

Exhibit to Agenda Item #4

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

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, October 13, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium



Agenda

- SMUD's 2027 Priorities
- Major Initiatives & Spending
- Financial Security
- 2027 Budget Summary
- Next Steps
- Key Messages

Priorities driving the 2027 Budget



Infrastructure Investment

SD-4, 6, 14, 16, 17



Clean Energy Investment

SD-7, 9



Customer & Employee Care

SD-5, 8, 15



Economic Engine

SD-2, 3, 10, 11, 13, 19

Prudent financial strategy supports our strategic investments, ensuring rate stability for our customers

Infrastructure Investment

Maintaining a reliable grid for today and the future



\$185 million for substation capital

- \$68 million Substation J
- \$8.5 million El Rio substation upgrades
- \$20.5 million UC Davis Medical Center primary and backup service



\$64 million Folsom Administrative Office Building project



\$50 million for vegetation management



\$36 million for pole and cable replacements



\$34 million for S/4HANA



\$5 million for dam safety

Clean Energy Investment

Delivering a balanced energy transition



\$271 million for renewable commodity contracts



\$55 million for customer building electrification & energy efficiency



\$49 million for hydro capital improvements and upgrades



\$31 million for renewables projects



\$20 million for customer electric transportation programs



\$15 million for customer load flexibility including batteries



\$5 million Extended Day Ahead Market (EDAM)

Customer & Employee Care

Delivering exceptional customer and employee experiences



\$21 million for Community Impact Plan and engagement



\$11 million for employee training and engagement



\$8.4 million for customer assistance programs and services



\$3.4 million for digital customer experience improvements



\$1.7 million in regional workforce development



\$1.7 million in community solar partnerships with schools

Economic Engine

Powering the Sacramento region for a more prosperous, resilient and sustainable future



-  **\$29 million** for diversified business
-  **\$7 million** for research & development
-  **\$3.3 million** for My Energy Optimizer
-  **\$2.3 million** for economic development

Financial Security

Prudent financial strategy supports rate stability for our customers



Strategic Planning & Prioritization

Balance regulatory compliance & Board's Strategic Directives



Operational Excellence

Drive initiatives that reduce cost and/or increase efficiency



Grant Strategy

Obtain funds to offset our O&M and capital expenses



Rate Stabilization Funds

Manage changing business conditions and market volatility



2027 Budget Summary

Overview of major initiatives by funding type

O&M / Public Good

\$879 million

- Power generation and grid operations and maintenance: \$378 million
- Customer building electrification & energy efficiency: \$55 million
- Property, Casualty & Other Insurance: \$52 million
- Vegetation management: \$50 million
- Community Impact Plan and engagement: \$21 million
- Customer electric transportation programs: \$20 million



Capital

\$673 million

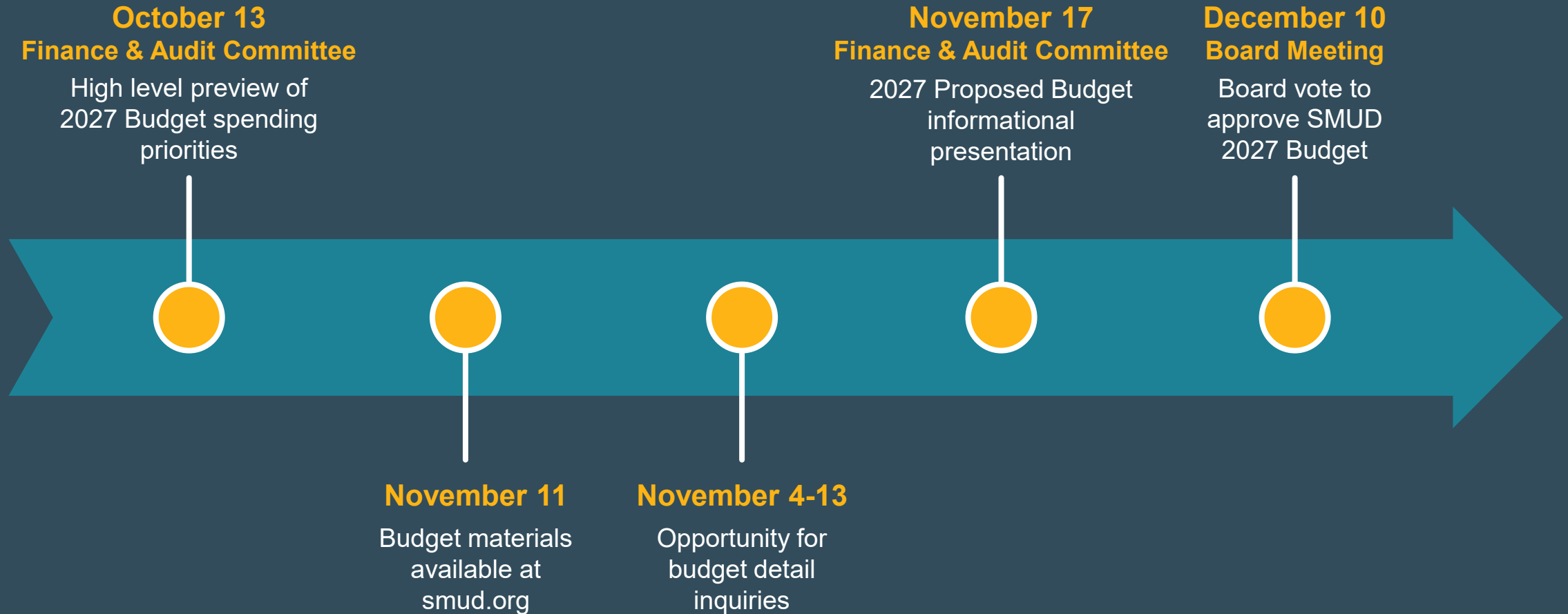
- Substation capital: \$185 million
- Capacity and new services projects: \$67 million
- Folsom Administrative Office Building: \$64 million
- Hydro capital improvements: \$49 million
- Pole & cable replacement: \$36 million
- Renewable projects: \$31 million

Commodity

\$636 million

- Clean energy commodities: \$271 million

Next Steps



Stewardship of a Vital Community Asset



Infrastructure Investment

Maintaining a reliable grid for today and the future



Clean Energy Investment

Delivering a balanced energy transition



Customer & Employee Care

Delivering exceptional customer and employee experiences



Economic Engine

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