

Exhibit to Agenda Item #2

Discuss approving proposed revisions to **Strategic Direction SD-4, Reliability.**

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, June 10, 2026, scheduled to begin at 6:00 p.m.
SMUD Headquarters Building, Auditorium

Agenda

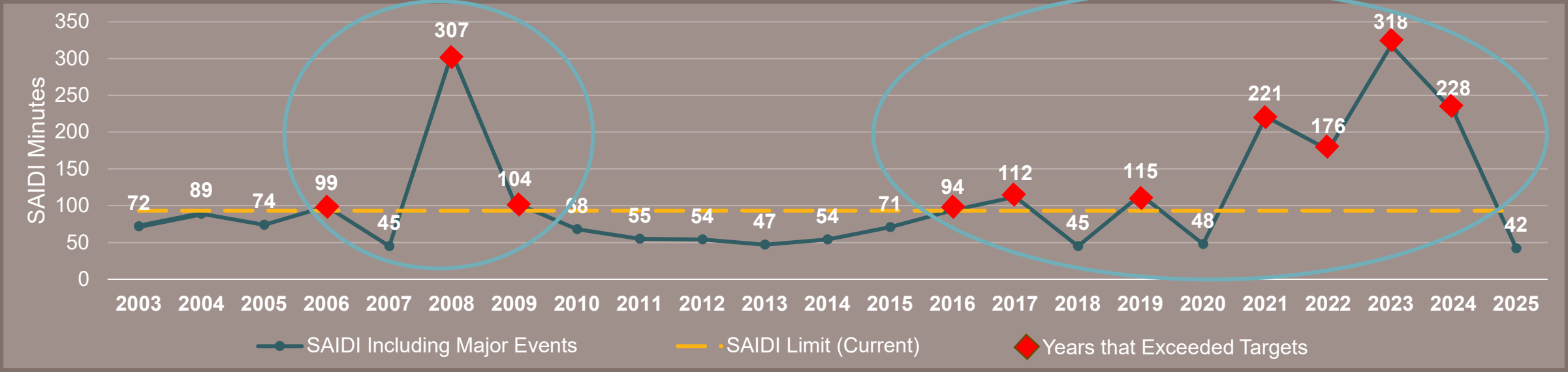
- Revision to SD-4 System Average Interruption Duration Index (SAIDI) Targets

SMUD's Reliability Targets

	2003 (Metrics Introduced)	2009 (Metrics Updated to Differentiate Major Events)
SAIDI without Major Events	49.7 – 68.7 minutes	49.7 – 68.7 minutes
SAIDI with Major Events	N/A	67.5 – 93.3 minutes
SAIFI (System average interruption frequency index) without Major Events	0.85 - 1.14	0.85 - 1.14
SAIFI with Major Events	N/A	0.99 – 1.33

- Targets were established in 2003 and revised in 2009 to include **Major Events**.
- **Major Events** are defined as events caused by earthquake, fire, or severe storms that result in a government-declared state of emergency
 - Without a state of emergency, natural disasters are excluded unless they affect more than 15% of system facilities or 10% of customers (whichever is less)
- Regular review and revision of these metrics are critical.

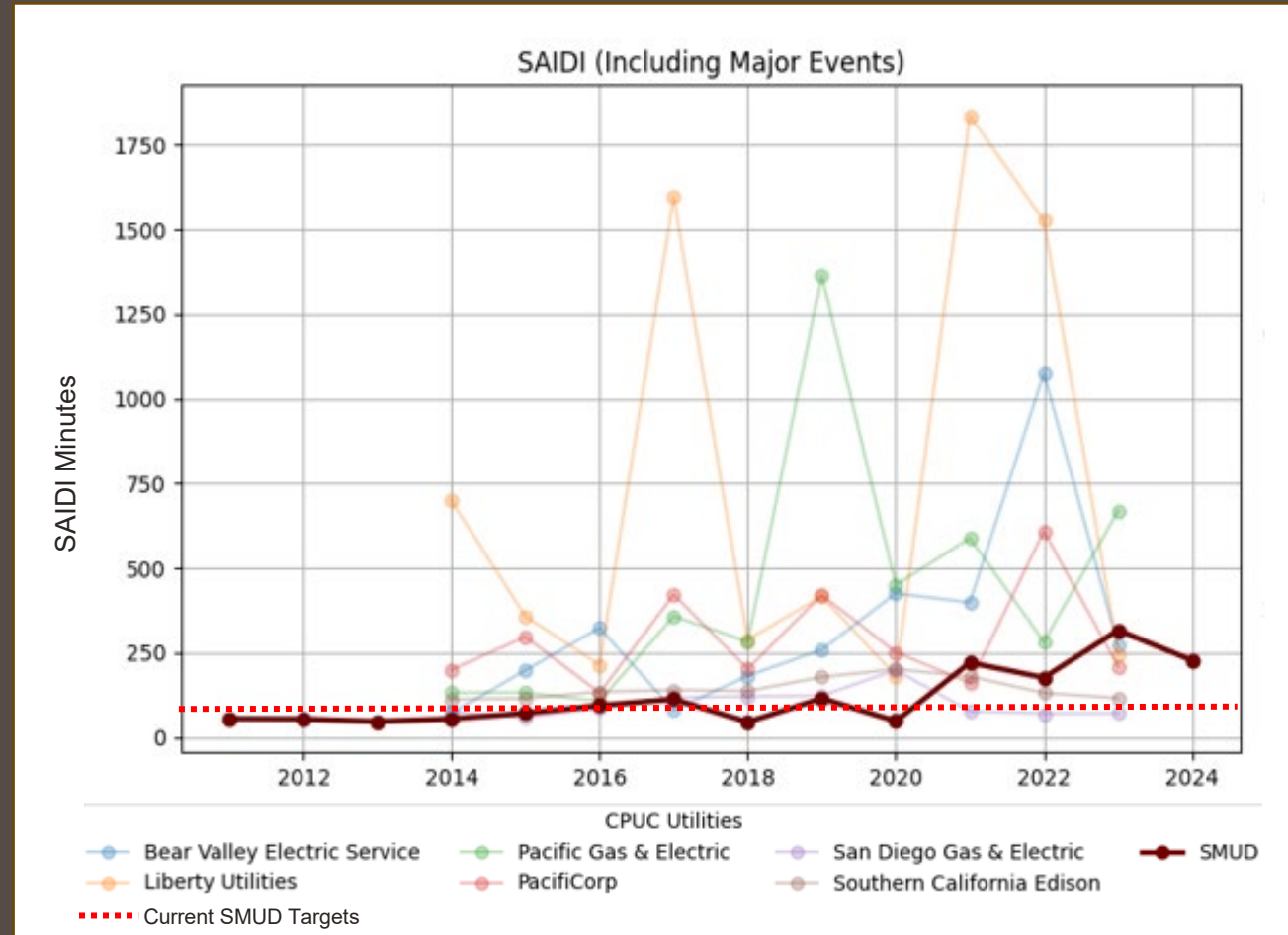
Changing Climate and Major Event Days



- The number of Major Events have increased significantly in the past ten years.

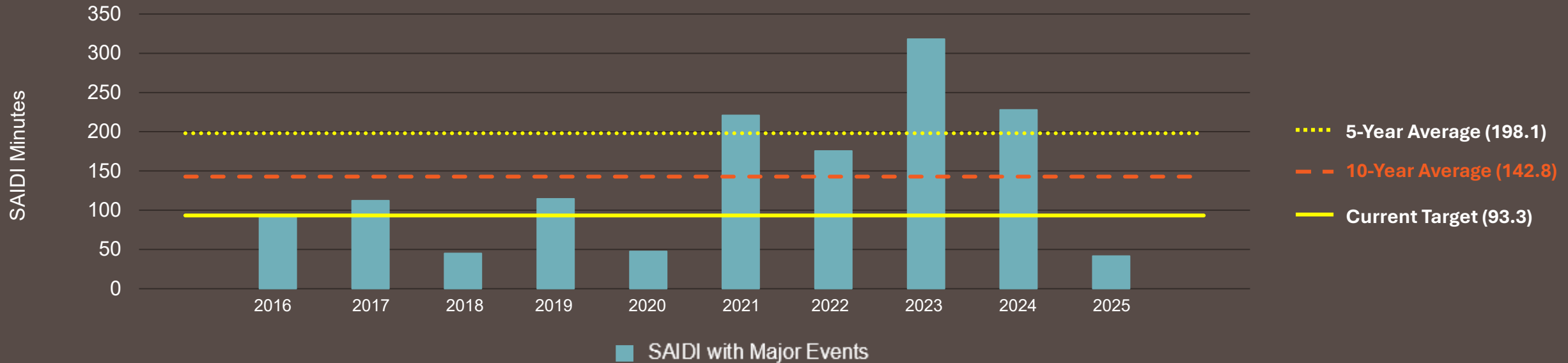
Benchmarking

- Benchmarked against 35 peer utilities.
- Only 26% of utilities have a target for SAIDI excluding Major Events
- No utilities except SMUD had a target for SAIDI that includes Major Events
- Although SMUD has exceeded its reliability limits for four of the last five years, SMUD has outperformed its peer electrical utilities.
- SMUD's infrastructure and outage management strategies are more robust



Moving Forward

A Look at Our Options



- Explored options to eliminate targets or base them on a 5-year versus 10-year average
- Revising to a 10-year average maintains an aggressive target while keeping us strategically aligned
- **Recommend to change SAIDI targets with Major Events based on a ten-year average (2016-2025)**

Proposed Revisions to SAIDI Targets

	2003 (Metrics Introduced)	2009 (Metrics Updated to Differentiate Major Events)	2026 (Proposed New Metrics for Major Events)
SAIDI without Major Events (Minutes)	49.7 – 68.7	49.7 – 68.7	49.7 – 68.7
SAIDI with Major Events (Minutes)	N/A	67.5 – 93.3	114.5 - 142.8
SAIFI without Major Events	0.85 - 1.14	0.85 - 1.14	0.85 - 1.14
SAIFI with Major Events	N/A	0.99 – 1.33	0.99 – 1.33

Requested Action

Accept the revision to SD-4