

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

Date: Tuesday, December 9, 2025

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

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

Powering forward. Together.



AGENDA

BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

**Tuesday, December 9, 2025
SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, California
Scheduled to begin at 6:00 p.m.**

**Remote Telephonic Location:
2005 Kalia Rd
Honolulu, HI 96815**

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 agenda 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: 160 057 6678
Passcode: 857178
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.

INFORMATIONAL ITEMS

1. Bethany Ryers
PRINCIPAL
BAKER TILLY US, LLP
SMUD's 2025 Financial Statements Independent Audit Plan.
Presentation: 10 minutes
Discussion: 2 minutes

DISCUSSION ITEMS

2. Matthew Powell
Discuss approving Side Letter Agreements between SMUD and the **Public Safety Officers' Association** for the **California Public Employees' Retirement System (CalPERS)** reporting of their holiday pay as required by the Fair Labor Standards Act and documenting the monetary value for the maintenance of required clothing.
Presentation: 10 minutes
Discussion: 2 minutes
3. Jon Olson
Discuss authorizing the Chief Executive Officer and General Manager to execute, substantially in form attached, Firm Storage Service (FSS) schedules with **Central Valley Gas Storage, LLC**, for:
 - a. 1 Bcf of natural gas storage service for the period April 1, 2026, through March 31, 2031; and
 - b. Natural gas injection service for the period March 1, 2026, through April 1, 2026.Presentation: 10 minutes
Discussion: 5 minutes
4. Josh Langdon
Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award contracts to **Acuren Inspection, Inc.; Alisto, Inc.; Kleinfelder, Inc.; and Prime EPC** (collectively, the **Contracts**) to provide gas pipeline owners engineering services for a five-year period from January 2, 2026, to January 2, 2031, for a total aggregate not-to-exceed amount of \$5 million across the **Contracts**.
Presentation: 5 minutes
Discussion: 1 minute

5. Emily Bacchini Discuss approving an increase to the aggregate contract not-to-exceed amount for Environmental Compliance and Program Development Services for Contract No. 4600001299 with **AECOM Technical Services, Inc.**, Contract No. 4600001309 with **Kleinfelder, Inc.**, and Contract No. 4600001315 with **Brown and Caldwell** (collectively, the **Contracts**) by \$2.2 million, from \$8.8 million to \$11 million, across the three **Contracts**.
Presentation: 8 minutes
Discussion: 2 minutes

INFORMATIONAL ITEMS (cont.)

6. Jennifer Restivo Provide the Board with SMUD's financial results from the 10-month period ending October 31, 2025, and a summary of SMUD's current Power Supply Costs.
Presentation: 5 minutes
Discussion: 1 minute
7. Claire Rogers Internal Audit Services Reports: Rancho Seco Quality Assurance, Joint Pole Processing, and Customer Assistance – MED Rate.
Discussion: 1 minute
8. Public Comment.
9. Rob Kerth Summary of Committee Direction.
Discussion: 1 minute

ANNOUNCEMENT OF CLOSED SESSION AGENDA

1. Conference with Real Property Negotiators.

Pursuant to Section 54956.8 of the Government Code:

Property:

Assessor's Parcel Number (APN) 073-0080-081-0000 in Sacramento County

SMUD Negotiator:

Emily Bacchini, Interim Director, Safety, Environmental & Real Estate Services

Negotiating Parties:

Frank Family Trust and Paul Frank

Under Negotiation:

Price and terms.

2. Public Employee Performance Evaluation.

Pursuant to Section 54957 of the Government Code:

- a. CEO and General Manager;
- b. Chief Legal & Government Affairs Officer; and
- c. Special Assistant to the Board.

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 1-916-732-7143 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 Toni.Stelling@smud.org, or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.

SSS No.

ACC 25-032

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit – 12/9/25

Board Meeting Date

N/A

TO					TO						
1.	Lisa Limcaco				6.						
2.	Jose Bodipo-Memba				7.						
3.	Scott Martin				8.						
4.	Lora Anguay				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)				DEPARTMENT				MAIL STOP		EXT.	
Mike Wilson				Accounting				B352		5743	
DATE SENT											
11-24-25											
NARRATIVE:											
Requested Action: SMUD’s 2025 Financial Statements External Independent Plan.											
Summary: SMUD’s Independent Auditor is preparing for the annual audit of SMUD’s financial statements. Before they begin their fieldwork, they will present their audit plan to the Finance and Audit Committee. Financial statements are required to be audited by an Independent Auditor in order to access credit markets.											
Board Policy: Governance Process GP-14, External Auditor Relationship; Strategic Direction SD-3, Access to Credit Markets											
(Number & Title)											
Benefits: To provide information to the Board of Directors regarding the planned work of the Independent Auditor.											
Cost/Budgeted: The cost of this presentation is included in the contract for the annual audit of SMUD’s financial statements.											
Alternatives: Not to present the planned work of the Independent Auditor.											
Affected Parties: Accounting											
Coordination: Accounting											
Presenter: Bethany Ryers, Principal, Baker Tilly US, LLP											

Additional Links:

SUBJECT

SMUD’s 2025 Financial Statement Independent Audit Plan

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



Bethany Ryers, CPA
Principal – Energy & Utilities, Baker Tilly

Bethany is a Principal in the Baker Tilly Energy and Utilities Team and has been with Baker Tilly US, LLP since 2006. She specializes in providing auditing, accounting, and consulting services to utilities. She counts among her clients some of the largest public power systems in the United States and is helping them with implementing the latest Governmental Accounting Standards Board (GASB) statements. She is involved with a number of state electric, water, and wastewater organizations and is also a member of the AICPA (The American Institute of Certified Public Accountants) and several state accounting associations.

SSS No. PSS 25-009

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 12/09/25
Board Meeting Date
December 11, 2025

TO				TO						
1.	Matthew Powell			6.						
2.	Scott Martin			7.						
3.	Lora Anguay			8.						
4.	Jose Bodipo-Memba			9.	Legal					
5.				10.	CEO & General Manager					
Consent Calendar		<input checked="" type="checkbox"/>	Yes	No <i>If no, schedule a dry run presentation.</i>		Budgeted	<input checked="" type="checkbox"/>	Yes	No <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Matthew Powell				DEPARTMENT People Services & Strategies				MAIL STOP B251	EXT. 5371	DATE SENT 11/14/25

NARRATIVE:

Requested Action: Approve Side Letter Agreements (SLAs) between SMUD and the Public Safety Officers' Association (PSOA) for the California Public Employees' Retirement System (CalPERS) reporting of their holiday pay as required by the Fair Labor Standards Act (FLSA) and documenting the monetary value for the maintenance of required clothing.

Summary: SMUD staff is seeking Board approval to fulfill a CalPERS requirement that the Board publicly approve retroactive language for the PSOA 2019-2023 Memorandum of Understanding (MOU) for holiday pay, to ensure compliance with CalPERS Government Code section 20636, and California Code of Regulations (CCR), Title 2, Section 571(b)(1).

SMUD staff is also seeking Board approval to fulfill a CalPERS requirement that the Board publicly approve language for the PSOA 2023-2026 Memorandum of Understanding (MOU) for uniform allowance, to ensure compliance with CalPERS Government Code section 20636, and 2 CCR § 571(b)(1).

Board Policy: *(Number & Title)* Governance Process GP-3, Board Job Description, j) Take such other action as may be required by law.; Strategic Direction SD-8, Employee Relations

Benefits: Ensure regulatory and reporting compliance with government code for PSOA benefits.

Cost/Budgeted: The associated costs are factored into the bi-weekly payroll contributions for retirement / pension purposes.

Alternatives: If not approved, this could jeopardize the employee's final pension calculations and non-compliance with CalPERS requirements / Public Employees Retirement Law.

Affected Parties: Public Safety Officers' Association (PSOA) and SMUD

Coordination: Executive Office, People Services & Strategies, Employee Relations, Legal, and CalPERS

Presenter: Matthew Powell, Interim Director, People Services & Strategies

Additional Links:

SUBJECT

Public Safety Officers' Association (PSOA) Side Letter Agreements

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



December 1, 2025
LR 25-026

Shaun Du Fosee, Labor Consultant for PSOA
Mastagni Holstedt
1912 I Street
Sacramento, CA 95811

Roy Todd, PSOA
6100 Folsom Blvd., Mailstop K111
Sacramento, CA 95819

Subject: CalPERS: Uniform Allowance

The purpose of this side letter is to formalize the agreement between Sacramento Municipal Utility District (SMUD) and the SMUD Public Safety Officers' Association ("PSOA") to modify Article 19, Miscellaneous, Section 1, Uniforms and Work Clothing, in the 2023 – 2026 Memorandum of Understanding ("MOU") between the parties. All other terms and conditions of the existing MOU, including under Article 19, Section 1, shall remain in full force and effect.

CalPERS issued a determination regarding the compliance of Uniform Allowance, which is subject to Government Code Sections 20636, and California Code of Regulations (CCR), Title 2, Section 571(b)(1)(F).

Currently, the PSOA MOU between SMUD and PSOA references another document for uniforms and work clothing. CCR § 571(b)(1)(F) states that one of the requirements of special compensation is that it "Does not reference another document in lieu of disclosing the item of special compensation".

This side letter intends to clarify the language in the MOU, to include uniforms and maintenance.

Current Language

Public Safety Officers' Associate (PSOA) MOU: *Article 19- Miscellaneous*

1. UNIFORMS AND WORK CLOTHING

Uniforms and work clothing shall be issued in accordance with SOAP 005.

Updated/Revised Language

Public Safety Officers' Associate (PSOA) MOU: Article 19- Miscellaneous

1. UNIFORMS AND WORK CLOTHING

SMUD will be the sole authority for determining the type of uniform and equipment to be purchased and utilized. SMUD will purchase and provide maintenance services for the uniforms through a third-party vendor. Each member of the Uniformed Security Operations Force will be measured and fitted by the uniform supplier for the uniform issuance.

The laundry and maintenance of the uniform will be up to \$554.05 each fiscal year based on the cost of maintaining and laundering of the uniform. The value of the uniform provided is reported to CalPERS as compensation subject to retirement contributions for employees in classic retirement tiers (not PEPRA). Individual articles of the uniform are replaced as needed.

Compensation will be reported in conformance with the Public Employees' Retirement Law, enabling regulations, and CalPERS' administrative interpretations and guidance. No compensation is included for pension purposes unless affirmatively permitted by CalPERS and applicable law.

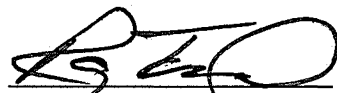
If the above language reflects your understanding of our agreement, please sign in the space provided below.

Michelle Dungca

Michelle Dungca, Principal Labor Relations Analyst

Shaun A Du Fosse

Shaun Du Fosse, Labor Consultant PSOA



Roy Todd, PSOA President



December 1, 2025
LR 25-029

Shaun Du Fosee, Labor Consultant for PSOA
Mastagni Holstedt
1912 I Street
Sacramento, CA 95811

Roy Todd, PSOA
6100 Folsom Blvd., Mailstop K111
Sacramento, CA 95819

Subject: CalPERS: Holiday Pay

The purpose of this side letter is to formalize the agreement between Sacramento Municipal Utility District (SMUD) and the SMUD Public Safety Officers' Association ("PSOA") to retroactively modify Article 7, Holidays, Section 2 (B), Regular Holiday Pay, in the 2019 – 2022 Memorandum of Understanding ("MOU") between the parties. All other terms and conditions of the MOU shall remain in full force and effect.

CalPERS issued a determination regarding the compliance of Holiday Pay, which is subject Government Code Sections 20636, and California Code of Regulations Section (CCR) 571(b).

The 2019-2022 MOU between SMUD and PSOA was unintentionally silent on positions that are required to work without regard to a holiday. In the subsequent 2023-2026 MOU, the intended language for Holiday Pay was corrected to codify existing practice. This side letter clarifies that the intended language also applies to 2019-2022 MOU (effective January 1, 2019- December 31, 2022), to align with the current 2023-2026 MOU language regarding Holiday Pay.

Original 2019-2022 Language

Public Safety Officers' Associate (PSOA) MOU: Article 7- Holidays

2. HOLIDAY PAY

B. Regular Holiday Pay

1) When a holiday falls on an employee's regularly scheduled workday, the employee will be given the day off and will be compensated for the number of hours the

employee is regularly scheduled to work on that day. When a holiday is observed on an employee's regular day off, the employee is credited with 8 hours of personal leave.

Updated/Revised Language Applicable to the 2019-2022 MOU (currently reflected in the 2023-2026 MOU)

Public Safety Officers' Associate (PSOA) MOU: Article 7- Holidays

2. HOLIDAY PAY

B. Regular Holiday Pay

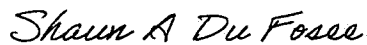
- 1) When a holiday falls on an employee's regularly scheduled workday, the employee will be compensated for the number of hours the employee works on that day.
- 2) Employees who work on a holiday shall be paid at the double-time rate of pay for the hours worked in addition to holiday pay as specified below.
- 3) When a holiday is observed on an employee's regular day off, the employee is credited with 8 hours of personal leave

Compensation will be reported in conformance with the Public Employees' Retirement Law, enabling regulations, and CalPERS' administrative interpretations and guidance. No compensation is included for pension purposes unless affirmatively permitted by CalPERS and applicable law.


If the above language reflects your understanding of our agreement, please sign in the space provided below.



Michelle Dungca, *Principal Labor Relations Analyst*



Shaun Du Fosse, *Labor Consultant PSOA*


Roy Todd, *PSOA President*

SSS No. ET&C 25-050

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 12/09/25
Board Meeting Date
December 11, 2025

TO				TO			
1.	Ryan McManus			6.	Scott Martin		
2.	Jennifer Restivo			7.	Lora Anguay		
3.	Suresh Kotha			8.	Jose Bodipo-Memba		
4.	Brandy Bolden			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) Chad Adair		DEPARTMENT Energy Trading & Contracts		MAIL STOP A404		EXT. DATE SENT 6151 11/14/25	
NARRATIVE:							
<p>Requested Action: Authorize the Chief Executive Officer and General Manager, or his designee, to execute, substantially in form attached, Firm Storage Service (FSS) schedules with Central Valley Gas Storage, LLC, for:</p> <ul style="list-style-type: none"> a. 1 Bcf of natural gas storage service for the period April 1, 2026, through March 31, 2031; and b. Natural gas injection service for the period March 1, 2026, through April 1, 2026. <p>Summary: SMUD has a contract for 1 billion cubic feet (Bcf) of storage inventory with a storage provider in Northern California that expires on March 31, 2026. A Request for Proposals (RFP) was issued to replace this contract upon expiration, and SMUD received offers from three storage providers. Central Valley Gas Storage, LLC, provided traditional bids and was the successful bidder for a five-year term. This new 1 Bcf transaction will maintain SMUD's storage capacity of 3 Bcf of inventory with injection rates of 10,000 Dth per day and withdrawal rates of 20,000 Dth per day. Reservation charge will be \$3.72 million per year. Variable charges are expected to average \$45,000/year. The contract term will run from April 1, 2026, through March 31, 2031. The increased cost is due to high volatility in natural gas and high demand for contracting across the entire state of California. This transaction will represent half of our total natural gas storage services and ensure the ability to provide reliability and flexibility during summer peaks and winter weather events and potential arbitrage opportunities.</p> <p>Included in this contract is the ability for early injection that will allow SMUD to begin injecting gas into the Central Valley Gas Storage facility as early as March 1, 2026. This will give Gas Trading the flexibility to move gas from our existing expiring contract into the new agreement.</p> <p>Board Policy: Strategic Direction SD-4, Reliability – natural gas storage supports peak load deliverability and provides protection against a failure of a transport path.; Strategic Direction SD-2, Competitive Rates – natural gas storage provides opportunities to reduce the overall cost of gas to SMUD through price arbitrage.</p> <p>Benefits: SMUD benefits by providing reliability, operational flexibility and helps maintain stable commodity costs.</p> <p>Cost/Budgeted: Purchase of gas storage under the new agreement beginning April 1, 2026, has been included in the Commodity Budget forecast.</p> <p>Alternatives: The alternative is to pursue more expensive gas storage; do not obtain storage.</p> <p>Affected Parties: SMUD and Central Valley Gas Storage, LLC</p> <p>Coordination: Energy Trading & Contracts, Risk, Treasury, Resource Planning and Legal</p> <p>Presenter: Jon Olson, Director, Energy Trading & Contracts</p>							

Additional Links:

SUBJECT	Contract for Natural Gas Storage and Injection Services	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

APPENDIX FSS

FIRM STORAGE SERVICE

Appendix to CVGS/Sacramento Municipal Utility District Storage Services Agreement dated 10/23/2017.

Transaction # **CV-SMD-FS-1002**

Central Valley Gas Storage, LLC (CVGS) and Sacramento Municipal Utility District (Customer) hereby adopt Service Schedule FSS, along with the previously executed Storage Services Agreement, and CVGS's Tariff, including its General Terms and Conditions and Transaction Management Procedures, and agree to the additional provisions contained in this Appendix FSS dated 11/17/2025:

Transaction Start Date:	4/1/2026	Transaction End Date:	3/31/2031
Injection Rights Start Date:	4/1/2026	Injection Rights End Date:	3/31/2031
Withdrawal Rights Start Date:	4/1/2026	Withdrawal Rights End Date:	3/31/2031
Firm Inventory Capacity/MSQ:	1,000,000	Dekatherms	
Minimum Storage Quantity/MinSQ:	-	Dekatherms	
Maximum Daily Quantity/MDQ:		Dekatherms	
Firm MDIQ: Inventory less than or equal to 100% of MSQ	10,152	Dekatherms/Day	
Inventory more than ___% and less than or equal to ___% of MSQ	-	Dekatherms/Day	
Inventory greater than ___% OF MSQ	-	Dekatherms/Day	
Firm MDWQ: Inventory greater than ___% of MSQ	-	Dekatherms/Day	
Inventory more than ___% and less than or equal to ___% of MSQ	-	Dekatherms/Day	
Inventory less than or equal to 100% of MSQ	20,000	Dekatherms/Day	
Point of Receipt:	CVGS/PG&E Citygate	Point of Delivery:	CVGS/PG&E Citygate
Inventory Demand Rate		per Dekatherm per month	
Injection Demand Rate	N/A	per Dekatherm per month	
Withdrawal Demand Rate	N/A	per Dekatherm per month	
Injection Commodity Rate	N/A	per Dekatherm Injected	
Withdrawal Commodity Rate	N/A	per Dekatherm Withdrawn	
Inventory Transfer Fee	\$0.00000000	per Dekatherm Transferred	
Authorized Overrun Rate	To be negotiated - as applicable		
Fuel Charge		Retention per Dekatherm Injected	
Other Charges:			

The parties agree that by affixing their signatures hereto that this Appendix FSS is final and binding in accordance with Article 2 of Service Schedule FSS.

This Appendix FSS shall at all times be subject to changes or modifications by the California Public Utilities Commission as said Commission may direct, from time to time, in the exercise of its jurisdiction.

Sacramento Municipal Utility District

Central Valley Gas Storage, LLC

PER: _____

PER: _____

NAME: _____

NAME: Sam B. Wallace

TITLE: _____

TITLE: Chief Commercial Officer

APPENDIX FSS

FIRM STORAGE SERVICE

Appendix to CVGS/Sacramento Municipal Utility District Storage Services Agreement dated 10/23/2017.

Transaction # **CV-SMD-FS-1001**

Central Valley Gas Storage, LLC (CVGS) and Sacramento Municipal Utility District (Customer) hereby adopt Service Schedule FSS, along with the previously executed Storage Services Agreement, and CVGS's Tariff, including its General Terms and Conditions and Transaction Management Procedures, and agree to the additional provisions contained in this Appendix FSS dated 11/17/2025:

Transaction Start Date:	3/1/2026	Transaction End Date:	4/1/2026
Injection Rights Start Date:	3/1/2026	Injection Rights End Date:	4/1/2026
Withdrawal Rights Start Date:	3/1/2026	Withdrawal Rights End Date:	4/1/2026
Firm Inventory Capacity/MSQ:	232,500		Dekatherms
Minimum Storage Quantity/MinSQ:	-		Dekatherms
Maximum Daily Quantity/MDQ:			Dekatherms
Firm MDIQ: Inventory less than or equal to 100% of MSQ	7,614		Dekatherms/Day
Inventory more than ___% and less than or equal to ___% of MSQ	-		Dekatherms/Day
Inventory greater than ___% OF MSQ	-		Dekatherms/Day
Firm MDWQ: Inventory greater than ___% of MSQ	0		Dekatherms/Day
Inventory more than ___% and less than or equal to ___% of MSQ	-		Dekatherms/Day
Inventory less than or equal to 100% of MSQ	-		Dekatherms/Day
Point of Receipt:	CVGS/PG&E Citygate	Point of Delivery:	CVGS/PG&E Citygate
Inventory Demand Rate			per Dekatherm per month
Injection Demand Rate	N/A		per Dekatherm per month
Withdrawal Demand Rate	N/A		per Dekatherm per month
Injection Commodity Rate	N/A		per Dekatherm Injected
Withdrawal Commodity Rate	N/A		per Dekatherm Withdrawn
Inventory Transfer Fee	\$0.00000000		per Dekatherm Transferred
Authorized Overrun Rate	To be negotiated - as applicable		
Fuel Charge			Retention per Dekatherm Injected
Other Charges: Note: All volumes will be transferred to new contract CV-SMD-FS-1002 on April 1, 2026 at no charge.			

The parties agree that by affixing their signatures hereto that this Appendix FSS is final and binding in accordance with Article 2 of Service Schedule FSS.

This Appendix FSS shall at all times be subject to changes or modifications by the California Public Utilities Commission as said Commission may direct, from time to time, in the exercise of its jurisdiction.

Sacramento Municipal Utility District

Central Valley Gas Storage, LLC

PER: _____

PER: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit - 12/09/25
Board Meeting Date
December 11, 2025

TO					TO				
1.	Casey Fallon				6.				
2.	Josh Langdon				7.				
3.	Lora Anguay				8.				
4.	Jose Bodipo-Memba				9.	Legal			
5.	Scott Martin				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) Daniel Manfredi				DEPARTMENT Procurement			MAIL STOP EA404	EXT. 6283	DATE SENT 11/21/25

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager, or his designee, to negotiate and award contracts to Acuren Inspection, Inc.; Alisto, Inc.; Kleinfelder, Inc.; and Prime EPC (collectively, the “Contracts”) to provide gas pipeline owners engineering services for a five-year period from January 2, 2026, to January 2, 2031, for a total aggregate not-to-exceed amount of \$5 million across the Contracts.

Summary: Request for Proposals Doc5245423100 (RFP) was issued in July 2025 to solicit qualified firms to provide Gas Pipeline Owners Engineering Services to support Power Generation projects. A majority of SMUD's available power generation relies on high-pressure gas transmission pipelines. Any errors or vulnerabilities could pose safety and/or reliability concerns, depending on the location of the issue. Therefore, it is imperative that the gas pipelines be maintained and constantly inspected.

The solicitation was issued with a provision to award multiple contracts for a five-year period. Individual Task Orders will be issued on an as-needed basis. The Task Orders under the Contracts are yet to be defined but are known to require services such as detailed studies which could include transmission pipeline, metering and regulation, valve station design, engineering consultation, and 49 CFR Part 192 program compliance and audits.

Recommendation: Award to the Highest Evaluated Responsive Proposers: Acuren Inspection, Inc.; Alisto, Inc.; Kleinfelder, Inc.; and Prime EPC

Proposers Notified by Procurement: 41

Proposers Downloaded: 8

Pre-Proposal Conference Attendance: 10

Proposals Received: 4

Responsive Proposals Received	P/F	10 Points SEED	60 Points Technical	30 Points Pricing	Total Score	Over all Rank	Proposal Amount	Evaluated Proposal Amount	Proposed Award Amount
Alisto Inc.	P	10	41.25	30.00	81.25	1	\$1,094,000	\$1,039,300	NTE \$5,000,000, Aggregate of all Task Orders
Kleinfelder, Inc.	P	10	47.50	21.37	78.87	2	\$1,513,982	\$1,459,282	
Prime EPC	P	-	41.50	24.10	65.60	3	\$1,293,900	\$1,293,000	
Acuren Inspection, Inc.	P	-	42.00	17.82	59.82	4	\$1,749,900	\$1,749,900	

Comments: The contracts include non-standard SMUD contract terms. SMUD staff, including Risk and Legal, are still negotiating the non-standard terms.

Supplier Diversity Program:

Alisto, Inc. and Kleinfelder, Inc. committed 20% Supplier Education & Economic Development (SEED) subcontracting participation for the duration of the contracts. Prime EPC has recently been approved as a SEED prime vendor but was not registered at the time of bidding.

Board Policy: Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction SD-7, Environmental Leadership; Strategic Direction SD-10, Innovation; Strategic Direction SD-13, Economic Development
(Number & Title)

Benefits: The Contracts will provide gas pipeline engineering services to help maintain the stability and integrity of SMUD s gas pipeline assets and operations. SMUD Procurement achieved approximately \$201,625 in cost savings through a best and final negotiation.

Cost/Budgeted: \$5,000,000 Budgeted for 2026-2031 by Power Generation

Alternatives: Alternative 1) Break up the scope of services and solicit contracts for the individual categories of service. This option would require additional SMUD resources to manage the contracts. Alternative 2) SMUD could hire internally specialized engineering resources to perform the work in-house. Due to current staffing shortages nationwide, this option would likely not materialize in the time and effort needed to on board internal resources.

Affected Parties: Power Generation, Supply Chain Services, and Contractor

Coordination: Power Generation, Supply Chain Services, Risk, and Legal

Presenter: Josh Langdon, Director, Power Generation

Additional Links:

SUBJECT

Contract Award for Gas Pipeline Owners Engineering Services

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. SCS 25-291

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 12/09/25

Board Meeting Date
December 11, 2025

TO					TO						
1.	Casey Fallon					6.	Jose Bodipo-Memba				
2.	Emily Bacchini					7.					
3.	Frankie McDermott					8.					
4.	Scott Martin					9.	Legal				
5.	Lora Anguay					10.	CEO & General Manager				
Consent Calendar		<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No <i>If no, schedule a dry run presentation.</i>		Budgeted		<input checked="" type="checkbox"/>	Yes	<input type="checkbox"/> No <i>(If no, explain in Cost/Budgeted section.)</i>	
FROM (IPR) Doug Moore					DEPARTMENT Procurement					MAIL STOP EA404	
										EXT. 7069	
										DATE SENT 11/13/25	

NARRATIVE:

Requested Action: Approve an increase to the aggregate contract not-to-exceed amount for Environmental Compliance and Program Development Services for Contract No. 4600001299 with AECOM Technical Services, Inc., Contract No. 4600001309 with Kleinfelder, Inc., and Contract No. 4600001315 with Brown and Caldwell (collectively, the “Contracts”) by \$2.2 million, from \$8.8 million to \$11 million, across the three Contracts.

Summary: The Contracts were originally awarded via Resolution No. 19-07-02, adopted on July 18, 2019, to AECOM Technical Services, Inc., Brown and Caldwell, and Kleinfelder, Inc. for Environmental Compliance and Program Development Services for the period from September 16, 2019, to August 18, 2022, with an optional two-year extension for a total not-to-exceed (“NTE”) aggregate amount of \$8 million. This Contract Change requests approval to increase the total NTE aggregate amount from \$8.8 million to \$11 million to allow the contractors to provide SMUD uninterrupted services, enabling ongoing and upcoming projects to proceed without delay while SMUD develops a Request for Proposals (RFP) and awards replacement contracts by July of 2026. The additional funding is necessary to ensure that SMUD can sustain our environmental initiatives and meet regulatory standards effectively as demand for environmental expertise and the critical importance of environmental compliance increases in all aspects of SMUD’s operations.

The following is a summary of contract changes to date.

Contract Actions	Amount	Cumulative Total (NTE)	Description
Original Contracts	\$6,000,000	\$6,000,000	<ul style="list-style-type: none"> 4600001299 AECOM 4600001315 Brown and Caldwell 4600001309 Kleinfelder
Contract Change	\$0	\$6,000,000	Extended expiration <ul style="list-style-type: none"> 4600001299 CC1 AECOM 4600001309 CC1 Kleinfelder Extend expiration and increase rates 4600001315 CC1 Brown and Caldwell
Contract Change	\$0	\$6,000,000	Added subcontractor(s) <ul style="list-style-type: none"> 4600001299 CC2 AECOM 4600001309 CC2 Kleinfelder
Contract Change	Increase \$2,000,000	\$8,000,000	Administrative CC to add Board-approved funding up to \$8M for option years <ul style="list-style-type: none"> 4600001299 CC3 AECOM 4600001315 CC2 Brown and Caldwell 4600001309 CC3 Kleinfelder

Contract Change	\$0	\$8,000,000	Extended Expiration <ul style="list-style-type: none"> • 4600001299 CC4 AECOM • 4600001315 CC3 Brown and Caldwell • 4600001309 CC4 Kleinfelder
GM Contingency Contract Change	Increase \$800,000	\$8,800,000	Increase total aggregate NTE amount by GM Contingency, and increase unit rates <ul style="list-style-type: none"> • 4600001299 CC5 AECOM • 4600001315 CC4 Brown and Caldwell • 4600001309 CC5 Kleinfelder
Pending Board Action	Increase \$2,200,000	\$11,000,000	Increase total aggregate NTE amount <ul style="list-style-type: none"> • 4600001299 AECOM • 4600001315 Brown and Caldwell • 4600001309 Kleinfelder

Board Policy: Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership
(Number & Title)

Benefits: The ability to sustain our environmental initiatives and meet regulatory standards effectively.

Cost/Budgeted: \$11,000,000; Budgeted for 2019-2026 by Safety, Environmental & Real Estate Services

Alternatives: Do not approve contract change and resume Environmental efforts once SMUD completes the current RFP (est. July 2026). This would impact SMUD's ability to sustain our environmental initiatives and meet regulatory standards effectively.

Affected Parties: Environmental, Health & Safety Services, Supply Chain Services, and Contractors

Coordination: Environmental, Health & Safety Services, Supply Chain Services, and Legal

Presenter: Emily Bacchini, Interim Director, Safety, Environmental & Real Estate Services

Additional Links:

SUBJECT

**Contract Change for Environmental Compliance
and Program Development Services**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SSS No. CFO 24-020

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date
FINANCE & AUDIT - 2025Board Meeting Date
N/A

TO				TO			
1.	Jose Bodipo-Memba			6.			
2.	Lora Anguay			7.			
3.	Scott Martin			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 12/18/23	

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: Lisa Limcaco, Director of Accounting & 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: November 26, 2025
ACC 25-031

FROM: Michael Wilson / Lisa Limcaco

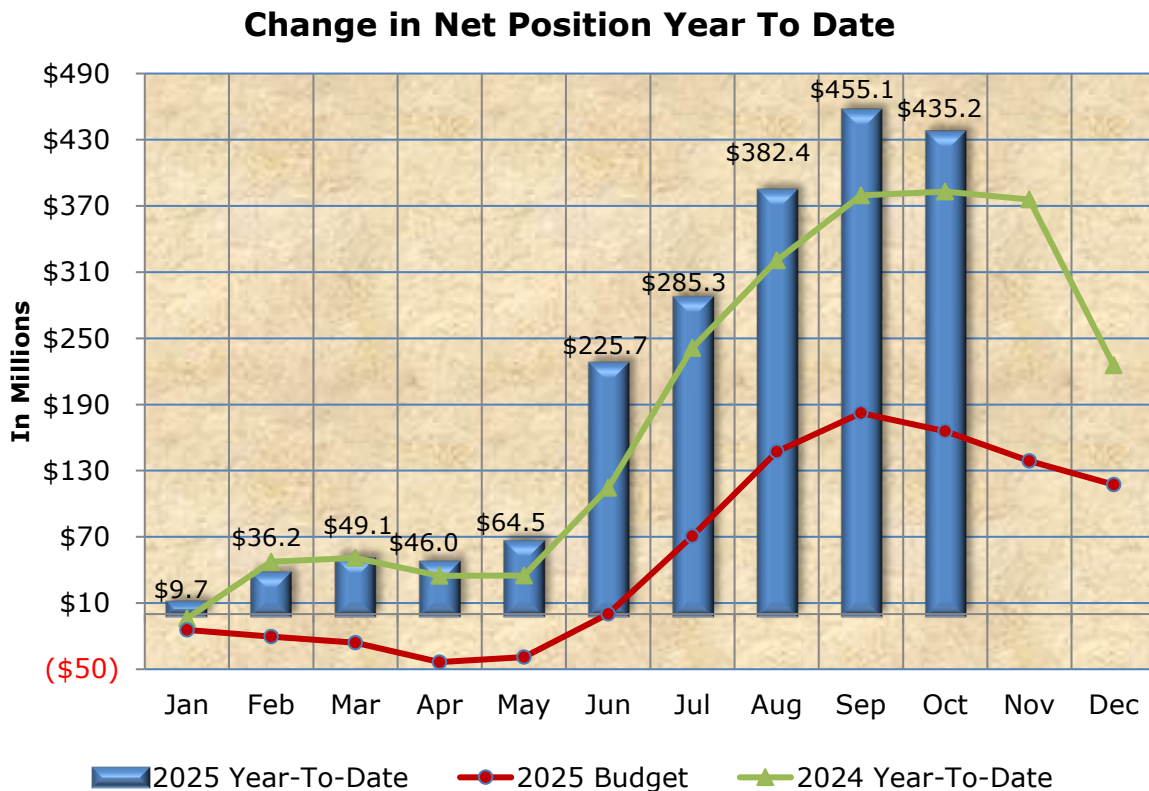
SUBJECT: OCTOBER 2025 FINANCIAL RESULTS AND OPERATIONS DATA

We are attaching the financial and operating reports for the ten months of 2025. They include sales and generation statistics and other selected data.

The change in net position is an increase of \$435.2 million compared to a budgeted increase of \$165.7 million, resulting in a favorable variance of \$269.5 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 2025 Budget approved by the Board of Directors on December 12, 2024.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT
EXECUTIVE SUMMARY
For the Ten Months Ended October 31, 2025**

Net Position

- The change in net position is an increase of \$435.2 million compared to a budgeted increase of \$165.7 million, resulting in a favorable variance of \$269.5 million.

Revenues

- Revenues from sales to customers were \$1,579.8 million, which was \$3.6 million higher than planned. The increase is primarily due to:
 - Higher than planned commercial sales of \$12.5 million.
 - Lower residential sales of \$11.6 million primarily due to a decrease in customer usage.
 - Lower provision for uncollectible accounts of \$2.4 million. The current balance of the accumulated provision is sufficient to cover the write-offs of arrears.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB] – 32) were \$16.8 million. This is due to carbon allowances sold through the state sanctioned quarterly auctions.
- Low Carbon Fuel Standard (LCFS) revenues were \$6.5 million due to LCFS credit sales.
- Other electric revenues increased by \$6.2 million, primarily due to higher than anticipated field service charges, and other miscellaneous service revenue.
- Non-cash revenues transferred to the stabilization fund were \$27.0 million, of which \$17.0 million was for AB-32, \$6.5 million was for LCFS, and \$3.5 million was for the annual WAPA Hydro Generation Adjustment. Funds are deferred until SMUD has qualified program expenses (projects that reduce carbon emissions or electric vehicle programs) to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund were \$31.1 million, of which \$11.2 million was for revenue recognized for AB-32, \$12.7 million was for LCFS and Community Impact Plan, and \$7.2 million was for revenue recognized for the annual Hydro Generation Adjustment.

Commodities, Purchased Power, and Production

- SMUD's generation was lower by 589 GWh (9.1 percent); JPA and other generation was lower by 310 GWh (6.3 percent); and Hydro generation was lower by 279 GWh (18.1 percent).
- Purchased power expense of \$351.7 million, less surplus power sales of \$102.3 million was \$249.4 million. This was \$5.5 million lower than planned mainly due to favorable market prices and milder weather, which resulted in increased power procurement and a reduction in thermal and hydro generation.
- Production operations cost of \$251.0 million less surplus gas sales of \$61.6 million, was \$189.4 million, which was \$41.2 million lower than planned. This is primarily due to reduced costs for carbon allowances, fuel, and the operation of hydro and thermal assets.
 - Carbon allowances decreased by \$16.9 million, primarily due to lower market prices, which reduced excess thermal sales and eliminated the need for additional carbon allowances. This was further impacted by a decline in carbon prices.
 - Fuel costs of \$137.3 million less surplus gas sales of \$61.6 million, was \$75.7 million, which was \$16.1 million lower than planned, primarily due to the reduction in thermal generation because of the milder-than-expected weather conditions and lower fuel prices.
 - Hydro production expenses were \$3.1 million lower, primarily driven by reduced labor costs, decreased outside services, and the later than planned start time of mitigation studies at Union Valley.
 - Other power generation expenses decreased by \$3.0 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 \$1,140.1 million, which was \$49.4 million higher than planned. The power margin as a percentage of sales to customers was 72.2 percent, which was 3.0 percent higher than planned. This is due to higher sales to customers and lower production costs due to lower carbon allowances, fuel expenses, and operating costs of the thermal plants.

Other Operating Expenses

- All other operating expenses were \$851.0 million, which was \$84.3 million lower than planned.
 - Transmission and distribution operations expenses were down \$28.8 million primarily due to lower transmission fees than planned.
 - Customer service and information expenses were down \$11.6 million primarily due to lower participation in My Energy Optimizer Partner Plus, delays to School Hosted Solar program, and transportation electrification projects.
 - Administrative & General expenses were down \$31.7 million primarily due to delayed start to projects such as Agile product teams, SAP S4 HANA, and Extended Day Ahead Market, lower spend compared to plan on the ZCES Grant Strategy project, along with the cancellation of the Enterprise Asset Analytics project.
 - Public Good expenses were higher by \$1.9 million primarily due to increased spending related to Distributed Energy Solutions commercial programs such as Smart Homes, Complete Energy Solutions as well as more participation in low income building electrification programs such as the Community Impact Plan Meadowview project.
 - Transmission and distribution maintenance expenses were \$7.4 million lower than planned, primarily due to lower vegetation management costs and improved tree work efficiency.
 - Non-cash depreciation and amortization was lower by \$10.3 million primarily due to certain projects that were scheduled for completion but are still underway.

Non-operating Revenues and Expenses

- Other revenue, net, was \$113.6 million higher than planned primarily due to payments received from the Inflation Reduction Act (IRA) and IRS Investment Tax Credit programs for clean energy projects, grant revenue, higher interest income, a Rancho Seco Solar power purchase agreement payment, and a gain on the Sacramento Municipal Utility District Financing Authority bond defeasance.
- Interest charges were \$9.3 million lower than planned due to lower interest on long-term debt and commercial paper expenses.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Month Ended October 31, 2025
(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
OPERATING REVENUES				
Sales to customers	\$ 122,171	\$ 138,810	\$ (16,639)	(12.0) %
Sales of surplus power	7,635	3,366	4,269	126.8
Sales of surplus gas	7,693	-	7,693	*
SB-1 revenue (deferral)/recognition, net	217	-	217	*
Other electric revenue	4,058	3,298	760	23.0
Revenue from rate stabilization fund	2,236	1,926	310	16.1
Total operating revenues	144,010	147,400	(3,390)	(2.3)
OPERATING EXPENSES				
Operations				
Purchased power	43,244	42,866	378	0.9
Production	22,563	18,197	4,366	24.0
Transmission and distribution	8,201	12,158	(3,957)	(32.5)
Customer accounts	5,223	5,057	166	3.3
Customer service and information	10,024	10,093	(69)	(0.7)
Administrative and general	18,124	20,712	(2,588)	(12.5)
Public good	5,571	5,126	445	8.7
Total operations	112,950	114,209	(1,259)	(1.1)
Maintenance				
Production	6,403	3,409	2,994	87.8
Transmission and distribution	12,198	12,083	115	1.0
Total maintenance	18,601	15,492	3,109	20.1
Depreciation and amortization				
Depreciation and amortization	24,266	25,243	(977)	(3.9)
Amortization of regulatory asset	4,103	3,883	220	5.7
Total depreciation and amortization	28,369	29,126	(757)	(2.6)
Total operating expenses	159,920	158,827	1,093	0.7
OPERATING INCOME (LOSS)	(15,910)	(11,427)	(4,483)	39.2
NON-OPERATING REVENUES AND EXPENSES				
Other revenues/(expenses)				
Interest income	4,112	2,502	1,610	64.3
Investment revenue (expense)	(362)	-	(362)	*
Unrealized holding gains (losses)	(382)	-	(382)	*
Revenue - CIAC	2,111	1,821	290	15.9
Other income (expense) - net	(1,016)	161	(1,177)	(731.1)
Total other revenues	4,463	4,484	(21)	(0.5)
Interest charges				
Interest on long-term debt	8,414	9,396	(982)	(10.5)
Interest on commercial paper and other	42	125	(83)	(66.4)
Total interest charges	8,456	9,521	(1,065)	(11.2)
CHANGE IN NET POSITION	\$ (19,903)	\$ (16,464)	\$ (3,439)	20.9 %

* Equals 1000% or greater.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Ten Months Ended October 31, 2025
(thousands of dollars)

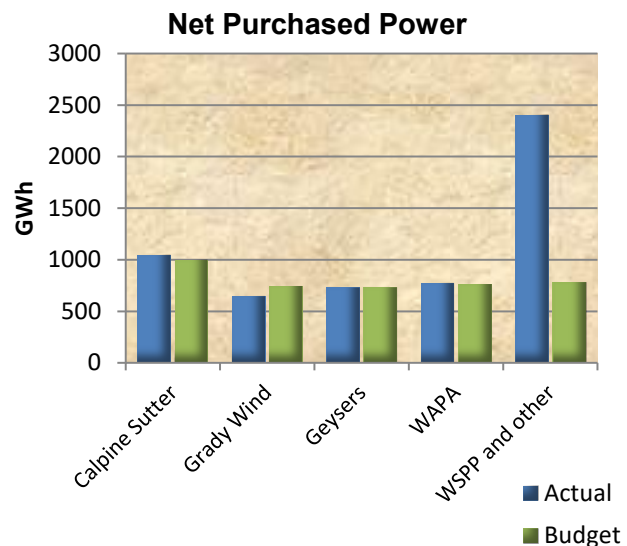
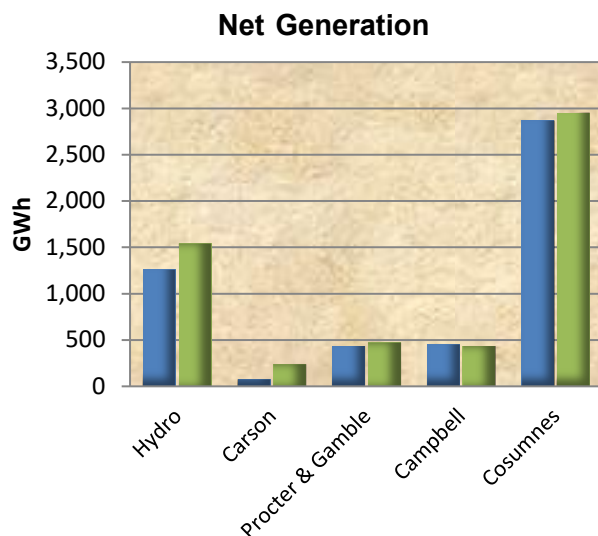
	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
OPERATING REVENUES				
Sales to customers	\$ 1,579,832	\$ 1,576,193	\$ 3,639	0.2 %
Sales of surplus power	102,264	117,555	(15,291)	(13.0)
Sales of surplus gas	61,622	-	61,622	*
SB-1 revenue (deferral)/recognition, net	1,176	-	1,176	*
AB-32 revenue	16,780	-	16,780	*
LCFS revenue	6,457	-	6,457	*
Other electric revenue	39,270	33,055	6,215	18.8
Revenue to rate stabilization fund	(27,012)	-	(27,012)	*
Revenue from rate stabilization fund	31,055	22,694	8,361	36.8
Total operating revenues	1,811,444	1,749,497	61,947	3.5
OPERATING EXPENSES				
Operations				
Purchased power	351,668	372,418	(20,750)	(5.6)
Production	251,011	230,614	20,397	8.8
Transmission and distribution	76,799	105,564	(28,765)	(27.2)
Customer accounts	50,859	49,048	1,811	3.7
Customer service and information	77,224	88,841	(11,617)	(13.1)
Administrative and general	167,260	198,993	(31,733)	(15.9)
Public good	58,212	56,281	1,931	3.4
Total operations	1,033,033	1,101,759	(68,726)	(6.2)
Maintenance				
Production	44,094	44,410	(316)	(0.7)
Transmission and distribution	102,223	109,649	(7,426)	(6.8)
Total maintenance	146,317	154,059	(7,742)	(5.0)
Depreciation and amortization				
Depreciation and amortization	233,353	243,657	(10,304)	(4.2)
Amortization of regulatory asset	40,997	38,828	2,169	5.6
Total depreciation and amortization	274,350	282,485	(8,135)	(2.9)
Total operating expenses	1,453,700	1,538,303	(84,603)	(5.5)
OPERATING INCOME	357,744	211,194	146,550	69.4
NON-OPERATING REVENUES AND EXPENSES				
Other revenues (expenses)				
Interest income	40,142	25,184	14,958	59.4
Investment revenue (expense)	(894)	-	(894)	*
Unrealized holding gains	458	-	458	*
Revenue - CIAC	18,260	18,153	107	0.6
Gain on extinguishment of debt	2,930	-	2,930	*
Other income (expense) - net	100,127	4,096	96,031	*
Total other revenues	161,023	47,433	113,590	239.5
Interest charges				
Interest on long-term debt	81,564	88,916	(7,352)	(8.3)
Interest on commercial paper and other	2,012	3,989	(1,977)	(49.6)
Total interest charges	83,576	92,905	(9,329)	(10.0)
CHANGE IN NET POSITION	\$ 435,191	\$ 165,722	\$ 269,469	162.6 %

* Equals 1000% or greater.

SACRAMENTO MUNICIPAL UTILITY DISTRICT
SOURCES AND USES OF ENERGY - COMPARED TO BUDGET
For the Period Ended October 31, 2025

Sources of Energy (GWh)	Month		Increase (Decrease)	Year to Date		Increase (Decrease)
	Actual	Budget	Percentage	Actual	Budget	Percentage
Net Generated						
Hydro	68	44	54.5	1,262	1,541	(18.1)
Carson Power Plant	29	44	(34.1)	79	243	(67.5)
Procter & Gamble Power Plant	30	52	(42.3)	439	474	(7.4)
Campbell Power Plant	94	106	(11.3)	456	437	4.3
Cosumnes Power Plant	-	49	(100.0)	2,871	2,948	(2.6)
Other	33	57	(42.1)	744	797	(6.6)
Total net generation	254	352	(27.8)	5,851	6,440	(9.1)
Purchased Power less transmission losses:						
CalEnergy	19	19	0.0	159	186	(14.5)
Calpine Sutter	167	183	(8.7)	1,045	996	4.9
Drew Solar	25	24	4.2	274	265	3.4
Feed in Tariff	14	15	(6.7)	184	192	(4.2)
Geysers	75	74	1.4	730	730	0.0
Grady Wind	76	74	2.7	647	741	(12.7)
Rancho Seco PV II	16	26	(38.5)	260	300	(13.3)
WAPA	58	41	41.5	773	761	1.6
WSPP and other	332	108	207.4	2,400	779	208.1
Other long term power	35	52	(32.7)	446	527	(15.4)
Total net purchases	817	616	32.6	6,918	5,477	26.3
Total sources of energy	1,071	968	10.6	12,769	11,917	7.1
Uses of energy:						
SMUD electric sales and usage	775	820	(5.5)	8,823	8,888	(0.7)
Surplus power sales	267	114	134.2	3,721	2,659	39.9
System losses	29	34	(14.7)	225	370	(39.2)
Total uses of energy	1,071	968	10.6 %	12,769	11,917	7.1 %

* Change equals 1000% or more.



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

- Hydro generation is lower than planned (18.1 percent).
- JPA generation is lower than planned (6.3 percent).

Purchased power, less surplus power sales, is higher than plan (13.4 percent).

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
October 31, 2025 and 2024
(thousands of dollars)

	<u>Total</u>	
	2025	2024 (restated)
ELECTRIC UTILITY PLANT		
Plant in service, original cost	\$ 7,958,845	\$ 7,459,094
Less accumulated depreciation	4,032,917	3,828,089
Plant in service - net	3,925,928	3,631,005
Construction work in progress	797,729	843,949
Investment in Joint Power Agencies	43,656	41,102
Total electric utility plant - net	4,767,313	4,516,056
RESTRICTED ASSETS		
Restricted for payment of debt service	50,436	32,676
JPA funds	27,709	36,307
Nuclear decommissioning trust fund	10,261	9,832
Rate stabilization fund	346,346	216,087
Other funds	62,547	66,241
Due (to) from unrestricted funds (decommissioning)	(6,684)	(6,684)
Due (to) from restricted funds (decommissioning)	6,684	6,684
Less current portion	(127,567)	(119,507)
Total restricted assets	369,732	241,636
CURRENT ASSETS		
Cash, cash equivalents and investments		
Unrestricted	776,361	705,435
Restricted	127,567	119,507
Accounts receivable - net	325,925	301,764
Lease receivable	496	679
Energy efficiency loans due within one year	139	139
Interest receivable	6,664	5,656
Lease interest receivable	23	30
Regulatory costs to be recovered within one year	93,524	76,701
Derivative financial instruments maturing within in one year	16,479	12,955
Inventories	208,557	170,110
Prepaid gas to be delivered within one year	44,772	40,853
Prepayments and other	38,277	42,277
Total current assets	1,638,784	1,476,106
NONCURRENT ASSETS		
Regulatory costs for future recovery		
Decommissioning	91,781	95,170
Pension	591,959	514,251
OPEB	297,721	295,177
Bond Issues	71	662
Derivative financial instruments	304	204
Derivative financial instruments	39,617	30,812
Prepaid gas	702,832	747,602
Lease receivable	16,217	16,928
Energy efficiency loans - net	68	198
Other	95,588	66,496
Total noncurrent assets	1,836,158	1,767,500
TOTAL ASSETS	8,611,987	8,001,298
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	28,248	62,166
Deferred pension outflows	167,353	151,166
Deferred OPEB outflows	50,990	56,729
Deferred ARO outflows	299	1,043
Unamortized bond losses - other	26,161	30,620
TOTAL DEFERRED OUTFLOWS OF RESOURCES	273,051	301,724
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 8,885,038	\$ 8,303,022

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF NET POSITION
October 31, 2025 and 2024
(thousands of dollars)

	<u>Total</u>	
	2025	2024 (restated)
LONG-TERM DEBT - NET	\$ 3,250,367	3,258,982
CURRENT LIABILITIES		
Accounts payable	161,311	134,473
Purchased power payable	38,273	34,539
Credit support collateral obligation	6,508	8,950
Long-term debt due within one year	130,825	138,065
Accrued decommissioning	7,471	7,140
Interest payable	39,610	43,445
Accrued interest liability	177	200
Accrued salaries and compensated absences	69,966	56,006
Derivative financial instruments maturing within one year	25,941	41,035
Customer deposits	6,012	2,192
Lease and subscription software liability	35,279	33,723
Other	54,926	55,530
Total current liabilities	576,299	555,298
NONCURRENT LIABILITIES		
Accrued decommissioning - net	105,826	108,485
Derivative financial instruments	2,683	23,157
Net pension liability	282,182	225,212
Net OPEB liability	38,769	49,478
Lease liability	18,901	46,354
Other	145,451	88,283
Total noncurrent liabilities	593,812	540,969
TOTAL LIABILITIES	4,420,478	4,355,249
DEFERRED INFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	56,093	43,636
Deferred pension inflows	765	8,416
Deferred OPEB inflows	15,238	30,616
Deferred lease inflows	15,803	16,815
Regulatory credits	1,094,429	844,905
Unamortized bond gains - other	31,363	29,865
Unearned revenue	3,560	3,782
TOTAL DEFERRED INFLOWS OF RESOURCES	1,217,251	978,035
NET POSITION		
Balance at beginning of year	2,812,118	2,586,698
Net increase for the year	435,191	383,040
TOTAL NET POSITION	3,247,309	2,969,738
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 8,885,038	\$ 8,303,022

SACRAMENTO MUNICIPAL UTILITY DISTRICT
STATEMENTS OF CASH FLOWS
For the Period Ended October 31, 2025
(thousands of dollars)

	Month	Year to Date
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 216,687	\$ 1,594,181
Receipts from surplus power and gas sales	24,788	164,899
Other receipts	1,777	80,631
Payments to employees - payroll and other	(30,983)	(372,087)
Payments for wholesale power and gas purchases	(37,686)	(447,309)
Payments to vendors/others	(35,685)	(452,510)
Net cash provided by operating activities	138,898	567,805
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of debt	-	(33,750)
Receipts from federal and state grants	6,989	15,404
Interest on debt	(713)	(38,250)
Net cash provided by (used in) noncapital financing activities	6,276	(56,596)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Construction expenditures	(58,285)	(426,437)
Contributions in aid of construction	2,821	24,553
Net proceeds from bond issues	-	331,574
Repayments and refundings of debt	-	(264,820)
Issuance of commercial paper	-	75,000
Repayments of commercial paper	-	(75,000)
Other receipts/payments - net	(1,138)	93,252
Interest on debt	(153)	(92,558)
Lease receipts/payments - net	(7,605)	(36,664)
Net cash used in capital and related financing activities	(64,360)	(371,100)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sales and maturities of securities	147,185	903,755
Purchases of securities	(152,457)	(808,871)
Interest and dividends received	4,825	40,866
Investment revenue/expenses - net	(368)	(883)
Net cash (used in) provided by investing activities	(815)	134,867
Net increase in cash and cash equivalents	79,999	274,976
Cash and cash equivalents at the beginning of the month and year	611,808	416,831
Cash and cash equivalents at October 31, 2025	\$ 691,807	\$ 691,807
Cash and cash equivalents included in:		
Unrestricted cash and cash equivalents	\$ 624,869	\$ 624,869
Restricted and designated cash and cash equivalents	50,060	50,060
Restricted and designated assets (a component of the total of \$369,731 at October 31, 2025)	16,878	16,878
Cash and cash equivalents at October 31, 2025	\$ 691,807	\$ 691,807

SSS No. IAS 2025-6	BOARD AGENDA ITEM STAFFING SUMMARY SHEET	Committee Meeting & Date Finance & Audit December 9, 2025 Board Meeting Date
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TO				TO			
1.	Scott Martin			6.			
2.	Lora Anguay			7.			
3.	Jose Bodipo-Memba			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		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
Claire Rogers		Internal Audit Services			B409	7122	11/25/25

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
• Rancho Seco Audit Report 20-A-03.....	28008003
• Joint Poles Audit Report	28007882
• Customer Assistance - MED Rate	28007980

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 and Internal Auditor

Coordination: Internal Audit Services

Presenter: Claire Rogers, Director, Internal Audit Services

Additional Links:

SUBJECT	Internal Audit Services Reports	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: November 6, 2025

Audit No. 25-A-003

28008003

FROM: Claire Rogers

SUBJECT: RANCHO SECO AUDIT REPORT NO. 25-A-003

Every five years an audit is conducted by an independent auditor to evaluate the adequacy of the Rancho Seco Quality Assurance and Audit Programs and the effectiveness of the programs' implementation. SMUD's Internal Audit Services (IAS) Department contracted to have this audit conducted by an independent auditor. The results are documented in the attached report.

Various routine audits are regularly conducted as part of the Rancho Seco Quality Assurance and Audit program. Because these audits focus on standard compliance, they are typically not shared with the Board or executive management team. However, this particular audit assesses whether the Quality Assurance and Audit program itself meets the requirements set by the Nuclear Regulatory Commission. Given the importance of this evaluation, this report is shared with the Board and executive management team.

It was the independent auditor's conclusion that these programs are in full compliance with applicable regulations. Implementation of the recommendations for program improvement presented in Attachment B of the attached report will strengthen the existing programs and will be implemented. The recommendations from the previous audit are currently in progress.

Attachment: Rancho Seco Quality Assurance Audit Report No. 25-A-003

cc:

Paul Lau

Scott Martin

Brandy Daniels-Bolden

Josh Langdon

Laura Lewis

Farres Everly

Jose Bodipo-Memba

Frankie McDermott

Suresh Kotha

Lora Anguay

RANCHO SECO QUALITY AUDIT REPORT

Rancho Seco Audit 25-A-003

Audit Title: Quality Assurance (QA) & Audit Programs

Audit No.: 25-A-003

Audited Criteria: 10 CFR 72.144 & 72.176

Audit Areas: RSQM 2 & 18

Audit Start Date: September 29, 2025

Audit Completion Date: October 2, 2025

Report Issue Date: October 22, 2025

Organization(s) Audited: Quality Assurance

Purpose:

Ensure the adequacy of the Sacramento Municipal Utility District (SMUD) Rancho Seco QA Program. Assess the effectiveness of QA Program implementation by examining areas that support QA Manual Section II (QA Program) and Section XVIII (Audits). The performance of this audit satisfies the requirement specified in the Rancho Seco Quality Manual (RSQM), criteria XVIII, 6.1.d.

Scope:

This audit determined the adequacy and effectiveness of QA Program criteria by reviewing audit schedules, interviewing personnel, and examining applicable audit and surveillance records. The audit verified that QA elements were addressed in the QA program, audits were performed at required frequency, and qualified personnel conducted audits and surveillances.

Audit Team:

Thomas Voss (Audit Team Leader)

Program Evaluation:

The Rancho Seco QA Program and Audit Program are effectively implemented in accordance with established standards, procedures, and commitments. Rancho Seco maintains a system of planned and periodic audits consistent with regulations, commitments, and procedures. Plans, checklists, and audit reports are well-prepared by qualified individuals. Audit personnel demonstrate appropriate qualifications and independence. The maintenance and reduction of active site QA program documents is an ongoing concern identified in the previous 2020 audit of this area and identified in subsequent audits of other areas. The Manager, Rancho Seco Assets (MRSA) and the Program Manager, Regulatory Compliance – Power Generation have an acceptable plan to address this issue, with actions in-progress.

RANCHO SECO QUALITY AUDIT REPORT

Rancho Seco Audit 25-A-003

Program Implementation Evaluation:

The QA and Audit Programs remain effective overall. Minor deficiencies were identified in auditor qualification records and procedure clarity. Deficiencies include documentation inconsistencies in Lead Auditor certification documents, outdated audit procedure language, and limited resources for QA document maintenance. These items were captured in Potential Deviation from Quality PDQ 25-019 and nine Recommendations. The deficiencies are administrative in nature and do not compromise the independence or technical quality of the QA and Audit Programs.

Conclusion:

The Rancho Seco QA Program and Audit Program are effectively implemented in accordance with established standards, procedures, and commitments. Minor concerns related to auditor qualification documentation, outdated procedures, and limited resources for QA document maintenance are recognized but do not compromise program integrity. Corrective actions and recommendations have been provided to address these issues.

Thomas Voss

Digitally signed by Thomas Voss
Date: 2025.11.06 15:32:19 -06'00'

Audit Team Leader

Date

(Note: This report was issued on October 22, 2025, and corrected on November 6, 2025 to add the Report Issue Date on page 1.)

Ryder Couch

Digitally signed by Ryder Couch
Date: 2025.11.06 15:07:25 -08'00'

Program Manager, Regulatory Compliance Approval

Date

Linda Wong

Digitally signed by Linda Wong
Date: 2025.11.06 15:01:21 -08'00'

Manager, Internal Audit Services Approval

Date

Attachments:

Appendix A: Audit Performance Discussion

Appendix B: Recommendations

RANCHO SECO QUALITY AUDIT REPORT

Rancho Seco Audit 25-A-003

Appendix A – Audit Performance Discussion

Overview and Methodology

Audit 25-A-003 was conducted September 29 through October 2, 2025, to evaluate implementation of the Rancho Seco Quality Assurance (QA) and Audit Programs against RSQM Criteria II and XVIII and applicable requirements of 10 CFR 72.144, and 10 CFR 72.176. Additional audit criteria were from 10 CFR 71 Subpart H and from NRC Reg. Guides 1.144 and 1.146 with associated ANSI N45.2 standards. Audit methods included document reviews (procedures, plans, checklists, records), interviews with site personnel, and verification of audit schedules and auditor qualifications. Observations of in-process activities were limited to records retrieval and storage.

Quality Assurance Program Implementation

The QA Program is established by the RSQM and implementing procedures (e.g., RSNAP-001, RSAP-0302). The program defines QA applicability to Important-to-Safety SSCs and provides for performance under controlled conditions and with independent quality verification. Interviews with the management staff confirmed awareness of responsibilities and independence. The program provides personnel training and indoctrination. Due to an apparent backlog of needed QA Program improvements, a Recommendation was written to ensure adequate resources are available for QA Program maintenance. Recommendations in this audit area are #s 1 through 5.

Audit Program Effectiveness

Planned and periodic audits are implemented under RSQM Chapter XVIII and RSAP-1306. Review of audits from 2021 through 2025 verified use of written checklists, documentation of objective evidence, and independence of auditors. Recommendations in this area are #s 6 and 7.

Auditor and Surveillant Qualification

Auditor and Lead Auditor qualifications were assessed per RSQM Chapter XVIII and RSAP-1306 Section 8. Records confirmed only qualified personnel performed audits. However, documentation discrepancies were found (missing signatures, absent written exam records) and documented in PDQ 25-019. These administrative deficiencies do not compromise the technical integrity of the program. Recommendations in this area are #s 8 and 9.

Corrective Actions and Previous Audit Results

Review of PDQs from the 2020 audit of this area (PDQs 20-026, 20-027, and 20-028) found two closed and one open item. Timeliness of other corrective actions from audits after year 2020 was not satisfactory. Resourcing actions are in progress to address backlog. Tracking is maintained in the Rancho Seco Commitment Tracking system.

RANCHO SECO QUALITY AUDIT REPORT

Rancho Seco Audit 25-A-003

Appendix A (continued)

References

1. IFSAR, Vol. 1, Ch. 11, Rev. 9, Quality Assurance
2. RSLBD-010, Rev. 5, Rancho Seco Quality Manual (RSQM)
3. RSNAP-001, Rev. 5, Nuclear Organization, Responsibilities, and Authorities
4. RSNAP-005, Rev. 01, Potential Deviation from Quality
5. RSNAP-012, Rev. 1, General Employee Training CAT 1
6. RSAP-0302, Rev. 17, Configuration Identification
7. RSAP-1301, Rev. 6, Corrective Action Program
8. RSAP-1306, Rev. 12, Quality Audits and Surveillance Reports
9. RSAP-1310 Rev. 09, Deviation from Quality
10. RSAP-0601, Rev. 10, Nuclear Records Management
11. RSF-007, Rev. 1, GET CAT 1 Quality Assurance
12. RSF-134, Rev. 1, Training Attendance Roster, Course Number STO1GO100 Cat-1, for employees 16228, 20348, and 20953
13. DPG 22-072 (5/25/2022) and DPG 24-257 (5/21/2024), Biennial 10 CFR 72.48(d)(2) Reports
14. Audit Reports (2020 – 2025)
15. Auditor and Lead Auditor qualification and certification records
16. NRC Inspection Reports (3/25/2021; 12/14/2021; 8/16/2024)
17. Rancho Seco Commitment Tracker (RSCT)
18. Records Code Lists
19. SMUD Organizational Chart, CEO to Rancho Seco

Persons Contacted

<u>Name</u>	<u>Title</u>	<u>Entrance</u>	<u>Exit</u>
Josh Langdon	Director, Power Generation	x	x
Linda Wong	Manager Auditing, Internal Audit Services	x	x
Ernie Miller	Manager, Rancho Seco Assets	x	x
Ryder Couch	Program Manager, Regulatory Compliance – Power Generation	x	x
Oksana Bardosh	Paragon Energy, On Site Manager	x	x
David Schwarzbart	Assistant Superintendent, Rancho Seco Assets	x	x
Joseph Orosco	Paragon Energy, Operations Supervisor		x
Matt Criswell	Principal Mechanical Engineer	x	x
Theresa Zuck	Office Technician		

RANCHO SECO QUALITY AUDIT REPORT

Rancho Seco Audit 25-A-003

Appendix A (continued)

Potential Deviations from Quality (PDQ):

The QA and Audit Programs remain effective overall. Minor administrative deficiencies were documented under PDQ 25-019, specifically involving incomplete auditor qualification documentation, missing signatures, and absent written exam records. These are administrative in nature and do not compromise independence or technical quality.

RANCHO SECO QUALITY AUDIT REPORT

Rancho Seco Audit 25-A-003

Appendix B – Recommendations

1. Ensure adequate resources available for QA Program activities, such as corrective actions and procedure maintenance. For example, concerns noted during this audit and previous audits indicate procedures do not always effectively and efficiently define and implement the QA Program. An example noted in this audit is RSAP-1306 allows not initiating a PDQ if a deviation is corrected before completion of the audit. The requirements for initiating a PDQ do not allow this exception.
2. Revise RSAP-0302, Rev 17, Configuration Identification. Attachment 6, step 2.4 states: "... the QAP does apply to procurement of the auditing services for the outside, independent Fire Protection audit." However, QA audit of Fire Protection is neither required nor performed.
3. Revise RSNAP-012 (General Employee Training CAT 1) to specifically state the CAT 1, Module 4 training is "QA Program indoctrination", as required by 10 CFR 72.144 (d). Additionally, add the "indoctrination" wording to the RSQM, section II, step 4.10.
4. Require the contracted auditors to correctly enter the Program Manager, Regulatory Compliance title on audit report signature blocks. Review of seven audit reports for years 2023, 2024, and 2025 found the signature block is titled "Program Manager, Reliability Compliance." The title should be Program Manager, Regulatory Compliance.
5. Determine if a specific management review of the QA Program should be documented annually. 10 CFR 72.144 (e) requires review of "the status and adequacy of the quality assurance program at established intervals."
6. Revise RSAP-1306 to remove the allowance in step 6.6.3.3 for not initiating a PDQ if a deviation is corrected before completion of the audit.
7. Revise RSAP-1306, section 9 to require retention of the records required by NRC Regulatory Guide 1.144, Section C.7, including the following: audit schedules, plans, checklists, reports, written replies, and record of completion of corrective actions.
8. Revise RSAP-1306, Att. 5, Experience: "auditing/surveillances, score 3". Surveillances are not acceptable for Lead Auditor certification.
9. Revise RSAP-1306, step 8.1.1 to include the NRC Reg. Guide 1.146/ANSI N45.2.23-1978, step 2.3.4 requirement: "nuclear quality assurance audit within the year prior to his qualification."

Joint Poles

Executive Summary

Internal Audit Services (IAS) has completed a review of Joint Pole Processing. The purpose of this audit was to evaluate the processes in place to manage joint pole processing and invoicing. This audit was included in the 2025 IAS Audit Plan.

Section 9511 of the California Public Utilities Code allows communications companies to access space on SMUD utility poles. Often these companies either lease space on SMUD poles—paying an annual rate based on the cost of ownership and SMUD covering maintenance and replacement costs—or they co-own sections of poles, sharing all related expenses. Line Assets' Line Design team is responsible for reviewing and approving all joint pole attachment requests, ensuring joint pole information is accurately recorded, and initiating the billing of communications companies for all applicable joint pole costs.

Our review confirmed the accuracy and appropriateness of charges for a sample of joint pole work and attachment applications. Some joint pole work was invoiced more than five years after completion, which Line Design explained was due to old paper-based processes and a significant backlog that existed at the time; in some cases, the team may not have been informed that work was finished, which delayed billing. The team sometimes discovers completed but unbilled work while processing new jobs and subsequently initiates billing. We confirmed that more recent joint pole work was consistently billed within six months of completion, indicating improved timeliness.

The Accounting department's Accounts Receivable-Other (ARO) team accurately tracks outstanding joint pole account balances, and the Revenue Assurance team is effectively addressing outstanding balances. We also confirmed that recent analyses have been conducted to establish an accurate pole attachment lease rate, and that current rates comply with California's Public Utilities Code lease rate requirements.

Finally, Line Design maintains a process to track joint pole attachment requests, approval dates, and confirmation of attachments. While co-owners are followed up with if confirmation is missing, there is not an efficient way to follow-up with tenants. The Line Design team plans to send reminders to tenants to reduce future unauthorized and unconfirmed attachments.

IAS would like to thank the Line Design team for their cooperation and support during this audit. We would also like to thank the Revenue Assurance and Accounts Receivable – Other teams for the assistance they provided.

Internal Audit Services

Joint Pole Processing

Audit Report 28007882



Joint Pole Processing

Internal Audit Services Report

Background:

Internal Audit Services (IAS) has completed a review of Joint Pole Processing. The purpose of this audit was to evaluate joint pole processes. This audit was included in the 2025 IAS Audit Plan.

Section 9511 of the California Public Utilities Code requires local publicly owned utilities to make appropriate space and capacity on their poles for use by communications service providers (communications companies). These companies must request approval to attach to SMUD poles through an application process; attachments are unauthorized when they are made without having been approved by SMUD's Line Design teams. Communications companies may choose to lease space as a tenant on the pole and pay an annual rate for each attachment while SMUD is responsible for all maintenance and replacement costs; the lease rate is governed by section 9512 of the Public Utilities Code, which limits the lease amount to the annual cost of ownership for the usable space occupied by the tenant. If a pole is replaced, tenants are responsible for the costs associated with transferring their attachments. Alternatively, communications companies may choose to co-own a section of SMUD poles and pay a share of all costs related to maintenance or replacement of the pole. For co-owned poles, the Northern California Joint Pole Association (NCJPA) is responsible for calculating the costs of transactions and preparing bills of sales to be invoiced.

Line Assets' Line Design team is responsible for reviewing and approving all joint pole attachment requests, ensuring joint pole information is accurately recorded, and for initiating the billing of communications companies for joint pole attachment applications, maintenance, replacement, and lease costs. Accounting's Revenue, Commodities, and Accounts Receivable Other (ARO) group is responsible for invoicing related to joint poles, and for tracking and reporting outstanding joint pole accounts balances. They report outstanding joint pole invoice balances to the Revenue Assurance team in Customer Operations & Assistance each month, who is responsible for reaching out to the communications companies about outstanding invoice balances.

Scope:

The scope of this audit included all information related to joint pole processing including all related applications, forms, job files, tracking sheets, and other documents (electronic and paper), SAP data, all applicable policies and procedures, and joint pole accounting and billing data and documentation.

Objectives:

The objectives of this audit were to:

1. Evaluate the accuracy and timeliness of the joint pole billing process.
2. Evaluate the process for authorizing and tracking joint pole attachments.

Summary:

IAS interviewed Line Design staff to understand the processes in place to review and approve attachment requests, and to bill joint pole co-owners and tenants for applicable costs. We also interviewed accounting staff and revenue assurance staff to understand how communications companies are invoiced, as well as how outstanding invoices are tracked and what processes were in place to collect outstanding balances. We also obtained and reviewed California Public Utilities Code requirements, as well as desk procedures related to joint pole processing and billing. Finally, we reviewed the NCJPA handbook to understand billing requirements for co-owned poles.

We reviewed a sample of invoices to communications companies to confirm the accuracy and timeliness of Line Design's and Accounting's billing processes. While all the invoices included accurate and appropriate charges for joint pole work or applications for attachments, we noted that some joint pole work was invoiced over five years after the work was completed. The Line Design team attributed these delays to the manual paper processes and significant backlog of work that existed at the time this joint pole work was done. In some instances, the team may not have been informed that the work was completed, preventing them from initiating billing. The team explained that they sometimes discover completed but unbilled joint pole work while processing new jobs and applications, and, as with the invoices in our sample, will complete billing promptly after the work is identified. We confirmed that for these cases billing appears to be initiated promptly after unbilled work is discovered. We also verified that the more recent joint pole work in our sample was billed within six months of completion, demonstrating that current processes allow for more timely billing.

We determined that the ARO team accurately tracks outstanding joint pole account balances, and that the Revenue Assurance team has effectively addressed outstanding balances. The balance of outstanding invoices varies from month to month depending on pole work and applications, but we noted several communications companies have outstanding balances that are well over a year old—some up to five years old. The Revenue Assurance team has been working to reach the appropriate contacts at these communications companies to address the balance; during the course of this audit, they successfully recovered over \$6.5 million of a \$7.75 million overdue balance from one account alone.

For leased poles, we also confirmed that recent analyses have been performed to determine an accurate pole attachment lease rate, and that the rates currently charged to tenants complies with the requirements of California's Public Utilities Code.

Finally, we confirmed Line Design has a process for authorizing and tracking joint pole attachment requests. Specifically, they track incoming requests, record the date the request was approved, and record attachment information when they receive confirmation of attachment. Joint pole co-owners and tenants are required to notify SMUD when they have attached to a pole; the Line Design team follows up with co-owners that have been approved to attach but have not confirmed their attachment; however, the team indicated that there is not an efficient way to follow up with tenants who have applied but have not attached; instead, they plan to remind communication

companies of their obligation to notify SMUD of their attachments through a notification letter, and will consider updating their makeready applications and approval emails to include language about the notification requirement.

Conclusion:

Joint pole billing is accurate and appropriate, and the Line Design team is working to address a backlog and unprocessed joint pole work to ensure timely invoicing. The Accounts Receivable – Other team accurately tracks outstanding balances for joint pole accounts, and the Revenue Assurance team has been successful in collecting overdue balances. Additionally, lease rates for tenant attachments comply with statutory requirements. Finally, the Line Design team has a process for tracking pole attachment requests and has a plan to improve their process for addressing unconfirmed and unauthorized attachments.

IAS would like to thank Line Design for their cooperation and support during this audit. We would also like to thank the Revenue Assurance and Accounts Receivable – Other teams for the assistance they provided.

Customer Assistance – MED Rate

Executive Summary

Internal Audit Services (IAS) has completed a review of the Customer Assistance – MED Rate program. The purpose of the audit was to evaluate the processes in place to manage and deliver customer assistance programs, with a specific focus on the Medical Equipment Discount (MED) Rate program. This audit was included in the 2025 IAS audit plan.

SMUD, as a community-owned nonprofit utility, offers the MED Rate program to offset the cost of energy for approximately 8,300 residential customers who use qualifying electrically powered medical devices at home. The program provides a \$15 monthly discount on energy charges, with additional discounts available up to 30% of monthly energy charges for qualifying medical equipment prescribed by a health professional. Covered devices include dialysis cyclers, electric wheelchairs, oxygen concentrators, ventilators (excluding CPAP/BIPAP), and extraordinary heating or cooling needs related to medical conditions. Participants typically recertify every two years, or every four years if permanently certified by their physician.

IAS completed an evaluation of SMUD’s MED Rate program and identified areas needing improvement to ensure alignment with published Rate Schedule MED, policy compliance and program integrity. While eligibility verification is performed, there was an instance where one application was missing the required health professional signature, and we became aware of the use of “on-the-spot” enrollments. Approximately 10% of recertifications were inconsistent with established timeframes due to manual date extensions used to manage workload and SAP system issues related to customer move events. The process of providing additional discounts beyond the standard \$15 credit showed gaps such as missing supervisor approvals, inaccurate logging of exceptions within SAP records, the auditor’s recalculation of exceptions using the Customer Assistance team’s decision matrix not aligning with the total number of exceptions provided to the participant, and discounts exceeding limits, linked in part to outdated procedures and potential billing issues. Recommendations include enforcing qualified health professional signature requirements, improving recertification processes, strengthening exception controls, and updating procedures.

IAS would like to thank Customer Operations & Assistance for their cooperation and support in conducting this audit. We also commend the staff for their hard work, commitment, and dedication to serving SMUD customers during times of need.



Internal Audit Services

Customer Assistance – MED Rate

Audit Report #28007980



Customer Assistance – MED Rate

Internal Audit Services Report

Background:

As a community-owned, not for profit utility, SMUD is committed to delivering public-good programs to assist our customer-owners. One such initiative is the Medical Equipment Discount (MED) Rate, which provides a monthly discount to residential customers who require specific electrically powered medical devices at home. The primary purpose of this program is to help customers offset the energy costs associated with prescribed medical equipment essential to their health.

Currently, approximately 8,300 customers participate in the MED Rate program. To qualify for the MED Rate discount, customers must submit a completed application accompanied by certification from a qualified health professional confirming the medical necessity of the device. Currently, the program covers in-home dialysis cyclers, electric wheelchairs, oxygen concentrators, ventilators (excluding CPAP or BIPAP machines), and extraordinary heating (when utilizing an electric heat pump or resistant heat) or air-conditioning, due to a medical condition. Typically, participants recertify every two years; however, for those with permanent needs as certified by their physician, recertification is required every four years.

Effective January 1, 2011, qualifying accounts receive a \$15 discount on their monthly energy charges. If this amount does not adequately address the customer's medical-related electricity usage, additional discounts—referred to as exceptions—may be granted in \$15 increments, up to a maximum of 30% off monthly energy charges. Customers seeking further assistance may contact SMUD to discuss eligibility for other qualifying medical devices.

In response to the COVID-19 pandemic and in alignment with other utilities, SMUD made a temporary policy change in April 2020 by suspending all MED Rate recertifications, discontinuing drops from the program, and waiving the requirement for qualified health professional signatures on applications. Subsequently, in August 2022, an online MED Rate application portal was introduced on SMUD's website, allowing customers to select qualifying devices and receive immediate approval without submitting a health professional's signature or full documentation.

In that same month, Customer Assistance—the team within Customer Operations & Assistance responsible for supporting the MED Rate program—learned that these changes were inconsistent with the published Rate Schedule MED (Tariff), which mandates completion of an application and certification from a qualified health professional. Recertifications resumed in April 2023, but the reinstatement of the signature requirement on applications was not implemented until November 2023. Notably, due to competing organizational priorities, the online portal that granted immediate approval without documentation remained accessible until it was finally removed on January 12, 2024.

Scope:

The audit focused on evaluating customer assistance programs, specifically the MED Rate program. The audit period was January 1, 2023 to July 31, 2025.

Objectives:

The objectives of the audit were to evaluate the SMUD MED Rate program and assess whether it's operating in alignment with its procedures.

Summary:

IAS conducted interviews with staff from Customer Assistance (CA) to gain an understanding of their roles and responsibilities related to the SMUD MED Rate program. We also reviewed key program documentation, including the Tariff, the Rate Policy and Procedures Manual for MED Rate, and other relevant procedures.

To evaluate whether MED Rate program eligibility was properly validated prior to enrollment and in accordance with the Tariff and program procedures, IAS performed sampling of participant accounts. We evaluated whether eligibility criteria—such as rate qualification, qualifying medical equipment, and the presence of a qualified health professional's signature—were appropriately verified before enrollment. While rate qualification and medical equipment eligibility were confirmed, we identified an instance where required qualified health professional signature was missing and became aware of the use of “on-the-spot” enrollments during home visits and outreach events which do not require qualified health professional signatures until recertification. This underscores the need to ensure that only applications containing valid qualified health professional signatures are approved, in full compliance with Tariff requirements.

IAS also reviewed a sample of participant accounts to evaluate the timeliness of recertifications. Approximately 10% of recertifications were found to be inconsistent with established timeframes. This was primarily due to manual extensions of recertification dates to manage staff workload, as well as system-related issues within SAP connected to participant move-in and move-out activities. The SAP-related issue was previously unidentified by the CA team, who have since initiated an IT ticket to address it. This finding highlights an opportunity to improve the consistency and timeliness of recertifications through process and system enhancements.

Furthermore, the audit identified gaps in the management of exceptions—additional discounts granted beyond the standard \$15 credit. Specifically, there were missing documented supervisor approvals for accounts with three or more exceptions, inaccuracies in logging exceptions within SAP, the auditor's recalculation of exceptions using the CA team's decision matrix did not align with the total number of exceptions provided to the participant, and one instance where the discount provided exceeded the allowable maximum limit. These issues appear to be driven, in part, by outdated procedures and potential billing issues; this emphasizes the importance of strengthening exception approval and documentation processes, as well as updating procedures to reliably verify eligibility for extraordinary heating exceptions.

Finally, IAS reviewed a sample of accounts flagged through internal error reporting and concluded that staff resolved reported errors in a timely manner.

Conclusion:

IAS completed an evaluation of SMUD's MED Rate program and identified several areas requiring improvement to ensure compliance with program procedures and maintain program integrity. While eligibility for rate qualification and qualifying medical equipment is verified, there was an instance where required qualified health professional signature was missing and we became aware of the use of "on-the-spot" enrollments. Recertifications are not always conducted within the required timeframes, with approximately 10% of participants recertification timeframes being inconsistent with standard timeframes due to manual extensions of recertification dates to manage workload and system issues in SAP related to move-in and move-out events. The process for managing exceptions revealed missing documented supervisor approvals, inaccurate recording in SAP, the auditor's recalculation of exceptions using the Customer Assistance team's decision matrix not aligning with the total number of exceptions provided to the participant, and a case where the discount exceeded the allowable maximum, partly due to outdated procedures and possible billing issues.

To address these issues, we recommend strengthening controls to require a qualified health professional's signature prior to enrollment, ensuring uniform and timely recertifications through process and system improvements, enhancing exception approval and documentation processes, and updating procedures to verify eligibility for extraordinary heating exceptions. Management has begun the process of addressing SAP system challenges and is encouraged to continue these efforts to uphold program fairness, accuracy, and compliance with SMUD policies.

IAS would like to thank Customer Operations & Assistance for their cooperation and support in conducting this audit. We also commend the staff for their hard work, commitment, and dedication to serving SMUD customers during times of need.

Customer Assistance – MED Rate

Observations

Observation 1 Qualified Health Professional Signatures			
Risk Ranking	Category	Department(s) Responsible	Planned Completion Date
Medium	Process Improvement	Customer Operations & Assistance	1/1/2026
Criteria: Per SMUD's Medical Equipment Discount Program Rate Schedule MED (Tariff), effective July 1, 2017, an application must be completed along with certification from a qualified health professional stating that a medical need exists to qualify.			
Conditions: A review of a sample of MED Rate program enrollments revealed one recently approved application lacked the necessary qualified health professional's signature, indicating non-compliance with Tariff requirements. Additionally, during the audit IAS became aware that "on-the-spot" enrollments can occur during home visits or outreach events which enroll participants without the required qualified health professional signature. These enrollments rely on staff assessment and documentation is not expected until the one-year recertification.			
Causes: The application approved without the required qualified health professional's signature was likely the result of an oversight. Additionally, staff indicate that on-the-spot enrollments are infrequent, not documented in the program's official guidelines, and reserved for exceptional circumstances.			
Effects: Though we recognize the desire to help vulnerable customers and provide positive customer experiences, permitting enrollment in the MED Rate program without a qualified health professional's signature undermines the program's integrity by diminishing confidence that only eligible customers receive benefits. This practice may lead to inconsistent application of the enrollment process across the participant population and is not in alignment with requirements outlined in the Tariff.			
Recommendations: CA should ensure that only applications containing a valid signature from a qualified health professional are approved, in accordance with Tariff requirements. Additionally, CA should update the MED Rate procedures to explicitly require obtaining a valid medical professional's signature prior to enrollment—including during home visits and outreach events—and discontinue the practice of on-the-spot enrollments unless all Tariff required information is obtained at that time.			

Management Responses:

The Customer Assistance (CA) team agrees with IAS's recommendation.

CA will take the following corrective actions to ensure that MED Rate applications are completed, including a valid signature from a qualified health professional.

1. All MED Rate applications received and processed will include a valid signature from a qualified health professional stating that a medical need exists to qualify. Applications received without a certification from a qualified health professional will be returned to the customer, using the existing application return process.
2. Quality assurance checks will be conducted on MED Rate applications to ensure applications being processed are complete and contain a valid signature from a qualified health professional.
3. Customer Assistance team members responsible for enrolling customers on MED Rate will be notified that on-the-spot enrollments are not permissible.
4. CA will explore updating the Medical Equipment Discount Program Rate Schedule MED (Tariff) to include an on-the-spot enrollment option for vulnerable customers who are at risk. Exploration will not commence till next rate process, which will take place in 2027.

It is anticipated that corrective action items 1-3 will be implemented by January 1, 2026.

Observation 2 MED Rate Recertifications

Risk Ranking	Category	Department(s) Responsible	Planned Completion Date
Low	Process Improvement	Customer Operations & Assistance	1/1/2026

Criteria:

SMUD Rate Policy and Procedures Manual No. 05-03 - Residential Medical Equipment Discount (MED) Rate, Section 8.1, requires periodic recertification within a 12-48 month timeframe. The Customer Assistance (CA) team follows a standard recertification process, with a possible variation by a few months before or after, as follows: participants verified by a qualified health professional to have a permanent need for any qualified medical device are recertified every 48 months; those enrolled "on the spot" are required to recertify after 12 months; and all other participants must recertify every 24 months. Participants who fail to provide requested documentation within 90 days of their recertification date are dropped from the MED Rate.

Conditions:

IAS tested whether participants remained enrolled past their recertification expiration dates and found that about 10% of recertification timeframes were inconsistent with standard timeframes, showing negative or irregular durations. Reviewing a sample of accounts with off-cycle recertification dates identified two main causes:

- 1) Move-In/Move-Out Activities - There appears to be a system issue within SAP that causes recertification dates to become misaligned when participants move in or out during their recertification period, resetting the cycle to 30 days after the new move-in date and extending the due date by up to three months. For moves outside the recertification window, SAP retains the original recertification date but incorrectly updates the “valid from” or MED Approval Date to the move date.
- 2) Extensions of Recertification Dates - One participant’s due date was extended twice and affected by a move event, resulting in a total extension of 601 days (1 year and 7 months) beyond the original due date.

Causes:

For participants who move, SAP appears to be modifying some key dates within the system that is impacting their recertification period. This issue was unknown to the CA team, who have since opened an IT ticket to resolve it.

Additionally, to manage workload, the CA team monitors upcoming monthly recertifications in SAP, aiming to maintain a pending recertification queue between 350 and 400 accounts each month. When this threshold is exceeded, staff determine how many accounts need to be pushed out, selects a new recertification date to be noted within SAP, and then SAP automatically selects accounts to apply recertification extensions to.

Effects:

Participants who remain enrolled in the MED Rate without timely recertification may be receiving discounts longer than intended or despite no longer meeting eligibility requirements. Additionally, due to the random selection process SAP uses for extending recertification dates, combined with system errors related to participant move-in and move-out events, the recertification process could be unequally applied across the program population.

Recommendations:

CA should ensure that the recertification process is applied uniformly to all participants and in alignment with established timeframes, while also updating procedures to reflect the modified process. Additionally, CA should ensure SAP system improvements are implemented that maintain accurate and consistent recertification dates throughout move-in and move-out events. It is noted that the CA team has proactively initiated an IT ticket (INC0150849) to address the current tracking issues related to participant moves; continued monitoring and follow-up on this effort are recommended to ensure timely resolution.

Management Responses:

The Customer Assistance (CA) team agrees with IAS's recommendation.

CA will take the following corrective actions to ensure that the recertification process is applied uniformly to all participants and in alignment with established timeframes, while also updating procedures to reflect the modified process.

1. The SMUD Rate Policy and Procedures Manual No. 05-03 - Residential Medical Equipment Discount (MED) Rate, Section 8.1 will be updated to ensure Section 8.1 states that the recertification process is applied uniformly to all participants and in alignment with established timeframes.
2. The SMUD Rate Policy and Procedures Manual No. 05-03 - Residential Medical Equipment Discount (MED) Rate will be updated to address when the recertification queue exceeds 450 accounts, it allows the team the ability to push out recertifications and select new recertification dates to be noted within SAP., and ensure SAP automatically selects accounts to apply recertification extensions to.
3. The CA team initiated an IT ticket (INC0150849) to address the current tracking issues related to participant moves. This ticket has been completed and the SAP system errors related to participant move-in/move-out events were fixed on September 15, 2025.

It is anticipated that all corrective action(s) will be implemented by January 1, 2026.

Observation 3 MED Rate Exceptions

Risk Ranking	Category	Department(s) Responsible	Planned Completion Date
Low	Process Improvement	Customer Operations & Assistance	4/1/2026

Criteria:

The SMUD MED Rate Tariff specifies that if the standard \$15 discount does not adequately address a household's medical electricity needs, customers may contact SMUD to explore eligibility for additional assistance. The SMUD MED Rate Application Business Rules detail the criteria for receiving additional discount increments (exceptions) of \$15, with a maximum total discount capped at 30% of the participant's monthly energy charges. Furthermore, the MED Rate Equipment Exceptions procedure requires three or more exceptions to be approved by a supervisor and that staff are to update the SAP Contact Log with the appropriate exception-related activity code.

Conditions:

IAS reviewed a sample of exception requests during the audit period, evaluating compliance with program requirements and verifying billing against the 30% maximum MED discount limit for amounts exceeding \$15. Several issues were identified in the exception process based on the samples reviewed:

- For 100% of accounts with three or more exceptions, supervisor approval was not documented.
- In 80% of sampled accounts, exceptions were not accurately logged in SAP within the Contact Log.
- In 80% of sampled accounts, the auditor's recalculation of exceptions using the CA team's decision matrix did not align with the total number of exceptions provided to the participant.
- One sampled account was found to be receiving a discount of 71.2% on the tested invoice, significantly exceeding the program's 30% maximum discount limit.

Causes:

The CA team does not retain the completed exception decision matrix used to determine approved exceptions. As a result, we cannot definitively identify the causes of the errors—or confirm whether the matrix was consistently utilized. Based on our analysis, the most common reasons for exceptions exceeding IAS calculations likely include:

- 1) Inclusion of ineligible equipment, such as gas heating systems and electric beds, in exception calculations.
- 2) Granting exceptions to participants with only one qualifying piece of equipment, despite program rules requiring more than one.
- 3) Data entry errors, such as placing information in incorrect fields within the matrix.

Additionally, the CA team could not fully explain how an account received a discount exceeding the 30% maximum limit but suggested may be related to a billing issue. Furthermore, the MED Rate procedures for verifying electric heating eligibility are outdated, preventing CA staff from effectively confirming eligibility based on that type of equipment.

Effects:

Inaccurate calculation of exceptions provided to participants results in non-compliance with the MED Rate exception process and the application of incorrect discount amounts. Additionally, the absence of updated procedures means there is no effective method to verify whether a customer uses gas or electric heating before granting an extraordinary heat exception.

Recommendations:

CA should ensure that the correct number of exceptions are provided to MED Rate participants and accurately recorded within SAP in accordance with program guidelines. Procedures should be updated to include a reliable method for verifying electric heat pump or resistant heat usage for participants requesting extraordinary heat exceptions. Supervisor review should be documented prior to approving any account with three or more exceptions. Additionally, CA should consider retaining the decision matrix to enhance and streamline the review and approval process.

Furthermore, CA should investigate the potential billing issue that may be allowing MED Rate discounts to exceed the 30% maximum limit for participants receiving exceptions beyond the standard \$15 discount.

Management Responses:

The Customer Assistance (CA) team agrees with IAS's recommendation.

CA will take the following corrective actions to ensure that the correct number of exceptions are provided to MED Rate participants and accurately recorded within SAP in accordance with program guidelines, that the SMUD MED Rate Application Business Rules are updated to include a reliable method for verifying electric heat pump or resistant heat usage for participants requesting extraordinary heat exceptions, and that a Supervisor reviews exception requests and documents prior to approving any account with three or more exceptions.

1. The SMUD MED Rate Application Business Rules will be updated to include verbiage that addresses a reliable method for verifying electric heat pump or resistant heat usage for participants requesting extraordinary heat exceptions and create an exception decision matrix to enhance and streamline the review and approval process.
2. A Supervisor will be required to approve any accounts with three or more exceptions. This approval will be documented in SAP with Supervisor name, approval date, and appropriate exception-related activity code.
3. Quality assurance checks will be conducted on MED Rate applications with exceptions to ensure the correct number of exceptions are provided to MED Rate participants and to ensure data/documentation is accurately recorded in SAP.
4. Explore and if applicable address, the potential billing issue that may be allowing MED Rate discounts to exceed the 30% maximum limit for participants receiving exceptions beyond the standard \$15 discount. Will work with IT on feasibility and submit a ticket if warranted. If the issue is not related to a billing issue, the team will work with IT to create a process that monitors MED Rate discounts that may exceed the 30% maximum limit. This process will be incorporated in the SMUD MED Rate Application Business Rules. If IT work is required, that work will be completed within the scope of the S/4 Hana implementation.

Corrective actions 1-3 will be completed by April 1, 2026.

Appendix A - Observation Definitions

Observation: Audit observations are risk ranked using the guidance below and focused on policy, compliance and operational improvement opportunities of the audited area.

Risk Rankings:

Extremely High

- Material loss of assets or financial impact; or
- Severe legal, regulatory or compliance sanctions; or
- Cessation of business services for the foreseeable future; or
- Critical impact in achieving SMUD's goals and objectives; or
- Major deterioration in customer metrics and surveys. Irreparable negative media coverage and damage to SMUD's reputation; or
- Widespread loss of confidence from employees. Unable to fill critical positions for a long period of time

High

- Significant loss of assets or financial impact; or
- Significant legal, regulatory or compliance sanctions; or
- Widespread disruption of service levels and interruption of business functions; or
- Significant delays or modification of operational goals and objectives; or
- Significant deterioration in customer metrics and surveys; Significant negative media and erosion of trust; or
- Significant loss of confidence from employees. Significant increase in unanticipated employee separations. Slight impact to fill critical positions

Medium

- Moderate loss of assets or financial impact; or
- Moderate legal, regulatory or compliance sanctions; or
- Moderate operational impact to service levels or business disruption; or
- Moderate delays or modification to goals and objectives; or
- Moderate decline in customer metrics and surveys. Modest negative media; or
- Moderate loss of confidence from employees. Moderate increase in unanticipated employee separations. Little to no impact to critical positions

Low

- Minor loss of assets or financial impact; or
- Minor legal, regulatory or compliance sanctions; or
- Minor operational impact to service levels and business activity; or
- Minor delays or modifications to goals and objectives; or
- Slight decline in customer metrics and surveys. Limited public criticism; or
- Minor loss of confidence from employees. Slight increase in unanticipated employee separations. No impact to critical positions

Components:

Criteria – The standards, measures, or expectations used in making an evaluation and/or verification (the correct state)

Conditions – The situation that you found, supported by evidence and characterized by facts, measurements, examples, etc. (the current state)

Causes – The reasons for the difference between expected and actual conditions

Effects – The actual or potential risks or exposure the organization faces if the causes and the conditions continue.

SSS No.
BOD 2025-004

BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date
FINANCE & AUDIT - 2025
Board Meeting Date
N/A

TO				TO			
1.	Scott Martin			6.			
2.	Lora Anguay			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.)
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FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Rob Kerth / Crystal Henderson	Board Office	B307	5424	12/29/24

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.
(Number & Title)

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 for internal labor.

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

Affected Parties: Board of Directors, Board Office and Executive Office

Coordination: Crystal Henderson, Special Assistant to the Board

Presenter: Rob Kerth, 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.