

Exhibit to Agenda Item #1a

2025 Proposed SMUD Budget Overview, including Debt Service, Pay Schedule, and Special Compensation.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Wednesday, November 6, 2024, scheduled to begin at 6:00 p.m.

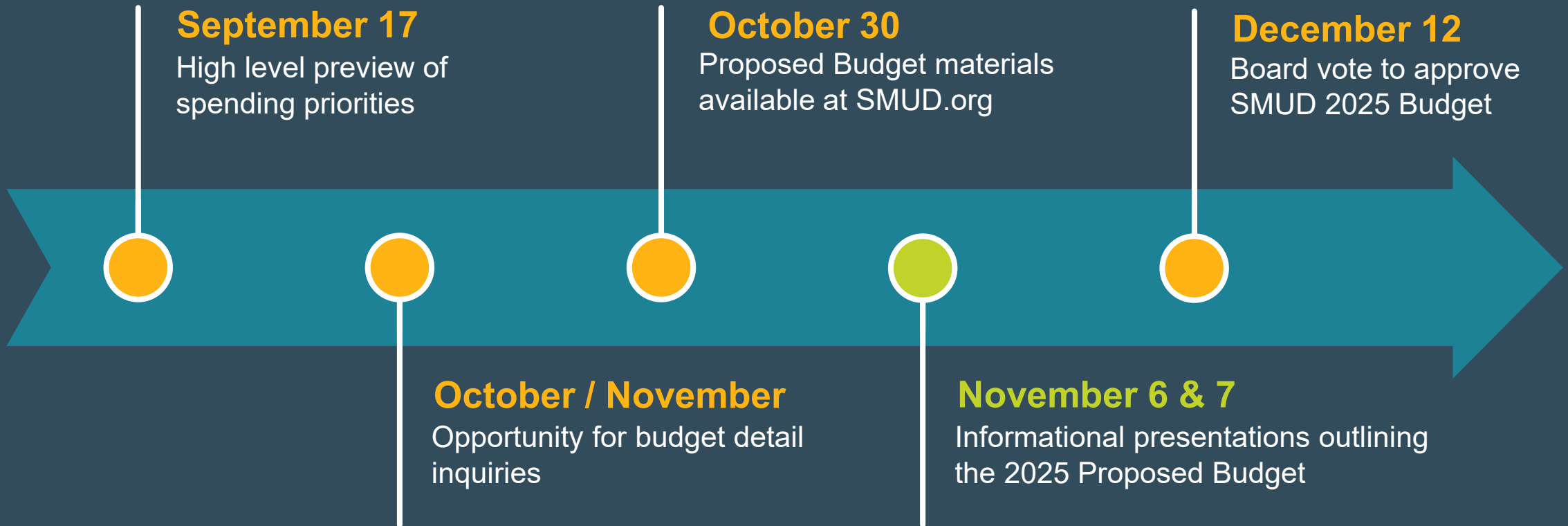
SMUD Headquarters Building, Auditorium



SMUD Overview 2025 Proposed Budget

Scott Martin
Chief Financial Officer

2025 Budget Timeline



2025 Budget Foundations

Strong financial metrics and maintaining a positive credit rating help keep SMUD's rates affordable now, and in the future

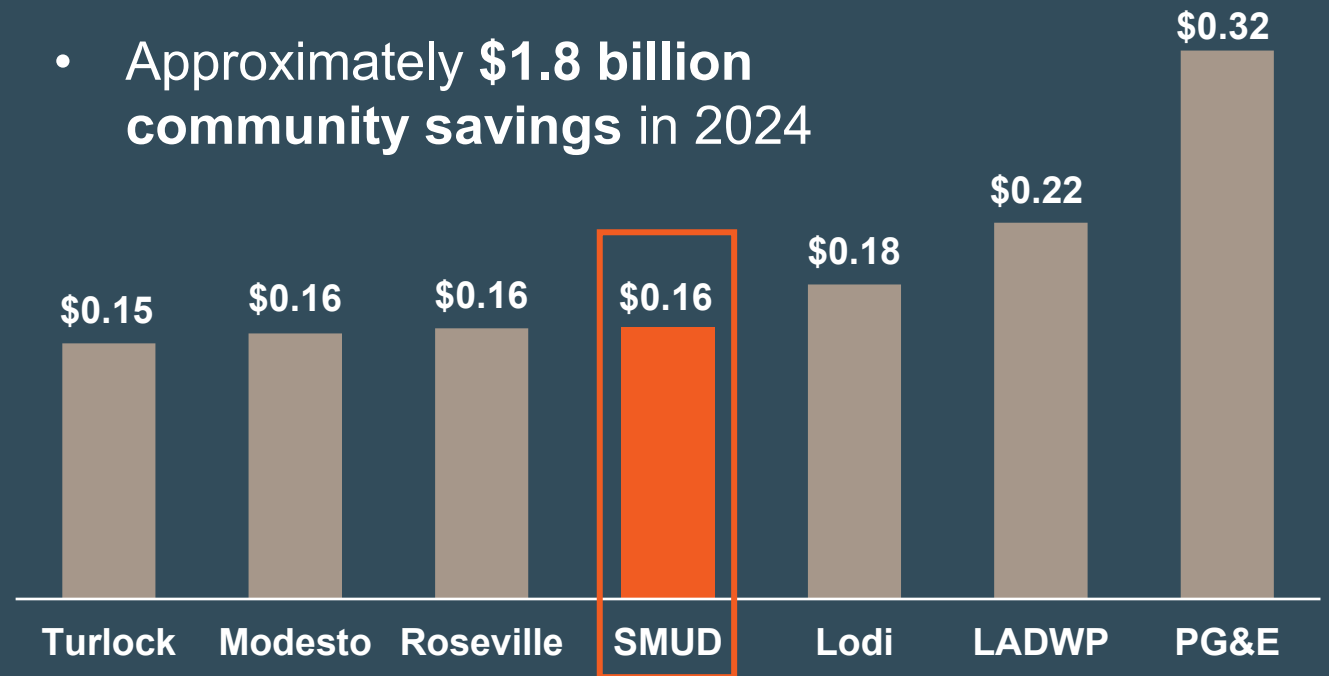
Credit ratings:

Moody's Ratings: Aa2

S&P Global Ratings: AA

Fitch Ratings: AA

- SMUD's system average rate is **52% below PG&E**
- Approximately **\$1.8 billion community savings** in 2024



2025 Budget Foundations



Financial Flexibility

Manages changing business conditions and risks



Strategic

Funds required for regulatory compliance and achievement of Board's Strategic Directions



Balanced

Funds short-term needs and prepares for long-term goals



Community Focused

Our customers and community are why SMUD exists

Board request

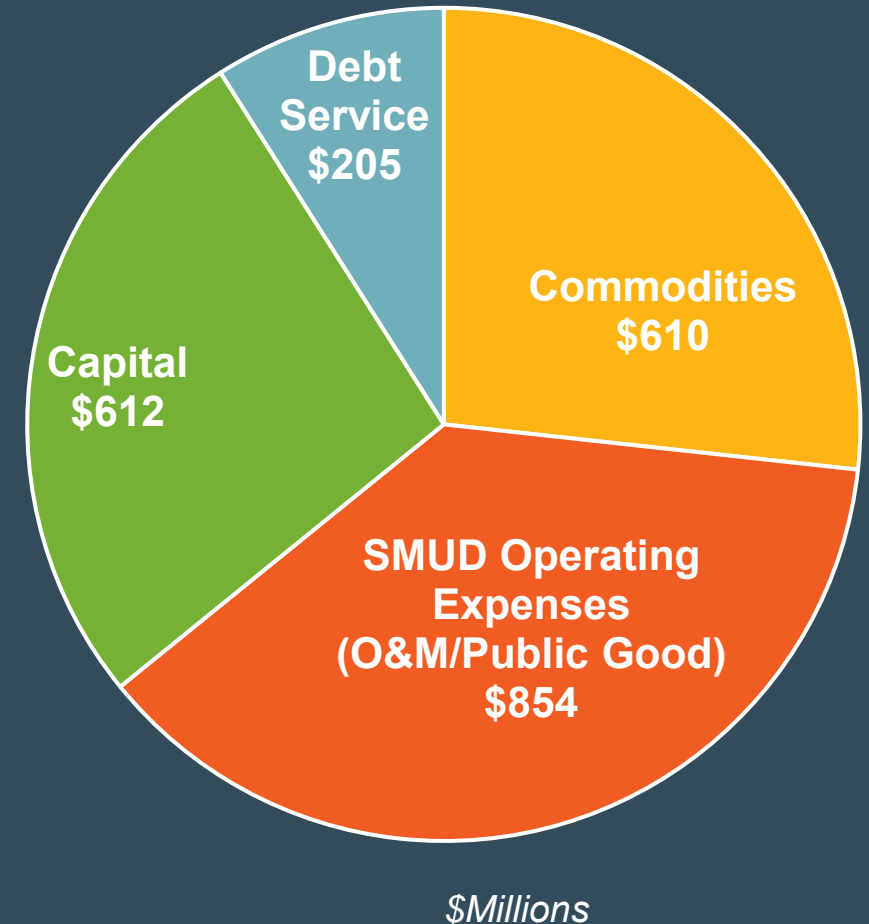
2025 SMUD Budget

- 2025 spending authorization and staffing level: \$2.3 billion
- Authority for Rate Stabilization Fund transfers
- Provisions for adjusting budget authority

Debt Management

- Declaration of intent to issue debt
- Reimbursement of capital expenditures from bond proceeds

Employee pay schedule as required by state law



Board approval provides authorization to staff

(\$ Millions)	2024 Budget	2025 Proposed	\$ Change vs Budget	% Change vs Budget
Commodities	\$572	\$610	\$38	7%
SMUD Operating Expenses	746	786	40	5%
Public Good Expenses	68	68	(0)	0%
Capital	555	612	57	10%
Debt Service	202	205	3	2%
TOTAL Budget Authorization	\$2,143	\$2,281	\$138	6%
Revenue	(2)	(38)	(36)	
Net	\$2,141	\$2,243	\$102	5%

Position Request for 2025

Requesting 2,295 full-time positions

- Additional positions for field operations and apprentice classes
- Funding for 47 limited-term and 223 part-time and student positions, including grant support

	2024 Budget	2025 Proposed	Proposed vs. Budget
Full-time	2,250	2,295	45
Limited-term	43	47	4
Total	2,293	2,342	49

Number of Full-Time Positions by executive organization	
Chief Operating Officer	863
Chief Customer Officer	299
Chief Information Officer	267
Chief Zero Carbon Officer	259
Chief Diversity Officer	218
Chief Legal & Gov't Affairs Officer	180
Chief Financial Officer	104
Chief Coms. & Marketing Officer	72
CEO & GM	33
Total full-time positions	2,295

Key Assumptions and Risks

Budget flexibility is required to manage

Business Assumptions

- Forecasted load, peak, and customer count
- Strategic Directions set by Board
- Compliance with California mandates
- Normal water year
- Normal weather year
- Includes risk mitigations for atypical or unexpected events
- Includes 2025 rate increases

Risks

- Weather and impact on load, commodity costs, precipitation
- Increased commodity market volatility
- Continued inflation
- Global supply chain constraints
- Higher interest rates
- Continued economic uncertainty

Commodity Budget Portfolio

	2024 Budget	2025 Proposed	\$ Change
Power Cost	\$320	\$419	\$99
Gas Cost	\$252	\$191	(\$61)
Total Commodity Costs	\$572	\$610	\$38

Power Cost

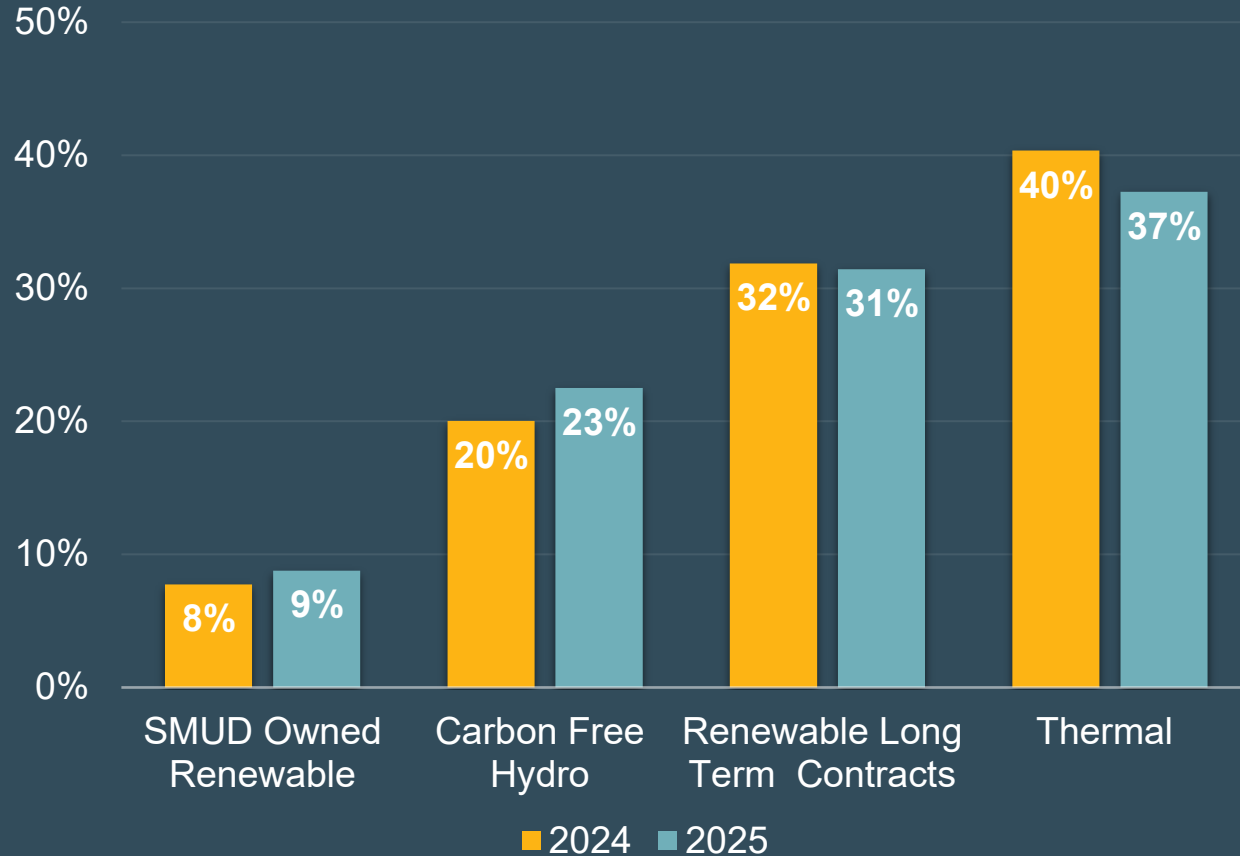
Electrical energy, capacity, renewable energy contracts & transmission required to meet customers needs

Natural Gas Cost

Natural gas, transmission and storage required for power plant operations and electrical system needs

Commodity Budget Resource Comparison

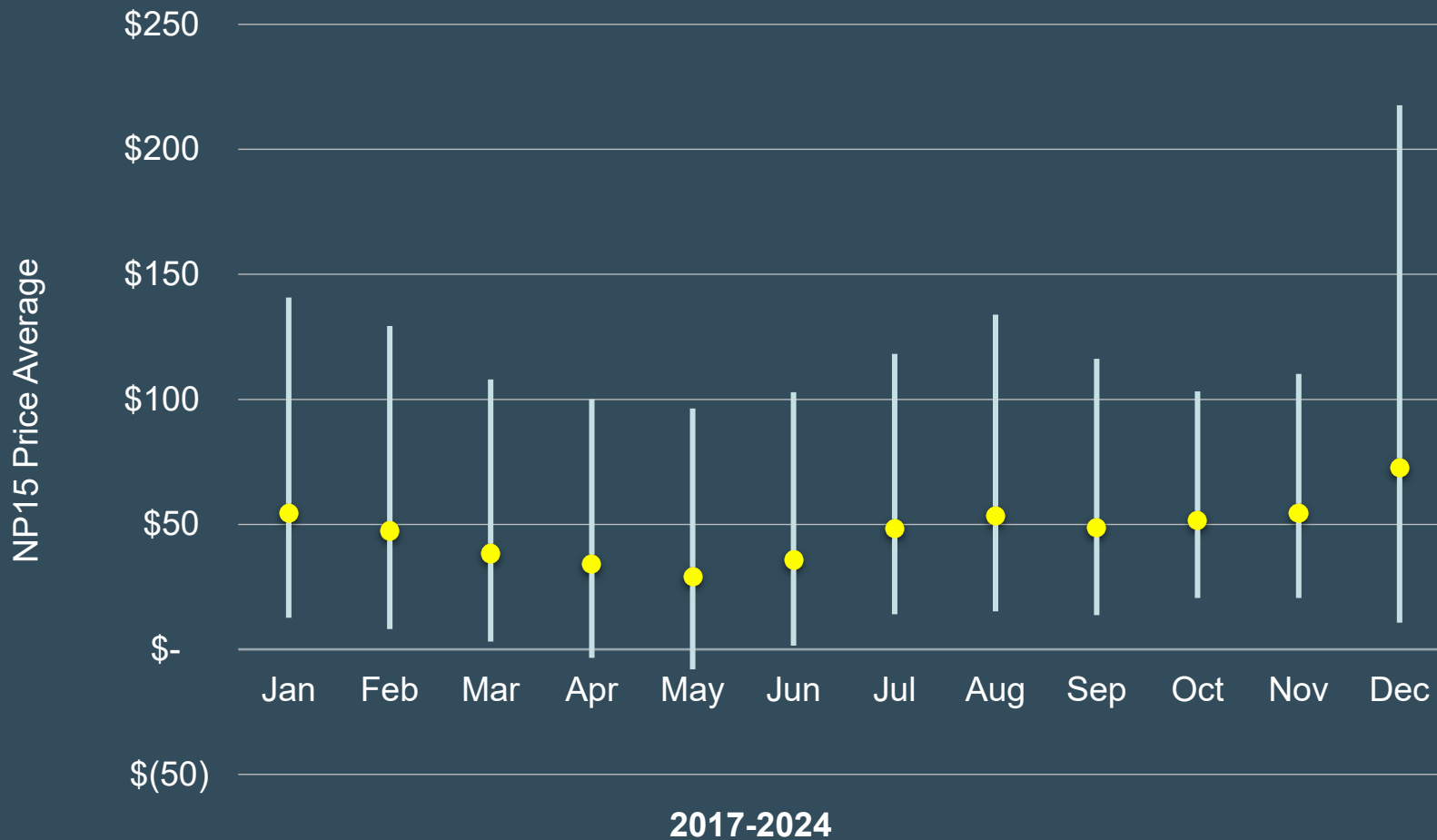
SMUD Resources 2024 vs. 2025



Resource Highlights

- Solano 4 online in May 2024
- Hydro forecasted to be higher in 2025 than 2024
- Renewable Long-term contracts
- New solar online in July 2025
- New wind project delivering December 2025
- Biomass and wind contracts expiring

Power Price Volatility



Impact to SMUD

- The average monthly commodity budget variance is \$3 million
- In extreme conditions, the monthly variance can increase up to \$60 million

Financial Security



\$25 million for Insurance Reserve



\$20 million increase in set aside for the Community Impact Plan



Creating \$60 million in Commodity Stabilization Fund



\$88 million Hydro Rate Stabilization Fund



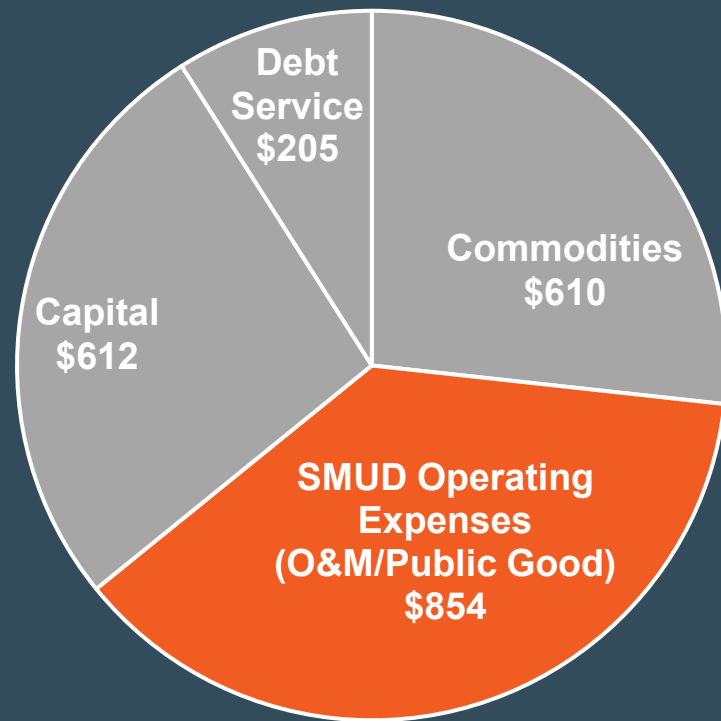
\$72 million Rate Stabilization Fund



Addressing future risks and SMUD's changing commodity portfolio

O&M and Public Good Highlights

SMUD's 2025 Proposed O&M and Public Good budget is \$854 million for essential ongoing costs that ensure safe, reliable and equitable energy delivery costs to our customers & community



\$286 million for power generation and grid operations & maintenance



\$83 million building and transportation electrification and energy efficiency solutions and research



\$56 million for wildfire mitigation and vegetation management



\$35 million for property, casualty, and other insurance

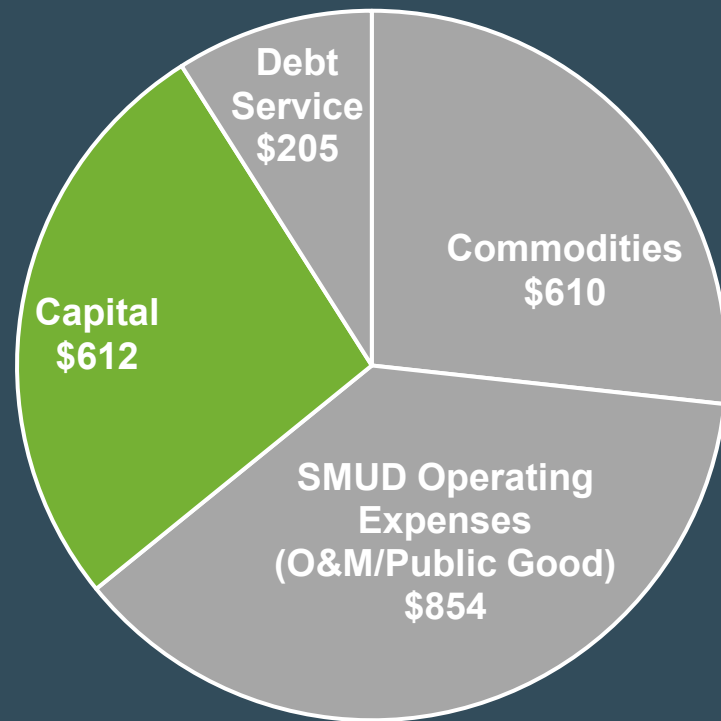


\$30 million for investment in under-resourced communities and community engagement efforts, including \$14 million for the Community Impact Plan

\$Millions

Capital Highlights

Investments to support SMUD's reliability, zero carbon goals and to comply with California mandates, totaling \$612 million.



\$Millions



\$26 million for new services and capacity



\$29 million for cable and pole replacements



\$36 million for resource projects, including Country Acres and Solano 2 Repower



\$93 million for new and enhanced technology



\$147 million for substation builds

Pro Forma Income Statement

Income Statement	2024 Budget	2025 Proposed	Proposed vs. Budget
Electric Sales	\$1,724	\$1,819	\$95
Other Revenue	71	69	(2)
Total Revenue	\$1,795	\$1,888	\$93
Commodities	572	610	38
Business Unit Operations	814	854	40
Other Costs/Income	284	307	23
Net Income	\$125	\$118	(\$7)
Fixed Charge Ratio	2.03	2.03	

- 2025 Budget achieves key financial metrics
- Positive net income (cash portion) is reinvested to offset capital costs

Totals may reflect minor rounding differences

\$Millions

Pro Forma Cash Flow Statement

Cash Flow	2025
Starting Unrestricted Cash Balance as of Jan 2025	\$476
Operations	
Receipts from Customers & Other Electric Revenue*	\$1,886
Commodities & Business Unit Expenses*	(1,400)
Net Source of Funds from Operations	\$486
Financing	
Proceeds from Debt Issuance	350
Capital Expenditures & Other Cash Payments*	(574)
Principal & Interest payments on Debt	(216)
Net Use of Funds from Financing	(440)
Investing	
Interest Income	30
Net Cash from 2025 Budget	76
Ending Unrestricted Cash Balance as of Dec 2025	\$552
Days' Cash on Hand	153

Requesting Board approval to establish increased bonding authority

- Issue new debt to preserve a 150-day minimum threshold for number of days cash on hand
- Establish additional bonding authority: declare intent to issue debt, \$400 million
- During 2025, staff will request Board's authorization for any new transactions

*Certain line items on the cash flow statement may not directly correspond to items on the income statement due to non-cash items that are included in the income statement but not on the cash flow statement

SMUD's 2025 Budget Priorities



Infrastructure Investment



Zero Carbon Plan



Community Impact