Exhibit to Agenda Item #6

By two-thirds vote, approve a Resolution of Necessity authorizing General Counsel to commence condemnation proceedings and to take all other actions necessary to acquire by eminent domain the parcel located at 604 W. Elverta Rd., Elverta, California, in support of the El Rio Substation Project.

Board of Directors Meeting
Thursday, April 18, 2024, scheduled to begin at 6:00 p.m.
Auditorium, SMUD Headquarters Building
El Rio Substation Acquisition

Approve a Resolution of Necessity authorizing General Counsel to commence condemnation proceedings and to take all other actions necessary to acquire by eminent domain the parcel located at 604 W. Elverta Rd. Elverta CA, in support of the El Rio Substation Project.
Proposed El Rio Substation Acquisition

Elverta Substation is nearing the end of its life and SMUD needs to expand capacity to support renewable assets and load growth.

El Rio Substation will be a new 230 kV substation to the east of the existing Elverta Substation.

Much of current Elverta substation will be decommissioned: some assets will remain.

The only feasible location for El Rio is to the east of Elverta substation, as there is public road and wetlands to north. WAPA owns the remaining property to west and south.
Property Location 604 W Elverta Rd., Elverta, CA
Eminent Domain Authority

SMUD is authorized to acquire property by eminent domain for public purposes under California Municipal Utility District Act sections 12703 and 12771.

To condemn property, SMUD must make these findings:

(1) The public interest and necessity require the proposed project
(2) The proposed project is planned or located in the manner that will be most compatible with the greatest public good and the least private injury
(3) The property described in the resolution is necessary for the proposed project
(4) The offer required by Section 7267.2 of the Government Code has been made
The public interest and necessity require the proposed project:

This project gives SMUD the ability to reliably serve existing and future loads, plan accordingly for future renewable resource interconnections, and add operational flexibility to the SMUD Bulk electric system, including:

- UC Davis Aggie Square
- Up to five Data Centers (potential for up to 100MW in coming years)
- EV charging at/near Sacramento International Airport
- Development in the Natomas / Metro Air Park and McClellan Business Park areas
- County Acres Solar and Storage

This project includes:

1. Upgrading to SMUD’s standard Breaker-and-a-Half (BAAH) bus configuration

2. Installing the second 224 MVA, 230/69kV transformer (TX3) at Elverta Bulk substation and a 69kV line. In addition, completing the 69kV breaker replacement project, which includes expanding the control building and relocating the 69kV bus.

3. Replacing the existing 230/115 kV transformer (TX2) at Elverta with a larger transformer bank with a 250 MVA rating to, (a) mitigate emergency overloads following transmission outages post adoption of the 2030 Zero Carbon Plan and, (b) serve the UC Davis Medical Center after requested load growth to 40 MW by summer of 2028.
Support for Required Findings

The substation is planned and located in a manner that will be the most compatible with the greatest public good and the least private injury:

- Staff studied 4 alternatives:
  1. No Project
  2. Rebuild existing Elverta Substation. The Substation would be non-operational for an extended amount of time.
  3. North side of Elverta-Site would require extensive wetland mitigation and relocation of transmission line and renegotiations of Western Area Power Administration (WAPA) agreements that would jeopardize the construction schedule and would be at the discretion of the United States (WAPA).
  4. South side of the existing Elverta Substation- WAPA is holding that land for their future use.

Since no alternative is feasible, the proposed acquisition is necessarily for the greatest public good with the least private injury.

The property described in the Resolution of Necessity is necessary for the El Rio Substation Project.

- There is no feasible alternative, so acquisition of this property is necessary for the Project.

The offer required by Government Code section 7267.2 was made in January 2024 to the owner of record.

- SMUD established just compensation based on an independent professional appraisal and a corresponding offer was presented to the owner of record.
Requested Board Action

Staff is requesting that the Board take the following two actions:

1) Make the following findings:
   - The public interest and necessity require the SMUD El Rio substation to transmit power.
   - The El Rio Substation is planned and located in a manner that will be the most compatible with the greatest public good and the least private injury.
   - The property described in the Resolution is necessary for the SMUD El Rio Substation.
   - The offer required by Government Code section 7267.2 has been made to the owner of record.

2) Approve the Resolution of Necessity by at least a two-thirds vote for the acquisition of the property located at 604 W. Elverta Rd., Elverta, CA.