part hereof.

SSS No. LEG 2023-0033

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 03/14/23

Board Meeting Date
March 15, 2023

TO				TO			
1.	Laurie Rodriguez			6.			
2.	Jennifer Davidson			7.			
3.	Lora Anguay			8.			
4.	Scott Martin			9.	Legal		
5.	Jose Bodipo-Memba			10.	CEO & General Manager		
Consent Calendar	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<i>If no, schedule a dry run presentation.</i>		
Budgeted	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No <i>(If no, explain in Cost/Budgeted section.)</i>			
FROM (IPR)		DEPARTMENT		MAIL STOP		EXT.	
Randall Hakes		Legal		B406		7416	
						DATE SENT	
						03/03/23	

NARRATIVE:

Requested Action: Approve side letter agreements related to the terms by which SMUD will pay towards employee uniform allowances for the purchase of flame-resistant clothing for the following bargaining units:

- a. International Brotherhood of Electrical Workers Local Union 1245 (IBEW); and
- b. Organization of SMUD Employees (OSE).

Summary: CalPERS requires Board approval of the terms by which SMUD provides uniform allowances so that the amounts SMUD has reported in the past (and going forward) will continue to be treated by CalPERS as special compensation. Items of special compensation are added or included to a retiree's pension benefit calculations. SMUD has been reporting these allowances as special compensation and CalPERS will resolve its concerns with SMUD related to these reported items if the procedures that require SMUD's Board to approve the terms of the uniform allowances are met.

Board Policy: Governance Process GP-3, Board Job Description, j) Take such other actions as may be required by law.
(Number & Title) Strategic Direction SD-8, Employee Relations

Benefits: This will resolve audit issues raised by CalPERS and allow the agreed upon uniform allowances in the side letters to continue to be reported to CalPERS as an item of special compensation.

Cost/Budgeted: Costs were contained within Business Unit approved budgets.

Alternatives: Withhold Board approval and incur further litigation with CalPERS regarding pension reductions for retirees, with potential contributions from SMUD becoming due for overpaid amounts.

Affected Parties: Eligible IBEW and OSE employees who receive an allowance for flame-resistant clothing.

Coordination: Executive Office, People Services & Strategies, Employee Relations, Legal, CalPERS

Presenter: Laurie Rodriguez, Director, People Services & Strategies

Additional Links:

SUBJECT

Side Letter Agreements with IBEW & OSE

ITEM NO. (FOR LEGAL USE ONLY)

6a

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



March 2, 2023
LR 23-006

Lou Mennel
Business Representative
PO Box 2547
30 Orange Tree Circle
Vacaville, CA 95696

SUBJECT: Letter Agreement – Flame Resistant Clothing

Dear Mr. Mennel,

This side letter memorializes an agreement reached between Sacramento Municipal Utility District ("SMUD") and International Brotherhood of Electrical Workers, Local Union 1245 ("IBEW") to modify Article 31 – Miscellaneous, Section 4 – Flame Resistant Clothing to the 2022-2025 Memorandum of Understanding ("MOU") between the parties. All other terms and conditions of the existing MOU, including under Article 31, Section 4, shall remain in full force and effect.

Under Article 31, Section 4, the following employees receive vouchers for Flame Resistant ("FR") clothing made from protective fabric as part of their uniform:

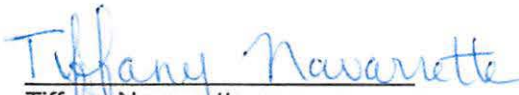
Apprentice Cable Splicer/Electrician • Apprentice Electrician • Apprentice Electrical Technician • Apprentice Facilities Stationary Engineer • Apprentice Lineman-woman • Apprentice Meter Technician • Apprentice Plant Mechanic • Cable Locator • Cable Splicer/Electrician • Cable Splicer/Electrician Foreman-woman, Light • Combustion Turbine Technician • Electrical Technician • Electrician • Facilities Stationary Engineer • Fault Locator • High Voltage Test Technician • Hydro Operator • Line Construction Foreman-woman • Line Equipment Operator • Line Equipment Operator Assistant • Line Foreman-woman, Light • Line Subforeman-woman • Lineman-woman • Maintenance Carpenter • Meter Technician • Network Electrical Foreman-woman, Light • Plant Mechanic • Plant Mechanic Foreman • Revenue Protection Representative • Senior High Voltage Test Technician • Senior Meter Technician • Senior Troubleshooter • Substation Subforeman-woman • Substation Foreman-woman, Light • Telecom Technician • Troubleshooter.

Eligible employees identified above will receive the following voucher amounts:

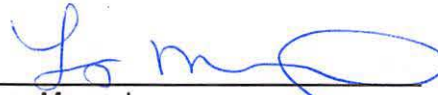
- Upon hire, eligible employees will receive an amount not to exceed \$2,000 for the initial purchase of clothing items determined by their Business Unit.
- In 2022 & 2025, all eligible employees received up to \$2,000 for the purchase of approved FR clothing items.
- In 2023 through 2024, all eligible employees will receive up to \$1,000 per year for the maintenance and additional replacement of approved FR clothing items.

SMUD and IBEW agree to incorporate the above language into the 2022-2025 MOU.

It is understood that this side letter of agreement is of no force and effect whatsoever until the SMUD Board of Directors adopts the side letter.



Tiffany Navarrette
Principal Employee Relations Analyst



Lou Mennel
IBEW Business Representative

RESOLUTION NO. _____

WHEREAS, the **California Public Employees' Retirement System (CalPERS)** requires Board approval of the terms by which SMUD provides uniform allowances so that the amounts SMUD has reported in the past (and going forward) will continue to be treated by **CalPERS** as special compensation; and

WHEREAS, items of special compensation are added or included to a retiree's pension benefit calculations; and

WHEREAS, SMUD has been reporting employee uniform allowances as special compensation; and

WHEREAS, **CalPERS** will resolve its concerns with SMUD related to these reported items if the procedures that require SMUD's Board to approve the terms of the uniform allowances are met; **NOW, THEREFORE**,

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

Section 1. That this Board approves the side letter agreement between SMUD and the **International Brotherhood of Electrical Workers Local Union 1245 (IBEW)** related to the terms by which SMUD will pay towards employee uniform allowances for the purchase of flame-resistant clothing in substantially similar form as set forth in **Attachment ____**.

Dated:

BY

Heidi Sanborn
President of the
SMUD Board of Directors

6b

SSS No. LEG 2023-0033

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 03/14/23

Board Meeting Date
March 15, 2023

TO				TO					
1.	Laurie Rodriguez			6.					
2.	Jennifer Davidson			7.					
3.	Lora Anguay			8.					
4.	Scott Martin			9.	Legal				
5.	Jose Bodipo-Memba			10.	CEO & General Manager				
Consent Calendar	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<i>If no, schedule a dry run presentation.</i>				
Budgeted	<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/>	No	<i>(If no, explain in Cost/Budgeted section.)</i>				
FROM (IPR)		DEPARTMENT		MAIL STOP		EXT.		DATE SENT	
Randall Hakes		Legal		B406		7416		03/03/23	

NARRATIVE:

Requested Action: Approve side letter agreements related to the terms by which SMUD will pay towards employee uniform allowances for the purchase of flame-resistant clothing for the following bargaining units:

- a. International Brotherhood of Electrical Workers Local Union 1245 (IBEW); and
- b. Organization of SMUD Employees (OSE).

Summary: CalPERS requires Board approval of the terms by which SMUD provides uniform allowances so that the amounts SMUD has reported in the past (and going forward) will continue to be treated by CalPERS as special compensation. Items of special compensation are added or included to a retiree's pension benefit calculations. SMUD has been reporting these allowances as special compensation and CalPERS will resolve its concerns with SMUD related to these reported items if the procedures that require SMUD's Board to approve the terms of the uniform allowances are met.

Board Policy: Governance Process GP-3, Board Job Description, j) Take such other actions as may be required by law.
(Number & Title) Strategic Direction SD-8, Employee Relations

Benefits: This will resolve audit issues raised by CalPERS and allow the agreed upon uniform allowances in the side letters to continue to be reported to CalPERS as an item of special compensation.

Cost/Budgeted: Costs were contained within Business Unit approved budgets.

Alternatives: Withhold Board approval and incur further litigation with CalPERS regarding pension reductions for retirees, with potential contributions from SMUD becoming due for overpaid amounts.

Affected Parties: Eligible IBEW and OSE employees who receive an allowance for flame-resistant clothing.

Coordination: Executive Office, People Services & Strategies, Employee Relations, Legal, CalPERS

Presenter: Laurie Rodriguez, Director, People Services & Strategies

Additional Links:

SUBJECT

Side Letter Agreements with IBEW & OSE

ITEM NO. (FOR LEGAL USE ONLY)

6b

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



March 2, 2023
LR 23-005

Danette Shipley, President-Executive Director
Organization of SMUD Employees
PO Box 279013
Sacramento, CA 95827

SUBJECT: Side Letter Agreement – Flame Resistant Clothing

This side letter memorializes an agreement reached between the Sacramento Municipal Utility District ("SMUD") and the Organization of SMUD Employees ("OSE") to modify Article 20 – Miscellaneous, Section 1 – Flame Resistant Clothing to the 2022-2025 Memorandum of Understanding ("MOU") between the parties. All other terms and conditions of the existing MOU, including under Article 20, Section 1, shall remain in full force and effect.

Under Article 20, Section 1, the following employees receive vouchers for Flame Resistant ("FR") clothing made from protective fabric as part of their uniform:

Customer Service Field Representative
Construction Management Inspectors

Eligible employees identified above will receive the following voucher amounts:

- Upon hire, eligible employees will receive an amount not to exceed \$1,500 for the initial purchase of clothing items determined by their Business Unit.
- In 2022, all eligible employees received up to \$1,500 for the purchase of approved FR clothing items.
- In 2023 through 2025, all eligible employees will receive up to \$300 per year for the maintenance and additional replacement of approved FR clothing items.

SMUD and OSE agree to incorporate the above language into the 2022-2025 MOU.

It is understood that this side letter of agreement is of no force and effect whatsoever until the SMUD Board of Directors adopts the side letter.

Christopher
Martin
Digitally signed by Christopher Martin
Date: 2023.03.02 14:03:34
+08'00'
Christopher Martin
Senior Labor Relations Analyst

Danette
Shipley
Digitally signed by Danette Shipley
Date: 2023.03.02 14:07:38
-08'00'
Danette Shipley
President-Executive Director, OSE

RESOLUTION NO. _____

WHEREAS, the **California Public Employees' Retirement System (CalPERS)** requires Board approval of the terms by which SMUD provides uniform allowances so that the amounts SMUD has reported in the past (and going forward) will continue to be treated by **CalPERS** as special compensation; and

WHEREAS, items of special compensation are added or included to a retiree's pension benefit calculations; and

WHEREAS, SMUD has been reporting employee uniform allowances as special compensation; and

WHEREAS, **CalPERS** will resolve its concerns with SMUD related to these reported items if the procedures that require SMUD's Board to approve the terms of the uniform allowances are met; **NOW, THEREFORE**,

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

Section 1. That this Board approves the side letter agreement between SMUD and the **Organization of SMUD Employees (OSE)** related to the terms by which SMUD will pay towards employee uniform allowances for the purchase of flame-resistant clothing in substantially similar form as set forth in **Attachment ____**.

Dated:

BY

Heidi Sanborn
President of the
SMUD Board of Directors

SSS No. SCS 23-037

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 03/14/23Board Meeting Date
March 15, 2023

TO					TO								
1.	Tasha Crawford				7.	Jennifer Davidson							
2.	Robert Adams				8.	Scott Martin							
3.	Amber Steeves				9.	Jose Bodipo-Memba							
4.	Ed Hamzawi				10.								
5.	Casey Fallon				11.	Legal							
6.	Lora Anguay				12.	CEO & General Manager							
Consent Calendar		X	Yes		No If no, schedule a dry run presentation.		Budgeted	X	Yes		No (If no, explain in Cost/Budgeted section.)		
FROM (IPR)					DEPARTMENT					MAIL STOP		EXT.	DATE SENT
Andrew McDermott					Procurement					EA404		5862	2/21/23

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to award a sole source contract to the Sacramento Tree Foundation to provide shade trees to SMUD customers during the period May 1, 2023, through April 30, 2026, for a not-to-exceed amount of \$3,876,000.

Summary: Since 1990, in collaboration with Sacramento Tree Foundation (STF), SMUD has provided shade trees to customers. Over this period, STF and SMUD have provided more than 650,000 trees to customers and established a nationally recognized program that has received numerous awards and is one of the most recognized and valued programs by our customers. The initial primary goals of this program were to reduce summer cooling costs and help reduce summer peak demand for electricity by shading homes through strategic placement and selection of tree species and customer education/stewardship. Over the years, additional goals and benefits have been included in the program such as community tree plantings as well as mitigation of urban heat island effects, air quality improvements, and carbon sequestration. While this contract will continue to provide all these benefits to our customers, it will include a greater emphasis on community plantings and a focus on increasing the tree canopy in under-canopied/under-resourced neighborhoods.

STF has been effectively and efficiently delivering the Shade Tree program for SMUD for over thirty (30) years in the greater Sacramento region. They are a local, non-profit, community-based organization with a mission to grow healthy, livable communities in the Sacramento region by building the best regional urban forest in the nation. STF has over 40 years of experience (since 1982) in urban forestry management practices. STF is therefore uniquely positioned in the Sacramento region with extensive long-term relationships with local and regional tree growers, retail nurseries and urban community foresters. There are no other urban forestry organizations in the region that could deliver this type of the urban tree planting program; therefore, issuing a competitive solicitation would be an idle act. During the past 40 years, STF has established a history of expertise and success in delivering this type of unique urban tree planting program for SMUD. It is in the best interest of SMUD to award a sole source contract to STF.

Recommendation: Award a sole source contract to the Sacramento Tree Foundation

Award to:

Sacramento Tree Foundation
6011 Midway Street
Sacramento, CA 95828

Board Policy: Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; Procurement; Strategic Direction SD-5, Customer Relations; promoting shade trees to communities and customers across segments, providing excellent customer service throughout the process to help raise Value for What You Pay (VFP) score. Strategic Direction SD-7, Environmental Leadership; promoting energy efficiency, reduction of greenhouse gases and proactively engaging customer owners by encouraging them to plant and care for their shade trees. Strategic Direction SD-15, Outreach and Communication; making a concerted effort to focus on underserved communities and provide equitable tree canopy for all customers in all neighborhoods and community.

Benefits: To provide shade trees to SMUD customers and provide energy savings, enhanced property values, and increased environmental benefits.

Cost/Budgeted: \$3,876,000; Budgeted for 2023-2026 by Advanced Energy Solutions.

Alternatives: The alternative to not awarding this sole source contract is to not offer shade trees to SMUD customers. Given this program is most frequently associated as a highly valued customer benefit, this scenario will likely negatively impact customer satisfaction and community outreach.

Affected Parties: Advanced Energy Solutions, Supply Chain Services, and Contractor.

Coordination: Advanced Energy Solutions and Contract Manager, and Supply Chain Services.

Presenter: Ed Hamzawi, Director, Advanced Energy Solutions

Additional Links:

SUBJECT

Sole Source Contract Award to Sacramento Tree Foundation (2023-2026)

ITEM NO. (FOR LEGAL USE ONLY)

7

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

RESOLUTION NO. _____

WHEREAS, since 1990, in collaboration with **Sacramento Tree Foundation**, SMUD has provided free shade trees to customers to, among other things, reduce their summer cooling costs and help reduce summer peak demand for electricity; and

WHEREAS, over the years, additional benefits realized have included community plantings, mitigation of urban heat island effects, air quality improvements, and carbon sequestration; and

WHEREAS, **Sacramento Tree Foundation** is a local, non-profit, community-based organization with a mission to grow healthy, livable communities in the Sacramento region by building the best regional urban forest in the nation; and

WHEREAS, **Sacramento Tree Foundation** has over 40 years of experience in urban forestry management practices and over 30 years of experience in delivering the Shade Tree program for SMUD in the greater Sacramento area; and

WHEREAS, SMUD desires to include a greater emphasis on community plantings and focus on increasing the tree canopy in under-canopied, under-resourced neighborhoods; and

WHEREAS, **Sacramento Tree Foundation** is uniquely positioned in the Sacramento region with extensive long-term relationships with local and regional tree growers, retail nurseries and urban community foresters; and

WHEREAS, there are no other urban forestry organizations in the region who could deliver this type of urban tree planting program for energy efficiency benefits; and

WHEREAS, the contract pricing is aligned with prior contracts and is considered fair and reasonable; and

WHEREAS, it would not be productive or in the best interest of SMUD to advertise for competitive bids for the services referred to above because **Sacramento Tree Foundation** is the only urban forestry organization of its type in the region; **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, on behalf of SMUD, to execute a sole source contract with **Sacramento Tree Foundation** to provide shade trees to SMUD customers during the period May 1, 2023, through April 30, 2026, for a not-to-exceed amount of \$3,876,000.

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

SSS No. SCS 23-041

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 03/14/23Board Meeting Date
March 15, 2023

TO				TO			
1.	Robert Adams			7.	Jennifer Davidson		
2.	Jaspal Singh			8.	Jose Bodipo-Memba		
3.	Amber Connors			9.	Lora Anguay		
4.	Casey Fallon			10.			
5.	Suresh Kotha			11.	Legal		
6.	Scott Martin			12.	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) Tasha Crawford				DEPARTMENT Procurement		MAIL STOP EA404	EXT. 6205
						DATE SENT 2/27/2023	

NARRATIVE:

Requested Action: Approve Contract Change No. 1 to Contract No. 4600001124 with OPEN SYSTEMS INTERNATIONAL, INC. to increase the contract amount by \$12,550,000, from \$10,256,189 to \$22,806,189 for the addition of a new OUTAGE MANAGEMENT SYSTEM.

Summary: This contract was awarded on a competitive basis to Open Systems International, Inc. (OSI) on February 15, 2018, under Board Resolution Number 18-02-08. The original contract was awarded for the period from February 19, 2018, through February 18, 2028, for a not-to-exceed amount of \$10,256,189. The original Joint Collaboration Agreement was awarded for the Advanced Distribution Management System and Distributed Energy Resources Management System (ADMS/DERMS) including implementation, licenses and maintenance and support. The original contract provided initial license costs for the Outage Management System (OMS) pending a successful ADMS/DERMS implementation and additional due diligence from SMUD. This Contract Change 1 to add \$12,550,000 is required to move forward with the implementation, as-needed enhancements, licenses, maintenance, and support of the OSI OMS. This change allows for SMUD to realize the benefits of a single, integrated ADMS/OMS platform and the replacement of the current end-of-life OMS. This effort will result in an improved customer and workforce experience, upgraded cybersecurity, increased functionality and process efficiencies. SMUD staff conducted an in-depth analysis for the OMS replacement or upgrade project and determined that optioning the OSI OMS was in the best interest of SMUD. OSI's product is the only product that supports the long-term strategy of a fully integrated platform and offers the required functionality to support SMUD's objectives long term. SMUD negotiated a discount of approximately \$2.6M (23%) and the pricing is considered fair and reasonable.

Currently, the contract balance is approximately \$4,691,809.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$10,256,189		
Change No. 01	\$12,550,000	\$22,806,189	Implementation of the OMS

Board Policy: Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; Procurement; Strategic Direction SD-5, Customer Relations, improved customer experience.

Benefits: Replace the end-of-life OMS with a new, fully integrated ADMS/OMS platform for an improved customer and workforce experience, enhanced cybersecurity, and increased functionality and efficiencies.

Cost/Budgeted: \$12,550,000; Budgeted for 2023-2029 by IT, Strategic Initiatives

Alternatives: SMUD could solicit for a new OMS which would be an idle act as only the OSI OMS offers the ability to leverage a fully integrated ADMS/OMS platform.

Affected Parties: IT, Supply Chain Services, and Contractor.

Coordination: IT and Supply Chain Services.

Presenter: Amber Connors, Director, IT Strategic Initiatives

Additional Links:

SUBJECT

**Contract Change No. 1 to
Contract No. 4600001124 with Open Systems International, Inc.**

ITEM NO. (FOR LEGAL USE ONLY)

8

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

RESOLUTION NO. _____

WHEREAS, by Resolution No. 18-02-08, adopted on February 15, 2018, this Board authorized the Chief Executive Officer and General Manager to award Contract No. 4600001124 to **Open Systems International, Inc. (OSI)** for an advanced distribution management system for a contract term from February 19, 2018, through February 18, 2028, in the amount of \$10,256,189; and

WHEREAS, the original contract provided initial license costs for the **Outage Management System (OMS)** pending the successful implementation of the **Advanced Distribution Management System/Distributed Energy Resources Management System (ADMS/DERMS)** and additional due diligence by SMUD; and

WHEREAS, staff conducted an in-depth analysis for the **OMS** replacement or upgrade project and determined that **OSI's** product is the only product that supports the long-term strategy of a fully integrated platform and offers the required functionality to support SMUD's long-term objectives; and

WHEREAS, moving forward with the single integrated **ADMS/OMS** platform will replace the current end-of-life **OMS**, resulting in an improved customer and workforce experience, upgraded cybersecurity, increased functionality, and process efficiencies; and

WHEREAS, SMUD negotiated a discount of approximately \$2,600,000 (23%) and the pricing is considered fair and reasonable; and

WHEREAS, it would be in the best interest of SMUD to increase the contract amount by \$12,550,000 to ensure adequate funding to support implementation,

as-needed enhancements, licenses, maintenance and support of the **OSI OMS**; **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 contract amount by \$12,550,000, from \$10,256,189 to \$22,806,189 to Contract No. 4600001124 with **Open Systems International, Inc. (OSI)** for the addition of a new outage management system.

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

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.

SSS No.
RS 23-001

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
N/A
Board Meeting Date
March 15, 2023

TO				TO						
1.	Bryan Swann			6.						
2.	Scott Martin			7.						
3.	Frankie McDermott			8.						
4.	Lora Anguay			9.	Legal					
5.	Jennifer Davidson			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)				DEPARTMENT				MAIL STOP	EXT.	DATE SENT
Bryan Swann				Resource Strategy				B205	5534	02/27/2023

NARRATIVE:

Requested Action: Provide the Board an informational overview of an opportunity for SMUD to partner with Calpine Corporation on a grant application under which SMUD would purchase the output of a proposed Carbon Capture and Storage project at the Sutter Energy Center.

Summary: Staff will provide an overview of an opportunity to partner with Calpine Corporation on a Carbon Capture and Storage (CCS) project at Calpine's existing Sutter natural gas generation plant located in Sutter County. Calpine is seeking SMUD's partnership on the project, which involves naming SMUD as an off-taker on a US Department of Energy CCS Grant application which is due the end of May. SMUD staff will provide an overview of SMUD's 2030 ZCP, CCS project overview, project fit and benefits towards achievement of SMUD's 2030 ZCP including community benefits, and the public outreach process and schedule.

Board Policy: Strategic Direction SD-9, Resource Planning; Strategic Direction SD-4, Reliability; Strategic Direction (Number & Title) SD-7, Environmental Leadership

Benefits: Provide the Board and community details of a clean technology resource opportunity that could help SMUD achieve its 2030 Zero Carbon Plan.

Cost/Budgeted: There is no budgetary impact for this informational presentation.

Alternatives: Do not inform the Board of the clean energy resource opportunity.

Affected Parties: Resource Strategy, Legislative and Regulatory Affairs Customer Strategy, Enterprise Strategy, Communication, Marketing and Community Relations, Treasury Operations & Risk Management, Legal, Government Affairs & Reliability Compliance, Energy Supply, Sustainable Communities

Coordination: Resource Strategy, Energy Trading and Contracts, Power Generation, Transmission Planning and Operations, Marketing and Corporate Communications

Presenter: Bryan Swann, Director, Resource Strategy
Jon Olson, Director, Energy Trading & Contracts

Additional Links:

SUBJECT	Calpine Carbon Capture and Storage Partnership Opportunity	ITEM NO. (FOR LEGAL USE ONLY)	9
---------	--	-------------------------------	---

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.