

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting

Date: Tuesday, October 13, 2026

Time: Scheduled to begin at 6:00 p.m.

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

Powering forward. Together.



• AMENDED AGENDA
BOARD FINANCE & AUDIT COMMITTEE MEETING
AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

•Item 3 is removed.

Tuesday, October 13, 2026
SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, California
Scheduled to begin at 6:00 p.m.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Finance & Audit Committee's recommendation on the following agendized item(s):

Virtual Viewing or Attendance:

Live video streams (view-only) and indexed archives of meetings are available at:
<https://www.smud.org/Corporate/About-us/Company-Information/Board-Meetings/Watch-or-Listen-online>

Zoom Webinar Link: [Join Board Finance & Audit Committee Meeting Here](#)

Webinar/Meeting ID: 165 856 1468

Passcode: 418812

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:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- 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. Email is not monitored during 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.

DISCUSSION ITEMS

1. Josh Langdon Discuss approving Contract Change No. 5 to Contract No. 4500146748 with **Andritz Hydro Corp** for the Camino Generator 1 Rehabilitation to increase the contract not-to-exceed amount by \$1,638,169, from \$12,323,835 to \$13,962,004.
Presentation: 5 minutes
Discussion: 2 minutes

2. Yuvaraju Palaniappan Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award a contract to **International Business Machines Corporation (IBM)** for SAP S/4HANA Implementation Services for the period November 1, 2026, through December 31, 2029, for a not-to-exceed amount of \$32,189,635.
Presentation: 15 minutes
Discussion: 5 minutes

- 3. ~~Linda Wong~~ ~~Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award a contract to **KPMG, LLP**, to provide Project Assurance/Quality Assurance Services for SAP S/4HANA Implementation during the period of November 1, 2026, through December 31, 2028, in an amount not to exceed \$6 million.
Presentation: 8 minutes
Discussion: 5 minutes~~

INFORMATIONAL ITEMS

4. Michelle Kirby Provide the Board with a preview of SMUD's **2027 Proposed Budget**.
Presentation: 15 minutes
Discussion: 10 minutes
5. George Vaughn Provide the Board with SMUD's financial results from the eight-month period ending August 31, 2026, and a summary of SMUD's current Power Supply Costs.
Presentation: 5 minutes
Discussion: 2 minutes
6. Linda Wong Internal Audit Services Reports: Status of Recommendations Report for Q3 2026.
Discussion: 1 minute
7. Public Comment
8. Brandon D. Rose Summary of Committee Direction.
Discussion: 1 minute

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 1-916-732-6155 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 Nicole.Looney@smud.org, or contact by phone at 1-916-732-6055, no later than 48 hours before this meeting.

SSS No. SCS 26-181

BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit - 10/13/26
Board Meeting Date
October 15, 2026

TO					TO				
1.	Josh Langdon				6.	Jose Bodipo-Memba			
2.	Joe Schofield				7.				
3.	Joel Ledesma				8.				
4.	Jennifer Restivo				9.	Legal			
5.	Rhonda Staley-Brooks				10.	CEO & General Manager			
Consent Calendar		☒	Yes		No <i>If no, schedule a dry run presentation.</i>		Budgeted	☒	Yes
FROM (IPR)		DEPARTMENT				MAIL STOP		EXT.	DATE SENT
Greg Hovious		Procurement				EA404		4860	09/18/26

NARRATIVE:

Requested Action: Approve Contract Change No. 5 to Contract No. 4500146748 with Andritz Hydro Corp for the Camino Generator 1 Rehabilitation contract to increase the contract not-to-exceed amount by \$1,638,169, from \$12,323,835 to \$13,962,004.

Contract No. 4500146748 with Andritz Hydro Corp was approved by the Board (Resolution No. 24-06-12) in June 2024 for the Camino Generator 1 Rehabilitation for a period of two years for an amount not to exceed \$11,903,140.

Contract Change No. 01 extended the contract from September 30, 2026, to November 1, 2027, and replaced certain Special Conditions.

Contract Change No. 02 approved changes to the Technical Conditions necessary to account for certain existing site conditions and engineering changes to the Stator Coils and associated parts. Change No. 2 used 2.4% (282,234.08) of the available 10% (\$1,190,314) allowable contingency.

Contract Change No. 03 adjusted on site work dates as well as on site work duration. Substantial Completion is changed to the final paint application. Storage costs were added to the contract also. Change No. 03 used 1.1% (\$138,461) of the maximum 10% (\$1,190,314) allowable contingency.

Contract Change No. 04 added scope for site measurements services and pole removal work.

SMUD is now requesting to increase the contract by an additional \$1,638,169 to address two primary areas of potential cost: tariffs imposed on imported materials after contract award and unforeseen repair work that may be identified during the generator outage.

Since the original contract award, tariffs have been imposed on certain imported materials and equipment that were not known or reasonably accounted for at the time of award. SMUD is currently validating the contractor's tariff-related costs and will only authorize costs that are determined to be applicable, adequately supported, and consistent with the contract. The maximum potential tariff impact is estimated at \$800,000.

The remaining authorization will provide contingency for repairs that may be identified as the generator is disassembled and inspected. The nature of the rehabilitation work requires exposing existing-to-remain components that are not fully accessible for inspection prior to the outage. Non-conforming or deteriorated conditions may be discovered, particularly involving the stator frame and related components, that require timely repair.

Having this contract authority available during the outage will allow SMUD to authorize necessary repairs promptly, if needed, and reduce the risk of work stoppages, an extended outage, additional mobilization costs, and project schedule impacts.

The requested \$1,638,169 represents additional contract capacity and does not represent a commitment to expend the full amount. Tariff costs will be subject to SMUD's validation, and repair contingency will only be utilized for work determined necessary during the rehabilitation.

Staff recommends that the Board approve an additional \$1,638,169 in contract authorization to address validated tariff impacts and provide sufficient contingency to timely address unforeseen conditions discovered during the generator rehabilitation outage.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	\$11,903,140		
Change No 01	\$0	\$11,903,140	Extend contract and Special Conditions changes
Change No 02	\$282,234	\$12,185,374	GM Contingency for Technical Conditions changes and add funds for Stator Coil changes
Change No 03	\$138,461	\$12,323,835	GM Contingency for Special Conditions changes and additional funds for equipment storage
Change No 04	\$0	\$12,323,835	Site Measurements and Pole Removal
Pending Contract Action	\$1,638,169	\$13,962,004	Contingency for tariffs and unforeseen conditions discovered during the generator rehabilitation outage

Board Policy: Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction
(Number & Title) SD-4, Reliability

Benefits: The additional funding provides sufficient contingency to timely address unforeseen conditions discovered during the generator rehabilitation outage.

Cost/Budgeted: \$13,962,004 Budgeted for 2026 and 2027 by Zero Carbon Energy Solutions.

Alternatives: As an alternative to approving the full \$1,638,169 in additional contract authorization capacity, the approval of a reduced increase limited to tariff-related costs that are validated by SMUD, up to \$800,000, and defer authorization for potential unforeseen repair work until those conditions are identified during the generator rehabilitation outage.

Under this alternative, SMUD would evaluate any non-conforming or deteriorated conditions discovered during disassembly and seek additional contract authorization, if required, based on the actual scope and estimated cost of the necessary repairs.

This approach would limit the current contract increase to costs that can be substantiated before authorization. However, it will remove SMUD's ability to respond immediately to unforeseen conditions discovered during the outage. If additional approval is required before repairs can proceed, the project could experience work stoppages, an extended outage, additional contractor or mobilization costs, schedule impacts, and lost generation.

Affected Parties: Zero Carbon Energy Solutions, Supply Chain Services, and Contractor

Coordination: Zero Carbon Energy Solutions, Supply Chain Services, and Legal

Presenter: Josh Langdon, Director, Power Generation

Additional Links:

SUBJECT

Camino Generator 1 Rehabilitation Contract Change

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/13/26

Board Meeting Date
October 15, 2026

TO						TO									
1.	Joe Schofield					6.	Rhonda Staley-Brooks								
2.	Yuva Palaniappan					7.	Jose Bodipo-Memba								
3.	Michael Champ					8.	Jennifer Restivo								
4.	Suresh Kotha					9.	Legal								
5.	Frankie McDermott					10.	CEO & General Manager								
Consent Calendar		X	Yes		No If no, schedule a dry run presentation.	Budgeted		X	Yes		No (If no, explain in Cost/Budgeted section.)				
FROM (IPR)					DEPARTMENT					MAIL STOP		EXT.		DATE SENT	
Austin Svien					Procurement Operations					EA404		5159		09/17/26	

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager, or her designee, to negotiate and award a contract to International Business Machines Corporation (IBM) for SAP S/4HANA Implementation Services for the period November 1, 2026, through December 31, 2029, for a not-to-exceed amount of \$32,189,635.

Summary: SMUD has been using SAP since 1999 and is currently using SAP Enterprise Resource Planning (ERP) Central Component (ECC), SAP Customer Relationship Management (CRM) and SAP Business Warehouse (BW). With ECC, CRM and BW at end of life, it is imperative for SMUD to upgrade to the latest version of SAP, S/4HANA, SAP Service Cloud and SAP Business Data Cloud. SMUD must complete this upgrade to S/4HANA in order to ensure access to critical platform support. Additionally, SMUD will realize benefits that include risk reduction, security and compliance improvement, access to real-time analytics, a modernized user experience, and more. In October 2025, SMUD issued Request for Proposal No. RITM0102366.AS (RFP) to solicit proposals from qualified firms. SMUD received eight (8) proposals. IBM's proposed amount included costs of \$30,761,458. SMUD negotiated discounts of \$1,498,154, resulting in total costs of \$29,263,304 for Phase 1 and Phase 2 of the project. Due to the dynamic nature of this project and its criticality to the organization, SMUD is seeking approval to negotiate and award a contract to IBM, with a not-to-exceed value of \$32,189,635, which includes additional contingency for unforeseen costs and as-needed enhancements during the project. The result of evaluations and SMUD's award recommendation are shown below.

Recommendation: Award to the Highest Evaluated Responsive Proposer International Business Machines Corporation (IBM)

Bidders/Proposers Notified by Procurement: 28

Bidders/Proposers Downloaded: 97

Pre-Bid/Pre-Proposal Conference Attendance: 36

Bids/Proposals Received: 8

Responsive Proposals Received	P/F	SEED	Technical	Price	Total	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
		10	65	25	100				
International Business Machines Corporation	P	10	53.5	25	88.5	\$27,878,237	\$250,000	\$27,628,237	\$32,189,635

Non-responsive Proposals Received

Comments

Elite Tech Fusion Inc.	Did not satisfy mandatory pass/fail requirements.
Delaware North America, LLC	Did not satisfy minimum point threshold.
Bramasol	Did not satisfy minimum point threshold.
Cognizant Technology Solutions	Did not satisfy minimum point threshold.
(CBS) Corporate Business Solutions America, Inc	Did not satisfy minimum point threshold.
HCL Technologies Limited	Did not satisfy minimum point threshold.
Deloitte Consulting LLP	Did not satisfy minimum point threshold.

Comments: The agreement is being negotiated by SMUD.

Board Policy: Board-Staff Linkage BL-8; Delegation to the CEO with Respect to Procurement.
(Number & Title)

Benefits: Implementation of upgraded ERP system by highly qualified firm with proven experience.

Cost/Budgeted: \$32,189,635; Budgeted for 2026-2029 by Information Technology.

Alternatives: Do not award to IBM, seek alternate service provider through another competitive solicitation.

Affected Parties: Information Technology, Procurement Operations, and Contractor

Coordination: Information Technology and Procurement Operations

Presenter: Yuva Palaniappan, Director, Enterprise Systems, Strategy and Governance

Additional Links:

SUBJECT

Contract Award for SAP S/4HANA Implementation Services

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. CFO 26-010

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/13/16
Board Meeting Date
N/A

TO				TO			
1.	Jennifer Restivo			6.			
2.	Jose Bodipo-Memba			7.			
3.	Joel Ledesma			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		Yes	No If no, schedule a dry run presentation.	Budgeted		Yes	No (If no, explain in Cost/Budgeted section.)
FROM (IPR)		DEPARTMENT		MAIL STOP		EXT.	DATE SENT
Michelle Kirby		Enterprise Strategy & Planning		B356		6526	9/15/26

NARRATIVE:

Requested Action:

Provide the Board with a preview of SMUD’s 2027 Proposed Budget.

Summary:

Present the Board a preliminary overview and key focus areas of SMUD’s Proposed 2027 Budget, which is currently under development. The finalized proposal is scheduled for review at the Finance & Audit Committee meeting on November 17, 2026.

Board Policy:

GP-3, Board Job Description

Benefits:

Provide the Board with an overview of SMUD’s 2027 Proposed Budget and process, including opportunities to ask questions.

Cost/Budgeted:

N/A

Alternatives:

Provide a written memo to the Board with an overview of SMUD’s Proposed 2027 Budget.

Affected Parties:

SMUD

Coordination:

Enterprise Strategy & Planning

Presenter:

Michelle Kirby, Director, Enterprise Strategy & Planning

Additional Links:

SUBJECT	SMUD 2027 Proposed Budget Preview	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. CFO 25-023

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
FINANCE & AUDIT - 2026
Board Meeting Date
N/A

TO				TO			
1.	Rhonda Staley-Brooks			6.			
2.	Jennifer Restivo			7.			
3.	Jose Bodipo-Memba			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		Yes	X	No		If no, schedule a dry run presentation.	
Budgeted		X	Yes	No (If no, explain in Cost/Budgeted section.)			
FROM (IPR) Lisa Limcaco				DEPARTMENT Accounting		MAIL STOP B352	EXT. 7045
						DATE SENT 12/30/25	

NARRATIVE:

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

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

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

Benefits: Provide Board members with information regarding SMUD's financial position and SMUD's current power supply costs.

Cost/Budgeted: Included in budget for internal labor.

Alternatives: Provide information via written memo/report to the Board.

Affected Parties: Accounting

Coordination: Accounting

Presenter: George Vaughn, Interim Director of Accounting and Controller

Additional Links:

SUBJECT

SMUD's Financial Results & Power Supply Costs

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
OFFICE MEMORANDUM

TO: Distribution

DATE: September 24, 2026
ACC 26-013

FROM: Michael Wilson / George Vaughn

SUBJECT: AUGUST 2026 FINANCIAL RESULTS AND OPERATIONS DATA

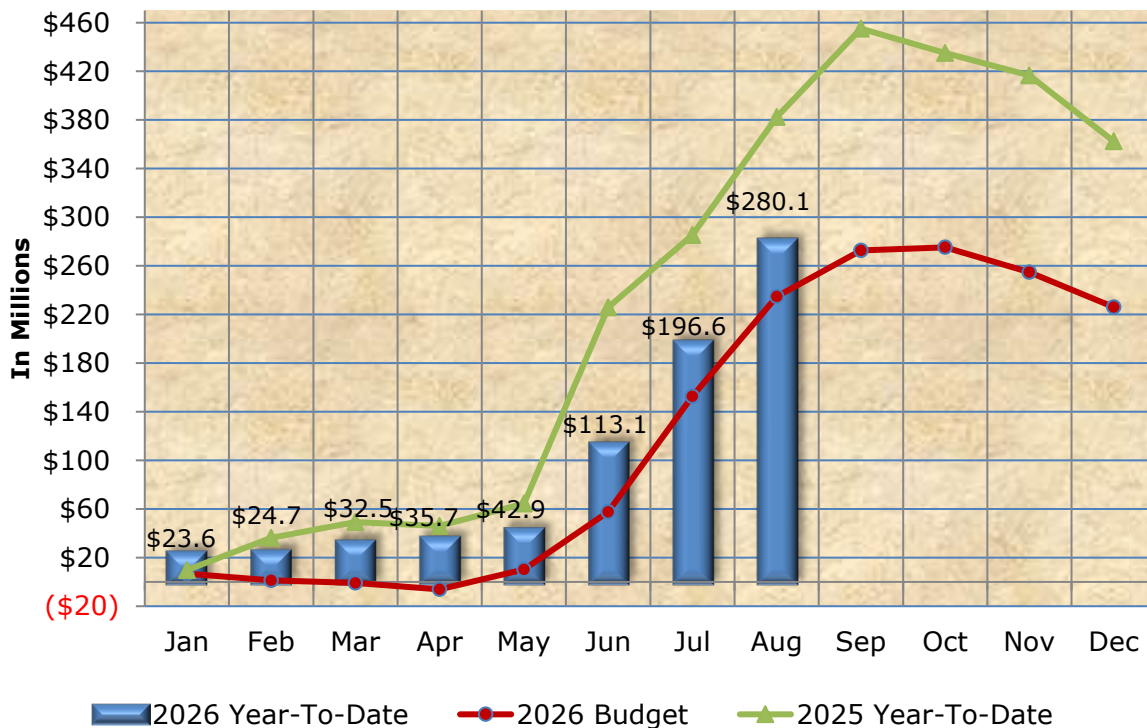
We are attaching the financial and operating reports for the eight months of 2026. They include sales and generation statistics and other selected data.

The change in net position is an increase of \$280.1 million compared to a budgeted increase of \$234.7 million, resulting in a favorable variance of \$45.4 million.

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

- 1) Budgeted electric revenues are based on the Forecast of Revenues by the Pricing Department, adjusted for unbilled revenues; and
- 2) Budgeted operating expenses reflect the 2026 Budget approved by the Board of Directors on December 11, 2025.

Change in Net Position Year To Date



SACRAMENTO MUNICIPAL UTILITY DISTRICT
EXECUTIVE SUMMARY
For the Eight Months Ended August 31, 2026

Net Position

- The change in net position is an increase of \$280.1 million compared to a budgeted increase of \$234.7 million, resulting in a favorable variance of \$45.4 million.

Revenues

- Customer sales revenues of \$1,329.6 million were in line with the plan. Commercial and industrial sales of \$2.4 million were lower than planned due to lower customer usage as a result of cooler weather, while residential sales were \$1.6 million higher than planned.
- Other revenues totaled \$76.2 million, which was \$36.8 million higher than planned. The increase is due to the following:
 - California Global Warming Solutions Act (Assembly Bill [AB-32]) were \$17.8 million. This is due to carbon allowances sold through the state sanctioned quarterly actions.
 - Low Carbon Fuel Standards (LCFS) revenues were \$5.6 million due to LCFS credit sales.
 - The remaining revenues increased by \$13.1 million, primarily from billings related to eFuel projects, construction fees for customer work, increased transmission revenue, and unbudgeted interconnection fees.
- The net rate stabilization fund transfers were \$1.0 million.
 - Non-cash revenues transferred to the fund totaled \$26.3 million, including:
 - \$17.8 million for AB-32
 - \$5.6 million for LCFS
 - \$2.9 million for the annual WAPA Hydro Generation AdjustmentThese funds are deferred until SMUD has qualified program expenses such as projects that reduce carbon emissions or electric vehicle programs.
 - Non-cash revenues transferred from the stabilization rate amounted to \$25.3 million, including:
 - \$9.0 million recognized for the annual Hydro Generation Adjustment
 - \$10.0 million for Community Impact Plan and LCFS
 - \$6.3 million recognized for AB-32

Commodities, Purchased Power, and Production

- SMUD's generation was lower by 1,359 GWh (23.7 percent); thermal and other generations were lower by 997 GWh (23.0 percent); and Hydro generation was lower by 362 GWh (26.2 percent).
- Purchased power expense of \$281.9 million, less surplus power sales of \$66.6 million included in wholesale revenues, was \$215.3 million, which was \$20.5 million higher than planned. Market prices remain low due to high supply of power from solar renewables in the CAISO market; consequently, it is more economical to reduce thermal plant generation and supplement with additional power purchases.
- Production operations costs of \$229.2 million less surplus gas sales of \$57.3 million included in wholesale revenues, was \$171.9 million, which was \$48.5 million lower than planned.
 - Fuel costs of \$132.3 million less surplus gas sales of \$57.3 million, were \$75.0 million, which was \$35.8 million lower than planned, primarily due to a decrease in thermal generation and lower fuel prices, as purchasing power proved to be more cost-effective.
 - Carbon allowances decreased by \$9.0 million, primarily due to reduced thermal generation and reduced Calpine Sutter generation, resulting in a lower obligation for allowance usage.
 - Other power generation expenses decreased by \$5.8 million, primarily due to lower operational costs at thermal plants.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment revenue was \$944.3 million, which was \$29.2 million higher than planned. The power margin as a percentage of sales to customers was 71.0 percent, which was 2.2 percent higher than planned. This is primarily due to lower production costs due to lower fuel costs and carbon allowances.

Other Operating Expenses

- All other operating expenses were \$704.0 million, which was \$7.6 million lower than planned.
 - Transmission and distribution operations and maintenance expenses were down \$11.6 million primarily due to lower-than-expected transmission fees and operational efficiencies in vegetation management. Lower fees were driven by reduced utilization of the Transmission Access Charge, as more transactions occurred through the Energy Imbalance Market, where costs are generally lower and vary based on market conditions. Vegetation management savings were driven by improved work methods, including LiDAR technology enabled planning, better tree cycle monitoring, contract rate negotiations, and digital field mapping.
 - Customer service and program expenses were down \$3.1 million mainly due to pending CEQA approval for the REACH 2.0 Grant, and underspending in transportation electrification initiatives, including postponement in EV managed charging to next year and delays in equity infrastructure projects.
 - Public good expenses were \$6.8 million lower than planned, mainly driven by less participation in Advanced Homes and Complete Energy solutions programs, Integrated Design project deferral, Smart Homes electrification program restructuring, and cost reductions in the building electrification portfolio.
 - Administrative and general expenses were \$12.8 million higher than planned, primarily due to pension and other post-employment benefits (OPEB) expenses at mid-year as well as increased spending in the SAP S4 HANA transformation initiative.

Noncapital subsidies

- Grant revenues were down \$5.8 million due to the cancellation of the REACH 1.0 Grant and delays in the REACH 2.0 Grant.

Non-operating Revenues and Expenses

- Total non-operating revenues, net, were \$10.9 million higher than planned, mainly due to higher interest income of \$12.7 million and lower interest charges of \$7.1 million resulting from lower interest rates on existing long-term debt. The net increase was offset by higher other expenses of \$5.7 million due to asset write-offs.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Month Ended August 31, 2026
(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
OPERATING REVENUES				
Residential	\$ 129,500	\$ 131,422	\$ (1,922)	(1.5) %
Commercial and industrial	108,772	106,891	1,881	1.8
Wholesale	27,732	29,119	(1,387)	(4.8)
Other revenue	12,658	4,869	7,789	160.0
Rate stabilization fund transfers - net	(4,223)	2,018	(6,241)	(309.3)
Total operating revenues	274,439	274,319	120	0.0
OPERATING EXPENSES				
Purchased power	58,678	61,238	(2,560)	(4.2)
Production operations and maintenance	38,021	44,428	(6,407)	(14.4)
Transmission and distribution operations and maintenance	21,556	18,886	2,670	14.1
Customer service and programs	18,558	14,894	3,664	24.6
Administrative and general	16,104	14,364	1,740	12.1
Public good	5,764	6,265	(501)	(8.0)
Depreciation and amortization	22,735	22,576	159	0.7
Regulatory amounts collected in rates	5,341	4,570	771	16.9
Total operating expenses	186,757	187,221	(464)	(0.2)
OPERATING INCOME	87,682	87,098	584	0.7
NONCAPITAL SUBSIDIES				
Grant revenues received	30	937	(907)	(96.8)
Total noncapital subsidies	30	937	(907)	(97)
OPERATING INCOME AND NONCAPITAL SUBSIDIES	87,712	88,035	(323)	(0.4)
NON-OPERATING REVENUES AND EXPENSES				
Interest income	4,254	2,381	1,873	78.7
Interest expense	(9,029)	(9,816)	787	8.0
Investment income (expense) - net	(280)	-	(280)	*
Other income (expense) - net	820	1,529	(709)	(46.4)
Total non-operating revenues (expenses)	(4,235)	(5,906)	1,671	28.3
CHANGE IN NET POSITION	\$ 83,477	\$ 82,129	\$ 1,348	1.6 %

* Equals 1000% or greater.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Eight Months Ended August 31, 2026
(thousands of dollars)

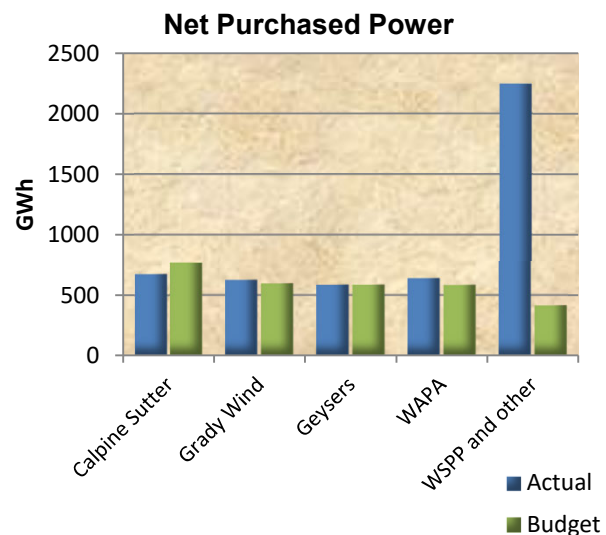
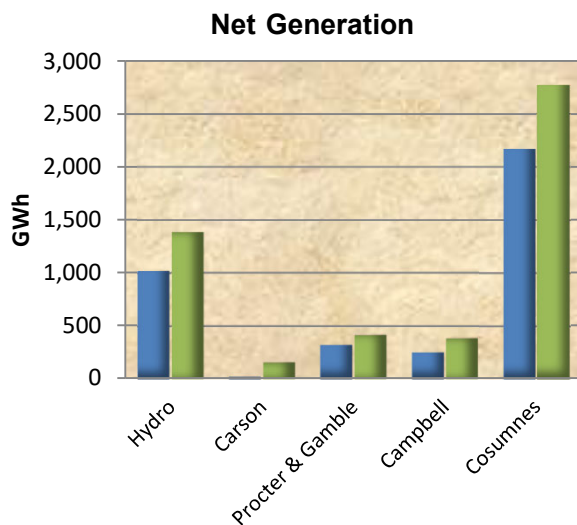
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
OPERATING REVENUES				
Residential	\$ 668,489	\$ 666,854	\$ 1,635	0.2 %
Commercial and industrial	661,084	663,467	(2,383)	(0.4)
Wholesale	123,940	148,015	(24,075)	(16.3)
Other revenue	76,241	39,415	36,826	93.4
Rate stabilization fund transfers - net	(980)	30,374	(31,354)	(103.2)
Total operating revenues	1,528,774	1,548,125	(19,351)	(1.2)
OPERATING EXPENSES				
Purchased power	281,915	299,558	(17,643)	(5.9)
Production operations and maintenance	260,798	299,409	(38,611)	(12.9)
Transmission and distribution operations and maintenance	141,265	152,828	(11,563)	(7.6)
Customer service and programs	123,319	126,436	(3,117)	(2.5)
Administrative and general	146,749	133,956	12,793	9.6
Public good	39,621	46,371	(6,750)	(14.6)
Depreciation and amortization	181,846	179,635	2,211	1.2
Regulatory amounts collected in rates	39,621	36,559	3,062	8.4
Total operating expenses	1,215,134	1,274,752	(59,618)	(4.7)
OPERATING INCOME	313,640	273,373	40,267	14.7
NONCAPITAL SUBSIDIES				
Grant revenues received	750	6,586	(5,836)	(88.6)
Total noncapital subsidies	750	6,586	(5,836)	(89)
OPERATING INCOME AND NONCAPITAL SUBSIDIES	314,390	279,959	34,431	12.3
NON-OPERATING REVENUES AND EXPENSES				
Interest income	32,142	19,395	12,747	65.7
Interest expense	(69,557)	(76,660)	7,103	9.3
Investment income (expense) - net	(3,183)	-	(3,183)	*
Other income (expense) - net	6,287	12,029	(5,742)	(47.7)
Total non-operating revenues (expenses)	(34,311)	(45,236)	10,925	24.2
CHANGE IN NET POSITION	\$ 280,079	\$ 234,723	\$ 45,356	19.3 %

* Equals 1000% or greater.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET
For the Period Ended August 31, 2026

Sources of Energy (GWh)	Month		Increase (Decrease)	Year to Date		Increase (Decrease)
	Actual	Budget	Percentage	Actual	Budget	Percentage
Net Generated						
Hydro	124	190	(34.7)	1,019	1,381	(26.2)
Carson Power Plant	7	47	(85.1)	24	157	(84.7)
Procter & Gamble Power Plant	59	84	(29.8)	324	413	(21.5)
Campbell Power Plant	71	110	(35.5)	252	383	(34.2)
Cosumnes Power Plant	377	423	(10.9)	2,167	2,771	(21.8)
Other	108	118	(8.5)	578	618	(6.5)
Total net generation	746	972	(23.3)	4,364	5,723	(23.7)
Purchased Power less transmission losses:						
CalEnergy	20	19	5.3	138	149	(7.4)
Calpine Sutter	128	182	(29.7)	673	765	(12.0)
Drew Solar	26	29	(10.3)	220	214	2.8
Feed in Tariff	20	23	(13.0)	135	157	(14.0)
Geysers	75	74	1.4	584	583	0.2
Grady Wind	77	58	32.8	624	594	5.1
Hatchet Ridge	16	16	0.0	166	175	(5.1)
Rancho Seco PV II	32	37	(13.5)	216	242	(10.7)
WAPA	92	95	(3.2)	636	582	9.3
WSPP and other	279	30	830.0	2,246	414	442.5
Other long term power	78	59	32.2	451	427	5.6
Total net purchases	843	622	35.5	6,089	4,302	41.5
Total sources of energy	1,589	1,594	(0.3)	10,453	10,025	4.3
Uses of energy:						
SMUD electric sales and usage	1,109	1,121	(1.1)	7,162	7,214	(0.7)
Surplus power sales	446	427	4.4	3,119	2,510	24.3
System losses	34	46	(26.1)	172	301	(42.9)
Total uses of energy	1,589	1,594	(0.3) %	10,453	10,025	4.3 %

* Change equals 1000% or more.



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

- Hydro generation is lower than planned (26.2 percent).
- Thermal generation is lower than planned (25.7 percent).

Purchased power, less surplus power sales, is higher than plan (65.7 percent).

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION**

	August 31,	
	2026	2025
	(thousands of dollars)	
ASSETS		
ELECTRIC UTILITY PLANT		
Plant in service	\$ 8,260,543	\$ 7,939,679
Less accumulated depreciation and amortization	(4,253,276)	(4,000,451)
Plant in service - net	4,007,267	3,939,228
Construction work in progress	961,803	710,428
Total electric utility plant - net	4,969,070	4,649,656
RESTRICTED AND DESIGNATED ASSETS		
Revenue bond and debt service reserves	28,498	25,774
Nuclear decommissioning trust fund	10,572	10,191
Rate stabilization fund	351,153	347,539
Escrow fund	19,951	18,853
Collateral fund	7,998	9,473
Insurance captive fund	18,739	25,988
Other funds	13,260	10,269
Less current portion	(73,254)	(74,281)
Total restricted and designated assets	376,917	373,806
CURRENT ASSETS		
Unrestricted cash and cash equivalents	374,075	411,488
Unrestricted investments	423,770	239,972
Restricted and designated cash, cash equivalents, and investments	73,254	74,281
Receivables - net	411,614	445,089
Regulatory costs to be recovered within one year	114,932	93,706
Hedging derivative instruments maturing within one year	24,633	16,331
Inventories	230,821	199,716
Prepaid gas to be delivered within one year	38,492	44,126
Prepayments and other	66,351	78,041
Total current assets	1,757,942	1,602,750
NONCURRENT ASSETS		
Regulatory costs for future recovery	1,069,090	996,614
Prepaid gas	672,148	710,639
Hedging derivative instruments	34,600	33,686
Due from affiliated entity	40,681	35,490
Investment in TANC	42,920	40,051
Prepayments and other	45,609	54,099
Total noncurrent assets	1,905,048	1,891,329
TOTAL ASSETS	9,008,977	8,517,541
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivative instruments	60,815	29,955
Deferred pension outflows	50,316	167,353
Deferred other postemployment benefits outflows	53,461	50,990
Deferred asset retirement obligations outflows	94	398
Unamortized bond losses	23,356	26,725
TOTAL DEFERRED OUTFLOWS OF RESOURCES	188,042	275,421
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,197,019	\$ 8,792,962

**SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION**

	August 31,	
	2026	2025
	(thousands of dollars)	
LIABILITIES		
LONG-TERM DEBT - net	\$ 3,358,909	\$ 3,257,108
CURRENT LIABILITIES		
Accounts payable	133,560	150,173
Purchased power payable	54,087	60,784
Long-term debt due within one year	139,290	130,825
Accrued decommissioning	8,661	7,471
Interest payable	19,348	17,196
Accrued salaries and compensated absences	63,843	61,305
Hedging derivative instruments maturing within one year	45,343	27,782
Advanced payments on construction	38,585	47,946
Lease liability	9,285	26,797
Customer deposits and other	33,007	23,556
Total current liabilities	545,009	553,835
NONCURRENT LIABILITIES		
Net pension liability	150,110	282,171
Net other postemployment benefits liability	53,582	42,259
Accrued decommissioning	119,968	106,983
Hedging derivative instruments	15,472	2,434
Advanced payments on construction	51,028	40,985
Self insurance and other	98,029	112,878
Total noncurrent liabilities	488,189	587,710
TOTAL LIABILITIES	4,392,107	4,398,653
DEFERRED INFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivative instruments	59,233	50,005
Regulatory credits	1,159,365	1,081,619
Deferred pension inflows	62,114	765
Deferred other postemployment benefits inflows	24,080	15,238
Deferred lease inflows	15,252	15,922
Unamortized bond gains	26,883	32,638
Unearned revenue	3,364	3,602
TOTAL DEFERRED INFLOWS OF RESOURCES	1,350,291	1,199,789
NET POSITION		
Balance at beginning of year	3,174,542	2,812,119
Net increase for the year	280,079	382,401
TOTAL NET POSITION	3,454,621	3,194,520
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 9,197,019	\$ 8,792,962

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CASH FLOWS
For the Period Ended August 31, 2026
(thousands of dollars)

	Month	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 214,631	\$ 1,257,859
Receipts from surplus power and gas sales	28,719	125,439
Other receipts	1,532	103,965
Payments to employees - payroll and other	(31,439)	(346,366)
Payments for wholesale power and gas purchases	(69,015)	(388,495)
Payments to vendors/others	(55,367)	(531,464)
Net cash provided by operating activities	89,061	220,938
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of debt	(4,840)	(36,260)
Receipts from federal and state grants	111	25,133
Interest on debt	(17,106)	(36,351)
Net cash used in noncapital financing activities	(21,835)	(47,478)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction expenditures	(49,443)	(362,433)
Contributions in aid of construction	3,932	31,380
Net proceeds from bond issues	-	284,520
Repayments and refundings of debt	(94,565)	(94,565)
Issuance of commercial paper	-	100,000
Repayments of commercial paper	(100,000)	(100,000)
Other receipts/payments - net	2,505	34,875
Interest on debt	(36,819)	(90,026)
Lease receipts/payments - net	(2,461)	(23,268)
Net cash used in capital and related financing activities	(276,851)	(219,517)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities	174,302	714,601
Purchases of securities	(206,546)	(778,508)
Interest and dividends received	8,938	37,080
Investment revenue/expenses - net	189	1,965
Net cash used in investing activities	(23,117)	(24,862)
Net decrease in cash and cash equivalents	(232,742)	(70,919)
Cash and cash equivalents at the beginning of the month and year	663,202	501,379
Cash and cash equivalents at August 31, 2026	\$ 430,460	\$ 430,460
Cash and cash equivalents included in:		
Unrestricted cash and cash equivalents	\$ 374,075	\$ 374,075
Restricted and designated cash and cash equivalents	38,620	38,620
Restricted and designated assets (a component of the total of \$376,917 at Aug 31, 2026)	17,765	17,765
Cash and cash equivalents at August 31, 2026	\$ 430,460	\$ 430,460

SSS No. IAS 2026-8

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 10/13/26
Board Meeting Date
N/A

TO					TO				
1.	Jennifer Restivo				6.				
2.	Rhonda Staley-Brooks				7.				
3.	Jose Bodipo-Memba				8.				
4.					9.	Legal			
5.					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.)
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FROM (IPR) Linda Wong	DEPARTMENT Internal Audit Services	MAIL STOP B409	EXT. 5790	DATE SENT 09/22/26
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NARRATIVE:

Requested Action: Informational agenda item to provide Board Members with the opportunity to ask questions and/or discuss recent reports issued by Internal Audit Services.

Summary: Reports issued by Internal Audit Services:

Title	Report Number
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• Status of Recommendations Report for Q3 2026.....	n/a
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Board Policy: Board-Staff Linkage BL-3, Board-Internal Auditor Relationship
(Number & Title)

Benefits: N/A

Cost/Budgeted: N/A

Alternatives: N/A

Affected Parties: SMUD Board of Directors and Internal Auditor

Coordination: Internal Audit Services

Presenter: Linda Wong, Director, Internal Audit Services

Additional Links:

SUBJECT	Internal Audit Services Report	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors

DATE: September 30, 2026

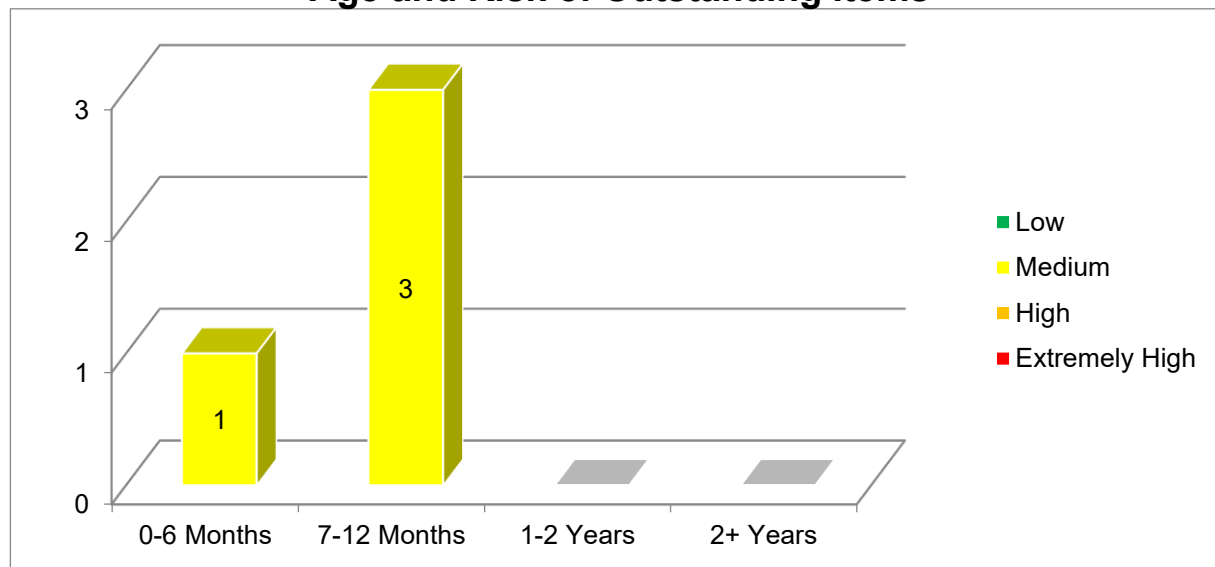
FROM: Linda Wong

SUBJECT: QUARTERLY REPORT ON THE STATUS OF RECOMMENDATIONS AS OF SEPTEMBER 30, 2026

Attached for your review is the Status of Recommendations report for the Third Quarter of 2026. Prior to this report being finalized, all outstanding recommendations were given to the responsible department Manager/Director for follow up.

No open items were closed during the reporting period. None of the remaining 4 items are currently overdue. The chart below is a breakdown by age and risk of the outstanding items regardless of their risk ranking:

Age and Risk of Outstanding Items



If you need further information or wish to discuss any aspect of the report, please contact me at 732-5790, or linda.wong@smud.org.

STATUS OF RECOMMENDATIONS AT 09/30/2026

RISK	RECOMMENDATION	RESPONSIBLE DEPARTMENT	STATUS / DATE	COMMENTS
GO 165 Transmission Line Maintenance 2025 28007884-01 Medium Process Improvement	<u>Overhead CM Notifications:</u> Transmission & Distribution Line Construction & Maintenance and TDMP should collaborate to ensure CM work is completed within the time frames allowed by GO95. This may include extending due dates to the maximum time periods allowed by GO95, including "Opportunity Maintenance" as appropriate. Transmission & Distribution Line Construction & Maintenance should review and close existing completed or transferred CM notifications in SAP. Moving forward, they should refine their process to ensure CM notifications are promptly closed after the fieldwork, including those transferred to other notifications. <u>Underground CM Notifications:</u> Transmission & Distribution Line Construction & Maintenance should collaborate with TDMP to ensure all open underground CM notifications are included in their status reports that are used for monitoring the completion of CM notifications Proactive inclusion of underground CM notifications in status reports is a best practice that ensures timely completion of corrective actions if any issues do arise, mitigates future risks, and maintains consistent standards for both overhead and underground transmission line maintenance	Line Assets	Date Issued 02/18/2026 Outstanding 11/13/2026	Transmission & Distribution Line Construction & Maintenance agrees with the IAS recommendations and will collaborate with TDMP to ensure CM work is completed within the time frames allowed by GO95. Additionally, Line Construction & Maintenance will collaborate with TDMP on a quarterly basis to ensure all completed or transferred CM notifications are closed out promptly. TDMP will: 1. Run a monthly CM report and flag any completion due dates. 2. Perform an end of the year audit of all completion due dates per year. Line Assets will: 1. Consult with TDMP should a CM needs to be extended to ensure it is allowed by GO95. The planned completion date is November 13, 2026.

STATUS OF RECOMMENDATIONS AT 09/30/2026

RISK	RECOMMENDATION	RESPONSIBLE DEPARTMENT	STATUS / DATE	COMMENTS
GO 165 Transmission Line Maintenance 2025 28007884-02 Medium Policies and Procedures	TDMP should finalize the documented procedures for identifying transmission line equipment requiring inspection or testing, as well as for exporting data from SAP to generate annual inspection requests. Additionally, a regular review schedule should be established to ensure these procedures remain up to date.	Distribution Planning & Operations	Date Issued 02/18/2026 Outstanding 11/13/2026	TDMP agrees with the IAS recommendation and plans on finalizing the documented procedure that is used to prepare the annual inspections and testing per GO165. The plan completion date is November 13, 2026.
GO 165 Transmission Line Maintenance 2025 28007884-03 Medium Policies and Procedures	TDMP should develop and maintain formal, up-to-date procedure documents that clearly define corrective maintenance priority levels and criteria for both overhead and underground transmission lines. Priority assignment procedures should be standardized and made easily accessible to staff to ensure consistency, support effective training, and minimize the risk of knowledge loss if key personnel leave. A review schedule should be established to help ensure the procedures are kept current.	Distribution Planning & Operations	Date Issued 02/18/2026 Outstanding 11/13/2026	TDMP agrees with the IAS recommendation and plans to create a document defining corrective maintenance priority levels aligning with GO95 for both overhead and underground transmission lines. The plan completion date is November 13, 2026.

STATUS OF RECOMMENDATIONS AT 09/30/2026

RISK	RECOMMENDATION	RESPONSIBLE DEPARTMENT	STATUS / DATE	COMMENTS
Low Carbon Fuel Standard 28008021-01 Medium Process Improvement	DES should implement a formalized process for collecting and recording information on non-residential charger replacements, additions, and removals. This process should also include periodic reconciliation of serial numbers and counts of EV-FSEs to ensure accurate reporting. In addition, the LCFS Handbook should be updated to include these processes.	Rachael Huang	Date Issued 08/10/2026 Outstanding 11/01/2026	DES agrees with IAS's recommendation. We will establish a formal process for maintaining and updating non-residential Electric Vehicle Fueling Supply Equipment (EV-FSE) information, including procedures for annual customer confirmation of charger operational status and serial number accuracy via online administrative portal for network-enabled FSEs, photographic document, or other method deemed sufficient by DES staff for non-networked FSE. Additionally, we will revise the LCFS Handbook to clearly specify the requirements for participants to notify DES of any charger additions, removals, or replacements, and to allow site access for verification when necessary. These measures will include periodic site visits to ensure data integrity. The changes will be logged in the LCFS workbook that contains the LCFS quarterly report. We anticipate completing the handbook update and finalizing the detailed processes and controls by November 1, 2026.

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
FINANCE & AUDIT - 2026
Board Meeting Date
N/A

TO				TO			
1.	Rhonda Staley-Brooks			6.			
2.	Jose Bodipo-Memba			7.			
3.	Jennifer Restivo			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		Yes	☒	No		If no, schedule a dry run presentation.	
Budgeted		☒	Yes	No		If no, explain in Cost/Budgeted section.)	
FROM (IPR) Marythony Sohl / Crystal Henderson				DEPARTMENT Board Office		MAIL STOP B304	EXT. 5424
						DATE SENT 12/18/25	

NARRATIVE:

Requested Action: A summary of directives is provided to staff during the committee meeting.

Summary: The Board requested an ongoing opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting to make clear the will of the Board. The Finance & Audit Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

Board Policy: Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states the Board will focus on the results the Board wants the organization to achieve.

Benefits: Having an agendized opportunity to summarize the Board's requests and suggestions that arise during the committee meeting will help clarify the will of the Board.

Cost/Budgeted: Included in budget.

Alternatives: Not to summarize the Board's requests at this meeting.

Affected Parties: Board of Directors and Executive Office

Coordination: Board Office

Presenter: Brandon Rose, Finance & Audit Committee Chair

Additional Links:

SUBJECT

Summary of Committee Direction – Finance & Audit Committee

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.